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# Agency and Governance in Regional Economic Development:
# A Case Study of Dumfries and Galloway

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**Submitted in fulfilment of the requirements of the Degree of Doctor of Philosophy**

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**April 2022**

## Abstract

This thesis seeks to advance understanding of the role of strategic agency in regional development, how it is exercised, and to what ends. Given the tendency for research in the field to focus on cities and dynamic regional success stories, it is particularly concerned with the experience of more peripheral places.

Drawing on a geographical political economy approach, and incorporating insights from rural studies, it adopts a theoretical perspective that sees regional development as the outcome of economic, social and political relations across space, and of evolutionary and historical processes. While to some extent path dependent, outcomes are also open to influence by purposive and strategic human agency. A conceptual framework is presented based around multi-scalar governance (as the systems and arrangements through which collective agency can be exercised) and place leadership (as the process of mobilising resources from across different scales in support of strategic interventions).

This is operationalised through an intensive, in-depth case study of Dumfries and Galloway, in south-west Scotland, to explore: 1) by whom and to what ends strategic agency is exercised; 2) how resources from different scales are harnessed (or not) in these efforts; and 3) how specific territorial and institutional arrangements for governing regional development are constructed and contested.

The findings present Dumfries and Galloway as a region that has experienced economic and political peripheralisation through both 'thin' internal capacity for place leadership and a lack of alignment with priorities at higher levels of governance. The thesis therefore emphasises a need to consider power relations between actors at different scales, and the governance arrangements through which these are mediated. In particular, it demonstrates the barriers to genuinely place-based strategic approaches within centralised systems of governance. In this context, actors in peripheral regions need to attract resources from elsewhere, conceptualised as a process of 'coupling' with the needs of central government and other extra-regional actors. The implicitly competitive nature of this process has the potential to exacerbate spatial inequalities. However, recent episodes of rescaling - in the South of Scotland and Anglo-Scottish 'Borderlands' - do demonstrate how regional actors can influence governance arrangements through an articulation of regional 'problems' with the political concerns of the centre, when specific windows of opportunity arise. These in turn have the potential to enhance regional capacity to exercise agency in shaping development, albeit over new and overlapping 'regions'.

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## Acknowledgement

Firstly, of course, I need to thank my two supervisors – Andy Cumbers, for his expertise, patience and positive feedback in helping me to navigate new territory as the thesis evolved into something quite different to what I had originally envisioned; and Carol Hill for all her encouragement and support, without which I would probably never have embarked on this project.

I have also been supported by my friends and colleagues at the University of Glasgow in Dumfries – thanks to everyone for their encouragement and interest.

Many thanks also to the interviewees across Dumfries and Galloway and beyond who gave up their time to talk to me, often very frankly, and to all the others who through sharing their thoughts, feedback and knowledge have helped to shape this thesis.

Most of all, my thanks and love to Allison and Grace – for giving me space and time to work over the past five and a half years, for putting up with the growing piles of books and papers around the house, and for everything else.

## Authors declaration:

I declare that, except where explicit reference is made to the contribution of others, that this dissertation is the result of my own work and has not been submitted for any other degree at the University of Glasgow or any other institution.

## List of Abbreviations

BEIS    Department for Business, Energy and Industrial Strategy (UK Govt.)

CAP    Common Agricultural Policy

CBS    Community Benefit Society

CPP    Community Planning Partnership

D&G    Dumfries and Galloway

ELG    Economic Leadership Group

EU    European Union

FE    Further education

GPE    Geographical political economy

GPN    Global production network

HE    Higher education

HIE    Highlands and Islands Enterprise

LA    Local Authority

LEC    Local Enterprise Company

LEF    Local Economic Forum

LEP    Local Enterprise Partnership (England)

LDS    Local Development Strategy (LEADER)

LOIP    Local Outcome Improvement Plan

MSQ    Midsteeple Quarter project

RDA    Regional Development Agency (England)

REP    Regional Economic Partnership

SDS    Skills Development Scotland

SE    Scottish Enterprise

SOA    Single Outcome Agreement

SSA    South of Scotland Alliance

SoSE    South of Scotland Enterprise

SoSEP    (interim) South of Scotland Economic Partnership

SNP    Scottish National Party

UoG    University of Glasgow

UK    United Kingdom

UWS    University of the West of Scotland

## Chapter 1: Introduction

*"Scotland's current urban and rural settlement structures and patterns reflect past economic drivers as much as current or emerging economic drivers … To a greater or lesser extent, places are trying to catch up with, or anticipate, economic trends in order to evolve from what they once were. In this way, a large number of towns and even rural areas in Scotland can be classed as post-industrial. The process of industrialisation was closely related to the processes of town formation in Scotland over the past century and therefore current settlements are in many cases the legacy of the economic past."* (Scottish Enterprise, 2008, p22)

### 1.1 Introduction: Regional Inequality

In April 2018 the seafood production and distribution company Young's announced its intention to close the Pinney's plant in the small town of Annan, in south-west Scotland, with the loss of 450 jobs. The decision was confirmed the following month as part of the firm's plans to relocate its salmon processing operation to a plant in Grimsby where it is headquartered (BBC News, 2018).

Large scale plant closures, relocations and redundancies in manufacturing have been a familiar experience in Scotland for decades. The geography of Scottish deindustrialisation has however been uneven, with its most visible manifestations being the long-term decline of heavy industry concentrated in the central belt and the failure of inward investments in, for example, consumer electronics, to act as sustained replacements. Meanwhile the economies of Scotland's cities have, with some success, been reorientated towards growing service sectors - such as financial and business services, tourism, creative industries and higher education - and in the case of Aberdeen, oil and gas (Devine, 2006). Such long-term shifts from manufacturing to services have been experienced across developed economies to various extents (Schettkat and Yocarini, 2006).

In this context, the closure of a food processing facility might be considered unfortunate but not entirely unexpected. However, in several ways this

episode is illustrative of a wider set of concerns. Most obviously, the scale of the job loss relative to the local economy - Annan has a population of just under 9,000 - represented, in the words of one local politician, "an economic tsunami" (ITV News, 2018). Having already lost a similar number of skilled jobs over the past decade through the closure of the nearby Chapelcross nuclear power station, this came in the context of an economy dominated by low-wage employment, with an ageing population and out-migration of young people. The decision to close the plant also highlighted the lack of local control, or even influence over, a key economic asset.

Similar processes in many peripheral regions are one aspect of the persistent and often worsening inter-regional inequalities experienced across developed economies (OECD, 2016; 2018). As has been increasingly recognised, these are particularly pronounced in the United Kingdom (UK2070 Commission, 2019), with regional disparities increasing significantly over the past 40 years (Zymek and Jones, 2020) and now of a magnitude usually associated with less developed countries (McCann, 2016). While most commonly understood in terms of England's apparent 'North-South divide' (see for example Dorling, 2010), this masks much more complex and fragmented patterns of inequality both between and within regions and cities. Within Scotland – part of the UK but with a relatively high degree of autonomy in some policy areas, including economic development – growth over the past two decades has been concentrated around Edinburgh and its hinterland, with more peripheral regions in the south and west lagging behind (McGeoch, 2020).

The financial crisis of 2007/08 and subsequent recession prompted calls to 'rebalance' the political economy of the UK (Martin *et al.*, 2016). However, in the decade since, the geographically uneven effects of the crisis have been reinforced by the impacts of fiscal austerity, disproportionately borne by local authorities and hurting those areas with already high levels of socio-economic deprivation (Hastings *et al.*, 2015; 2017). The result of the UK's 2016 referendum on European Union membership has been interpreted as, at least in part, a reaction to geographical inequality, with those in places 'left behind' (Goodwin and Heath, 2016) or that apparently 'don't matter' (Rodríguez-Pose, 2018) more likely to have voted for 'Brexit' (Becker et al.,

2017); comparable trends can be observed in other developed countries. These disadvantaged places have a diverse range of characteristics and, importantly, include rural and coastal areas as well as larger towns and cities in former industrial regions (Davenport and Zaranko, 2020). Here declining performance across a range of socio-economic indicators overlaps with distance from centres of power to foster perceived "powerlessness and exclusion from the political system" (Stein et al., 2019, p4) and erode trust in political institutions (Mitsch et al., 2021). There are therefore substantial reasons to be concerned with the consequences of some places being left behind while others apparently prosper.

The 'dominant narrative' emerging from geographical economics has, however, as Rodríguez-Pose (2018, p191) puts it, proposed that "big cities are the future and that the best form of territorial intervention is not to focus on declining places" - the implication being that such places become backwaters with their populations increasingly dependent on national state welfare (Martinelli et al. 2018). There are fundamental questions, then, about what alternative possible futures for economically and geographically peripheral places – those that, as suggested by the quote that opened this chapter, are the legacy of the economic past - could look like. In the face of long-term structural forces, and a loss of localised control over business decisions and resources, what can be done to influence their trajectories? Which actors might have this capacity, and what sort of conditions might permit or inhibit this? What kind of economic development, and for whom (Pike, Rodríguez-Pose and Tomaney, 2007) might be pursued?

The conventional response to these questions has centred on a need for 'place-based' approaches that recognise a variety of alternative routes for development and therefore the potential for growth in all types of region (Barca et al., 2012). This proposes that development strategies should be appropriately tailored to the specific circumstances, assets, institutions and preferences of different places, framed in terms of 'unlocking' or 'tapping into' latent potentials, including in lagging regions. Place-based approaches rest on the identification of these local strengths, and on interventions emerging from the interaction of internal and external knowledge (Barca,

2011; Barca et al., 2012). The effectiveness of place-based strategic development will therefore be dependent on capacities of both regional and extra-regional institutions, the systems of multi-level governance within which they operate, and the geographies around which these are arranged (Bailey et al., 2015; Bentley et al., 2017). This in turn raises questions of how and by whom agency can be exercised in attempting to influence regional development, power relations between actors across different scales, and how they can shape an institutional environment within which their particular goals can be pursued. This thesis seeks to engage with these questions through examining one particular region – Dumfries and Galloway, in south-west Scotland – that is to some extent peripheral in geographical, political and economic terms, and where relative performance across several measures has been in decline over recent decades.

## 1.2 Research Aims and Objectives

Seeking to explain the different experiences of development in different places has been a key aim of a large and diverse body of work within regional studies. While acknowledging the array of possible causal factors, a foundational proposition for this thesis is that there is at least the potential for regional development to be influenced by the exercise of purposive agency by human actors. As the potential for agency is assumed to be distributed (Garud and Karnøe, 2003), effective action is likely to be to some extent collective, as actors come together through specific policies, interventions and forms of governance. The ability to act in this way, to respond to changes in the external environment and to steer regional development, has been seen as a key element of adaptive capacity or 'resilience' (Bristow and Healy, 2014). In these terms, regional development is a historic and evolutionary process with some degree of path dependence, but also an open one with the possibility of alternative development paths.

In seeking to address questions of regional development in this way, the research is heavily influenced by a specific set of perspectives within the tradition of 'geographical political economy' (as developed by a particular group of authors, see MacKinnon et al., 2009; Cumbers and MacKinnon, 2011;

Pike, MacKinnon et al., 2016; MacKinnon and Cumbers, 2019; MacKinnon et al., 2019a).  This sees places' fortunes as determined not only by their own attributes, but by relationships with other places, and by a variety of processes - political, cultural and environmental as well as economic - that operate across different scales (Sheppard, 2011). The economic trajectories of a region and the places within it cannot be considered as simply a 'regional problem' (Massey, 1979) but as an expression of its place within a wider political economy and its role within national and international spatial divisions of labour (Massey, 1984/1995).

This necessarily requires an awareness of how regions are relationally constituted by changing flows to and from other places (Bristow, 2013) and not necessarily aligned to the cartographic or administrative boundaries that are the basis for regional development policy.  It also emphasises that territorial entities and spaces of governance are themselves actively produced and constructed rather than fixed or natural.  It therefore draws attention to the processes by which this occurs, and the role of agency in the creation of new state spaces (Brenner, 2004) and in processes of 'hollowing out' and 'filling in' (Goodwin et al., 2005; Shaw and MacKinnon, 2011) the distribution of powers, responsibilities and resources across different scales.

This thesis specifically seeks to address these issues in the context of peripherality.  Places described as peripheral, it is assumed, are by their nature structurally disadvantaged in some way – in terms, for example, of their internal resources, institutional capacity, ownership of regional assets, or relationships with centres of decision-making power.  The potentials (or challenges) for actors seeking to shape their region's development, and the approaches that might be effective in doing so, could therefore be significantly different from those in more obviously successful regions, or in post-industrial urban centres – the types of places that have been prominent in much empirical research on regional development.

The need to consider the place of lagging non-urban regions within the political economy of uneven development and associated policy responses is particularly stark given the emergence of the city-region as the dominant

scale at which processes of economic development are seen to operate, and for the design of place-based policies based on a logic of agglomeration (Rodríguez-Pose, 2008). In the UK, as in a range of developed economies, there have been moves to construct strategies and supporting governance arrangements at this scale. There has, however - some recent exceptions notwithstanding (for example Beel et al., 2020; Welsh and Heley, 2021) - been relatively little consideration thus far of how these approaches might play out as they are extended and adapted to non-urban and peripheral regions.

The overall aim of this research is therefore to understand how actors across different scales exercise agency in seeking to influence development in a peripheral region. This is addressed through the following three specific research questions:

- By whom and to what ends is strategic agency exercised to influence regional development in a peripheral economy?

- How are internal and external resources harnessed in support of purposive strategic interventions, within a particular multi-scalar context?

- How are regional arrangements for the governance of economic development constructed and contested by actors across different scales?

## 1.3 Overview of Methodological Approach

These questions are addressed through an intensive (Sayer, 2000) regional case study of Dumfries and Galloway, examining experiences of regional development, and attempts by different actors to shape this trajectory, over the past three decades. While a variety of sources of data are used, the bulk of primary data collection was undertaken through a series of in-depth, semi-structured interviews with individuals in a range of relevant positions both within and outwith the region. This sought to facilitate both 'thick description' (Geertz, 1973) and to place it within its wider context – and in doing so avoid some of the failings identified in earlier case study research (Markusen, 1999).

Dumfries and Galloway is an appropriate case study region for a number of reasons. Firstly, it represents an example of a peripheral region which has experienced relative economic decline and a lack of success in developing alternative development paths. The region does not fit all the characteristics of the 'left behind' places described above – which tend to have experienced high levels of unemployment, high levels of manual or low-skilled employment and historically important large-scale manufacturing (Becker et al., 2017). It did, however, record one of the highest vote shares in Scotland for leaving the EU (47%, compared to a Scottish total of 38%). In addition, while the apparent link between geographical economic inequality and the vote for Brexit has been criticised as being simplistic and reductive (Gordon, 2018), an over-representation of older and less highly-educated voters (among whom support for Leave was higher) could itself be seen as an indicator of a longer-term lack of economic dynamism and opportunity.

Secondly, as a local authority area within a larger 'sub-national' unit (Scotland) with significant levels of policy autonomy, it provides a useful context to explore the development (or not) of effective place-based leadership and interventions within the complexities of multi-scalar governance. Changes to institutional arrangements, resources and priorities across different levels over the period in question provide the opportunity to trace how shifts in governance arrangements and the extra-regional environment may influence the potential for agency to be effectively exercised.

Thirdly, the region has been part of two concurrent episodes of institutional change and rescaling. The threatened closure of Pinney's received greater attention in Scottish media and politics than might have been expected in the context of a dedicated enterprise agency being created for the South of Scotland – an apparent recognition of the specific economic challenges affecting the region. At the same time, proposals were being formulated for a 'deal' with the UK and Scottish Governments for a variety of long-term investments across a new and novel geography straddling the Anglo-Scottish Border. Both of these initiatives emerged during the course of the research

and provided the opportunity to track the creation of new spaces and mechanisms for 'doing' economic development.

Based on the theoretical and conceptual outline briefly described above, a framework will be developed for the analysis of this case study (see Chapter 2). This sets out the exercise of purposive agency through place leadership as a mechanism for harnessing endogenous and exogenous resources in support of strategic interventions, and for influencing the institutional environment. In seeking to distinguish between time- and place-specific contingencies and more fundamental underlying processes, the thesis follows the broad principles of the philosophical paradigm of critical realism in trying to understand causal structures and mechanisms through analysis of the observable events and outcomes that they generate (see Chapter 3).

## 1.4 Significance and Contribution

As already noted, spatial inequality is increasingly being acknowledged as a problem for policy. This has prompted a variety of responses in the UK over the past decade, including institutional restructuring in the name of 'localism' (Hildreth and Bailey, 2013), the adoption of a contractual deal-based approach (Sandford, 2017) to regional funding and devolution (initially focused on city-regions), the promotion of the 'Northern Powerhouse' as a brand for regional development activity in the post-industrial North (Lee, 2017; MacKinnon, 2020) and more recently a variety of funding pots largely allocated on the basis of competitive bidding[1]. In Scotland, the devolved administration has moved towards at least a rhetorical commitment to 'inclusive growth', one element of which is a concern with inequalities between places (Gillespie, 2016), although how this might be operationalised remains somewhat unclear (Fraser of Allander Institute, 2020). It has also established a dedicated economic development agency for the largely rural South of Scotland and worked with the UK Government on a series of City Region and Growth Deals. Developments in Scotland have (with some recent

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[1] Most recently, the Levelling Up Fund, which will be available to local authorities across the UK to support local infrastructure projects; from 2022 the UK Shared Prosperity Fund will succeed EU Structural Funds (HM Treasury, 2021).

exceptions, for example Waite, McGregor and McNulty, 2018; Waite, MacLennan et al. 2018; Van der Zwet et al., 2020) tended to receive less attention than the frequent episodes of reorganisation (Jonas, 2010) in England which have been extensively critiqued. The empirical account provided here of agency and leadership in regional development, multi-scalar governance arrangements, and processes of institutional change and rescaling, will be of relevance to these initiatives and similar policy responses to regional inequality in other national contexts.

This thesis also aims to contribute to the theoretical understanding of regional development in a number of ways. Three areas of contribution are particularly worth highlighting here.

Through a focus on agency, it contributes to an understanding of regional development that sees the potential for 'mindful deviation' (Garud and Karnøe, 2001; Martin and Sunley, 2006) from established trajectories through strategic interventions. This addresses a call (MacKinnon, 2017; Grillitsch and Sotarauta, 2020) for empirical work addressing the role of agency in path creation to supplement recent conceptual advances. Through a case study of a peripheral region, this also highlights the extent to which some prominent models of regional development (for example those that foreground the role of global production networks; Coe et al., 2004) may be less applicable in places that are less competitive or lack appropriate assets from the perspective of global firms. As will be demonstrated, elements of the state (at its different scales) may represent a significant external source of investment with which regional actors will seek to 'couple'.

It also seeks to integrate some of the relevant conceptual approaches and insights from the largely distinct literature on rural development into an approach based in evolutionary geographical political economy. Through models such as neo-endogenous development (Ray, 2006; Gkartzios and Lowe, 2019), this literature provides a basis for thinking about the interaction of internal and external forces to understand place-based approaches and leadership within multi-scalar contexts. It also informs an appraisal of recent challenges to what is meant by 'development' in the context of regions that

have perhaps been marginalised by dominant urban- and growth-orientated models. This in turn prompts greater consideration what is meant by the 'periphery' in a way that goes beyond physical distance from power centres to consider multidimensional processes (Kühn, 2015) of peripheralisation in which human agency is a factor.

Finally, through an examination of episodes of change and rescaling in the governance of regional development, this thesis presents insights into the processes that lie behind these. In contrast with some earlier accounts that saw rounds of spatial reorganisation straightforwardly as responses to the growing importance of the regional scale for economic competitiveness, these new geographies are constructed and contested by actors at different scales (Bristow, 2013), with their own motivations and imperatives. This thesis presents governance arrangements (and the scales at which they operate) as another arena within which agency can be exercised to promote particular visons of regional development, as well as to achieve political goals (Varró, 2010). In doing so it contributes to previous work examining qualitative changes in the multi-scalar state and governance.

## 1.5 Thesis Outline

The thesis proceeds as follows.

Chapter Two establishes the conceptual and theoretical foundations for the research. This rests on three elements or propositions. The first is that earlier 'new regionalist' accounts of regional development were inadequate in placing undue emphasis on endogenous characteristics. Instead, a perspective based in geographical political economy is adopted that places regional development within its broader context of economic, social and political relations across space. The second is that although regional development is an inherently historical and evolutionary process, there is nevertheless potential for actors to influence development trajectories through the exercise of purposive agency. This is addressed through the lenses of governance – the systems and arrangements through which collective agency can be exercised – and of place leadership, as the way in which actors

and resources across different scales can be harnessed in support of strategic interventions. The third is that although research in regional development has (broadly) tended to concentrate on specific types of largely urban regions, the parallel but broadly distinct literature on rural development also offers valuable perspectives on governance and agency that can be integrated. Taking these three elements together, the Chapter concludes by presenting a conceptual framework for understanding strategic agency.

Chapter Three sets out in detail the methodology adopted to address the chosen research questions. This rests on a philosophical stance based in critical realism, that sees reality as only partly observable, and specific contingent outcomes as generated by underlying mechanisms and structures. The single region case study utilised in this research is justified as a means of operationalising the principles of critical realism, where causal explanation is sought through the intensive study of a particular context. There are also some reflections on the research process and on potential inherent limitations.

Chapter Four sets out the geographic and socio-economic characteristics of Dumfries and Galloway an introduction to the case study region. This discussion of the region's historical evolution and broad structural changes in the economy over recent decades demonstrates a set of processes that are common to many such peripheral regions – including a shift from employment in primary industries and manufacturing towards relatively low wage jobs in services, and demographic trends associated with out-migration of younger working-age people. There is also evidence of growing economic peripheralisation through loss of ownership and control over regional firms and assets.

Chapter Five explores the changing context and environment for the pursuit of regional economic development objectives. This includes two elements. Firstly, it establishes the institutional and governance frameworks for public policy around economic development – which, over the past two decades have become 'hollowed out' at the regional level. Secondly, it examines approaches at the national (Scottish) level as the environment within which

regional actors have had to operate. These have prioritised a model of economic development focused on national aggregated outcomes and, broadly speaking, privileged activities, sectors and firms concentrated in Scotland's city-regions. This has arguably contributed to divergence in economic fortunes, with some peripheral regions increasingly lagging behind.

Chapter Six addresses the ways in which regional actors have attempted to exercise strategic agency to influence development. This sets out the ways in which the regional economic 'problem' has been understood, and the variety of interventions that have been undertaken (or not) in response. The lens of place leadership is used to conceptualise the process of harnessing resources from regional and extra-regional actors in support of strategic interventions, with a consideration of factors in the internal and external environments that have made this challenging for those attempting to 'lead' in this way. The 'community led' model of development is also explored as a set of approaches at the more local scale where there are apparently successful examples of place leadership.

Chapter Seven examines two concurrent episodes of change and rescaling in the governance of economic development affecting Dumfries and Galloway. These are the establishment of a new economic development agency for the South of Scotland and the agreement of a 'deal' with the Scottish and UK Governments for long-term investment across a new geography including areas on either side of the Anglo-Scottish border. These two examples are used to illustrate the processes by which new sets of institutional arrangements and geographies emerge and are shaped by the exercise of agency by actors at different scales.

Chapter Eight then brings together some of the key empirical findings from the preceding chapters and offers a set of conclusions, along with an articulation of how this research contributes to the conceptual and theoretical understanding of agency, governance and regional development in the periphery, and some of its limitations. There is a brief discussion of how the context for regional development has changed during the course of this project, addressing implications of Brexit and the Covid-19 pandemic.

Finally, it presents some recommendations for policy concerned with regional development, and avenues for future research.

**Chapter 2: Theoretical and Conceptual Foundations: Understanding the Role of Strategic Agency in Regional Development**

**2.1 Introduction**

There is a large and diverse literature concerned with regional economic development, from a range of theoretical and disciplinary backgrounds. Given the specific focus of this thesis – on the exercise of purposive agency to influence regional development paths in a peripheral context – there are several key areas of particular interest here. This chapter lays out this conceptual and theoretical groundwork as a basis for analysing the detailed case study examined across subsequent chapters

The first part of this chapter sets out the broad theoretical perspective that informs this thesis. It begins with a brief discussion of 'the region' as an appropriate lens through which to consider issues of development, beginning with the growing prominence of the region through various strands of work from the 1980s to the early 2000s, and how these sought to explain the divergent fortunes of different places. The ideas and debates around 'new regionalism', as these came to be known, are now somewhat dated and have been subject to extensive critique (Harrison, 2006). Nevertheless, they are worth recapitulating, both because they have been influential over a significant period, and because some of their shortcomings and omissions inform the conceptual framing adopted here.

In broad terms, this thesis rests on four fundamental theoretical starting points. Firstly, it adopts a geographical political economy perspective (Pike et al., 2009; MacKinnon et al., 2019a) that seeks to relate specific regional outcomes to wider economic, social and political processes within capitalist society. Secondly, and related to this, it emphasises a need to look beyond the characteristics of the region itself to its place within wider set of relations, and how assets from within and outwith the region are harnessed, and by whom. Thirdly, it sees regional development explicitly as a historical and evolutionary process, shaped, although not determined by, the past. Fourthly, this evolution can be influenced by the purposive exercise of agency by human actors (Martin and Sunley, 2006).

Implicit in these perspectives, as will be demonstrated, is that particular patterns of regional development do not emerge naturally or inevitably but are shaped by the exercise of purposive agency by a variety of actors across different scales. The second part of this chapter focuses more specifically on the concept of agency, how it is conceptualised, how it can be exercised collectively through governance and place leadership (Sotarauta and Beer, 2017; Horlings et al., 2018; Beer et al., 2019; Grillitsch and Sotarauta, 2020), and how it relates to evolutionary processes of path development.

Finally, given the focus of this thesis on a particular type of region – one that is peripheral and largely rural - the third part of this chapter explores how these places are understood, while acknowledging that neither conceptual category is necessarily straightforward (Copus, 2001; Ward and Brown, 2009). There is an overall tendency for research in regional development to focus on core, urban and successful regions. A variety of alternative perspectives, most notably the largely distinct literature on rural development, are however obviously relevant here, and potentially valuable in understanding the exercise of agency in this type of setting.

The chapter concludes by presenting a conceptual framework for considering the case of regional development in Dumfries and Galloway. This sets out a relationship between place leadership (as a means of harnessing internal and external resources) and regional governance and institutions (as the context within which this takes place). Together these provide the basis for specific strategic interventions that attempt to shape regional development.

## 2.2 Theoretical Perspectives on Regional Development

### 2.2.1 The 'Region' in Economic Development

From the mid-1980s onward, several distinct bodies of research (Jones and MacLeod, 2007; MacKinnon et al., 2002) emerged in economic geography concerned with economic development at the sub-national level. These were primarily based on accounts of regions seen as growing or dynamic - as opposed to previous work concentrating on experiences of declining industrial areas (Peck, 2000a) - within the context of a broader shift towards a 'post-

Fordist' accumulation regime, characterised by flexible production, specialisation, new technologies, and, increasingly, globalisation (Hudson, 1988; Scott, 1988).

A succession of overlapping concepts and theories emerged to explain the apparent success of these places, concentrating on a small number of high-profile examples – for example, Silicon Valley in California and small-scale manufacturing in 'Third Italy'. This was seen to emerge from, variously: industrial districts (Piore and Sabel, 1984), dense networks of small, innovative firms supported by socio-cultural institutions; economies of agglomeration (Krugman, 1991; 1998); 'new industrial spaces' (Scott and Storper, 1987; Scott, 1988, Storper, 1995) for the concentration of specialised and disintegrated production; industrial clusters (Porter, 1990; 1996; 2003) as a source of 'regional competitiveness' derived from productivity gains and ultimately innovation driven by proximity; the importance of tacit and specialised knowledge creation as 'untraded interdependencies' (Storper, 1995) that facilitate adaptation in 'learning regions' (Asheim, 1996); and 'regional innovation systems' where innovative activity emerges from interactions between innovative firms, supporting infrastructure (including government and universities), and regional cultures and institutional environments (Cooke et al., 1997; Goddard and Vallance, 2011).

These became conflated within a broader movement of 'new regionalism'. Along with parallel developments in political discourse (Keating, 1998; MacLeod, 2001), the effect of these various strands of work was to elevate 'the region' to be considered as "the crucible of economic development" (Lovering, 1999, p380) and "an effective arena for situating the institutions of post-Fordist economic governance" (MacLeod, 2001, p807). In some accounts the regional scale was seen as displacing the 'national', in the context of globalisation, as the key space for economic development policy and decision-making (Ohmae, 1995).

The new regionalism has been extensively and sometimes harshly critiqued (notably by Lovering, 1999). Although these debates peaked over a decade ago, not only were new regionalist accounts highly influential on policymakers

over much of the period that this research is concerned with, but many of the critiques and shortcomings of this discourse are relevant as starting points for the contrasting approach taken in this thesis. Despite developing in some sense into a 'chaotic' bundle of approaches (Harrison, 2006), from a variety of disciplinary backgrounds, new regionalist accounts did tend to share certain characteristics. Two aspects are worth reviewing here.

Firstly, in contrast to contemporary predictions of 'the death of distance' (Cairncross, 2001), the focus on the region rested on various mechanisms that emphasise the importance of physical proximity, particularly through 'non-economic' factors, operating on a sub-national scale – including, for example, social capital, knowledge spillovers, and co-operation – as drivers of endogenous growth. In emphasising the potential gains from agglomeration in this regard, this at least implicitly tends to privilege a consideration of urban development. This was exacerbated by the methodological tendency for theorisation to be based on case studies of successful cities (Markusen, 1999). This raises the question of how places that do not easily fit within such a framework can be understood, addressed further in the third substantive part of this chapter.

Secondly, these accounts overwhelmingly focused on the characteristics of places and regions themselves as determinants of their success. In doing so, they repeated the tendency earlier identified by Massey (1979, p241) for regional outcomes to be '"explained in terms of characteristics totally internal to those areas". They also became interwoven with a competitive paradigm that sees places as competing with each other for internationally mobile skills, jobs, firms and investment (for example Florida, 2003; Savitch and Kantor, 2002), to the extent that it has become a "natural law" (Horlings and Marsden, 2014, p5). The application of this notion of competitiveness to regions was questioned (Krugman, 1998); more fundamentally however it neglects the broader forces at work in producing uneven development, and the role of extra-regional relations.

This plethora of theoretical and conceptual approaches tended, through a reification of 'the region' and the endogenous determinants of regional

development, to be problematic in their implicit suggestion that "all cities and regions can become 'winners', finding a successful niche in the globalising economy" (Hadjimichalis and Hudson, 2014, p212), reflecting broader dominant discourses of competitiveness and neoliberalism (Harvey, 1989; Brenner 2004; Bristow, 2005; 2010).

### 2.2.2 A Geographical Political Economy Perspective

In contrast, approaches within the broad tradition of geographical political economy (GPE) seek to situate accounts of development in particular places within wider spatial, political and economic contexts (Coe and Jones, 2010; Hadjimichalis and Hudson, 2014).

There is "no single unified, integrated or generally agreed form of geographical political economy" (Martin and Sunley, 2015, p26), with diverse approaches (Sheppard, 2011) incorporating insights from various strands of thought, including those based in Marxism and critical reactions to it. One common feature is a view of uneven development (Smith, 1984) as inherent in the processes of capitalism, in contrast with neoclassical theories that predict long-term convergence between regions. This perspective sees capital in a constant search for new spatio-temporal fixes (Harvey, 2001) to head off crisis and to unlock new sources of potential surplus, implying a see-saw of development between regions (Smith, 1984), and patterns of growth that are episodic with periods of both convergence and divergence (Martin and Sunley, 1998). As Peck (2000a, p135) puts it, "geography is part of the calculus of profitable production ... the underlying dynamic of the system deriving from the competitive search for profit".

Development in a particular region therefore reflects its situation within wider national and international 'spatial divisions of labour' (Massey, 1984/1995) – the distribution of different types of activity across different places. These also rest on particular sets of social and power relations, and as these are organised spatially, individual regions can therefore only be understood through their relations with other regions. In the case of the UK, for example, London and South East England are "in a position of structural dominance in comparison with, *and in relation to*, other regions of the

country" (Massey, 1995, p3, original emphasis) through the location of high level economic and political strategic control, headquarter functions, research and development, and so on.  This perspective draws attention to qualitative differences between regions and their place in wider systems, and implies that "it is impossible to simply separate off 'the economic' from the political, cultural and ideological aspects of society" (Massey, 1995; p309). Over the past decade, building on a recognised need to re-engage with broader questions of uneven development (Coe and Jones, 2010; Hadjimichalis and Hudson, 2014), scholars influenced by this tradition have explored processes implicated in the persistence (or worsening) of divergent regional economic fortunes - particularly in the UK (McCann, 2016).  These have included, to give just a few examples, the differential regional impacts of structural economic change (Martin et al., 2016; Tyler et al., 2017), geographies of banking and financialisation (Marshall, 2013), and, importantly for this thesis, the role of sub-national governance (and its failures) in reinforcing spatial inequalities (Jones, 2019).  From this perspective, 'regional problems' should not be characterised as "problems for which somehow those regions are to blame" (Massey, 1979, p241-2), an important corrective to the persistent tendency to give primacy to places' own internal assets and capacities as determinants of their development.  As will be touched on in the third section of this chapter, this also has implications for how more peripheral regions and their relationships with the centre are understood.

This more 'relational' perspective also raises fundamental questions of what 'the region' is.  Rather than being defined by political or geographic boundaries (Morrison, 2014) and sitting within hierarchical structures, from a relational perspective regions are spaces of flows, determined by connections with other places and scales (Bristow, 2013).  The relational region therefore has no fixed boundaries, is open and porous, and, as these flows - of people, trade, communication - are constantly changing, is "always in the process of being made, never finalised" (Cochrane, 2013, p95).

This contrasts with territorial or political regions which are, from a relational perspective, to be considered as "fundamentally social constructions", rather than "natural or self-evident entities" (Bristow, 2012, p5).  This is not to say

that attention should not be paid to territorial institutions and territorial politics (Jonas, 2012), but that there is a need to consider the processes by which these territories are constructed and reproduced, and 'linkages between overlapping geographical scales' (MacKinnon et al, 2015, p203). Rather than seeing territorial and relational views as antagonistic (Jones and MacLeod, 2011), regions might be considered as both relational and territorial (Harrison and Growe, 2014), or as a "bounded portion of relational space" (dell'Agnese, 2013, p124). The extent to which political or administrative regions are also economic, social, cultural or cultural regions, with some degree of cohesiveness (Cooke and Morgan, 1998) and shared identity (Paasi, 2003) may influence their potential as appropriate scales for intervention (Paasi, 2009b; Tomaney, 2018; Quinn, 2015). Existing territories are open to contestation and reshaping. Definition of 'the region', as the central object of inquiry for this research, is also a methodological question (see Chapter 3).

It is important to note that despite the enduring influence of its origins in Marxist analysis - including an explicit recognition of capitalism as an economic and social system (Massey, 1984) - current GPE perspectives see some elements of this as overly economistic and deterministic (Pike, Rodríguez-Pose, and Tomaney, 2016), and offering limited understanding as capitalism has evolved in increasingly complex ways (Amin and Thrift, 2005). The particular GPE perspective employed in this thesis is heavily influenced by that put forward by Cumbers and MacKinnon (2011) (also MacKinnon et al., 2009; Pike, MacKinnon et al., 2016; MacKinnon and Cumbers, 2019; MacKinnon et al., 2019a). This sees regional development as an open and dynamic process, and, as explored in more detail below, both seeks a degree of integration with evolutionary perspectives and incorporates the potential for agency in shaping these processes.

The fundamental insight here is that places' development is determined not only by their own attributes, but also by their position within broader systems, relationships and connections with other places, and processes - economic, but also political, cultural and environmental - that operate across different scales (Sheppard, 2011). As noted above, one criticism of new regionalism was that it was "pre-occupied with local transactions and institutional forms"

(Coe et al., 2004, p469) in shaping regional development, neglecting exogenous processes and connections (Mackinnon et al., 2002). The broader perspective provided by GPE has the advantage of pushing an understanding of forces shaping regional development beyond the region itself.

Potentially useful in this regard is the body of work which conceptualises development as the result of places' successful 'strategic coupling' with global production networks (GPNs) (Coe et al., 2004, 2008, 2013; Yeung, 2009, 2015; Yeung and Coe, 2015). These are "the globally organized nexus of interconnected functions and operations by firms and non-firm institutions through which goods and services are produced and distributed" (Coe et al., 2004, p471) - complex webs of relationships including non-firm actors (Coe et al., 2013). Seeing these networks as political, social and cultural, as well as economic (Coe et al., 2008), places the GPN approach within the broader tradition of political economy, as well as providing one lens through which the role of extra-regional relations can be addressed.

From this perspective, while the endogenous regional assets described in the new regionalist literature are important, these are not by themselves sufficient for regional development. Rather these only generate advantage where they fit the strategic needs of lead firms in GPNs (Coe et al., 2004). The role of regional institutions and actors is to develop endogenous assets, to attract lead firms, and to ensure that value is captured for the benefit of the region (Coe and Hess, 2011). This echoes Amin and Thrift's (1994) view of institutional 'thickness' as an element in places' capacity to 'hold down' global activity (Markusen, 1996), although its proponents are careful to emphasise that institutions operating at a variety of scales impact on places' ability to do this (Coe and Hess, 2011; Beer and Lester, 2015).

The importance of strategic coupling between regional assets and GPNs raises the question of agency in this process, as "actors in cities and/or regions coordinate, mediate, and arbitrate strategic interests between local actors and their counterparts in the global economy" (Yeung, 2009, p213). Who these regional actors might be, how they can attempt to do this and to what ends, are therefore important questions. It is also important to note that

relationships between regional actors and GPN firms are likely to be asymmetric, with the latter potentially able to play off competing regions against each other and exert influence in host locations to further their own interests (Phelps, 2008, Coe and Hess, 2011; MacKinnon, 2012). This links to long-standing concerns about the status of 'branch-plant' economies dependent on mobile inward investment (Firn, 1975), drawing attention to the location of firm ownership as an element of spatial power relations (Massey, 1995).

This GPN perspective is useful in highlighting relationships between regional and external actors in shaping how and where development takes place. The associated emphasis on strategic coupling could also be broadened out to apply to other sources of extra-regional investment, such as central government, where this is needed to support substantial economic development interventions. This notion will be developed further in subsequent chapters, but may be particularly significant for disadvantaged regions, in a weak position to compete for private sector investment (Kantor et al., 1997; Savitch and Kantor, 2002), and in governance systems that (either implicitly or explicitly) involve inter-regional competition for resources and attention from the centre.

### 2.2.3 Evolutionary Regional Development

While these perspectives help to broaden understanding of regional development out beyond the confines of the region itself, evolutionary approaches that emphasise development as a historical process are valuable in placing the region within its wider temporal context.

Many established accounts of regional development did include a recognition of inherited assets as contributory factors, or indeed preconditions, for the success of high-profile regions. The new geographical economics, for example (Krugman, 1991) explicitly recognised "advantages derived from history and past policy interventions" (Pike et al., 2017, p50) as determining where concentrations of economic activity emerge, potentially kick-starting a cumulative process of regional divergence. Literature on clusters and regional innovation systems also developed accounts of how these could emerge and

decline over time (Hassink and Klaerding, 2011). In Marxist perspectives, 'landscapes' of capitalism are constructed through fixed investments which can only ever be temporary, but which do influence the subsequent spatio-temporal fixes settled on by capital (Harvey, 2001). Likewise, Massey (1984) conceptualises development processes as a 'layering' of successive rounds of investment, each influenced by the last. Evolution is at least implicit in these approaches.

More recent work in regional studies has sought to map out processes of regional evolution more explicitly. This initially focused on the concept of path dependence - where outcomes evolve "as a consequence of the processes or system's own history" (Martin and Sunley, 2006, p399) - and in particular the self-reinforcing factors and mechanisms that can result in places becoming 'locked-in' to unfavourable trajectories. Three, inter-related types of 'lock-in' are identified (Grabher, 1993) - functional lock-ins, where regional assets, such as previous investments or workforce skills (Walker, 2000), lead to rigidities; cognitive lock-ins, where regional actors hold inflexible views and assumptions, failing to recognise and respond to changes in the external environment; and political lock-ins, where regional political leader prioritise the protection of existing firms and sectors, with policies that support the status quo rather than new activities.

This implies that the same features initially reinforcing positive development eventually become, over time, barriers to adaptation (Martin and Sunley, 2006). While useful, these concepts are grounded in the specific context of an old industrial region (the Ruhr valley). More developed notions of path dependence have gone beyond lock-in to consider evolutionary processes as ongoing and iterative (Martin and Sunley, 2006; 2010), with potential for path creation as new activities are developed through the establishment of new firms, sectors, products, techniques or forms of organisation in the region (Isaksen, 2014). This can take place through a variety of mechanisms (Martin and Sunley, 2006, p419-423) – including the endogenous emergence of new activity from an interplay of firms, institutions and social networks, transplantation of new technologies or approaches from elsewhere, diversification into related industries, and upgrading of existing industries.

These can be the catalysts for a transition from existing circumstances (within which the conditions for change may be latent) to a new development path (Martin, 2010), with their existence conceptualised as 'adaptive capacity' or 'resilience' (Hassink, 2010; Pike et al., 2010; Bristow and Healy, 2014; Boschma, 2015; Gong and Hassink, 2017).

Basic models of path dependence (David, 1994; Arthur, 1994) see these paths as emerging from historical accidents and a largely undirected search for new opportunities that develop self-reinforcing momentum. Innovation and entrepreneurship are therefore important in regional change as the means for the discovery of potential new paths (Grillitsch and Sotarauta, 2020). Particular importance has been attached to 'related variety' (the existence of distinct but complementary sectors) as a precondition for the 'branching' of regional development paths (Frenken et al., 2007, Neffke et al., 2011). This perspective views path selection as arising largely from chance events during when emerging industries' selection of a particular location leads to new agglomerations (Boschma, 1998; Boschma and Lambooy, 2009), as exemplified in Scott and Storper's (1987; Scott, 1988) notion of 'new industrial spaces'.

This type of firm-centric approach does however tend to neglect the role of institutional factors (Boschma, 2015), power relations (MacKinnon et al., 2009) and human and social agency (MacKinnon et al., 2009; Karnøe and Garud, 2012; Bristow and Healy, 2014) in these processes. Indeed, as Crouch and Farrell (2002) note, the notion of path dependence implies the potential for alternative paths that could be realised through the exercise of strategic agency (Garud and Karnøe, 2001; Martin and Sunley, 2006; Bristow and Healy, 2014), although the barriers and costs to this may be significant. Approaching regional evolution from a GPE perspective (MacKinnon et al., 2019a; Pike et al; 2016; MacKinnon et al., 2009; Pike et al., 2009) provides a basis for incorporating purposive agency into evolutionary processes in this way; this is addressed more fully below.

**2.3 Understanding the Nature and Role of Agency**

*2.3.1 What is Meant by 'Agency' in Regional Development?*

Although very broadly understood as the capacity to act, or "meaningful human behaviour, individual or collective, that makes a significant difference in the natural and/or social worlds" (Moulaert et al., 2016, p169) the concept of agency has been extensively theorised and debated in philosophy and sociology (Emirbayer and Mische, 1998). A common theme is a tension in relation to broader forces and the constraints on agents. A range of theoretical approaches (such as structuration theory; Giddens, 1984) have sought to reframe this debate by stressing the interactions, rather than conflicts between agency and structure (Emirbayer and Mische, 1998), and the need to consider the institutions and discourses that mediate the relationship between the two (Moulaert et al., 2016).

While to assert of the importance of agency, therefore, is to stress that outcomes cannot be 'read off' from economic or institutional structures (Gertler, 2010), it also needs to avoid ascribing a 'heroic' role to actors (Garud et al., 2007, p961) to the neglect of wider forces. The methodological implications of this are discussed in Chapter 3. For now, it is sufficient to note that an appreciation of the potential for purposive agency is an acknowledgement that "actors, their inter-relations and consequent practices themselves carry explanatory weight" in regional development; a focus solely on identifying "general laws, regularities, and patterns" (Boggs and Rantisi, 2003, p110-111) will generate limited insights.

Evolutionary perspectives also imply that the potential for agency should be seen in its temporal context. At its most basic, this is a recognition that actions lead (or are intended to lead) to some subsequent outcome (Emirbayer and Mische, 1998); Actors are future orientated anticipate and plan, are influenced by previous experiences and precedents, and can attempt to mobilise the past in support of their actions (Garud et al., 2010; Bristow and Healy, 2014; 2015). As actions are both structured and structuring (Jessop, 2001) from this perspective, agency is also a 'dynamic capacity' to adapt to (or resist) changes in the environment (including other actors' behaviour) with

a recursive relationship between actors and the wider systems of which they are a part (Bristow and Healy, 2015).

More specifically, in an evolutionary GPE perspective, agency can be exercised in a variety of ways to support the creation of new regional development paths, as illustrated below (Figure 2.1) in the framework set out by MacKinnon et al. (2019a).  Firstly, actors identify, harness, and valorise assets for regional development, both within and external to the region. Secondly, they select and orchestrate mechanisms of path creation, and seek to 'couple' assets with the needs of external actors, reflecting the recognition of GPN perspectives that the existence of assets is not by itself sufficient for regional development (Coe and Yeung, 2015) – although path creation and diversification through existing firms and entrepreneurs, as well as transplantation of activity by external firms, are also potential mechanisms (Martin and Sunley, 2006; Dawley, 2014).  Thirdly, they can seek to create and expand markets for regional firms.  This can take the form of place promotion and marketing, for example as a tourist destination.  It can also include policies to create and sustain niche markets for indigenous producers, as in the case of the Danish wind power sector (Simmie, 2012).  Fourthly, they can seek to shape their multi-scalar environment through institutional (Garud et al., 2007; Grillitsch and Sotarauta, 2020) or governance (Doringer, 2020) entrepreneurship, influencing the formal and informal rules and constraints that they and other potential actors are subject to (Storper, 1997; Rodríguez-Pose and Storper, 2006).  This includes the exercise of agency in processes of rescaling and evolving governance arrangements as well through specific policies or interventions.

**Figure 2.1: Theoretical Framework for Path Creation**
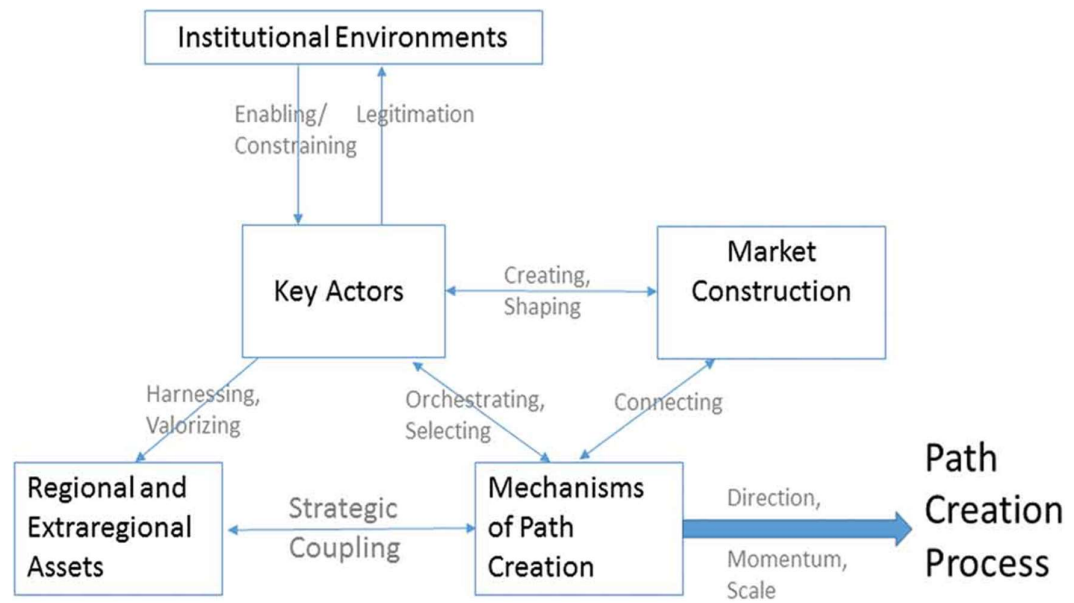


MacKinnon et al. (2019a, p121)

This framework is a useful starting point for considering the ways in which purposive and strategic interventions can support processes of path creation, while acknowledging that some of these may be more or less important in different contexts. The following section considers how and by whom this type of agency can be exercised.

### 2.3.2 Collective Agency, Governance and the State

A variety of actors can influence the development of regional economy (Jolly et al., 2020), including, for example, firms and entrepreneurs, business organisations, universities, public policy actors (within different parts of the state and quasi-state agencies), labour and trade unions, and other elements of what might be called civil society. This multiplicity of potential actors points to the understanding that agency is distributed (Garud and Karnøe, 2003), with no single agent having the ability to direct development. Regional economies are "broad and diverse entities driven by the decision-making of an array of different individual actors" (Bristow and Healy, 2014, p927). These actors are, however, not isolated and autonomous. They interact with, influence, and are constrained by each other in a variety of ways. Indeed, many significant interventions will involve the exercise of collective agency,

where actors develop shared understandings of the world and draw upon their various resources for strategic action.

While acknowledging, therefore, the potential for individual actors to influence policy agendas (Huggins and Thompson, 2019; Doringer, 2020; Grillitsch and Sotarauta, 2020), any consideration of agency must seek to incorporate the mechanisms and processes through which agents interact, and of power relations between them (Cumbers and MacKinnon, 2011) amongst other contextual factors.  Institutional and governance arrangements are frameworks for organising these interactions, developing intelligence, formulating and debating strategies, and coordinating efforts at "purposeful collective action" (Lang, 2012, p. 290; also MacLeod, 2001; Pike et al., 2010; 2015).  Building on a broader set of institutional approaches, there has been a growing recognition that the nature and quality of governance matters for regional development (Rodríguez-Pose, 2013; Crescenzi et al., 2016; Eversole and Walo, 2020).

Governance is a broad term encompassing a variety of arrangements.  In contrast to 'governing' where governments determine 'who gets what, when, and how' in society (Lasswell, 1958), governance refers to "the ways in which governing is carried out" (Gamble 2000, p110).  It has become associated with dispersed forms of societal 'steering' (Rhodes, 1996; Steurer, 2013) where "the state is far from the only game in town" (Abbott and Snidal, 2008, p48).

This is exemplified by the ongoing shift in the UK, particularly during the 1990s "from local government to local governance" (MacKinnon, 2001, p824) where the fragmentation of public service delivery saw increased involvement of the private and voluntary sectors and a proliferation of (unelected) quasi-state bodies and partnerships.  One element of this has been the 'horizontal' outward transfer of roles previously undertaken more directly by national or local government.  Bowden and Liddle (2018) illustrate this with the metaphor of different vehicles for the changing nature of place-based partnerships in England; evolving from a car with public sector actors driving, navigating and paying for the journey, to a people carrier with non- or quasi-state actors

often at the wheel, and a large number of passengers all influencing the direction of travel.

Another is the 'vertical' disintegration of the state, as part of a global trend towards devolution or decentralisation with responsibilities transferred to sub-national governments or agencies (Rodríguez-Pose and Gill, 2003; Tomaney et al., 2011), and the creation of 'new state spaces' (Brenner, 2004, 2009) at the subnational scale.  A more nuanced perspective – balancing a perceived 'hollowing out' at certain scales (Jessop, 1997) with a concurrent 'filling in' (Goodwin et al., 2005; Shaw and MacKinnon, 2011) at others – suggests a set of ongoing and multi-directional changes in the qualitative nature of the state (O'Neill, 2008; Shaw and Mackinnon, 2011), through a variety of types of institutional change (Evenhuis, 2017).  This accommodates an understanding that rescaling can vary widely in its nature and extent across different policy areas (Pike et al., 2012, 2015; Tomaney et al., 2011), and that actors within the national state retain a key set of roles, including shaping the context for sub-national economic development activity (Cumbers, 2000; Harrison, 2008; Martin, 2015).

Two implications of this are particularly relevant here.  The first is that it raises the fundamental question of what the state is (Jessop, 2010), given that - the potential for private sector strategic interventions notwithstanding (Harrison, 2020) - the state and its agencies will in many circumstances play an important and often central role in seeking to shape regional development. Key to this, as implied by the trends described above, is the recognition that the state is not a single entity, but a group of specific actors - in different departments, territorial bodies and agencies - that make up "an ensemble of power centres and capacities" (Jessop, 2011, p242).  As such, the state's power "are activated in specific conjunctures by changing sets of politicians and state officials located in specific parts of the state" (Jessop, 2011, p242). The resources from various parts of the state must therefore be mobilised through specific state projects and more broadly through strategies to regulate the economy (Jessop 1990; Jones 1999), both of which have spatial dimensions (Brenner, 2004).  The structure of the state makes these resources

more accessible to some groups than others, although this is also influenced by the strategies that they adopt towards it (Jessop, 1990).

The second is that systems of governance are multi-level or multi-scalar (Bache and Flinders, 2004; Jessop, 2005), with interdependent actors and organisations operating across various spatial scales.  As a result, the capacity for actors in particular places to exercise agency in economic development increasingly rests upon the ability to effectively mobilise key networks of power, beyond the local or regional, in spatial 'assemblages' (Allen and Cochrane, 2007, p1163).  This also points towards the need to consider, as argued by Goodwin et al. (2005, p421), "the struggles occurring within and between different spatial scales", and the nature of central-local relations. As Pike et al. (2015) and Bentley et al. (2017) note, powers and resources can be distributed between different scales of governance in a variety of different configurations.  These imply different models of local governance and local autonomy over priorities (Bailey and Elliot, 2009).  Ayres et al. (2018), utilising the lens of 'statecraft' (Bulpitt, 1983; 1986) highlight the extent to which particular frameworks of centre-local relations arise from the centre's pursuit of different strategies for territorial management (the extent to which it seeks to control sub-national outcomes and how this is achieved) and the political resources that it has to do so.

In the context of complex and fragmented governance arrangements, with agency distributed between actors at different scales, the concept of meta-governance (Jessop, 1995; 1997; 1998; 2001; 2011) is also useful in understanding how this is managed.  Although there are differing understandings of meta-governance and who is doing it (Gjaltema, et al., 2020), Jessop's (1998) broad definition - the strategic organisation of the context and rules for governance by state actors - is most useful here.  This is also a corrective to notions of the hollowed-out state, as the centre is still 'governing', but indirectly, by steering networked groups of actors (Jessop, 1997; Damgaard and Torfing, 2010; Gjaltema et al., 2020).  As Jessop (1995, p3) puts it, a shift to meta-governance, while suggesting a diminution of state actors' direct power, could in fact enhance their ability to harness "knowledge and power resources from influential non-governmental

partners". Governance and meta-governance remain embedded in hierarchies where central state actors have the power to shape these networks, their procedures, and the negotiated outcomes that emerge (Scharpf, 1994; Whitehead, 2003). For Jones (2019), in the UK this has been manifested in the proliferation of new partnerships and structures in response to successive failures of governance in sub-national economic development.

### 2.3.3 Place-based Leadership as Agency in Regional Development

In the context of disintegrated governance outlined above, 'place leadership' has emerged as a lens through which the exercise of agency in regional development can be understood. The two underpinning elements of this concept are worth unpacking.

The logic of decentralising or devolving economic governance has become increasingly bound up with notions of a potential dividend from 'place-based' approaches to development that have attracted growing attention over the past decade. The foundations for this were laid by a series of theoretical and empirical papers drawing on evidence from across developed economies (Barca, 2009, 2011; Barca et al. 2012; OECD 2009a, 2009b; 2012), defining place-based policy as being:

> "*a long-term strategy aimed at tackling persistent underutilisation of potential and producing persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional change*" (Barca, 2009, pvii)

While traditional 'top down' regional policy aimed to support lagging regions in response to mass unemployment (Armstrong and Taylor, 2000), this new paradigm stresses the promotion of local strengths and assets through tailored development strategies based on knowledge of a place's specific context (Barca et al., 2012). This rests on the fundamental premise of growth being possible in all types of region (OECD, 2012). As such it contrasts with 'space-neutral' perspectives that tend to favour further concentration in growing regions, on the basis that "the effect of policies on people" is more important "than on places" (Overman, 2017, p7) and rest on a set of assumptions

(primarily of minimal frictions in spatial adjustment of labour and economic activity; Bailey et al., 2015) that appear to be contradicted by evidence (including declining levels of labour mobility in the UK; Lomax and Stilwell, 2017). Advocates of place-based perspectives reject this people/place dichotomy (Barca, 2011; McCann, 2019), suggesting instead that their approach simply emphasises 'place' as a context that influences the well-being of the people who live there. However, it should be noted that even successful place-based approaches need not necessarily lead to convergence or the reduction of regional inequalities – they are explicitly not concerned with redistribution (Barca et al., 2012).

In stressing the importance of place-specific characteristics (OECD 2009b), the theoretical foundations of place-based policy foreground the role of knowledge and institutions (Bailey et al., 2015). As this paradigm emphasises "the ability of places to grow drawing on their own resources, notably their human capital and innovative capacities" (Tomaney, 2010, p6), the extent to which actors are able to identify and mobilise these endogenous assets - their understanding of the specific local context and ability to undertake appropriate strategic interventions - in different places is key. Likewise, the importance of local conditions as a basis for effective place-based interventions highlights the importance of relevant place-specific strengths, problems and potential solutions being understood. However, in the context of fragmented governance and distributed agency as already discussed, the assumption is that "no-one is in charge" (Stoker, 1996, p52) and no single actor knows what should be done. In the idealised version of place-based development, decisions emerge from the interaction of local and external sources of knowledge (Barca et al., 2012), although there can be institutional barriers, at both the national and regional scales, to this being realised (Bailey et al., 2015).

This implies that the exercise of agency will necessarily involve influencing other actors across different scales to get things done (Sotarauta et al., 2017) captured by the notion of 'place leadership'. This goes beyond traditional accounts of individual leaders or formal authority, in that potential for leadership may at least partly reside outwith formal institutional structures

or elected bodies (Ayres, 2014; Beer et al., 2019). As such, the capacity of leaders to span organisational or administrative boundaries and to create new connections, including with external actors, is seen as critical (Collinge et al., 2010). Pushing this further, there are particular challenges in understanding scenarios where processes of leadership are constituted by multiple actions undertaken by a number of 'leaders', not all of whom are formally recognised, and emerge from multi-scalar interactions (Sotarauta et al., 2017). It might be questioned whether, in these circumstances, 'leadership' is an appropriate term for such a dispersed array of actions; if what is meant is "the collective power of actors to make decisions on strategy and execute actions" (Bentley et al., 2017, p198), then concepts of partnership or collaborative governance might more usefully capture this capacity (Sotarauta, 2014; Bentley et al., 2017). Nevertheless, the capacity of regional actors to effectively undertake place leadership has emerged as a potentially important concept in understanding places' adaptive capacity (OECD, 2012; Dawley et al, 2010; Brooks et al. 2016).

Seeking to understand how, by whom, and in whose interest, place-based interventions are designed and led (Sotarauta et al., 2017) requires some consideration of power relations within governance networks, something that tends not to be explicitly addressed by much of the place leadership literature (Sandford, 2020). Where this is explored, two perspectives are most relevant here.

Firstly, there are attempts to classify the types and sources of power that can be exercised by prospective place leaders (summarised in Table 2.1). Sandford (2020) suggests two broad categories of power. On the one hand, there are what might be considered formal competencies (Coulson and Ferrario, 2007) or sources of authority. These are associated with control over the allocation of resources, and with the legal or managerial power to issue direction to subordinate actors (Sotarauta, 2016). This is the basis for the more traditional exercise of directive leadership, although managing complex coalitions of stakeholders may still be necessary to be effective (John and Cole, 1999). On the other, there is 'generative' power, which is less formal, and rather than being based on 'power over' other actors, emerges

from the 'power to' advance particular agendas. Two capacities are identified through which the priorities and behaviour of others can be influenced - the ability to identify and promote a vision for place development that can mobilise support (interpretive power) and the ability to build consensual relationships and trust between actors (network power).

**Table 2.1: Typology of Place Leadership**

| Type of power Sandford (2020) | Source of power Sotarauta (2016) | Type of leadership (John and Cole, 1999) |
|---|---|---|
| Formal, legal, 'power over' | Resource | Directive |
| | Institutional | |
| Generative | Interpretive | Visionary |
| | Network | Consensual facilitator |

Based on Sandford (2020)

Secondly, and relatedly, there is consideration of the institutional and governance arrangements within which attempts to exercise place leadership occur, and which may provide enabling or constraining contexts. Despite the informal nature of much of what is considered to be place leadership, the structures that they operate within have a strong influence on what prospective place leaders can do (Sotarauta and Beer, 2017). As noted, there are a spectrum of possible outcomes in how responsibilities and powers are distributed between different scales. The approach to governance favoured in the UK – marked by overwhelmingly centralised control (Richards and Smith, 2015; Hambleton, 2017) – is seen as constraining the potential for effective place leadership through limiting both the formal powers available to local and regional actors, and the level of resources that they have discretion over (Bentley et al., 2017).

With strong central control over resources, and increasingly complex systems with multiple actors, the place-based governance and meta-governance arrangements created to promote regional development can tend to rest

largely on the 'generative' element of the leadership 'toolbox' (Sandford, 2020) – the ability to create shared visions and encourage co-ordination. To take one illustrative example, Jones (2019, p239) sees the recent announcement of local Skills Advisory Panels in England as the creation of "another talking shop with few levers to affect change". These bodies are expected to "provide a strong leadership role on skills" (Department for Education, 2018, p7) through generating labour market intelligence and analysis, 'fostering co-operation', 'working with' and 'encouraging' skills providers, 'advising' and so on – matching closely the notion of 'power to' as persuasion (John and Cole, 1999), while themselves lacking any 'power over' the direction of resources. This shows the centre creating ever more elaborate structures of meta-governance in an attempt to address problems of uneven development, but being much less willing to permit any significant accompanying decentralisation of fiscal control[2]. There can be potential for alternative place leaders to emerge in such circumstances – as Vallance et al. (2019) demonstrate, for example, where formal or state actors at the regional scale lack capacity, others, like universities, can contribute interpretive and generative functions. Ultimately however, these still must be able to leverage more formal support and resources.

This tendency for formal institutional and resource powers to be hoarded by the centre therefore creates challenges for regional actors, with the potential for institutional 'bottlenecks' (OECD, 2012) inhibiting the development of effective place-based policy. As a consequence, one element of successful leadership is to develop relationships with those extra-regional actors in positions of control (over, for example, funding decisions) (Doringer, 2020). This implies a process analogous to that of strategic coupling in the GPN literature – but with purposive attempts to match place-based strategies with the needs and priorities of those at higher levels of governance to attract resources to support strategic interventions. In circumstances where funding is allocated by processes of competitive bidding (as it is for Local Enterprise Partnerships in England; Pike et al., 2015) or 'deal making' (O'Brien and Pike, 2015) this is explicit, although capacity at the regional level and informal

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[2] This tendency is also evident in Scotland, as will be demonstrated in subsequent chapters.

relationships with national actors can be important in facilitating success in this regard. Evidence from England suggests that LEPs in the largest cities are most successful in competing for national funding, with those in more rural areas facing greater challenges (Taylor, 2019). This also draws attention to the broader 'bargaining context' within which different places operate (Savitch and Kantor, 2002), including both their relational position within the national and international political economy and the range of assets that regional actors can draw on in negotiations with mobile capital and central government.

Linked to this, a final point about place leadership is that there is an element of contingency in how and when it can effectively be exercised in pursuit of change. In evolutionary conceptions of regional development, and in institutional change, the timing and sequencing of events is important, with specific 'critical junctures' where a range of outcomes are possible (Pierson, 2004). Grillitsch and Sotarauta (2020) refer to 'opportunity spaces' where actor-, region- and time-specific agency can be exercised to shape regional development. It is useful here to note the potential relevance of a framework from policy studies that incorporates a similar appreciation of temporality – Kingdon's (1995) 'multiple streams' framework. This proposes that the adoption of particular policies comes about through alignment of three 'streams': the 'problem' stream, where a particular issue becomes recognised as a problem to be addressed; the 'policy' stream, where potential solutions and alternatives develop; and the 'politics' stream, where factors such as public opinion and electoral politics influence "how receptive people are to certain solutions at particular times" (Cairney, 2012, p236). As opposed to more linear accounts of policy development, these streams can develop in parallel and independently of each other (Sabatier, 2007). 'Policy entrepreneurs' exercise agency within this framework by seeking to frame particular problems as worthy of attention, presenting their preferred solutions in a way that is attractive to policymakers, and linking both to political considerations when the climate is favourable (Zahariadis, 2007; Cairney and Jones, 2016; Pautz et al., 2021). This 'policy window', where the three streams converge, may only be very brief.

With a small number of exceptions (for example Rossiter and Price, 2013; Catney and Henneberry, 2016) the multiple streams approach appears to have been employed in relatively few studies of regional development. Application of the framework is also potentially more complicated in the context of multi-scalar governance where actors and streams may operate exist at different levels (Bache and Reardon, 2013). Nevertheless, it does provide a model for understanding how agency can be exercised in complex policy environments, and the role of the policy entrepreneur (a term which is used in the regional development literature, although somewhat ambiguously). There are also clear parallels with the generative aspects of place leadership – in terms of framing problems and recruiting support for potential solutions – in a context where regional place leaders attempt to influence national policymakers.

While there are therefore a variety of ways in which leadership can be exercised to promote regional development, the capacity of different actors, and the potential for this to be effective will be contingent on particular circumstances, including institutional and governance arrangements. However, there can also be potential for actors at the regional scale to exercise agency in shaping the environment within which they operate. This is elaborated on below.

### 2.3.4 Agency in Shaping Regional Institutions and Governance

As already discussed, there has been an ongoing restructuring of the state across many developed economies, including the rescaling of various powers and responsibilities to different territorial levels. This has included the creation of 'new state spaces' (Brenner, 2004), with a diversity of qualitatively different structures and arrangements (O'Neill, 2008). As suggested above, the nature of these arrangements shape the ability of different actors to exercise agency (or different types of leadership) to influence regional development paths. It is also argued (Paasi, 2009b; Quinn, 2015) that the geographical configurations of these governance arrangements – the particular definition of 'place' around which place-based approaches are designed – could influence the effectiveness of initiatives at these levels, the implication being that some sense of regional cohesion or attachment is necessary to mobilise people and businesses in support of shared agendas.

As relational perspectives stress, regional spaces of governance are not neutral, natural, or pre-given, but are socially constructed (Allen et al., 1998). This is a corrective to the tendency, in some accounts, to uncritically accept 'the region' as a given unit of analysis (Lovering, 1999; Paasi, 2009a). Questions around the nature and definition of the region also have methodological implications (see Chapter 3). Two particular aspects of how, and by whom, they are produced are relevant here.

On the one hand, the development of spatial governance arrangements is a temporal and evolutionary process, in that changes are historically embedded (Peck, 1998; Brenner, 2004). Successive rounds of reform and restructuring are pursued as spatial projects, but are 'layered' on to and interact with the "inherited institutional landscape" (Peck, 1998, p29), such that although existing configurations and geographies can be altered and replaced, some elements of previous arrangements are nevertheless transmitted into the future (Mackinnon and Shaw, 2010). Importantly, different layers can relate to a range of different geographical scales and can vary in durability and tangibility (Grillitsch, 2015).

On the other, these processes are shaped by politics and agency (Mackinnon and Shaw, 2010) and can be "highly contested, involving numerous negotiations and struggles between different actors as they attempt to reshape the spatiality of power and authority" (Leitner, 2004, p238-239). One element of this is the privileged position of the (central or national) state, and the extent to which its interests might conflict with those of subnational actors. As Rodríguez-Pose and Gill (2003, p334) put it:

> *"Although national governments would prefer, ceteris paribus, to devolve responsibilities (authority) to their regional or state governments with as few accompanying resources as possible, the subnational governments would prefer the opposite case. The balance between these extremes will depend upon the relative strength, or, in political terms, legitimacy, of the two tiers of government."*

As Harrison (2008) observes, there is a tendency for these arrangements to be 'centrally orchestrated' and weighted in favour of central government,

resulting in the devolution of responsibilities without adequate powers or funding, or in situations where centrally determined requirements take precedence. Governance arrangements, institutions and organisations can also be changed, abolished, or replaced from above where powerful actors such as national governments have the power to do so (Evenhuis, 2017). The UK represents perhaps an extreme example of a centralised state where this type of scenario is possible; in contrast, where there are federal structures or constitutionally enshrined roles for local governments – common in many developed countries – the power of the centre in this regard is more constrained.

Agency to influence processes of decentralisation and the production of new state spaces can, however, be exercised by others (MacKinnon and Shaw, 2010). Processes of rescaling initiated or imposed by central government can generate windows of opportunity for political and civil society actors at different scale to contest or influence them (Jones, 2019). The multiple streams model outlined above has potential applicability here, as a way of understanding why particular governance arrangements are adopted, in response to what perceived problems, and the political imperatives that motivate this; the work undertaken by actors at different scales to align these streams in pursuit of their favoured arrangements can be conceptualised as institutional or governance entrepreneurship (Sotarauta and Pulkkinen, 2011; Doringer, 2020). Regional actors can also effect more incremental changes in the institutional environment (Evenhuis, 2017), perhaps through generative work to articulate alternative visions of development, or through making network linkages with new groups of actors (Doringer, 2020). These internally initiated changes in governance then have the potential to lead to changes in strategic goals and priorities for regional development activity. The relationship between regional agency and the governance environment is therefore recursive (Bristow and Healy, 2015).

These points also apply to the definition of territorial geographies. There is potential for alternative and 'soft' spaces (Haughton and Allmendinger, 2008; 2013) to be constructed through formal partnerships or more diffuse assemblages of networked actors operating across different scales (Allen and

Cochrane, 2007). Part of the shift towards city-regionalism, for example, is a concern with how spaces of governance map on to 'functional economic areas' and the geographies which are meaningful for businesses and residents (Healey, 2002, p1780). As a result, this "challenges established administrative delineations, boundaries, identities, and ways of working" (Lloyd and Peel, 2008, p41). However, in practice, these boundaries are the "outcome of efforts to achieve particular ends with concrete implications for how things are organised and how people think about the world around them" (Murphy 2008, p91), as much as any systematic analysis of economic space. As Rees and Lord (2013) observe, the geographies of Local Enterprise Partnerships in England arose from a process of 'realpolitik' where local actors sought to construct coalitions of actors across their proposed areas, often based on existing partnerships, but these were subject to approval by central government. A similar interplay of path dependency, local and national agency can be observed in the recent emergence of new regional spaces of governance in Scotland (see Chapter 7).

### 2.3.5 The Definition of Regional Development Goals

A concern with how agency is exercised in purposive and strategic attempts to influence the regional economy suggests a further question, most clearly articulated by Pike, Rodríguez-Pose and Tomaney (2007, p1254), of "what kind of local and regional development" is being pursued, "and for whom?".

Although the meaning of development is "socially determined by particular groups and/or interests" and "varies both within and between countries and its differing articulations change over time" (Pike, Rodríguez-Pose and Tomaney, 2007, p1255), there has been a long-standing tendency (both in the academic literature and in policy terms) for economic development to be treated as synonymous with economic growth (Perrons, 2012) - most usually measured terms of Gross Domestic Product, or Gross Value Added at the regional level. This apparent consensus is part of a more general tendency towards the 'post-political', where decision making is reduced to a technocratic matter of detailed approaches to achieving broadly accepted goals (Swyngedouw, 2010). This has been facilitated by the weakness of public and political discourses that might allow the dominance of such

neoliberal conceptions of economic development to be challenged, and a lack, particularly at some regional levels, of "a general local political engagement in the development of economic goals and strategies" (Lovering, 2011, p592).  Nevertheless, different actors and interventions do pursue a range of goals beyond that of growth, and its status as the primary or dominant measure of success has become increasingly challenged, or at least recognised as problematic.  Three overlapping alternative conceptions are relevant here.

Firstly, a distinction can be made between the quantitative extent of economic activity (for example in terms of number of jobs or GDP) and its qualitative character (Pike, Rodríguez-Pose and Tomaney, 2007).  This implies a distinction (Cooke, 1995) between potential 'high' and 'low' roads of development, differentiated by levels of productivity, sophistication, quality of jobs, or longer-term prospects (Pike, Rodríguez-Pose and Tomaney, 2007).  This also links to Massey's (1984) observations of a spatial division of labour that concentrates different parts of the production process – and therefore different types of employment - in different regions.  Capturing this type of qualitative detail poses a challenge for research in economic geography, both in terms of a tendency to focus on particular types of 'success story' and in terms of methodology; this will be discussed further in the following chapter.

Secondly, a capabilities approach (Sen, 1980) considers the use of measures such as GDP to be unsatisfactory on the grounds that the value of income lies only in its potential to enhance human life; that it can conceal issues of inequality (how it is distributed); and that it neglects less tangible factors that influence individual well-being (Perrons, 2012).  On this basis, measures of development should recognise the distinction between factors that are merely instrumental (such as innovation or jobs), and those that are intrinsically important (such as health and well-being) (Morgan, 2004).  There are also spatial aspects to this, with growing intra- and inter-regional inequality in many developed economies, and evidence that overall GDP growth has had little benefit for particular 'left behind' places or groups (Stiglitz et al., 2010; Tomaney and Pike, 2018; Rodríguez-Pose, 2018).

Thirdly, an increasing focus on 'sustainability' has led to a search for models of economic development that are "in some sense longer term, more durable and/or less damaging" (Pike, Rodríguez-Pose, and Tomaney, 2016, p139). Although associated most strongly with resource use and environmental impacts, holistic approaches to sustainability also incorporate issues such as economic and social inequalities.  In common with the capabilities perspective, this implies "a fundamental scepticism about economic 'growth' in the conventional sense" (Geddes and Newman, 1999, p22) and has led to a search for broader ways of conceptualising development which recognise relationships between factors such as the environment, globalisation, regulation and health (Morgan, 2004).  In addition, the global financial crisis and subsequent recession, contrasting with the long period of stability during which many theories of regional development were developed, has led to questions about what 'sustainability' means in the context of greater instability and disruptive change, and an interest in 'resilience' (Pike et al., 2011).

These concerns have been reflected to some extent in the emergence of 'inclusive growth' as an internationally fashionable concept in regional policy (Lee, 2019).  At its root this is an acknowledgment that the 'pattern' of growth needs to be considered as well as the 'pace' (Ianchovichina et al., 2009). Within this there are a range of interpretations, from a 'growth plus' model that implies a prioritisation of growth should simply be augmented by measures to connect people to the opportunities it creates, to more radical perspectives that see inequality as generated by growth, suggesting more fundamental changes are needed to create a more 'inclusive' economy (Lupton and Hughes, 2016).  Related to the latter is an argument for prioritising the 'foundational economy' and the provision of access to essential everyday services and infrastructure (Bentham et al., 2013; Foundational Economy Collective, 2018; Froud et al., 2018) over the conventional pursuit of growth, as such representing a more substantial challenge to established approaches (Houston et al., 2021).  Unsurprisingly, the dominant understanding amongst those international bodies that have popularised the concept tends is closer to the former, seeing policies for

inclusive growth as a potential 'win-win' (OECD, 2015) with "no inherent trade-off" between growth and inclusion (World Economic Forum, 2015, vii).

The Scottish adoption of inclusive growth has tended to follow these lines, with growth and inclusion seen as complementary (Scottish Government, 2015a; see Chapter 5).  There are challenges in operationalising this as a guide to decision-making, with the opportunity for local actors to interpret it in different ways.  This reflects broader critiques of the concept - that it is only vaguely defined, bundles together two established policy goals with little acknowledgement of the tension between them, its implications for practical policy measures remain unclear, and as sub-national governments lack powers to substantively shape the economy, there is a risk that it simply becomes a buzzword attached to existing approaches (Turok, 2011; Lee, 2019).

Shared understandings of what constitutes development and the legitimate goals for related interventions can be conceptualised as part of the informal institutional environment (Hermelin and Persson, 2021).  These are influenced by and in turn influence the shape of more formal institutions, including the policies and governance arrangements for regional economic development.  The promotion of particular narratives and discourses – that set the parameters for what kind of development should be pursued and legitimise certain types of policy – is, then, one way in which agency can be exercised.  This can be part of the 'visioning' role of place leaders as discussed above; perhaps through formal statements such as strategy documents (Sandford, 2020) as well as more diffuse shared understandings and assumptions.  A sense of what the needs, priorities or ambitions for regional development should be is also inseparable from the question of how the region is defined and by whom.   These come together in place- and time-contingent regional 'imaginaries' (Jessop and Oosterlynck, 2008; Harvey et al., 2011) which are "shaped, supported, challenged, and modified over time by different actors" (Feiertag et al., 2020, pp170).  These representations provide a way for actors to understand the complex array of economic activities and flows across space, but also guide their prioritisation of aims and interventions (Murdoch, 2006; O'Neill, 2011).  As will be demonstrated, one persistent 'imaginary' is that of cities and city-regions as drivers of a growth-orientated and market-

based conception of economic development. There are however alternative perspectives that are particularly relevant here given the specific focus of this thesis on a peripheral and largely rural region. These will be explored next.

## 2.4 Regional Development beyond the City

### 2.4.1 The Urban-centricity of Regional Studies

A persistent feature of much of the empirical work, theorisation and policy around regional economic development has been a tendency to focus on cities (De Souza, 2018). As already discussed, the 'rediscovery of the region' (Storper, 1995) was to a large extent driven by work that emphasised the importance of proximity in generating agglomeration economies, providing a supporting cultural and institutional environment, and facilitating the production and dissemination of knowledge. In contrast to earlier predictions that technological advances, through diminishing the importance of physical proximity, would result in the decline of cities as special places, urban areas instead have become widely seen as "the basic motors of the global economy" (Scott, 2001, p4; also Amin and Graham, 1997; Rodríguez-Pose, 2008).

This city-centric perspective has been reinforced by a disproportionate focus on specific (predominantly urban) success stories - including 'model regions' (Hadjimichalis and Hudson, 2014) that fit archetypes of urban industrial districts or clusters, and those that with particular (usually high-technology, high value) sectors or where innovation is seen as strong (Komninaki, 2015). Such conceptual approaches developed with reference to a narrow range of urban 'success stories' are likely to be inadequate. For example, as Uyarra and Flanagan (2010) argue in regard to regional innovation systems, a focus on structures and interactions that have facilitated success has resulted in limited understanding of contexts where these elements are weak; the resulting policy conclusions are therefore of questionable value in such settings (Tödtling and Trippl, 2005).

There has also been interest in experiences of so-called 'loser cities' (Rousseau, 2009) with high levels of unemployment, low skills, and challenges attracting inward investment. This has focused on mainly urban 'old industrial

regions' (for example Tödtling and Trippl, 2006; Birch et al., 2010; Evenhuis, 2016) that have experienced major restructuring through deindustrialisation. This can in some respects mirror a concentration on success stories, proceeding from the assumption that there is an 'ideal' type of city (Komninaki, 2015), the attributes of which for economic development these places lack.

From a GPE perspective, much of the empirical and policy focus on cities and city-regions tends to neglect their position in broader landscapes of uneven development, where success can be at the expense of other places from which they attract resources.  As will be discussed in the Scottish case, the competitiveness inherent in the city-regionalist paradigm (Harrison, 2007) is often downplayed in official accounts, although this is subject to contestation from those in more marginal places.  Relevant here are attempts within urban studies to adopt a broader focus that takes in those unexceptional or 'ordinary' (Amin and Graham, 1997; Robinson, 2006;) cities that are not able to capture the higher economic functions within the international spatial divisions of labour (Massey, 1984) common to the top tier of 'global cities'.

These dominant urban-centric discourses risk excluding or marginalising other types of places.  The emergence of place-based perspectives, seeing potentials in all types of regions (Barca et al., 2012) draws attention to the question of how to understand development in places that do not have, or are not closely linked to, significant urban centres.  Two overlapping perspectives are particularly useful here, approaching this question through the concepts of peripherality and rurality.

### 2.4.2 Development in the Periphery

The notion of 'the periphery' has a long lineage in regional development theory.  Approaches in spatial economics are rooted in location theory that seeks to explain the distribution of economic activity across space through factor mobility, transport costs and market size.  These also sought to incorporate a variety of externalities and interactions between neighbouring regions generating self-reinforcing processes of concentration or dispersal (Myrdal, 1957; Hirschmann, 1958).  Krugman's (1991; 1998) 'new economic

geography' represents a similar, albeit more mathematically sophisticated approach (Martin, 1999) to explaining polarisation - with one region (becoming the 'core') at the expense of another (the 'periphery') - as transport costs fall. Export base growth models – that see exporting sectors as the drivers of growth (North, 1955) – are also relevant here. As the degree of specialisation in peripheral areas (usually in land-based sectors) is likely to be high relative to a more diversified core (De Souza, 2018, p28), their economic fortunes in this model are dependent on external demand (Gray, 2014). This core-periphery model, based on the relationship between a central, economically dynamic core place, and a less developed, more peripheral hinterland, has therefore been a common way of thinking about spatial patterns of development, particularly from perspectives within mainstream economics.

A concentration on economies of scale and agglomeration, and the observation of 'growth poles' (Perroux, 1950) with apparent benefits to their surrounding areas, fed into a variety of attempts during the 20th century to promote such centres in lagging or less developed regions (Parr, 1999). The persistent influence of these is evident in the more recent emergence of city-regions as the preferred scale for economic development strategies, often predicated on a hope that benefits will 'trickle-out' to their peripheries (Thomson and Ward, 2005). Proponents of city-region approaches have been accused of regarding these hinterlands as simply servicing urban areas and overlooking the distinct types of assets that these places possess (Bryden and Refsgaard, 2008). This conception of cities as the 'locomotives' of growth and competitiveness, and rural areas as the 'carriages' pulled along behind (Shucksmith, 2008), can lead to the adoption of 'city-first' approaches in practice (Harrison and Heley, 2015).

Peripherality, however, is itself a matter of degree and a relative concept, which can also be seen in cultural and political, as well as geographic and economic terms (Rokkan and Urwin, 1982; Suorsa, 2007) and does not necessarily align with the 'periphery' in the simple model outlined above. House (1980) for example, puts forward the notion of 'double peripherality' experienced by frontier regions as both geographically remote from and politically neglected by the centre. The extent to which places are seen as

isolated or different can also be constructed in discursive terms (Pemberton and Goodwin, 2010) by internal or external actors.   The concept can be problematised further by posing the question of what 'peripheral places' are peripheral in relation to?   Doloreux et al. (2012) point to La Pocatiere in Canada and Tromso in Norway as two different types of peripheral region; the former, close to the metropolitan region of Quebec City, 'the periphery of a centre', the latter, as major settlement in Norway's far north, as 'the centre of a periphery'.

The fundamental notion of peripheral regions as being apart from the "controlling centre of the economy" (Anderson, 2000, p93; quoted in De Souza, 2018) links it explicitly to Massey's (1995) idea of places being defined by their role in the spatial system of economic functions and their power relations to other places.   One of the aims of place-shaping or nation-building (Van de Walle, 2010) is to try to integrate peripheries through political, cultural or economic connections with the core.   All of this points to an understanding of peripherality as something that is produced through a variety of processes rather than being a predefined destiny based on geography (Kühn, 2015).   In the context of a shift towards more fragmented governance, this peripheralisation can result from "exclusions and marginalisations of actors through the ways in which policies and power are implemented and defined" (Herrschel, 2012, p30).

From a slightly different perspective, there has been some exploration of development in non-metropolitan territories - regions without major urban centres but not necessarily seen as marginalised (for example, Monsson, 2014).   This is concerned with a variety of types of places outside the largest cities, including settlements variously classified as small towns (Nel and Stevenson, 2014) micropolitan or mini-metro areas (Vias, 2012) and mid-size or 'non-metropolitan' cities (Marlow, 2013; Mulligan, 2013) with criteria and terminology varying by national context.   This work is relevant here in addressing issues of development in contexts where opportunities for agglomeration-driven development are limited.

Some work on peripheral and non-urban regions has explored how processes of innovation (Doloreux et al, 2012; Komninaki, 2015) and path creation (Isaksen, 2014; Isaksen and Trippl, 2016) unfold in these places. Barriers are typically identified in a lack of firm density, critical mass, related variety and general urban economies, as well as sometimes 'thin' institutional environments. Alternative perspectives contend that accessibility to knowledge is not necessarily governed by geographical proximity (Bathelt, 2011; Doloreux et al., 2012), and empirical work (see Simmie, 2006) has suggested that while general economies of urbanisation may be important, there is also evidence that other types of proximity can be more important.

Relational perspectives consider these places in terms of their role within broader regional systems - for example Phelps (2004) points to the idea of 'borrowed size' where small cities gain advantages from their place within polycentric systems, and "the benefits of a metropolis no longer require a location within it or even in close proximity, but merely accessibility to it" (Parr, 2002, p728-729). This reinforces the importance of not seeing places as stand-alone economies but to consider connections, flows and interdependencies (Hildreth, 2007). While this is implicit in attempts to construct city-regions around functional geographies, the relationships that peripheral places *within* these regions have with the 'core' may not necessarily be beneficial - they may be dependent on it for employment or services, or have weak linkages to it despite geographical proximity (Jones et al, 2009; Cox and Longlands, 2016).

Some work within mainstream economic geography has also directly addressed rural places. For example, Scott (2010) explicitly applies concepts of Marshallian industrial districts and path-dependency to the rural context of the Lake District in north-west England (see also Lowe et al., 1995 on 'agroindustrial districts'). He sees the region as a 'cultural economy' based on the immobile natural resources of its landscape and associated heritage. The derivation of competitive advantage from immobile resources such as environmental and cultural capital distinguishes it from more traditional industrial districts – these are seen by Bryden and Dawe (1998) as a more stable basis for rural development than mobile factors (such as skilled labour)

which are open to competition from elsewhere. In addition, Scott points to the role of public and semi-public organisations that have steered the region's development trajectory. Through undertaking strategic initiatives, and acting as forums for collective decision making - seeking to balance development with the conservation of the landscape - these have succeeded in sustaining its development path across several decades. This is a rural context-specific example of institutional thickness (Amin and Thrift, 1994) fostering the emergence of a common regional agenda and providing a mechanism through which local actors can "shape the course of economic evolution" (MacLeod, 2004, p66).

Such crossovers notwithstanding, and despite many shared areas of concern, rural development has tended to be addressed in a parallel but largely separate literature and field of study from 'mainstream' regional studies, with a distinct conceptual language. The key features of this are discussed below.

### 2.4.3 Rural Development

Current understandings of rural development have been shaped by the context of globalisation and its pervasive impacts (McDonagh and Woods, 2011). These have included trade liberalisation, increased capital mobility, the decoupling of different stages of production, and the 'shrinking' of distance resulting from advances in communication and transport (Terluin, 2003).

From the interaction of these forces and local responses have emerged broad processes of rural restructuring. Bridger and Alter (2008, p99) see rural parts of the USA as undergoing "the most far-reaching and rapid transformation" in their history; in Europe, the contribution of agriculture has been declining (Hubbard and Gorton, 2011) and rural economic structures becoming more like urban areas (Lowe and Ward, 2007). This suggests that land- or resource-based sectors are no longer the only potential basis for successful rural development (McDonagh, 2012); dependence on agriculture has in fact been seen as a potential risk (Ward, 2006).

This has been characterised as a fundamental shift towards 'post-productivism', with a move towards quality (as opposed to quantity) in food

production, environmental sensitivity, and diversification into non-agricultural activities (Almstedt, 2013)[3]. Accordingly, work in rural studies has moved on from a focus on production and land use (Woods, 2012) to examine this 'new rural paradigm' (OECD, 2006). This foregrounds both the 're-territorialisation' of agriculture - connections between food production and specific places, and its role in maintaining rural landscapes - and a multi-sector model that sees rural areas as closely interlinked with wider regions, including as sites of consumption, meeting growing (urban) demand for rural goods and services (Horlings and Marsden, 2014).

Related to this, the economic role of rural areas, and the importance of environmental assets, can provide a basis for alternative conceptions of 'development'. The notion of sustainability, while gaining attention in regional development more broadly (Morgan, 2011), has been perhaps more prominent in rural areas where possible tensions between economic growth and the natural assets that are a source of many rural places' advantages are closer to the surface. As Curry and Webber (2012) show, while more remote areas have lower productivity, their attractiveness in lifestyle and well-being terms suggests they should be recognised as "'different' from productivity-driven spaces" based on indicators that allow them to "shape their economic purpose to their own particular ends" (p290). This relates directly to the question articulated by Pike, Rodríguez-Pose and Tomaney (2007, p1254) of "what kind of local and regional development and for whom?" and therefore opens up issues of power and agency in determining how these parameters and purposes might be defined.

There remains, however, in any discussion of rural development a fundamental problem of definition. While van der Ploeg et al. (2008) attempt to define the rural as the location of the ongoing encounter between (or 'co-production') of man and nature, 'rurality' can have multiple meanings that are socially and politically constructed and mobilised (MacKinnon, 1999), the

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[3] Claims of a wholesale paradigm shift must be qualified on both conceptual and empirical grounds, as poorly defined (Mather et al., 2006), over-generalising and dualistic (Evans et al., 2002), implying a more fundamental qualitative transformation than has actually occurred (Hoggart and Paniagua, 2001), and predominantly based on experiences in northern Europe and the UK in particular (Almstedt, 2013).

ways in which rural areas are defined varies widely between countries (OECD, 2006), and different types of area and socio-economic systems will co-exist within regions (Ward and Brown, 2009). This points to two broad issues.

Firstly, although there is a tendency for 'rural' to be defined in opposition to 'urban' (Ward and Brown, 2009), linkages and interactions between the two are of key importance, with a variety of mechanisms connecting cities and their surrounding areas (SAC et al., 2005).  These have increased in importance as mobility of people, goods and information has grown (Ward and Brown, 2009), with, for example, increased commuting and migration, and the growing role of the rural as a space for consumption and recreation.  As a result, "rural goods and services are directed toward and consumed disproportionately by people with strong ties to urban and big city populations" (Lichter and Brown, 2011, p574).  It has therefore been argued that "the traditional hierarchical structure of cities, rural towns and their surrounding countryside" (as implied by traditional locational theories) "no longer reflects either the complex spatiality of production relations, the market range of firms, or the administrative and service needs of citizens" (DETR, 2000, p30)

Secondly, and relatedly, diverse types of places are understood as rural (Ward and Brown, 2009; Lowe and Ward, 2009) – for example, links with urban areas vary widely.  This further challenges a dichotomous view of rural and urban (Parr, 2005), instead pointing towards continuums across different dimensions (Pahl, 2008).  An array of different approaches and typologies have been devised to inform both research and policy - based on population density (DEFRA, 2005), settlement size and proximity (Scottish Government 2014), commuting patterns and relationships to city regions (Department of Communities and Local Government, 2006), or multiple socio-economic, industrial, and demographic indicators (Hedlund, 2016).

These ambiguities, and linkages, suggest not only that care should be taken when making claims about 'rural' places, but also that greater integration between the fields of rural and 'mainstream' regional development would be beneficial.  The changing dominant paradigms in the specifically rural

literature can be mapped at least to some extent on to those in regional studies more generally (Table 2.2). Put simplistically, there has been an evolution through three broad phases.

Implicit in the acceptance of a new rural paradigm in the late 1990s and early 2000s was a rejection of earlier exogenous models where development was based on modernisation and intensification in agriculture and some attraction of manufacturing (Lowe et al., 1995). Instead, there was as shift towards place-based approaches based on investment in and exploitation of local assets and alertness to "local conditions, the roles of local actors, and the agency of individuals and groups" (Halseth et al., 2010, p5) as endogenous drivers of growth and determinants of their adaptation or resilience to economic shocks (Scott, 2013).

This endogenous approach was attractive to policymakers in "the lure that any rural community can be successfully regenerated so long as it follows the right approach" (Woods, 2010, p167), analogous to new regionalist notions that anywhere could be a 'winner' in the competitive global economy (Bristow, 2005). This emphasis on endogenous characteristics in determining outcomes (rather than wider structural forces), and an associated prioritisation of local capacity building, was seen as placing the responsibilities and risks of development on rural places and 'communities' themselves (Woods, 2010) and so potentially exacerbating spatial inequalities.

In response, a hybrid conceptualisation of development as 'neo-endogenous' has emerged in rural studies. While still viewing the mobilisation of local actors as a key catalyst (McDonagh and Woods, 2011), this goes beyond a focus on 'self-help' (Cheshire, 2006) to acknowledge the importance of extra-local forces. Effective rural development is seen as driven by the integration of local action with wider networks, and determined by the balance of internal and external control over these processes and resources (Ray, 2006; Bosworth et al., 2016; Shucksmith and Atterton, 2018). This is useful in prompting reflection on the different actors involved in rural development, their potential for agency, and the power relations between them (in particular

between local and external; Gkartzios and Lowe, 2019). This provides a complementary set of perspectives to broader thinking about place-based approaches and place leadership (Ryser and Halseth, 2010), with linkages to the notion of strategic coupling discussed earlier in this chapter. The rural literature is also distinctive in its attention to 'community-led' development as a bottom-up process drawing on agents and community organisations operating at a local level (often below that of formal state, governance, and territorial units) but promoted by national, regional or international programmes (Paula, 2019). This therefore draws on the concept of social capital - encompassing the links and relationships between individuals and groups – as a basis for capacity to act at this level; this is often assumed to be stronger in rural places (De Souza, 2018). In Europe, accounts of neo-endogenous and community-led rural development have been dominated by the EU's LEADER programme, discussed in Chapter 6.

**Table 2.2: Parallels in Changing Theoretical and Policy Paradigms**

| Regional Development | Rural Development | Common Features |
|---|---|---|
| **Traditional**<br>Lagging regions as a problem for national policy<br><br>Focus on old industrial regions | **Exogenous**<br>Rural regions seen as marginal and 'backward'; distinctiveness as a problem<br><br>Productivist - based on agriculture<br><br>Development driven by outside factors and decisions | 'Top down' policy response based on subsidised production, promoting labour and capital mobility |
| **New Regionalism**<br>Importance of institutional factors in 'holding down' globalised processes<br><br>Innovation<br><br>Proximity and agglomeration as source of competitive advantage<br><br>Focus on 'success stories' | **Endogenous**<br>Specific local resources seen as basis for comparative advantage and key to development<br><br>Importance of space and peripherality reduced by technology<br><br>'Post-productivist' – multisectoral, diversification from agriculture | Emphasis on 'competitiveness'<br><br>Territorial focus on attributes of places themselves, and 'bottom up' responses<br><br>Neglect of their position within broader processes, and role of national state |
| **Place-Based**<br>Need for tailored development strategies<br><br>Leadership<br><br>Strategic Coupling | **Neo-endogenous**<br>Harnessing local resources as essential for development, but recognition of extra-local factors | Importance of local context<br><br>Actors and governance across multiple scales<br><br>Links with extra-regional assets and resources |

Source: Author's own elaboration, adapted from Ward et al. (2005), Bryden and Munro (2000), Atterton and Thomson (2010), OECD (2009) Woods (2010), Gkartzios and Lowe (2019)

This is necessarily a simplified account. The parallel approaches in rural and regional development have also had significant differences between and within them, and the paradigm shifts described here have not necessarily been synchronous. For example, the growing mainstream importance attached to place-based approaches is in part a reaction against the uncritical adoption of competitiveness - focused narrowly on growth and on advantages in productivity and innovation over 'rival' regions (Bristow, 2005; 2010) – dominant in new regionalist policy discourses. While still concerned with the ways in which rural places compete with each other, and with urban areas,

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one way in which the new rural paradigm does break with this is through a broader conception of what constitutes development, with a greater focus on the notion of sustainability, particularly in environmental terms.

Neither is this intended to suggest that the wide, varied and multi-disciplinary field of rural development should be seen as simply a subset of regional studies with its own obscure terminology. There are valuable strands of work within the rural literature that are of potential relevance to questions of regional development more broadly. In particular, in light of the emergence of place-based leadership as an apparently crucial element, insights from rural development can add to a consideration of how agency is exercised through governance, policy and specific interventions. To the extent that rural or peripheral places can be seen as structurally disadvantaged, this is likely to constrain the assets and resources that are available to local actors in their efforts to effect change (Plüschke-Altof and Grootens, 2019) through place leadership. The appropriate scale of 'place' is also crucial here, in the context of approaches that have tended to focus on cities with rural areas as their hinterlands (Atterton, 2017). The role of place leadership, and how it can be enacted, in rural settings is therefore worthy of further attention (Horlings et al., 2018).

## 2.5 A Conceptual Framework for Agency in Regional Development

This chapter has reviewed some of the literature from the very broad field of regional development to highlight a variety of theoretical and conceptual perspectives useful for understanding questions of agency and governance in the economic development of peripheral regions. From the preceding discussion, a number of key elements are particularly relevant for the conceptual framing of this thesis. These can be summarised as follows.

Firstly, 'the region' is positioned as an appropriate lens through which to consider economic development. This rests on the identification of various mechanisms that, as dependent on some degree of physical proximity, operate at a scale that is assumed to be sub-national. However, what constitutes a region must be approached critically. Specific regional

configurations and boundaries are socially and politically constructed and contested by actors at different scales; they are also porous and interconnected. This combines territorial and relations perspectives.

Secondly, regional development is viewed here within a geographic political economy framework, placing it within a wider landscape of (globally and sub-nationally) uneven development. This is a corrective to the tendency, in some accounts, to focus only on places' endogenous assets as an explanation for apparent success or otherwise in a world of competing regions. Regions' places within spatial divisions of labour rest upon a variety of economic and political power relations.

Thirdly, this thesis is concerned with how regions evolve over time, putting their development in historical context and seeking to understand the mechanisms by which development paths are created and sustained. This goes beyond path dependency and regional 'lock-in' to incorporate the possibility of adaptation and new path creation.

Fourthly, building on this evolutionary perspective, there is the potential for the exercise of human agency that shapes the development of the regional economy - by seeking to facilitate regional adaptation or path creation. The focus of this thesis is on the role of strategic or purposive attempts to shape future regional development, rather than the pursuit of innovative entrepreneurship. However, it is acknowledged that this is also a driver of change (Grillitsch and Sotarauta, 2020). One model for how purposive agency can operate in regional evolution (MacKinnon et al., 2019a) is employed here, seeing the capacity of different agents to act, and to successfully exert influence in the ways they intend, as constrained by the broader contexts and specific historical circumstances in which they operate, even as they seek to shape those contexts into the future.

The potential for agency to be exercised in this way is also distributed across a range of different actors. State, quasi-state, private sector, third sector and individual actors can all seek to exert influence over the development of the regional economy. The state, although often a key actor in economic

development, is itself not a monolithic entity, but includes a variety of different bodies and individuals. These actors will also operate at different scales. This means that the exercise of agency is likely to be to some extent collective, with governance and institutions providing the mechanisms through which different actors come together behind specific agendas.

Place leadership is suggested as a useful lens through which to consider how this type of collective purposive action can be exercised. The capacity to 'lead' in this way is not however equally shared between actors, and may be constrained by the institutional environments and structures of multi-scalar governance and meta-governance that they operate within. In line with a broadly evolutionary understanding of regional development, these structures are themselves to some extent path dependent, influenced by what has gone before and previous rounds of layering and restructuring, but are open to agential influence. This points to a recursive relationship between agency and structure.

Bringing these elements together, the framework set out in Figure 2.2 is intended to illustrate how purposive actions to influence regional development relates to assets, actors and structures at different scales. This can be summarised as follows.

**Figure 2.2: Proposed Conceptual Framework**
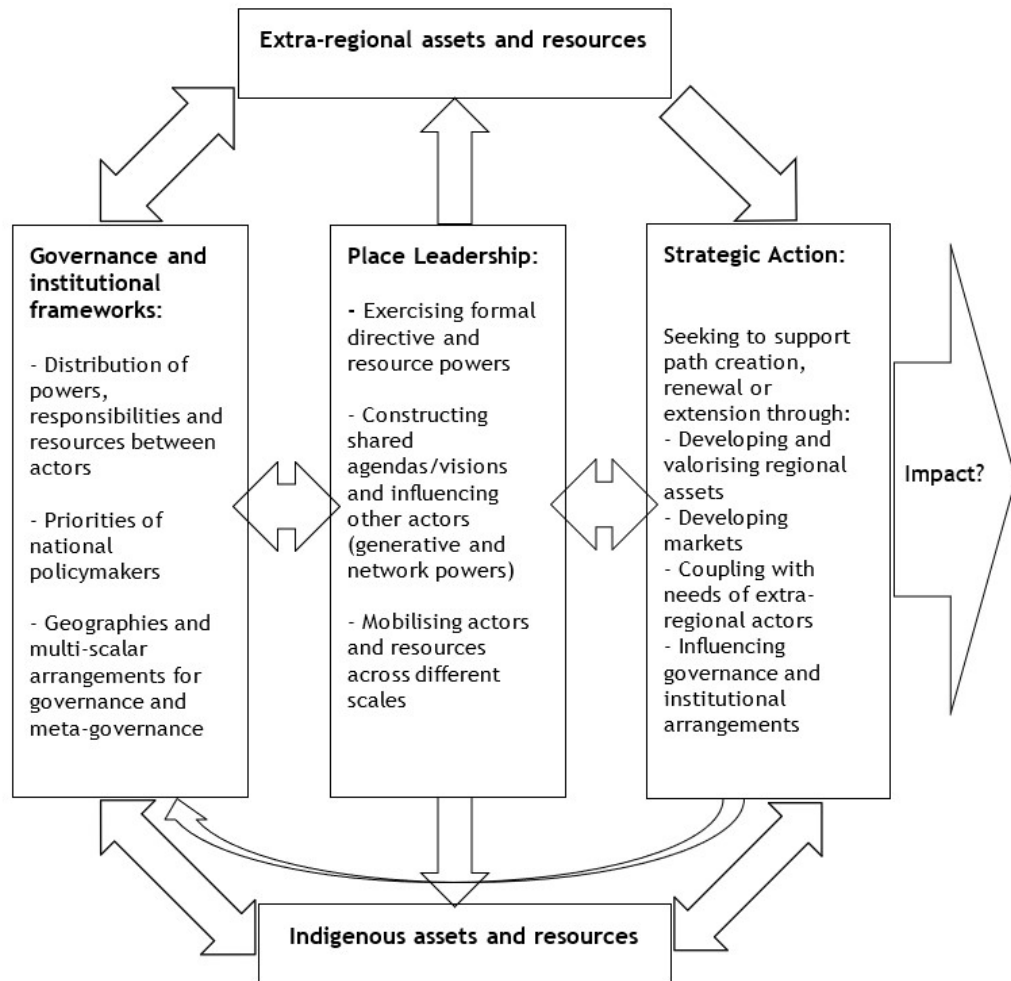


Author's own elaboration

As the potential for agency is distributed between a range of actors, operating at different scales, meaningful attempts to shape regional development will (usually) require collective action. Systems of governance act as the frameworks through which different actors and interests can come together to pursue collective goals. The ways in which governance structures are configured can privilege particular actors. In terms of regional development, the geographical spaces and scales of governance will also shape how 'the region' is understood' and which places are prioritised.

How collective action for regional development takes place can be understood through the concept of place leadership. This encompasses collective processes including actors who may sit outside formal governance structures.

While this can involve the deployment of formal powers and resources, it also entails more 'generative' attempts to promote particular visions, narratives or imaginaries of regional development around which different actors can coalesce.  This includes harnessing extra-regional resources – by coupling with the priorities of higher scales of governance - in support of strategic interventions.  The implication of weak or ineffective place leadership is that actors and resources from across different scales will not be mobilised to support regional development, or that these approaches will not be appropriately tailored to regional conditions.   The potential for place leadership is structured by the governance and institutional frameworks within which actors operate, although agency can also be exercised to influence these structures, when potential windows of opportunity arise.

Actions taken to influence a region's economic development can be understood, from an evolutionary perspective, as explicitly or implicitly attempting to promote particular regional development paths.  This can aim to facilitate path creation, either through supporting specific sectors that are emerging as drivers of development, or interventions to promote more general processes of innovation and adaptation that might lead to the emergence of new development paths, or branching from existing sectors into related activity.  However, it can also seek to support or extend the life of existing regional development paths.  While this can involve attempts to build on regional strengths leading to increasing returns, positive externalities, and dynamism, it can also be associated with the region becoming locked-in to a declining or exhausted development path, through a tendency to privilege the interests of incumbent firms and sectors.

Different types of action can be undertaken to support these goals, through different mechanisms of path creation.   Most notably, in supporting the emergence or growth of new development paths, there is a role for agency to be exercised in action to develop local assets and to successfully couple these to the needs of extra-regional actors.  They can also seek to develop and grow markets for regionally-based firms.

Finally, the theoretical discussion here has sought to integrate perspectives concerned with development in peripheral and rural regions that provide insights into the exercise of purposive and strategic agency. Work on regional development has tended to focus on cities and city-regions, where spatial agglomeration is taken to be a key driver. This raises the question of how to understand processes of development in different types of places. Mechanisms of path development may vary in different contexts, particularly those that are institutionally thin (Tödtling and Trippl, 2005; Isaksen, 2015) with the implication that ways in which strategic agency can be exercised may also differ. For example, there is also a need to specifically consider the potentials and challenges for place leadership in rural and peripheral places where thin environments and other structural disadvantages may limit the regional assets that can be mobilised for change agency. The ways in which regional actors can harness extra-regional investment for development may therefore be particularly important here – but at the same time, peripherality can by definition imply barriers to accessing resources from the centre. Shared understandings, aspirations and goals for 'development' may also be different in these contexts. The rural literature is particularly valuable in drawing attention to alternative conceptions of development and relationships between top-down and bottom-up interventions (Ryser and Halseth, 2010).

This chapter, then, has reviewed some of the most relevant conceptual and theoretical perspectives on questions of regional development. It highlights a geographical political economy approach as being particularly useful, incorporating a view of regional development as an evolutionary and path-dependent process that can be influenced by the exercise of purposive agency by multiple actors operating at different scales. This provides the basis for a conceptual framework for understanding how specific actions aiming to influence regional development emerge from and relate to multi-scalar governance and place leadership.

As touched on throughout this chapter, several of the theoretical aspects of the framing adopted here have methodological implications. The following chapter sets out how the framework outlined above can be operationalised

though a set of research methods to explore the roles of agency and governance in peripheral regional development.  This will be achieved through an intensive single region case study of Dumfries and Galloway.

**Chapter 3: Methodology**

**3.1 Introduction**

The extensive, diverse and multidisciplinary research literature concerned with local and regional economic development employs a corresponding diversity of methodological approaches. However, some of this work, particularly in economic geography, has been described as suffering from 'methodological reticence', requiring greater discussion of and reflection on research processes and practices (Barnes *et al*., 2007) and having an underdeveloped approach to methodology relative to other branches of social science (Yeung, 2003). Despite further contributions in this vein (for example Pike, MacKinnon et al., 2016), many empirical studies continue to be presented with little discussion of methods.

The process of research design is sometimes portrayed as linear and sequential, progressing from a given epistemological-ontological position. In this idealised model, methodological decisions – the "definition and selection of objects of analysis, the conceptualization of appropriate data, and the formulation of research questions" (Del Casino Jr. et al., 2000, p523) – come subsequent to a meta-theoretical starting point. In practice, however, the development of a research methodology is often a messier and more iterative process. In this thesis, a broad set of questions about how and why differential regional economic outcomes emerge were the initial basis for the research. These were refined to those outlined in Chapter 1 through engagement with the literature and the emergent themes from the research data. While the formulation of an initial broad area of inquiry did reflect certain philosophical and conceptual assumptions that were perhaps implicit at the early stages of the research, the explicit adoption of a philosophical came alongside, rather than prior to, the identification of more specific research aims. Furthermore, as Yeung (2003) argues, a particular research-philosophical stance (particularly in the case of critical realism) need not necessarily dictate the form of research design or approach to data collection. Rather it is suggested that these decisions should be guided by judgement on what is most appropriate to the specific research questions and circumstances (Olsen, 2004).

The purpose of this chapter is to make these choices explicit in outlining an internally coherent research design that is appropriate to the specific aims of the thesis, as set out in Chapter 1 (p6).

The Chapter proceeds as follows. Firstly, the philosophical position upon which the research is based is established. This accords with the broad principles of critical realism, this being compatible with the nature of the research questions set out above and the geographical political economy perspective described in more detail in the preceding Chapter. Secondly, a research design based on a single case study is set out as a way of addressing the research questions, although the limitations of this are also acknowledged. Thirdly, there is a description of the specific types of data collection undertaken, followed by a discussion of the approach to data analysis. Finally, there are some reflections on how my own background and position may have shaped how the research unfolded, and on ethical issues considered in the data collection process.

## 3.2 Critical Realism and Geographical Political Economy

The research questions – concerned with understanding the processes behind economic development in a specific context - point towards a research philosophy based on critical realism (Sayer, 2000). In ontological and epistemological terms, this sees reality as existing independently of our knowledge about it, this knowledge and the categories employed to understand reality as provisional and fallible, observable events and outcomes as resulting from deeper underlying mechanisms and structures, and the aim of research being to uncover these causal mechanisms (Bryman, 2016; Naess, 2015; O'Mahoney and Vincent, 2014).

This is expressed in terms of a 'stratified ontology', across three domains: the 'real', composed of underlying structures and mechanisms; the 'actual' events that these generate in particular conditions; and 'empirical' observations of these events (Bhaskar, 2016). The ontological focus of critical realist research is therefore on what produces the events that are observable in the empirical domain rather than solely on the events themselves or on

regularities between them. Explanation of these social phenomena is achieved through revealing the mechanisms, structures and contexts (beyond direct observation) that produce them (Archer 1995). In a concern with underlying social structures, critical realism can be distinguished from interpretivist approaches that focus on questions of perception and discourse (McEvoy and Richards, 2006) as the 'real' in this framework does exist independently of how it is understood (Bhaskar, 2016). An example of how this stratified ontology might be applied to the broad field of regional development is set out in Table 3.1.

**Table 3.1 Stratified Ontology in Critical Realism**

| Domains | Characteristics | Examples in Regional Development |
|---|---|---|
| **Empirical** | Perceptions, experiences and observations | Employment and wage levels |
| **Actual** | Events (observed and unobserved) | Policies and interventions; Business openings/ closures/investment decisions |
| **Real** | Structures and mechanisms that generate events | Capitalism, globalisation, deindustrialisation, politics |

Derived from Bhaskar (2016) and Hoddy (2018), examples own elaboration

When employed as a basis for examining questions of regional development, this perspective can also be contrasted with alternative approaches - associated with spatial science or more closely related to mainstream economics (such as the 'new economic geography' of Krugman, 1991; 1998) - that tend to operate within a positivist framework, whether acknowledged or not (Kitchin, 2015). Positivist approaches aspire to the application of 'scientific' methods, a distinction between observation and theory (with the latter only considered valuable to the extent to which it can be tested though the former) and an assumption that research can be conducted in a way that strictly objective, with the apparent neutrality and distance of the researcher taken as an indicator or replicability and reliability (Yeung, 2003; Bryman, 2016; Kitchin, 2015). A further key distinction is the way in which these

approaches conceptualise the nature of 'explanation'; tending to see it as synonymous with the identification of observable regularities (often in terms of statistical relationships) rather than causal processes (Cloke et al., 2004)[4].

One critique of positivist approaches – particularly those with foundations in neoclassical economics – from a critical realist perspective is that they implicitly assume a closed system, where causes tend to have the same effect and effects the same cause, constant over time and isolated from other factors (Lawson, 1997; Downward et al., 2002; Yeung, 2003). In contrast, critical realism recognises that the ways in which the causal powers that it seeks to identify are manifested in observable outcomes is contingent on how they "come together in spatially and temporally specific contexts" (Hudson, 2001, p7). In other words, different phenomena may be the results of common underlying forces, and similar outcomes may be caused by different mechanisms – since in contrast with the physical sciences, and given the transitive nature of the social world, how these mechanisms operate and interact with other structures and contexts may also change over time. Critical realism is therefore aligned with the perspective within regional studies – in particular related to the work of Massey (1979; 1984/1995) and others – that rejects grand totalising theories but sees deep structures and relations as manifesting themselves in 'surface' outcomes in ways that are highly contingent on specific local circumstances, history, agency and politics (Sayer, 2000). This all points towards a need for research in regional development to restrict itself to offering 'modest explanations' (Waite, 2019) in light of the limited understanding of why and how different places experience different growth trajectories.

In 'open' systems with highly contingent outcomes, the identification of regularities or patterns as an explanatory tool becomes problematic. It also implies a certain scepticism about the ability of statistical analysis and quantitative data alone to generate explanation. However, although critical

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[4] This broad description glosses over the fact that within 'positivism' lie a diverse and complex array of philosophical ideas (Hoggart *et al.* 2002); that it has been argued that regional science was never truly positivist (Sheppard, 2014); and that having "borrowed the idea of scientific method largely without conscious reflection on its philosophical underpinnings" (Kitchen, 2015, p27), the positivist bases of spatial science can be said to be implicit rather than explicit.

realism is most commonly associated with qualitative research, it has been described (Yeung, 1997, p55) as a "philosophy in search of a method" that does not strictly imply any particular methodology or research design, but suggests that the choice of method should be dictated by the nature of the research problem.  There is scope for the employment of both qualitative and quantitative methods in critical realist research (McEvoy and Richards, 2006; Jones, 2011), justifiable on the grounds both that the quantitative/qualitative dichotomy is overstated (Bryman and Bell, 2003) and that quantitative data can be a valuable descriptive tool (Sayer, 1992; Yeung, 2003).

As indicated by the preceding chapters, the research is situated within a geographical political economy approach (as advocated by for example Cumbers and MacKinnon, 2011; Pike, MacKinnon et al., 2016; Pike, Rodríguez-Pose and Tomaney, 2016).  This stresses that 'the economic' cannot be considered separately from political, social, cultural and institutional factors; that geography is not an exogenous determinant of economic activity, but is socially produced; and that uneven development is generated by the processes of capitalism, which should itself be understood as a particular form of economic system that is dynamic but with inherent crisis tendencies (Sheppard, 2011; Martin and Sunley, 2015; Perrons, 2004; Pike et al., 2009; Pike, Rodríguez-Pose and Tomaney, 2016).  In the approach adopted here, it also sees development as an inherently historical and evolutionary process.

As discussed in Chapter 2, critiques of Marxist analyses as being overly deterministic prompted a reassertion of the potential for agency in GPE perspectives, and an emphasis that outcomes cannot be 'read off' from the logic of capital accumulation or from institutional structures (Gertler, 2010). This incorporation of agency as a factor in processes of economic and social change – while acknowledging the importance of structural forces – is one way in which GPE perspectives align closely (and are indeed informed by) principles of critical realism – seeing both structure and agency as 'real', but where society is "reproduced or transformed by human agency" (Bhaskar, 2016, p12) rather than taken as pre-existing or given.

Incorporating a notion of agency that operates within certain structural

constraints (Coe and Jordhaus-Lier, 2011), but which can over time have effects on these structures (Storper, 1997), further informs an understanding of how uneven development is manifested in two related ways. Firstly, it suggests a relationship between structural factors and outcomes that is neither deterministic nor completely indeterminate - a 'bounded indeterminacy' - as for human agents "potential courses of action are frequently restricted" (Massey, 1995, p316). This aligns with the critical realist view of underlying causal mechanisms being contingently realised in different spatial and temporal contexts (Sayer 1992). Secondly, the temporal element in the relationship between structure and agency (Bhaskar, 2016) lends itself to a view of regional development as an evolutionary and open-ended process. Development is path dependent, highly contingent on local circumstances and legacies and susceptible to becoming 'locked in' to unfavourable trajectories (Martin and Sunley, 2006), but there is also the potential for a variety of actors to exercise agency in shaping these paths (see for example Hudson, 2005; Martin, 2010; Dawley, 2014; Dawley et al. 2015; Binz et al., 2016). Both of these elements are pertinent to this thesis, as peripheral regional development represents a distinct and underexamined context within which wider trends, or national policies, might generate a different set of outcomes, and within which regional actors may be constrained in particular ways.

In conclusion, then, the nature of this research, concerned with questions of 'why' and 'how', and based on a geographical political economy perspective underpinned by a critical realist philosophy, suggest the adoption of intensive, rather than extensive methods (Sayer and Morgan, 1985; Sayer, 2000) – that is, a detailed exploration of the causal mechanisms behind unfolding processes of change in regional development and its governance in a specific set of circumstances, rather than an attempt to seek aggregate patterns and similarities across outcomes in different contexts (Massey and Meegan, 1985). The next section sets out the design of this research project in the form of an intensive single region case study.

**3.3 Research Design**

*3.3.1 Case Studies in Regional Development Research*

Case studies and the intensive (although not exclusively qualitative) methods that they tend to employ have become increasingly prominent in economic geography, being seen as offering greater 'explanatory penetration' (Sayer and Morgan, 1985) than extensive and (often) quantitative approaches. The particular advantages of case study work rest on its suitability for addressing 'how' and 'why' questions that require tracing over time and disentangling multiple factors - dependent on a certain level of flexibility and iteration in the research process (Yin, 2003; Verschuren, 2003; Easton, 2010). This type of intensive single region case study can, in line with a critical realist stance that sees surface outcomes as the locally contingent manifestations of deeper causal mechanisms (Sayer, 2000) - generate insights into these underlying processes that may also be at work in other settings, although with differing outcomes.

However, alongside the common use of case studies in economic geography there has been a developing view of their value arising from the extent to which the examination of a single case can be 'extended' (borrowing from ethnography, see Burawoy, 1998) across time, space and scale. This approach seeks to go beyond the boundaries of the immediate context being observed, to move towards the development of theory through "compiling situational knowledge into an account of social process" (Burawoy, 2009, p47) – that is, to use a rich understanding of a particular situation and context to develop a theory of underlying forces and mechanisms. Such an approach is particularly applicable to an evolutionary analysis of regional development from a geographical political economy perspective (Pike, MacKinnon et al., 2016), and should address:

> *"the full set of entities, factors and influences, including internal (endogenous) and external (exogenous), local and non-local, and structural and contingent"* (Martin and Sunley, 2015, p18).

The pursuit of 'thick description' (Geertz, 1973) and 'deep contextualisation' (Martin and Sunley, 2015) facilitated by these intensive approaches, encompassing a variety of perspectives, types of data and methods, aims to

avoid charges of insufficient empirical rigour levelled at some case studies (most notably by Markusen, 1999) - seen as "sloppy, involving too few (and highly selective) interviews, and little or no wider empirical contextualisation" (Martin and Sunley, 2001, p155) and based on "a limited amount of anecdotal information" (Rodríguez-Pose, 2001, p181). These are pitfalls that this research seeks to avoid. More fundamentally, from a mainstream economics perspective, case study-based research is seen as limited in its ability to convincingly identify the 'core' issues "crucial in determining particular outcomes" (Overman, 2004, p13). While a comparative approach based on multiple case studies is potentially more useful in this regard, and was considered for this research, on balance the detailed examination of a single region was of greater value than a more superficial description of two or three, given resource constraints. Challenges for generalisation from case studies are discussed further below.

Regional case studies also face questions around geographical scale and what is considered to constitute a 'region'. This term is elastic, used across the economic development literature to refer to a wide variety of units from very small towns - such as La Pocatiere, Canada, with a population of 6,400 (Doloreux et al., 2012) - to much larger areas with populations of millions and sometimes stretched to the national scale (Calzada, 2015). Similar confusion and conflation exists between the terms 'local' and 'regional' (Gibbs et al., 2001), highlighting a need to consider the scales at which different development processes operate.

A further challenge with the adoption of a geographically bounded case study is that while the 'region' is defined by territorial limits (in this case the local authority area) this is not taken to mean that it constitutes a single coherent or self-contained economy. Rather, as discussed in Chapter 2, it is a "bounded portion of relational space" (dell'Agnese, 2013, p124), shaped by linkages and processes taking place at and across different scales. The data collection and analysis employed here is informed by the multi-scalar nature of the processes under investigation. Despite the advantages of relational perspectives, there do remain challenges in operationalising these for empirical work – that is, there remains a need to somehow delineate the geographical boundaries of

the case study area. In much regional development research these are often implicit, where the 'region' is based on some sort of political or administrative area, such as that covered by a particular tier of local or regional government (Komninaki, 2015; Martin and Martin, 2017) or development agency (MacKinnon, 1999; Harrison, 2006; Dawley, 2014). Such definitions also have the advantage of usually being co-terminus with geographies used as the basis for the production of official statistics. It is acknowledged, however, that such boundaries can be overlapping, 'messy' and subject to change (Gibbs *et al.*, 2001).

### 3.3.2 Case Study Selection

In general, single region case studies in the regional development literature tend to offer little explicit justification for case selection, with any discussion limited to the distinguishing features of the chosen case and the broader set of similar cases that it may be representative of. There is, understandably, a tendency for case study regions to be close to researchers' institutions; Markusen (1999) sees this focus on researchers' own 'back yards' as potentially problematic. I am sensitive to the possibility that such a charge could be levelled at this project, although this also reflects practical and resource constraints. On the other hand, as a researcher living and working in Dumfries and Galloway, I have a personal and professional interest in the development and governance of the region, some prior knowledge of the institutional and political environment, and relationships with some key individuals. This perhaps aided the practical feasibility of the research, and development of a deeper understanding than might otherwise have been achievable.

In addition, while several other regions were considered, Dumfries and Galloway is an appropriate and potentially interesting setting for the exploration of the chosen research questions on grounds beyond just pragmatism. As indicated in preceding chapters, one motivation here is a tendency for regional development research to concentrate on certain types of places (predominantly cities, although there are also examples of more high-profile or celebrated non-urban regions). Dumfries and Galloway

provides a counter-example, as peripheral in both geographic and political terms within a larger political unit (Scotland) that is itself a peripheral part of a nation-state (the UK), and supra-national space of governance (the European Union, until 2020).

Beyond this there are specific features of Dumfries and Galloway's place within the Scottish and UK political economy that make the region an appropriate research setting. It is an example of a non-metropolitan region (Monsson, 2014) - the largest town, Dumfries has a population of around only 33,000. It is some 80 miles from the polycentric urban region(s) of central Scotland (Bailey and Turok, 2001), in the south-west of the country, lying on the border with England. In socio-economic terms it experiences challenges common to peripheral regions – including low wages, an ageing population with net out-migration of young people, distance from large markets, and the relatively high cost of providing services due to low population and business densities (Davies and Michie, 2011) – and is economically peripheralised through the external ownership of economic assets (see Chapter 4). Over the past three decades (until 2020), responsibility (and resources) for promoting economic development in the region has increasingly lain with a quasi-national agency (Scottish Enterprise) that has prioritised an urban-centric growth model (see Chapter 5). It also lacks the profile in political and popular culture, and indeed in the Scottish national imaginary, of the Highlands (McCrone, 2017). There is a widespread perception that the region's peripherality has therefore been reinforced not just by its geographical location (House of Commons Scottish Affairs Committee, 2015) but by marginality to dominant approaches to economic development. The region has also been neglected by social-scientific research more broadly in comparison to other, more iconic, parts of Scotland (Smith, 2011).

Dumfries and Galloway can therefore be understood as a case of a peripheral, non-urban region within a developed economy; it is experiencing long-term challenges common to many such places, and has struggled to establish a sustainable positive regional development trajectory (see Chapter 4).

At the same time, significant shifts in governance and policy developed over the course of the research (see Chapter 7). A new economic development agency for the South of Scotland (including D&G) has been established, with a remit to pursue a 'different' approach, tailored to the region's characteristics (Scottish Government, 2017a). In addition, an 'Inclusive Growth Deal' has been agreed between the Scottish and UK Governments and a partnership of local authorities on either side of the Scotland/England border. This promises investment in a variety of projects that aim to support economic development. The emergence of these two initiatives – the former adopting an explicitly different definition of 'development', the latter an adaptation of previous city-regional approaches, and both based around new geographies at the 'regional' level – represent a growing recognition of the need for some sort of fresh approach to regional development in this type of peripheral place.

The relatively small size of the region (in population terms) along with its 'ordinariness' is also perhaps advantageous for this study on the basis that, as Evenhuis (2016, p86) puts it:

> "*the evolution of policies and governance arrangements, and the mechanisms of adaptation, will be particularly salient. In larger and more central city-regions by contrast, there will always be many processes going on at the same time, which makes it much more difficult to isolate particular processes and the mechanism therein*".

The geographical extent of the case study is the territorial area of 'Dumfries and Galloway' local authority. This is a pragmatic decision based on its existence as a long-established and well-understood geography for regional governance, strategic planning, and official statistics. As indicated above, the adoption of this territorial definition is in no way suggests any assumption of social or economic coherence, regional identity or common interests[5]. Given the geographic size of the region, its low average population density and spread of mostly small towns, it is difficult to claim that it represents a

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[5] In fact, as the analysis in Chapters 5 and 6 will indicate, the limited degree of coincidence between territorial, economic and identity regions (Quinn, 2015) may be itself be a barrier to the effective pursuit of regional development outcomes.

'functional' economic area in any sense. As a result, there is a particular need to ensure that any claims made about 'the region' are qualified by an understanding of its diversity, and to ensure that the data collection gathered an appropriate spread of perspectives from different places to provide internally representative coverage of circumstances within the region (Mackinnon, 1999). Likewise, as discussed in Chapter 2, there is a need to be alert to the role of extra-regional factors, and the region's place within wider structures.

### 3.3.3 Explanation and Theorisation in Case Study Research

The adoption of a single-region case study does present challenges in generating insights of wider relevance. Although a single case study cannot provide 'generalisable' results in the positivist sense, from the critical realist perspective adopted here it does aim towards external validity with regard to a broader set of cases (Gerring, 2008) – the question being, therefore 'of what is this a case'? (Lund, 2014, p224). As indicated above, D&G represents a type of peripheral region that has previously been under-examined in much research on local and regional economic development, although the limits of expecting any single case to perform the 'heroic role' (Seawright and Gerring, 2008) of standing in for a larger population are acknowledged.

This question of how to move from empirics to theory is nevertheless of importance to case study research, particularly given the critical realist goal of seeking to uncover the more general processes behind observable outcomes in a specific time and place. The methodological literature around case studies suggests a process of moving from specific empirical findings to the development of theory (Lund, 2014) (Table 3.2). This draws on Sayer's (1992) realist notion of intensive research as seeking to uncover deep-lying mechanisms and structures through a process of *abstraction* (Cloke et al., 2004), since these are not open to direct empirical observation (Yeung, 2003). Yeung (1997, p58) describes this process as one that "starts with an empirical problem and proceeds to abstract the necessary relation between the concrete phenomenon and deeper causal structures to form generative mechanisms". In contrast with a deductive empirically testing of hypotheses, models or 'hunches' (Yeung, 2003), this is developed through a process of

retroductive reasoning – concerned with understanding why things happen (Olsen, 2007). In critical realist terms this involves both seeking to analyse 'actual' events from empirical observation and to identify "causal powers, mechanisms and their underlying structures that are not subject to direct observation" (Hu, 2018, p122).

**Table 3.2: Process of Theorisation from Case Studies**

|  |  | Concrete ⟶ | Abstract |
|---|---|---|---|
| **Specific** |  | Observations | Concepts |
| **General** | ↓ | Patterns | Theories |

Lund (2014, p225)

The process of *generalisation* out from observed phenomena in a specific setting to other historical or geographical contexts on the other hand is to some extent dependent on the relationship of the chosen case to the broader world or group of cases of interest. Broadly speaking, the extent to which results from a particular case can be generalised to wider populations tends not to be explicitly stated in much local and regional economic development research. This perhaps reflects the inherent difficulties in separating specific contingencies from general processes, given that, firstly, any case (region) is ultimately unique with regards to its specific context and circumstances, and secondly that local circumstances and broader processes are mutually constituted (Peck, 2017a) - the latter cannot be studied independently from the former (Castree, 2005; Peck, 2017b). As a result, the extent to which conclusions can be expected to apply to, other regions tends to be left fairly open. Furthermore, to expect an individual case to stand in for a defined larger population is perhaps to stray towards a more positivist notion of 'representativeness' (Seawright and Gerring, 2008). Given this, a model of theorisation resting on explicit attempts to generalise can be seen as somewhat idealised and not necessarily compatible with a philosophical basis in critical realism.

Is there then, some tension inherent in the employment of a case study approach which, while facilitating the intensive methods suggested by critical

realism, may also limit the potential identification of underlying forces and mechanisms at work through becoming mired in one particular set of geographical and temporal contingencies?  The criticism levelled by Scott (1991, p256-257) at the 'localities' work of the 1980s, was that it risked:

> *"a form of story-telling that focuses on dense historical and geographical sequences of events, but where in the absence of a strong interpretative apparatus, the overall meaning of these events for those that live and work in other places is obscure"*.

This echoes to some extent the Marxist critique that a commitment to contingency and indeterminacy represents a retreat from theory (Harvey, 1987; Smith, 1989).  Likewise, from the perspective of geographical economics, as Overman (2004, p13) bluntly puts it "treating each situation as something unique and each idiosyncrasy as something crucial teaches us nothing", and a search for general rules based on formal modelling would be more productive.  Nevertheless, some compromise can be sought through a process of 'contingent generalisation', where case studies identify subtypes of processes or how they apply to a particular class of cases (George and Bennet, 2005, p112) aiming for a middle ground between unjustified claims of universality on the one hand and ever more fine-grained typologies that tend towards the uniqueness of individual cases on the other.

The approach pursued here is to use the findings emerging from this particular case study to highlight potential weaknesses or gaps in existing theoretical approaches.  This follows a variety of studies (e.g. Dawley, 2014; Martin and Martin, 2017) that focus on the role of policy in shaping regional evolution, in contrast to more firm-centric accounts. One sense in which this research aims to contribute to the theoretical 'toolkit' for understanding the governance of economic development is through considering the previously under-researched context of non-urban peripheral regions - much as case studies of similar regions (e.g. Isaksen, 2014; Isaksen and Trippl, 2016) have been used to critique theories of path creation as neglecting the different processes in places with 'thin' institutional and firm density.  Likewise Harrison's (2006) work on north-west England provides an example of how empirical results of

a single region case study can be used to generate a framework for considering a wider set of processes.

## 3.4 Data collection

### 3.4.1 Multi-method research design

A starting point in critical realism, as already noted, does not necessarily favour the adoption of any specific research design or type of data collection (Yeung, 2003). This research has combined three different modes of data collection – documentary analysis, interviews and observation. Using data gathered through a variety of approaches provides for the possibility of method triangulation in the construction of findings, while, importantly, these individual methods still make sense within the chosen research philosophy (Fielding and Fielding, 1986; Baxter and Eyles, 1997). It can in fact be convincingly argued (Olsen, 2004; McEvoy and Richards, 2006) that the employment of different research techniques is particularly appropriate from a critical realist perspective in its potential to capture more of the complexity across the different domains of the 'real' (Wynn and Williams, 2012). These individual elements are described in detail below.

### 3.4.2 Documentary Analysis

Archival research and the analysis of policy and strategy documents, as well as minutes and records of meetings and committees, were undertaken to trace the ways in which the roles and approaches of different actors, governance arrangements and language around economic development have developed over the time period in question.

The type of policy and strategy documents that were analysed can be broken down into three main categories. Firstly, an analysis of national (that is, Scottish) economic strategies during the post-devolutionary period was conducted to trace the shifting priorities at this scale, as part of the environment within which place leadership in pursuit of economic development at the regional level has been undertaken. Secondly strategies at the regional scale were analysed to provide an account of how the development 'problem' and potential alternatives have been perceived, and

to examine the ways in which regional actors have sought to exercise strategic agency. This includes the overarching regional economic development strategies for Dumfries and Galloway as produced by the local authority, Local Enterprise Company and Community Planning Partnership, as well as sector-specific strategies and action plans; it also includes those for the South of Scotland as this emerged as a space for strategic collaboration. Thirdly, and related to this, a variety of documents relevant to the South of Scotland and Borderlands as emergent spaces of governance have been analysed to follow their evolution. These include strategies, proposals and collective statements that are used to trace the successive iterations of strategic partnerships at these scales.

This analysis remains alert to the dangers of taking the rhetoric or proclaimed aims of policy at face value (Hildreth and Bailey, 2013). As such documents will have a variety of purposes (Vaara *et al*., 2010), they must be viewed in terms of the context in which they were produced and their likely readership (Atkinson and Coffey, 2011). The issues and perspectives emphasised (by different organisations at different points in time) in these documents fed into the design of interview schedules.

As the research considers both regional economic development and institutional change from an evolutionary perspective, academic literature (journal articles, books, research reports etc.) on the political economy of Scotland and the United Kingdom was used as background material to reconstruct the historical context within which the case study is situated. Several research reports and evaluations of specific interventions conducted or commissioned by regional actors were also useful in informing the analysis of changing perceptions of the regional 'problem' and potential challenges to effective action to address this. This was complemented and contextualised by contemporary reports from local and national media which recorded both developments of note in the regional economy and its governance, and how these were discursively represented by the relevant actors. The main sources of such reports were BBC News, ITV Border and the Dumfries and Galloway Standard.

The documentary analysis was particularly valuable in attempting to temporally situate the case study and in constructing a longer-term narrative (Pike, MacKinnon et al., 2016), given the practical difficulties with identifying and interviewing key participants who may have moved on, and with the partial memories and accounts likely to be presented about events in the past (Gardner, 2001). More generally, the inclusion of documentary analysis is one facet of a broader strategy of triangulation (Yeung, 1997), providing supplementary research data, helping to develop a picture of the context within which research participants operate and suggesting potential interview questions (Bowen, 2009).

### 3.4.3 Secondary Statistics

An analysis of secondary (quantitative) data was used to establish as far as possible the particular economic, demographic, and social context for the processes under investigation. The use of descriptive statistics provided the basis for developing a picture of the evolution of the region's economy over time through tracing changing industrial and occupational structures and indicators of relative economic performance (see Chapter 4). This provides another element of triangulation - for example, allowing the consideration of the framing and assumptions underpinning approaches to development to be considered in the light of the changing economic challenges suggested by statistical sources. As already noted, the use of quantitative data is not necessarily incompatible with the critical realist stance is adopted here. What this does acknowledge, however, is that all data are socially constructed by human actors, and as a result the nature of its construction and its limitations must be taken into account. These statistics and indicators are therefore treated as partial descriptors of reality rather than neutral 'facts' (Olsen and Morgan, 2004).

There are a number of channels through which statistical data for descriptive purposes and more detailed analysis can be gathered. Most notably, online sources of data at local authority level include the ONS, Scottish Government, National Registrars of Scotland and NOMIS. It was necessary to consult hard-copy statistical publications for earlier data; there was also some quantitative data in policy documents, academic and grey literature.

As already noted, although the local authority area is the primary geographical unit for which most relevant statistical data are reported, this does not correspond with any definition of a functional economic area (Jones, 2017). Although only a limited selection of official statistics are produced areas below local authority level, where possible these were used to understand how development within the region has been spatially differentiated. In addition, where there are data on extra-regional linkages (for example commuting) this shed some light on how development (or indicators of development) might be affected by changes in neighbouring areas.

### 3.4.4 Semi-structured Interviews

The most substantial form of primary data collection was a series of interviews that were conducted with 29 individuals between March 2019 and February 2020. The employment of face-to-face qualitative interviews with elite and 'corporate' representatives of relevant organisations and other stakeholders or experts is entirely conventional and fits within established practice, given the widespread adoption of this method as the 'new orthodoxy' in economic geography (Crang, 2002). However, there are also more positive justifications for a focus on interviews. Primarily, this qualitative data collection method is intended to collect enough information from participants to allow the production of thick descriptions (Ercikan and Roth, 2006); most interviews lasted around one hour, giving the opportunity for probing and clarification to secure the fullest possible accounts. This was facilitated by the face-to-face interaction integral to this process, suggested by Krauss (2005) as the best way to understand another human being. Interviewees also pointed towards or provided access to relevant documents for analysis not uncovered in the initial search.

Many research participants had multiple roles or had been involved in, for example, developments at the scales of Dumfries and Galloway, the South of Scotland and the Borderlands. There was therefore a challenge in designing an interview schedule to effectively capture participants' perspectives on these multiple elements within the constraints of a single interview. In broad terms a 'semi-structured' approach to interviews was adopted, with the

interview schedule (see Appendix 1) used as a guide or checklist rather than a script. This provided sufficient flexibility to allow interviewees to pursue topics of particular interest, to enable the development of ideas (Denscombe, 2010) and to explore how they frame and understand issues and processes (Bryman, 2016) while still providing some degree of similarity across the interviews (Gaudet and Robert, 2018). Given that interviews are necessarily interactive, the employment of a less rigid approach seeks to use that interaction to generate valuable responses, rather than to attempt to minimise it (Sayer and Morgan, 1985).

There are a number of potential limitations associated with this approach. The data generated by interviews emerge from the interaction of interviewer and interviewee (Rapley, 2004), and can therefore be highly dependent on the approach taken by the interviewer, relationships and power dynamics between the two, and the particular setting of the interview. Participants only offer a 'snapshot' of how processes are viewed, often retrospectively, and may present 'promotional' accounts (MacKinnon, 1999) that consciously or not seek to portray themselves or their organisations in a favourable light (Sayer and Morgan, 1985). A reliance on interviews with 'insiders' can also risk the uncritical adoption of assumptions and language of a particular group (MacKinnon *et al.*, 2000). These factors mean that researchers should be wary of an uncritically accepting interviewees' accounts (Silverman, 2013). Nevertheless, unless more immersive ethnographic methods are adopted – which were neither feasible in terms of time, access and resources, nor necessarily appropriate for the aims of this research – these are "the 'closest' we can get to our research subjects and their corporate worlds" (Hughes, 1999, p365) in many situations.

An initial sample of potential participants was identified based on informal consultations with contacts engaged in local economic development, and this was augmented by a 'snowball' strategy where further potential contacts emerged through the information provided in previous interviews. This approach has the potential to take advantage of and reveal the connectedness of individuals in economic development networks across different scales (Noy, 2008). At the same time a purposive, sequential (Teddlie and Yu, 2007) and

contingent (Hood, 2007) sampling strategy was employed with the aim of capturing the perspectives of a broad range of actors, with different roles with regard to regional economic development and operating across different scales. As the data collection process progressed, a deliberate attempt was made to ensure that as far as possible interviews had been conducted with individuals who were representative of business and community organisations, and different places within D&G, as well as elected representatives and those employed (currently and previously) by the main state and quasi-state actors in economic development at different scales. Accessing interviewees with different relationships to issues of regional development and governance (both 'insiders' and 'outsiders') aimed to contribute to the strategy of source triangulation - not necessarily in the sense of seeking to confirm or refute the accounts of different individuals or groups (Coffey and Atkinson, 1996; Yeung, 1997), but in order to develop a picture of the different perspectives and roles of actors and how they interact (MacKinnon, 1999). An indication of interviewees broad roles and the scales at which they primarily operated is provided in Table 3.3; the level of detail here is however limited to protect participants' anonymity (see 3.8).

**Table 3.3: Interview Participants**

| Role | Scale | | | |
|---|---|---|---|---|
| | Local | Dumfries and Galloway | South of Scotland/ Borderlands | Scotland/ United Kingdom |
| Public Sector | | X | | |
| Public Sector | | X | X | X |
| Other | | X | | |
| Public Sector | | | | X |
| Other | X | X | | X |
| Public Sector | | | X | |
| Elected Representative | | | | X |
| Private Sector | X | X | | |
| Public Sector | | X | | |
| Private Sector | X | X | | |
| Public Sector | | | X | X |
| Public Sector | | X | | |
| Public Sector | | X | | |
| Other | | X | | |
| Elected Representative | | X | | X |
| Public Sector | | | | X |
| Private Sector | | X | | |
| Elected Representative | | X | | X |
| Public | | | X | |
| Third Sector | X | | | |
| Public Sector | | X | | |
| Public Sector | | | X | |
| Third Sector | | | X | |
| Academic | | | X | X |
| Public Sector | | X | | |
| Elected Representative | | X | | |
| Public Sector | | X | | |
| Third Sector | X | | | |
| Academic | | | | X |

Potential interviewees were contacted by email with some outline information about the research, and, if willing in principle to participate, were sent the full Participant Information Sheet (see Appendix 2) and a convenient place and time arranged for the interview. Interviews took place in a variety of locations - mostly in private offices or meeting rooms or interviewees' places of work, or at the University of Glasgow's Dumfries Campus, but also a small number in public places such as cafes and on two occasions in the interviewees' own homes. The majority of interviews were,

with participants' consent, recorded.  Where interviews were not recorded, at the request of interviewees, detailed notes were taken during these interviews and written up immediately afterwards.

### 3.4.5 Observation

During the course of the research, I attended a number of meetings, conferences and other events related to economic development and its governance.  This type of data collection - as a non-participant observer - represents a borrowing of techniques from ethnography to facilitate a sustained immersion (Pike, MacKinnon et al., 2016) amongst actors.  The aim was to facilitate a greater understanding of the roles of different actors, and to track how these developed over time, by observing how they are manifested in these situations.  This proved to be only a minor element of the overall project but was complementary to the other research methods described here, with, for example, the potential for insights that might not emerge from interviewees' own accounts.  The temporal aspect was particularly important here with regard to the emerging processes of rescaling governance - as interviews with individual actors were undertaken only once, and the proposals for a new enterprise agency and growth deal were evolving over this period, these events provided an opportunity to follow the changing ways in which they were represented and challenged as these initiatives took shape.  They also on occasion brought to light a divergence between actors' publicly stated positions and those expressed in private under conditions of anonymity (Ingold et al., 2019).

### 3.5 Data analysis

Some accounts of research present the process as a broadly linear one, where data collection is followed by data analysis, producing a set of thematically organised findings that can then be brought into dialogue with relevant empirical and theoretical work from the broader literature.  In practice, this research took a 'messier' and less clearly sequential approach (Marshall and Rossman, 1990).  Similarly, while the demonstration of an explicit and systematic data analysis procedure is one way of evidencing the rigour of qualitative research and the validity of its conclusions (Meyrick, 2006),

analysis is a largely personalised process that varies from one researcher to another (Crang and Cook, 1995). There is also some tension in the qualitative methods literature between a view of analysis as a procedural task focused on coding and organising data and as a more diffuse, imaginative and creative process (Coffey and Atkinson, 1996). As Schiellerup (2008, p164-5) puts it:

> "*Data analysis, as interpretation of experiences encountered in the course of the research process, goes on throughout the research process and not only in dedicated moments of focused data interpretation.*"

These caveats notwithstanding, there is clearly merit in attempting to open up the 'black box' (Sin, 2007) of data analysis in the spirit of a critical realist approach that sees transparency as a way of demonstrating methodological trustworthiness (Healy and Perry, 2000; Frederiksen and Kringelum, 2021).

The most substantial element of formal data analysis was that of ordering and interpreting the results of the interviews. Initial themes emerged from an ongoing iterative process whereby I made a short set of notes highlighting my impressions, key points, issues of particular interest and possible further questions immediately following each set of interviews. Throughout this process I developed a document that brought together (and where appropriate combined or juxtaposed) key points from each of the interviews, informed by policy documents and observations, under a broad set of headings. This acted as an informal process of initial coding (one iteration of this document is provided in Appendix 4 to illustrate how this process developed) and was refined over time as I presented a version of this document at each supervision meeting and respond to supervisors' comments, while adding material from new interviews. This therefore generated an initial set of themes through a 'bottom-up' process, although as these were related to my research questions, the documentary analysis and perspectives from the literature, these cannot be claimed to have emerged 'naturally' or independently of any preconceptions. In contrast with more empiricist varieties of grounded theory methods that see theory as emerging only from the data, a critical realist approach to interpreting empirical data is guided by prior and on-going theorisation (Yeung, 1997; Oliver, 2011; Hoddy, 2018).

Transcription of interview recordings was undertaken in parallel with this and the ongoing process of conducting interviews. Although time-consuming, the transcription of interview recordings entailed a level of engagement with the research data that supported a deeper understanding and better analysis (Tilley, 2003). For a minority of recorded interviews, where material was judged to be less relevant or valuable, only the most pertinent sections were transcribed. In addition, where interviews were not recorded, the detailed notes taken during these interviews were typed and then analysed on the same basis as transcripts.

At the stage (in December 2019) where the majority of planned interviews were complete and there was a substantial body of completed transcriptions to work with, I began a process of formal coding. This was also an iterative process whereby the broad themes from the initial review described above were used as the basis for the first phase of coding and also mapped against relevant theories and concepts (a section of coded transcript is included in Appendix 3 to illustrate this process).

These initial themes were refined through several rounds of coding and recoding the research data, broadly following the process suggested by Braun and Clarke (2006). The identification of themes was a matter of judgement – taking into account, for example, their relevance to the research questions and resonance with theoretical issues discussed in Chapter 2 – rather than of counting instances or prevalence. Although guided by Patton's (1990) criteria that themes should be internally coherent, but clearly distinctive from each other, in practice there were a variety of links and overlaps between themes. The final set of themes generated by this process form the basis of the section headings within Chapters 6 and 7, although cross-cutting themes and common elements are also highlighted.

Reflecting the concern with regional economic development as a historical process, the data analysis also included temporal dimension, with an attempt to identify broad periods of economic, institutional and political conjuncture. These were, firstly, from the mid-1990s to 2007, charting established Scottish approaches to economic development in the immediate pre- and post-

devolutionary eras; secondly from 2007 to 2014, seeing the election of the first Scottish National Party (SNP) administration and its reform of the enterprise networks as a key change; and thirdly from 2015 onwards, a period shaped by the aftermath of the Scottish independence referendum and shifting approaches at the Scottish and UK levels.  Interview analysis did however suggest that the boundaries between these be seen as 'fuzzy' transitions as opposed to the definitive break points suggested by political, institutional or strategic changes.   This also serves to highlight the evolutionary nature of shifts in development trajectories and governance arrangements – the origins of the institutional changes described in Chapter 7 can for example be tracked across all three of these periods.

The process of analysis was intended to follow the retroductive logic of critical realist research that moves from a set of observations about the world to consider the underlying mechanisms and structures that "may have, must have or could have caused" events to have "happened in the way they did" (Olsen and Morgan, 2004, p25).   In this way, research can use multiple perspectives on observable elements of the 'real' to provide insight into the unobservable underlying causes (Sayer, 2000; Wynn and Williams, 2012). While, as indicated above, it would not be possible or desirable to undertake such analysis with an 'empty head', this process aimed to approach the data with an 'open mind' (Dey, 2003, p237) by avoiding the imposition of a preconceived theoretical framework that might have prematurely closed off potentially valuable aspects.   Nevertheless, to say that themes 'emerged' from the data is not intended to suggest that themes in qualitative data are simply waiting to be discovered - they are actively generated by the researcher identifying, interpreting and connecting the aspects of the data that are of particular interest (Ely et al, 1997; Braun and Clarke, 2006)[6].

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[6] One topic that was frequently arose during the interviews was that of 'Brexit'.  Over the period that the interviews were conducted, this was the dominant issue in UK politics – however, the question of whether, how and when the UK would actually leave the EU, and on what terms was as yet unresolved.  As a result, interview material on this topic was to a great extent speculative and of limited relevance to the research question; on these grounds it has been largely excluded from the analysis.  Some further reflections on Brexit are provided in Chapter 8.

**3.6 Validity in Qualitative Research**

Given the spectrum of possible approaches to qualitative data collection and analysis, and the apparently subjective nature of the process, it must be acknowledged that there remains scope for debate over how the validity of results generated in this way can be demonstrated. As noted above, a reliance on elite interviews can risk presenting a partial account; likewise, the researchers' observations and documentary evidence could be used selectively to support a particular interpretation of events. The concept of 'validity' itself can however be contested. While commonly used in a post-positivist sense to imply accuracy or reliability (Natow, 2020), from a critical realist perspective our knowledge of the world is inherently fallible and provisional. It is suggested instead that a qualitative account should aim for 'credibility', which, as Freeman (2008, p6) puts it, "will convince or otherwise by virtue of its authenticity, plausibility and criticality".

The discussion of methodology in this chapter seeks to provide, first and foremost, a transparent account of how data was collected and analysed that will allow readers to make their own judgements about the credibility of the findings generated through this process. Beyond this, the approach taken in this thesis attempts to satisfy Freeman's criteria through several techniques - the employment of 'thick description' (Geertz, 1973) that gives detailed accounts of the contexts within which actors are situated; giving the reader direct access to the research data (for example in the forms of interviewees' own words) so that it may speak for itself (Brower et al., 2000); and offering diverse perspectives which may provide competing interpretations.

The latter point overlaps with the idea of 'source' triangulation where data is gathered from a variety of positions and time periods. By employing a variety of types of qualitative data collection – interviews, documents and observation – the research also adopts a strategy of 'within-method' triangulation. Taken together these are intended to both act as a check on the partial accounts of particular research participants and as a basis for unpacking the ways in which they understand the world; this is seen as being particularly valuable where elite interviews are the main source of data (Natow, 2020). Triangulation is one of the key techniques for strengthening

credibility in qualitative research (Baxter and Eyles, 1997), although as already noted, from a critical realist standpoint, in intensive research the examination of several perspectives on a shared set of empirical or observable events is intended to support greater explanatory insight, rather than positivist notions of checking the 'truth' of any one account against others. The account presented in the empirical chapters also seeks to demonstrate credibility and criticality through engagement with evidence from elsewhere and established theoretical perspectives to support the interpretation of data.

## 3.7 Researcher positionality

In the spirit of a critical realist approach that treats our understanding of reality as fallible and provisional, it seems appropriate to offer some reflections on my own "situatedness in the research process" (Yeung, 2003, p446) – how my background and position as a researcher may have influenced how the project has unfolded. This is particularly important in this type of research, given that qualitative research involves a degree of subjectivity (Crang and Cook, 1995) and "interpretation of an already interpreted world" (Welch et al. 2011, p744).

At the outset of this research, my academic background was in economics, with a more practice-based postgraduate degree in local economic development. Neither of these involved much in the way of methodological reflection, and the process of transitioning to a set of methods grounded in critical realism with greater consideration of the relationships between data, data collection and theorisation has been interesting, somewhat challenging, and hopefully productive. I also have professional experience of undertaking research and evaluation of interventions related to economic development in Scotland, largely through consultancy projects for public and third sector organisations. More recently, in my current role I have been directly involved in shaping the strategic context for local economic development in Dumfries and Galloway, having produced analysis to support the current Regional Economic Strategy (Dumfries and Galloway Community Planning Partnership, 2016) and Anti-Poverty Strategy (Dumfries and Galloway Council, 2015)

amongst other work. I therefore came to this research project with some preconceptions about economic development and its governance in Scotland and in D&G in particular.

This also meant however that I had an existing understanding of the local context, the language used by participants, and some of the background, politics and history behind economic development in the region. Having professional experience in the area was also an advantage in gaining initial interviews with local actors (with whom I had existing relationships), who then also introduced me to additional interviewees beyond my professional networks. This demonstrates the importance of existing connections in facilitating access to policy elites and organisations (McDowell, 1998; Herod, 1999).

This positioned me as part insider researcher due to my 'familiarity with the group being researched', and part outsider as prior to the research I did not have 'intimate knowledge' of most participants and their worlds (Wegener, 2014: p154). Being seen as a 'professional' rather than (or as well as) a 'student' researcher by at least some participants perhaps influenced the way in which they responded, for example in assuming prior knowledge. I am also both an 'insider' and 'outsider' in respect to my relationship with D&G as a 'place'. As I live and work here, I was clearly assumed by some local interviewees to share certain assumptions about the region as being in some ways marginalised or neglected, particularly by the Scottish Government. On the other hand, seeing me as an 'incomer', a number of interviewees who lived and worked elsewhere (or had previously done so) seemed comfortable that I would be sympathetic to their characterisations of the local culture and environment (for example as somewhat conservative). Recognising that stories told by interviewees "might have taken a different form if someone else was the listener" (Riessman, 1993, p11) is important in acknowledging the partial access to 'reality' afforded by participants' accounts, in line with a critical realist perspective. On balance my position as a researcher, and relationship with participants, probably helped to facilitate rather than to impede access to research data; although there can also be disadvantages in the possibility that some familiar aspects are taken for granted (Oliver, 2010).

**3.8 Research Ethics**

As with any research involving human subjects, there was a need to consider and mitigate any ethical risks involved with the project as part of a researcher's duty to ensure that participants are treated with respect, that risks do not outweigh the potential benefits, and to consider issues of justice and representation (see for example Brydon-Miller, 2008). While this could be categorised as 'low-risk' research that does not involve vulnerable participants, topics that could reasonably be considered as personal, sensitive or potentially distressing, or any likely risks to the well-being of the researcher, two specific areas of concern required consideration.

Firstly, steps were taken to maintain the anonymity and confidentiality of interviewees. All participants agreed to take part on the condition that they were not named in research outputs and only identified by their broad role and status; this was explained on the participant information sheet and verbally before the interviews began. Participants provided signed consent affirming that they had read and understood the information provided. All participant names were replaced by codes on interview transcripts. Both research and personal data were stored securely on a password-protected computer. Signed consent forms were stored in a locked drawer. Where specific interviews are referred to or quoted in this thesis, these are only attributed to participant codes, and any information that could reasonably be expected to make them identifiable has been removed. However, given the relatively small sample size and limited number of people working in and around the economic development policy world in D&G, it is possible that participants might be potentially identifiable from their views or a turn of phrase; this limit to guarantees of anonymity was highlighted in participant information.

Secondly, perhaps the most potentially ethically problematic aspect of the project was that of non-participant observation. While I was open about my role as an academic researcher at events that I attended, consent was not sought from other attendees for data collection for a specific research project – this would have been impractical and disproportionate. There was therefore the potential for the autonomy of attendees to be violated. All events were

open, although some required pre-registration. Where speeches or presentations were made at these events these can reasonably be considered as being in the public domain. However, other participants at these events, or their contributions to discussions, are not identified or attributed, and no information about them or direct quotes that could lead to them being identifiable are used. This removes the possibility of them experiencing any potential harm as a result of the research.

The project was approved by the College of Social Sciences Research Ethics Committee.

## 3.9 Methodology: Summary

The aim of this research – to understand the role and exercise of agency in regional development – is approached from a geographical political economy perspective that places questions of uneven development within broader economic, social, and political structures, but recognises the potential for different actors to shape regional outcomes. Beyond this, the proposed approach views regional development as a historic and evolutionary process, takes a qualitative view of the state, sees 'the region' as both relational and a bounded site of policy and governance, and recognises that ideas of what constitute development are socially and politically constructed and can therefore be contested. These perspectives suggest an ontological and epistemological basis for research that overlap significantly with the philosophy of critical realism, seeing observable outcomes as resulting from the coming together of deep-lying causal mechanisms and particular contexts, and therefore highly time- and place-contingent. This is adopted as being simply the most coherent and intuitively appealing way of approaching the chosen research questions; as the choice of any particular epistemological-ontological stance can be seen to some extent as an act of faith (Olson, 1995), and it is not possible to definitively determine the 'best' approach to research (Arbnor and Bjerke, 1997), the potential contributions of other perspectives should not be discounted (Del Casino Jr. et al., 2000).

This chapter has set out the research and data collection methods - based around a regional case study of Dumfries and Galloway - and approach to analysis that have been adopted, and sought to demonstrate how these are consistent with geographical political economy and critical realism. This discussion has also highlighted some potential tensions and contradictions, particularly between the philosophical basis of the research and the potential for single case studies to generate results of more general applicability.

This method is motivated by a desire to confront the critiques of some earlier case study-based work. This means avoiding the superficiality and 'thin' description highlighted by critics of case studies (Martin and Sunley, 2001) in favour of a deep contextualisation (Martin and Sunley, 2013) that encompasses multiple perspectives, actors, scales and research methods. This has of course been limited by practical considerations, including time and resource constraints. While in-depth interviews were the core method of data collection, providing an opportunity to 'get behind' public narratives of economic development and policy (MacKinnon, 1999), these sought to capture a sufficiently broad range of perspectives to construct a rounded account. In addition, documentary and statistical analysis, and attendance at relevant events, contributed to the contextualisation of information provided in interviews and to enabling a degree of triangulation. Based on this methodological approach, the following chapters set out an analysis of economic development and its governance in Dumfries and Galloway through the conceptual lens outlined in Chapter 2. This begins with an elaboration of the case study region and its characteristics.

**Chapter 4: Dumfries and Galloway: Regional Development in the Periphery**

**4.1 Introduction**

Having set out a conceptual framework for considering the exercise of agency in regional economic development, and the methodological approach being adopted, this chapter introduces in more detail the chosen case study - the Scottish region of Dumfries and Galloway.

In keeping with the evolutionary perspective that informs this thesis, the region's development trajectory and inherited characteristics are seen as part of the context for efforts to shape that path through purposive agency. This chapter sets out the geographical and historical context for economic development in D&G, with some descriptive analysis of the region and its economy, drawing on a range of official statistics and documentary sources. In doing so, it establishes the region's evolutionary background as the context within which various actors have sought to exercise purposive agency to influence regional development. This sets the scene for subsequent empirical chapters.

Some caution is required here, however. The unit of analysis – the local authority area of Dumfries and Galloway – is used on the basis that it is one of the limited set of sub-national geographies for which relevant socio-economic data is available; this is not intended to imply that its 'economy' is coherent or self-contained. Similarly, this is not intended to imply a simple territorial understanding of the region – attention must also be paid to relationships and linkages with other places. These caveats notwithstanding, it is worthwhile to consider the characteristics of the region as far as they can be determined based on the available evidence.

The chapter proceeds as follows. First there is a brief overview of Dumfries and Galloway and its geographical position. Secondly, there follows an analysis of long-term economic trends over the past four decades, with a focus on sectoral structure and ownership. This traces the particular manifestation, in a peripheral region, of the long-term shift away from employment in industrial production towards that in services, as seen across developed

economies. Thirdly, there is an analysis of the region's current economic position in light of the global financial crisis and its aftermath.  As a region without major urban centres, and mostly consisting of rural areas, Dumfries and Galloway faces a variety of regional 'problems' common to many similar places.   Fourthly, recognising the region's size and diversity, some consideration is given to its internal socio-economic geographies.   Taken together, these different elements establish some of the specific characteristics of the region that have influenced local priorities, assets and capacities for strategic action, to be explored further in subsequent chapters.

### 4.2 Key Characteristics

Dumfries and Galloway is one of Scotland's 32 local authority areas, located in the south-west of Scotland and bordered to the north by the local authority areas of South Ayrshire, East Ayrshire and South Lanarkshire, to the east by the Scottish Borders, and to the south-east by Carlisle, within the county of Cumbria in England.  As such it occupies a geographical position within both Scotland and the UK as a whole that can be considered as peripheral (Figure 4.1a) – Dumfries, the largest town and administrative centre, lies around 90 miles from both Glasgow and Edinburgh, the nearest large cities, and 30 miles from Carlisle (itself a small city, occupying a peripheral position in the far north-west of England).

The region's delineation as an administrative area (Figure 4.1b) dates to the Local Government (Scotland) Act 1973, which replaced the historic system of burghs and counties with a two-tier structure of Regions and Districts. Dumfries and Galloway Regional Council was established as the upper-tier authority covering the former three counties of Dumfriesshire, Kirkcudbrightshire and Wigtownshire. In the initial White Paper, the region had been named 'South West Scotland' (Turnock, 1970). Subsequent local government reforms in 1995 led to the district and regional councils merging to become a unitary authority but left its external boundaries unchanged.  A variety of other governance bodies and arrangements are organised around these boundaries, including a regional health board, a regional Further Education college (see 6.3.3) and Chamber of Commerce.  Until 2013, there

were regional police and fire and rescue services for D&G, and until 2007 a Local Enterprise Company (one of the semi-autonomous branches of Scottish Enterprise, see 5.3). The region is therefore fairly well established in institutional terms (MacLeod, 1998), although as will be discussed in Chapters 5 and 6, there has been a trend towards 'hollowing out' of this scale (Shaw and MacKinnon, 2011).

**Figure 4.1a: Dumfries and Galloway within the United Kingdom**

**Figure 4.1b: Dumfries and Galloway – boundaries, main settlements and features**



The population of Dumfries and Galloway is around 148,000; as such the region is the 14th largest Scottish local authority area, although accounting for less than 3% of Scotland's total population.  The population has remained fairly static since the late 1990s, over a period in which the Scottish total increased by 7.5% (National Records of Scotland, 2020).  Within this however there has been an increasing shift towards older age groups (see Figure 4.5 below) even relative to national trends.

The region is however relatively large in terms of physical area, at 6,426 km2 the third largest in Scotland behind the Highlands and Argyll and Bute.  It also has a low population density - at 23 people per km2 the lowest in lowland Scotland (National Records of Scotland, 2016), with only two towns – Dumfries and Stranraer – having populations of more than 10,000 (and so classified as 'urban' areas in the Scottish Urban/Rural classification).  Over half of the population live in areas classified as rural or remote (Scottish Government, 2018a).

**4.3 Long-Term Trends and Development**

The Scottish economy has, as Devine (2006, p597) puts it, undergone a 'revolution' over the past four decades, as traditional heavy industry has all but disappeared, employment in manufacturing and agriculture has declined, and a diverse set of service sectors have grown.  These processes have of course not impacted places within Scotland evenly, given the concentration of industrial activity in the central belt since the 19th century.  In an overview of Glasgow's economic evolution, for example, Pike (2017, p4) describes the experience of "large-scale, rapid and sustained de-industrialisation", marking its decline from having been "one of Britain's pre-eminent industrial cities" (Turok and Bailey 2004, p171) earlier in the 20th century.   This account of deindustrialisation, throughout the post-war period and accelerated by the policies of the Thatcher government, has tended to dominate accounts of post war change in Scotland (for example see Devine, 2006; Harvie, 2016)

The experience of regions like Dumfries and Galloway has clearly been substantially different – most obviously because it was never industrialised to the same extent as the central belt.  Nevertheless, during the 20th century some significant manufacturing activities did develop in different parts of the region.  Reflecting the importance of agriculture, food and drink processing was widespread, and experienced some significant growth in the post war period - for example, Turnock (1979, p38) notes employment growth in the food sector of 22% over the decade to 1971 (although this is less impressive when compared with growth rates of 83% in the Highlands and 44% in the Borders).   A particular feature of food and drink manufacturing was the number of creameries reflecting the dominance of dairy farming in the region.  In the mid-1970s there were six creamery plants across the region, although a further seven had closed over the preceding decade (Turnock, 1979, p26).  This supported related sectors - for example the Norwegian owned firm Elopak operated a plant in Dumfries producing milk cartons (closed in 1998).  Other examples of food processing included seafood, particularly around the fishing ports of Kirkcudbright and Annan.

Of the additional industrial specialisms that existed from the post-war period, three are worth highlighting.  Firstly, there remains some rubber and

chemicals production.  The latter, now closely related to the food packaging sector, was linked to the legacy of strategic sites for production of ammunition and explosives established during the First World War, most notably in Annan and Gretna, and the establishment of a large ICI plant on the outskirts of Dumfries, originally built in 1946 as part of a state-sponsored plan to produce the synthetic fibre Adril from peanuts (Edgerton, 2019).  While ICI left the site in 1998, one of the plants is now operated by Dupont Teijin Films, a joint venture between American and Japanese parent firms producing polyester films largely for export, and employing over 300 people on the site following an expansion supported by a £1 million grant from Scottish Enterprise in 2017.  This demonstrates some emergence of related variety (Frenken et al., 2007), with perhaps nascent potential for future branching.  Rubber production on the other hand was centred round the North British Rubber Company and its successors - the company relocated from Edinburgh in 1946 to a site in Heathhall on the outskirts of Dumfries, taking over a factory which had itself originally been built in 1913 by the Scottish car manufacturer Arrol-Johnston (Turnock, 1979; 108), to a design based on Ford's Highland Park plant in Detroit.

Secondly, the region has some industry related to forestry.  D&G accounts for around 30% of the total Scottish timber harvest (Dumfries and Galloway Council, 2014), mainly as a result of large expansions in state-owned plantations from the 1940s and 50s (including Galloway Forest Park established in 1943) and private woodlands from the 1960s onwards (Davies, 1982).  There is significant employment in primary timber processing (with large sawmills in Dalbeattie and Lockerbie), transport, and other supporting sectors (including SMEs such as Jas P Wilson of Dalbeattie, supplying and servicing forest machinery).

Thirdly, there are various forms of energy generation.  Most significantly, Chapelcross nuclear power station near Annan, which operated from 1959 to 2004, was a major source of employment, supporting over 400 jobs until it ceased generating. Scotland's first nuclear power station, its primary purpose was to produce plutonium for the UK's nuclear weapons programme (McPherson, 2019), so can be seen as a creation of the post-war 'warfare

state' (Edgerton, 2019). More recently there has been growth in renewables, with over 600 wind turbines (over 50m), including 60 offshore, across the region (BBC News, 2016). In common with the rest of Scotland, these are however largely owned and manufactured elsewhere. Despite Scotland's perceived institutional advantages in attracting and supporting wind power investments, the regulatory environment for energy remains largely reserved to the UK Government (Dawley et al., 2015), and policymakers in Scotland have appeared reluctant to pursue more interventionist approaches (Gibbs, 2021); as a result few of the potential economic benefits have been captured. Similarly, the largest biomass plant in the UK – generating energy from sustainable wood products and employing around 40 people (Dumfries and Galloway Council, 2014) - is located near Lockerbie; it is operated by the German electricity firm E.ON.

The level of activity in many non-service sectors has however been in long-term decline. To the extent that it is meaningful to talk about deindustrialisation in a primarily non-industrial region, this can be seen in the steady fall in manufacturing employment as a share of the total from over 20% in the 1970s to under 10% now, illustrated in Table 4.1. As with manufacturing employment across Scotland, this long-term trend has been driven by a combination of increased competition within a more globalised economy, the acquisition of indigenous producers by firms based elsewhere, and lack of any meaningful or sustained industrial policy in the UK (Kitson and Michie, 2014; Young, 2016).

**Table 4.1: Employment by Industry, Dumfries and Galloway (%)**

|                          | 1981 | 1991 | 2001 | 2011 |
|--------------------------|------|------|------|------|
| Agriculture              | 14.1 | 11.4 | 9.3  | 7.8  |
| Energy and Water         | 2.5  | 3.8  | 1.8  | 2.3  |
| Manufacturing            | 20.8 | 16.4 | 13.5 | 9.3  |
| Construction             | 7.8  | 8.9  | 8.1  | 8.7  |
| Distribution and Catering| 20.3 | 20.4 | 20.8 | 22.6 |
| Transport                | 5.8  | 5.9  | 6.8  | 5.3  |
| Other Services           | 28.0 | 33.2 | 39.8 | 39.8 |

Figures from Census, accessed through NOMIS (20/01/21)
1981 and 1991 figures are based on a 10% sample. Residence-based.

Some of these trends can be illustrated by tracking the history of rubber manufacture at Heathhall. After a series of acquisitions, the North British Rubber Company came under the ownership of Gates, headquartered in the USA. Part of the business was sold in 1999 to Lancashire-based Interfloor, and this was divided again when the Hunter division was bought by a management led consortium. After being bought out of administration, in 2006 the part of Hunter manufacturing diving suits was sold to a Swedish firm which then transferred production to Lithuania (BBC News, 2008). In 2008 Hunter's remaining production in Dumfries - of rubber boots - ended, largely transferred to China, with headquarter functions transferred to Edinburgh. According to a contemporary news report:

> *"We are entering into consultation over the closure of the site,"*
> *confirmed managing director Malcolm Cannon. "It is very sad but I*
> *think it was inevitable - we have now only got seven people making*
> *boots here. Unfortunately, making boots in Scotland is no longer*
> *economically sensible."*
> *He said that Edinburgh was a better choice for a head office for the*
> *boot company as it moved towards becoming a "global fashion brand".*
> (BBC News, 2008)

The manufacture of underlay, meanwhile, was transferred by Interfloor to its headquarter plant in England in 2013 (BBC News, 2013), leaving the original factory building derelict. Gates Power Transmission continues to manufacture drive belts for cars and industrial machinery on an adjacent site.

A similar story can be told with regard to food processing. To take the dairy sector as one example, there are now only two remaining creameries in the region - Caledonian Cheeses in Stranraer, (part of the French-owned Lactalis Group with its UK headquarters in Surrey), and in Lockerbie (owned by Arla Foods UK, itself a wholly-owned subsidiary of a Swedish/Danish farmers' co-operative). The latter is the largest cheese-producing facility in Scotland. The creamery at Kirkcudbright closed in 2010 as its owners, Milk Link, consolidated production in Lockerbie prior to their merger with Arla.

In seafood, the Pinney's plant in Annan, previously employing around 450 people and owned by Youngs Seafood, supplied salmon products to UK supermarkets. As mentioned in Chapter 1, the closure of this plant was announced in 2018, with some production relocated to Grimsby, where Youngs are headquartered but itself a place that has experienced economic decline with many of its assets owned elsewhere (Meek, 2015). With support from a £1.7 million Regional Selective Assistance grant[7], the plant was purchased in 2019 by Bhagat Holdings, a food processing company with Indian owners but based in Kaliningrad, Russia, which supplies fish product to, amongst others, branches of McDonalds in Eastern Europe (Fish Farming Expert, 2019). This was expected to create around 100 jobs.

These examples illustrate two concurrent processes. Most obviously, it demonstrates to at least some extent the ways in which the region's manufacturing base has undergone relative decline as a source of employment. Although some of this can be attributed to market changes and to activity becoming less labour intensive through technological change, it can also be seen as the result of the region's exposure to an increasingly globalised economy, with manufacturing activity subject to competition from lower cost locations – although as Tomlinson (2018) notes, both the nature of 'globalisation' and role of international cost-based competition in the changes to Scottish manufacturing over the post-war period are more complicated than sometimes presented.

This decline has also been intertwined with a growing tendency for manufacturing plants to be externally owned and controlled. Concerns about the extent of external ownership in the Scottish economy are long-standing (see Firn, 1975; Rich 1983) although as these examples indicate, this process has steadily continued in D&G over the past 30 years, and through acquisitions by external capital rather than greenfield investment. Although limited data on inward investment is available at this level, FDI projects in Scotland are concentrated in the three main cities (Centre for Towns, 2020), and in the words of one well-placed interviewee (D), in D&G "you've typically seen two

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[7] The east of the region, including Annan, falls into one of Scotland's designated areas for RSA (see 5.2 and Appendix 5).

or three new inward investment companies in any given year. The numbers aren't massive". Optimistically, the acquisition of local firms and plants could be seen as the region becoming more integrated into global production networks and a successful coupling of its assets with firms' needs (Coe et al., 2004). In some cases, such as Dupont Teijin on the outskirts of Dumfries, this probably could fairly be characterised as successfully 'holding down' economic activity (Amin and Thrift, 1994) that otherwise would take place elsewhere; in this instance, one such relevant asset was the existing site suitable for chemical-based manufacturing. Regional and national institutions have also sought to tie the operation more closely to its setting, with Dumfries and Galloway College providing training for apprentices and financial support from SE. There is also evidence to suggest that, for peripheral and 'thin' regions, the presence of multi-national corporations can be as source of 'imported' innovation (Iammarino, 2005; Boschma, 2005; Isaksen and Trippl, 2016) that is one component of a successful 'learning region' (Morgan, 1997).

More negatively however, the tendency for external ownership can be understood as symptomatic of a type of 'branch plant' predominance that has long been seen as problematic for the Scottish economy. Earlier work around externally owned business units (Turok, 1993) suggests a tendency for these to specialise in lower-value activities, with higher level functions such as research and development undertaken elsewhere. Where indigenous firms are acquired by external owners, this can have negative effects for the regional economy through the weakening of these functions and of local linkages (Ashcroft and Love, 1989). External control over decision-making and a tendency to concentrate on lower-value functions marks out branch plant economies' subordinate role in the spatial division of labour (Massey, 1984/1995). The precarity apparent in some of the examples discussed above, with disinvestment and relocation decisions by external owners having significant repercussions for their localities, also points towards this more negative interpretation, demonstrating the asymmetrical power relations at work (MacKinnon, 2012) and little evidence that these plants have been firmly locally embedded. At the Scottish level these processes have been interpreted as evidence of growing economic peripheralisation (Danson, 1991).

The long-term decline in agricultural employment is also notable. The region has been historically defined by its predominantly rural economy and the importance of agriculture (Turnock, 1979). Agricultural employment has however been in long-term decline – it fell by 17% across Scotland as a whole between 1982 and 2016, and within this the number of full-time employees fell by nearly 50% (Scottish Government, 2017b). Largely driven by technological change, this has received less attention than the succession of high-profile industrial closures in Scotland over this period (Devine, 2006). In Dumfries and Galloway, however, the shift has been significant with agriculture accounting for only around half of the proportion of total employment that it did four decades ago (Table 4.1). Livestock agriculture was also severely affected by the 2001 outbreak of foot and mouth disease through culls, movement restrictions and export bans. With knock-on impacts on the tourism sector, GVA across the South of Scotland reduced by around £37m in total (Allan et al., 2003; Fraser of Allander et al., 2003).

A further aspect of structural change in the region's labour market over the long term has been the increasing size of the public sector (included within the broad category of 'other services in Table 4.1). It has been argued that this expansion in public sector employment, experienced across Scotland throughout the 1990s and 2000s, largely mitigated a concurrent fall in private sector employment, even before the financial crisis (Experian/Scottish Enterprise, 2007). The growing size of the public sector relative to the rest of the economy became a concern for regional policymakers on the basis that it seemed to indicate weak employment growth in the private sector (see Chapter 6); this also reflected prevailing negative attitudes towards public sector activity (Cumbers and Birch, 2006). However, more recently the absolute level of public sector employment has been falling (Figure 4.2). Although year-on-year fluctuations mean that individual data points should be treated with caution (these are survey-based estimates with limited sample sizes at local authority level, and definitional changes), there is nevertheless a clear downward trend.

**Figure 4.2: Public Sector Employment in Dumfries and Galloway, 2004-2019**
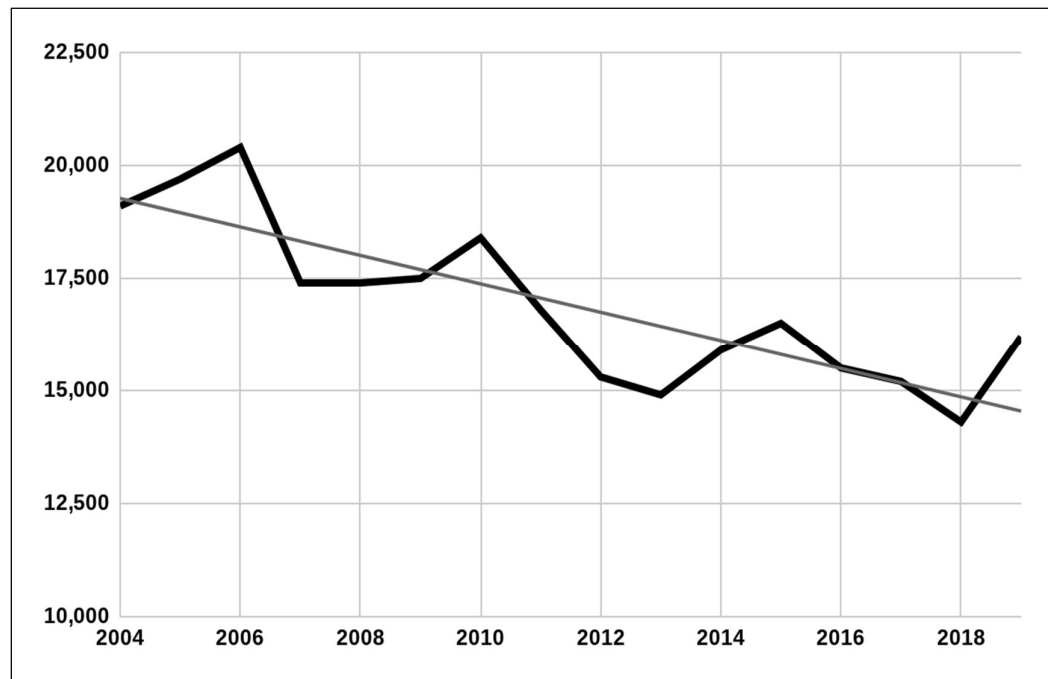


Data from Scottish Government (2020a)

The other sector contributing to the emergence of a service- (rather than production-) based economy is tourism.  As shall be discussed in Chapter 6, tourism has enjoyed a prominent position in both national and local strategic approaches to economic development.  On the definition used by the Scottish Government, around 218,000 jobs (8% of the total) in Scotland are in tourism-related sectors (Scottish Government, 2020a).  In D&G, the equivalent figure is put at around 5,400, a slightly higher proportion of the total than the Scottish average but significantly lower than the major cities and the Highlands[8].  While there has been long-term growth there have also been significant compositional changes - including, for example, a substantial fall in employment in pubs and clubs (Scottish Government, 2018b).

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[8] There are fundamental difficulties in measuring the tourism sector, as its defining characteristic is not the type of activity, but the nature of its customers - i.e. visitors from elsewhere.  Alternative estimates give tourism a larger employment footprint (Dumfries and Galloway Council, 2016).

**4.4 Current Position**

The 'great recession' that followed the global financial crisis of 2007/08 had, as in many developed countries, significant and lasting impacts on the Scottish economy. These include a fall in aggregate output that took five years to recover from, with the construction and financial service sectors still below their pre-crisis levels; growing self-employment and part-time employment; below-inflation wage increases, with household incomes still lower than in 2008; and much slower productivity growth than the pre-crisis period (Fraser of Allander Institute, 2018). There was already, prior to the crisis, evidence of growing spatial inequality within Scotland, through greater concentration of activity in the major cities (Allan, 2013). Although the performance of most of Scotland's rural areas initially compared favourably to that of urban areas (SAC, 2012), as illustrated below, the employment impact in D&G appears to have just been delayed. Net employment change since 2010 has been negative, the lowest of Scotland's local authority areas; in contrast, Edinburgh and its neighbouring areas have seen growth of 17%, becoming the 'powerhouse' of the Scottish economy (McGeoch, 2019). This has served to widen the gap in employment growth that has opened up since 1999 (Fig. 4.3).

**Figure 4.3: Indexed Employment Growth (1999=100)**
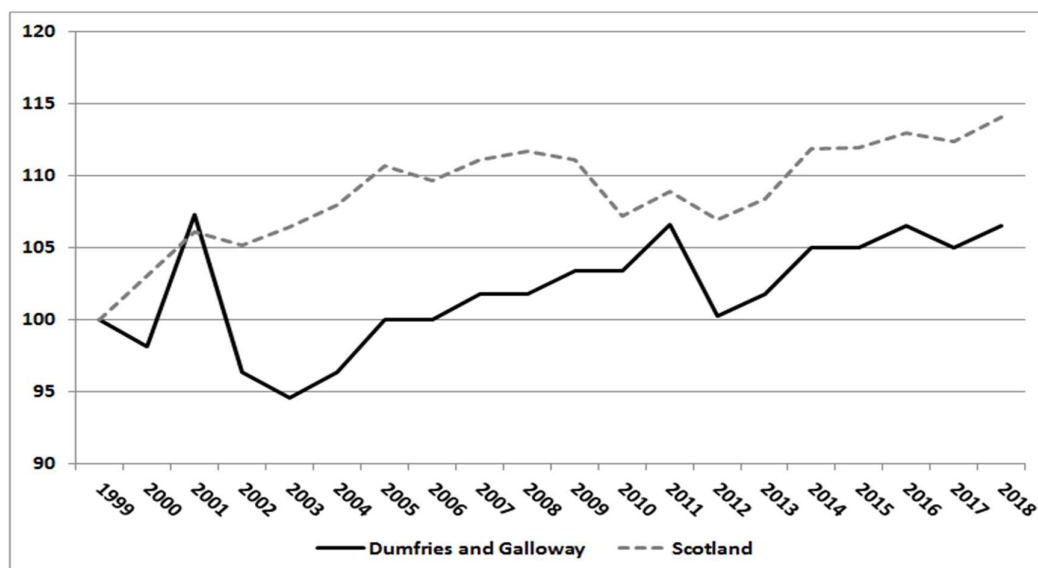


Data own calculations, based on data from Annual Business Inquiry (1999-2008) and Business Register and Employment Survey (2009-2019), accessed through NOMIS (26/01/21)
Workplace-based employment; adjustments made for discontinuity in survey methodology.

Along with this disparity in employment growth, there are also indicators that the qualitative nature of jobs in the region is diverging from the rest of Scotland. To take one example, there has been a sustained fall in relative wage levels - from just over 90% of the Scottish average in 1997 to below 85%. The region has the highest proportion in Scotland of employees earning below the Living Wage (Aiton, 2016).

**Figure 4.4: Median Wages in Dumfries and Galloway as Percentage of Scottish Average, 1997-2020**



Annual Survey of Hours and Earnings, accessed from NOMIS (20/11/21)
Workplace-based

This illustrates the spatial dimension of a more general trend towards polarisation of the labour market - with low skill/low wage and high skill/high wage employment accounting for growing proportions of the total - linked to processes of technological change (as non-routine jobs at the higher and lower ends of the skill spectrum are less easily replaced by new technologies) and, in tandem with this, of deindustrialisation (as jobs growth in the service sector has been particularly polarised between knowledge-intensive on the one hand and low-skill service occupations on the other). Such change has been well documented across developed economies and is seen by some as being particularly acute in the UK (Goos and Manning, 2007; McIntosh, 2013). There

is also evidence for this phenomenon in Scotland over the past two decades (Rogers and Richmond, 2015; Bell, 2018). Together with the impacts of the global financial crisis, recession and austerity, this has reinforced Dumfries and Galloway's economic trajectory as one disproportionately characterised by low value-added sectors and low wage, part-time and seasonal employment, with the public sector declining as a source of well-paid professional jobs. Along with the relatively low proportion of the working age population that have high level qualifications (Skills Development Scotland, 2019a), and limited local higher education provision (see Chapter 6), this suggests the existence of a regional low skills equilibrium or trajectory (Finegold and Soskice, 1988; Wilson and Hogarth, 2003) where there is a self-reinforcing interaction between low demand for and low supply of skills, related to the region's sectoral and occupational structure (Green, 2012; Sissons, 2021).

This can be further illustrated by examining the types of activity where D&G exhibits some degree of regional specialism relative to the rest of Scotland (Table 4.2). Few of these have wages significantly above the average – the exceptions being metal manufacture, water transport, motor vehicle manufacture and mining and quarrying, none of which support more than 150 jobs. Among the biggest sectors in this category, only land transport has relatively high wages. In contrast, crop and animal production (8,000 jobs), food manufacture (2,000 jobs), accommodation (3,500) and residential care (3,250) all have wage levels at around 20-30% below the national average. The region's sectoral structure – the types of activities in which it specialises, or in Massey's (1984/1995) terms, its place in the UK's spatial division of labour – is therefore one skewed towards lower value-added activities. As will be expanded upon in subsequent chapters, many of these sectors have also not aligned closely with the types of activity favoured as being potential sources of growth in national policy.

**Table 4.2: Dumfries and Galloway's Sectoral Specialisms, 2019**

| Sector | Employ-ment | % of D&G Total | Location Quotient vs Scotland | Sector median wage (% of total median) |
|---|---|---|---|---|
| **02: Forestry and logging** | 600 | 0.90 | 4.66 | 97.7 |
| **01: Crop and animal production, hunting, related activities** | 8,000 | 11.94 | 4.19 | 80.2 |
| **22: Manufacture of rubber and plastic products** | 800 | 1.19 | 3.88 | 89.0 |
| **16: Manufacture of wood products (exc. Furniture)** | 600 | 0.90 | 3.33 | 86.3 |
| **24: Manufacture of basic metals** | 150 | 0.22 | 3.33 | 120.4 |
| **80: Security and investigation activities** | 1,000 | 1.49 | 2.59 | 85.9 |
| **10: Manufacture of food products** | 2000 | 2.98 | 2.35 | 83.3 |
| **14: Manufacture of wearing apparel** | 100 | 0.15 | 2.22 | 61.3 |
| **50: Water transport** | 100 | 0.15 | 1.94 | 123.4 |
| **75: Veterinary activities** | 350 | 0.52 | 1.94 | 94.9 |
| **29: Manufacture of motor vehicles etc.** | 150 | 0.22 | 1.94 | 110.5 |
| **49: Land transport and transport via pipelines** | 2,250 | 3.36 | 1.90 | 104.3 |
| **55: Accommodation** | 3,500 | 5.22 | 1.89 | 70.7 |
| **91: Libraries, archives, museums, cultural activities** | 600 | 0.90 | 1.66 | 87.8 |
| **13: Manufacture of textiles** | 250 | 0.37 | 1.39 | 75.6 |
| **87: Residential care activities** | 2,250 | 3.36 | 1.39 | 69.5 |
| **38: Waste collection, treatment and disposal etc.** | 450 | 0.67 | 1.34 | 103.4 |
| **08: Other mining and quarrying** | 75 | 0.11 | 1.29 | 118.7 |
| **17: Manufacture of paper and paper products** | 150 | 0.22 | 1.29 | 101.5 |

Figures from Business Register and Employment Survey and Annual Survey of Hours and Earnings, data for 2019; accessed from NOMIS (26/01/21)
Note: Shows sectors where the location quotient (% of D&G employment/% of Scotland employment) is higher than 1.2, and the median wage levels relative to the whole economy in each. Sectors are 2-Digit Standard Industrial Classification. Employment figures rounded to 50. Median wage levels based on UK figures.

A further point to note about the characteristics of the region's economy relates to the nature of the business base.  There are relatively few large firms in D&G.  The best available data suggests that perhaps around 70 of the region's roughly 6,300 private sector enterprises employ more than 50 people; the comparable proportion for Scotland as a whole is around twice this level[9]. Only around 10 of these firms employ more than 250 people.

**Table 4.3: Enterprises by Employment Size Band, 2020**

|  | Dumfries and Galloway | | Scotland | |
| --- | --- | --- | --- | --- |
|  | **Number** | **%** | **Number** | **%** |
| **Micro (0-9)** | 5,560 | 88.54 | 156,335 | 88.08 |
| **Small (10-49)** | 650 | 10.35 | 17,730 | 9.99 |
| **Medium (50-249)** | 60 | 0.96 | 2,845 | 1.60 |
| **Large (250+)** | 10 | 0.16 | 590 | 0.33 |
| **Total** | 6,280 | 100.00 | 177,500 | 100.00 |

Figures from UK Business Counts 2020; accessed from NOMIS (26/01/21)

Not only, therefore, does the region lack large 'blue chip companies' (Interview G), there is also little equivalent to the German *Mittelstand* – a tier of medium-sized firms that are regionally owned, and orientated around long-term planning, a particular set of values and a 'sense of belonging' (Pahnke and Welter, 2019).  Although both the definition and role of this group are contested, this type of firm is commonly identified as being important in successful regional economies, and in the apparent success of the German economic model more generally (Parella and Hernandez, 2018).  One element of this, as Bell (2018) notes, is that firm size is closely linked with both propensities to export and to engage in innovation; the proportion of these firms is lower in Scotland than in the UK as a whole, and significantly below comparable sub-national units such as Catalonia.  In Dumfries and Galloway, this is lower still, and as indicated there is a trend for those manufacturing firms in the region to be owned externally.  Indigenous SMEs in the region are

[9] Authors own calculations, based on UK Business Counts - enterprises by industry and employment size band, 2020

also identified as being less likely to undertake innovative activity (Ekos, 2010).

A final and growing socio-economic issue for the Dumfries and Galloway is that of demographics. The total population of the region has remained fairly constant over the long term, with its popularity as an area for retirement, intensive agriculture and growing forestry sector mitigating against the population decline experienced in some parts of the Highlands and Islands during the post-war era (Turnock, 1979, p20). Related to the long-term trends in the economy and labour market described above, however, the region does now face a particular challenge in its demographic structure, which is strongly skewed towards an ageing cohort, the 'baby boom' generation now entering retirement age. An ageing society is an issue for the UK as a whole and indeed many developed economies. In common with other peripheral regions (Kashnitsky and Scholey, 2018) this is exacerbated in D&G by both some in-migration of people at or approaching retirement age, particularly to more rural parts of the region, and high levels of out-migration amongst those aged 16-24 (GROS, 2013), likely influenced by limited range of job opportunities and provision of higher education:

> "*The opportunities are not there, high skilled, high wage jobs are not often there, or if they wish to come back, the opportunities are not there. … we haven't had that historic higher education offer*" (O)

**Figure 4.5 Total Population by Age Group, Dumfries and Galloway**
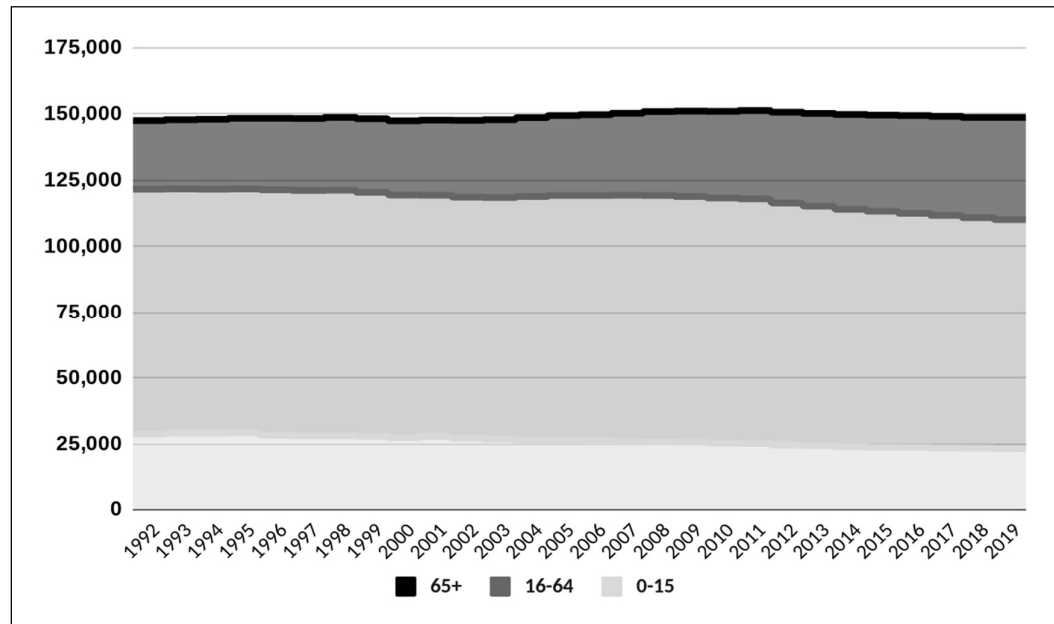


Data from National Records of Scotland (2020)


Thus, while the region's total population has remained at around 150,000 over the past three decades, within this there has been a sustained fall in the working age population and the number of children, and significant growth in those aged 65 and over. As discussed in the following chapter, this has been viewed as both a consequence of the regional development trends (and its place within the wider economy) and a source of potential future weakness.


## 4.5 Sub-Regional Variations

The geographical size of Dumfries and Galloway and its broadly dispersed population raise the question of how far it can be considered a coherent 'region' in economic terms (Jones, 2017). While Dumfries is the largest settlement, main administrative and service centre, and employment centre for the eastern half of the region, it is around 2 hours by road to Stranraer in the west. In labour market terms, there are five travel-to-work areas that include at least part of the local authority area, of which that centred on Dumfries is the largest (Figure 4.6). The far east of the region is closely linked to Carlisle just over the border in England; in total, around 2,000 people commute from Dumfries and Galloway to Carlisle for work (approximately 4%

of all employed residents), with only around 700 moving in the opposite direction[10]. Carlisle (a city with a population over 100,000) as a regional retail and service centre has a significantly larger and more diversified employment base than any town in the south of Scotland (Carlisle Economic Partnership, 2015), and is linked by local rail to Gretna, Annan and Dumfries, and to Lockerbie on the West Cost Main Line. In the west, Stranraer and its surroundings form a reasonably self-contained labour market by virtue of distance from other settlements of comparable size. Castle Douglas and Newton Stewart are small market towns – each with a population of around 4,000 – and to some extent centres for their rural hinterlands. This is of course only one way in which the 'functional economic areas' within the region could be defined (Coombes, 2010) – the most recent Local Development Plan for example also identifies six distinct housing market areas, and a hierarchy of retail centres (Dumfries and Galloway Council, 2019).

**Figure 4.6: Travel-to-Work Areas in South-West Scotland**
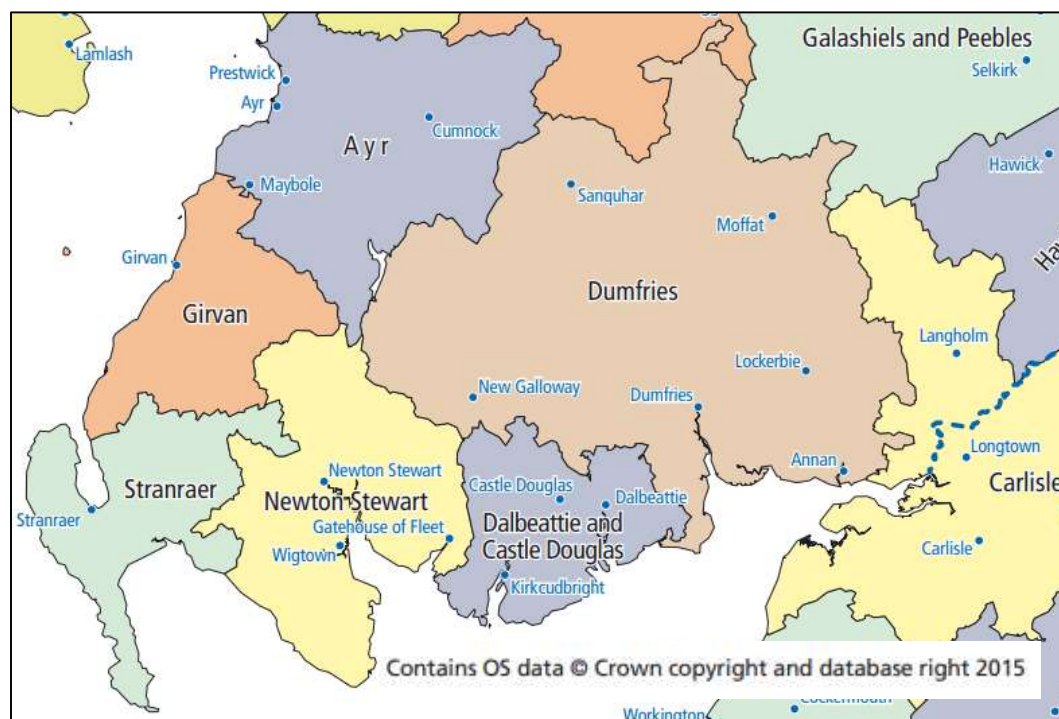


Office for National Statistics (2019)

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[10] UK Census 2011 WU03UK - Location of usual residence and place of work by method of travel to work; accessed through NOMIS

Socioeconomic variations within the region are captured to some extent by the Scottish Index of Multiple Deprivation (SIMD), the "official tool for identifying those places in suffering from deprivation" (Scottish Government, 2012, p2), based on a variety of indicators which are combined to rank each datazone (the basic unit of statistical geography in Scotland).

There are legitimate doubts about the extent to which the SIMD can be usefully applied to rural regions. Most notably, as rural deprivation tends to be more widely dispersed than in urban areas (McKendrick et al., 2011), it is argued that as the SIMD measures concentrations of deprivation, rural areas are inherently less likely to feature amongst those 'most deprived'.[11] It is also claimed that the design of the SIMD undervalues the importance of geographical access to services and employment relative to their central role in the experience of rural deprivation (McKendrick et al., 2011; Skerrat and Woolvin, 2014). This is worth highlighting here because the prominent role that the SIMD plays within national and local policymaking in Scotland demonstrates how particular measures can tend to favour certain types of places. From a neo-Foucauldian perspective, these can be viewed as 'governmental technologies' employed as "concrete devices for managing and directing reality" (MacKinnon, 2000, p296). In this case, spatial manifestations of socio-economic inequality are made measurable and 'governable' through one set of indictors that implicitly define deprivation in a particular way that corresponds to more visible concentrations of 'urban-type' disadvantage (Clelland, 2021).

Nevertheless, it is useful to note those places in the region with high levels of disadvantage based on this measure. The most recent iteration of the index shows 17 of the region's 201 datazones ranked in the national 20% most deprived. The majority of these are clustered in north-west and central Dumfries, with others in the towns of Stranraer in the far west, Annan in the

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[11] This relates to the fundamental limitation of such area-based measures is that they will tend to neglect the significant number of people who experience deprivation but do not live in those areas identified as most deprived (Holterman, 1975; Tunstall and Lupton, 2003). There are wide geographical variations in the extent to which the SIMD acts as an effective guide to where deprived people live. The 'most deprived' quintile datazones in Dumfries and Galloway cover only a minority of the region's income deprived population (Clelland and Hill, 2019).

south-east and Kirkconnel in the north of the region. Alternative approaches to constructing indicators of socio-economic performance specifically for rural areas (see for example Thomson et al., 2014) produce slightly different results (unsurprisingly highlighting the more rural and remote parts of the region) but tend to confirm these overall patterns.

**Figure 4.7: Highest Ranked Datazones by 2016 Scottish Index of Multiple Deprivation, Dumfries and Galloway**
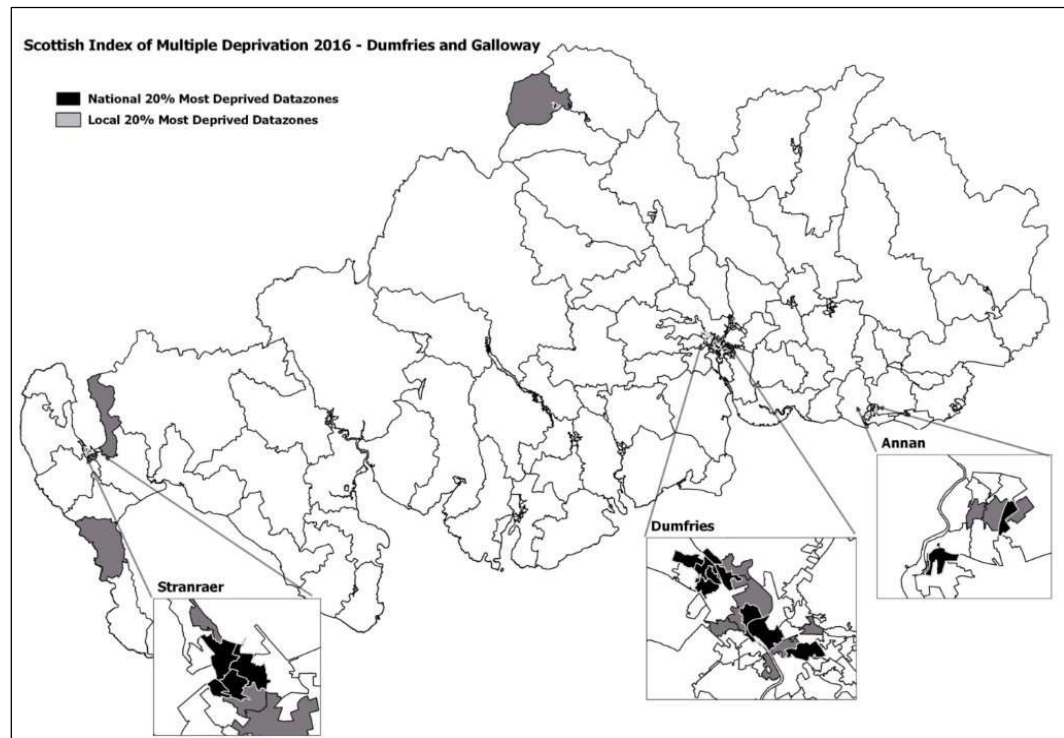


Clelland (2021, p160)

In Dumfries, the areas highlighted by the SIMD represent more typically urban concentrations of deprivation as a result of poor-quality housing in the centre and large post-war social housing schemes on the periphery of the town. The other apparently deprived parts of the region however do perhaps reflect a more general dislocation from centres of economic activity. Upper Nithsdale, in the north of the region - around the towns of Kirkconnel and Sanquhar - is a particularly distinctive sub-region in socio-economic terms, with a development path defined by the historical importance and subsequent decline in coal mining. In this sense it has more in common with the nearby

towns of the Ayrshire coalfields such as New Cumnock and Auchinleck than other parts of D&G. By 1986 the Cumnock and Sanquhar area was one of only three in Scotland with an unemployment rate 50% above the national average (Fraser and Sinfield, 1987). The legacy of this persists with relatively high concentrations of deprivation. The largest local employer here is Brown Brothers, with around 400 employees in meat processing. Likewise, Stranraer in the far west, while being the region's second largest settlement, is characterised by distance from larger centres of activity. It has historically been a significant ferry port, offering the fastest crossing between Scotland and the island of Ireland, with around 1 million passengers per year (Transport Scotland, 2015). However, since 2011, both ferry services (run by P&O to Larne and Stena Line to Belfast) operate from Cairnryan, around 6 miles to the north, and the former ferry terminal now lies derelict (see Chapter 6). The subsequent period has seen a steady worsening in the town's position in the SIMD, with relatively high levels of youth unemployment and out-migration of young people, linked to the limited availability of well-paid employment opportunities (Dumfries and Galloway Council, 2018a). Stena remains one of the largest employers in the locality; there is also food processing activity, particularly cheese manufacturing.

Some illustration of the varying economic characteristics of different parts of the region can be provided by an overview of their different sectoral structures. Table 4.4 shows the breakdown of employment by broad sectors for the region's main travel to work areas (TTWAs). This demonstrates the extent to which a significant majority of the region's jobs are located around Dumfries, although as Figure 4.5 shows this includes the towns of Sanquhar, Lockerbie and Annan. The high proportion of public sector jobs in public administration, health and education in Dumfries and Stranraer reflects their concentration in the largest towns. Manufacturing is concentrated in the eastern half of the region, mostly around Dumfries, Lockerbie and Annan, although there is some, particularly timber-related, around Dalbeattie and Castle Douglas. Tourism-related employment is more important in the western half of the region.

**Table 4.4: Workplace-Based Employment by Broad Sector (%), Travel-to-Work Areas, 2019**

|  | Dalbeattie and Castle Douglas | Dumfries | Newton Stewart | Stranraer |
|---|---|---|---|---|
| **Agriculture, forestry and fishing*** | 1.9 | 1.5 | 3.3 | 1.3 |
| **Mining, quarrying and utilities** | 0.5 | 2.0 | 0.5 | 1.3 |
| **Manufacturing** | 10.6 | 9.9 | 5.9 | 5.2 |
| **Construction** | 6.1 | 5.0 | 10.4 | 4.4 |
| **Wholesale, retail and motor** | 20.1 | 15.5 | 15.0 | 17.0 |
| **Transport and storage** | 6.8 | 5.0 | 2.6 | 6.1 |
| **Accommodation and food services** | 12.2 | 8.7 | 18.3 | 15.7 |
| **Finance, professional and business services** | 10.6 | 12.7 | 9.5 | 11.2 |
| **Public administration, education and health** | 26.6 | 35.4 | 29.3 | 34.8 |
| **Entertainment; other services** | 4.6 | 4.3 | 5.2 | 3.0 |
| **Total** | 100.0 | 100.0 | 100.0 | 100.0 |
| **Total Employment (No.)** | 6,600 | 40,300 | 3,800 | 5,700 |

Data from Business Register and Employment Survey, 2019; accessed from NOMIS (20/01/21)
* Figures exclude farm agriculture

Finally, there are also wide variations in the demographic characteristics of different parts of the region. In Dumfries, as the largest town and centre for educational provision, older people make up the lowest proportion of the overall population. In contrast, nearly 40% of the residents of Gatehouse of Fleet - a small town in the mid-west of the region - are of retirement age. Beyond this there is no clear relationship between the age profile of these towns' population and their location, size or type of economic activity. Those parts of the regions that are classified as sparsely populated areas – largely in the north and west – do however face particularly acute demographic challenges, with the projected populations of these areas expected to fall significantly as a their relatively low numbers of children and young people lead to fewer working age people in future (Copus and Hopkins, 2018).

**Figure 4.8: % of Population aged 65 and over (2016) by Settlement**
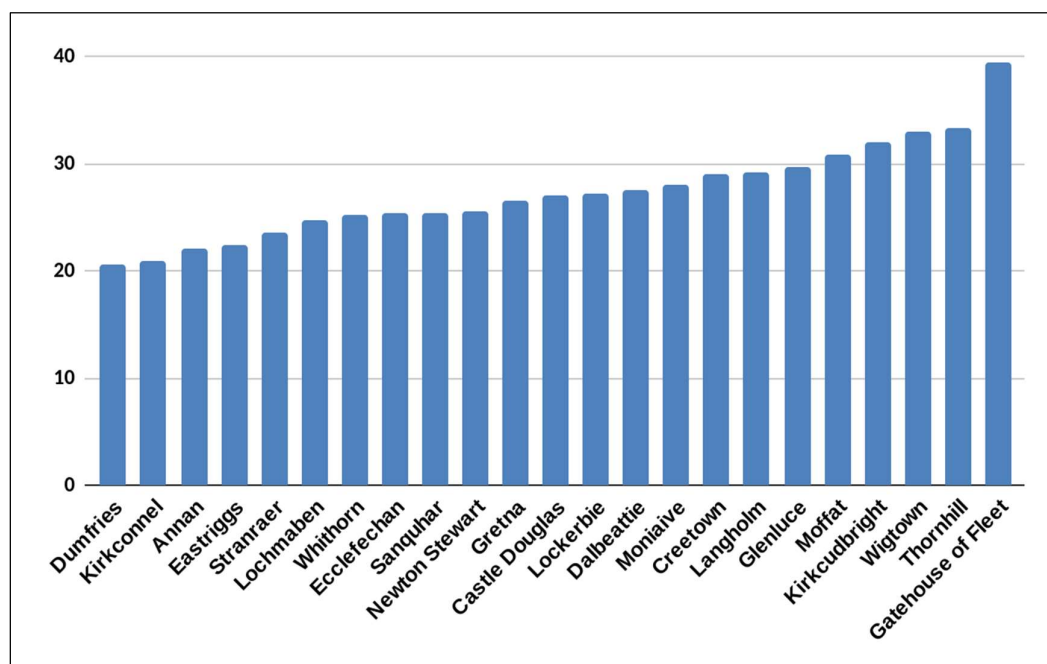


Data from National Records of Scotland (2018)

## 4.6 Conclusions: The Evolutionary Background to Development in a Peripheral Region

In attempting to summarise the regional development context, there are a number of caveats to bear in mind. In order to meaningfully talk about the 'regional economy', there is a need to understand what is meant by both 'the region' and 'the economy'. Here the region is defined as the administrative area of Dumfries and Galloway, while acknowledging that the extent to which this describes either a functional or self-contained unit may be limited. Likewise, one of the foundations of this research is that the economy is not something that can or should be separated off from the rest of society. The description here rests largely on a set of official statistics that measure and describe aspects of economic activity in particular ways. As Painter (2005, p19) puts it, therefore, "economic regions and regional economies are not pre-existing natural entities but are brought into being through the practices of government". These practices to some extent set the boundaries for what type of analysis can be conducted here. As the nature of the region and its economy is also by its nature too complex to fully capture, any account will

necessarily be selective, while the extent to which a 'regional economy' really exists in a coherent sense is limited.

This can be linked back to the discussion in Chapters 2 and 3 around how regions should be conceptualised, with 'the region' as an object of analysis not necessarily straightforward to pin down. While accepting Dumfries and Galloway as a 'territorial' space, which has meaning for actors at various scales as a geography for administration, policy, strategic planning and electoral politics, the analysis presented in the following chapters nevertheless also seeks to understand the region – and the various places within it – in relational terms. Two elements are relevant here.

Firstly, this perspective suggests that places can only be understood through their relations with other places. One aspect of these relations is that of control and ownership of economic assets, which here, to a large extent, ultimately lies with actors based outside the region. Other linkages and relationships across space are also important - sectors in which D&G has specialisms (including forestry, agriculture and food manufacture) are producing goods for external and in some cases international markets. In institutional terms, the region is relatively well established as an administrative area, albeit only since the 1970s. As will be demonstrated in Chapter 6, the characteristics of the region as a bounded space shape the conditions for those seeking to influence its development trajectory. Likewise, the institutional structures for regional development – which as Chapters 5 and 6 will show, have been hollowed out over time – influence how agency can be exercised at this scale and by whom. For example, the local authority, as one of the primary potential sources of regional strategic leadership, is in an asymmetrical power relationship with the Scottish Government. It also has relationships with other local authorities that are potentially competitive – as they each seek to harness resources from the centre – but with the potential for co-operation to enhance their relational position (see Chapter 7). The relations between local, regional and extra-regional actors will be a major theme of the remainder of this thesis.

Secondly, it highlights the necessity of not taking for granted the coherence of a 'region' just because it happens to be territorially bounded. In the case of Dumfries and Galloway, the region covers a large geographical area, with widely dispersed and mostly relatively small settlements with varying characteristics – and several distinct labour market areas, suggesting a limited degree of economic integration. It also has relatively few large firms, and little in the way of evident sectoral 'clustering', suggesting that those processes and interactions that are assumed to be dependent – at least to some extent – on physical proximity between firms and supporting institutions may be weaker. This could include, as will be discussed in more detail in subsequent chapters, the development of shared agendas or 'visions' for economic development based on a sense of collective interest. This suggests that the particular characteristics of the region as geography for policy and governance could act as barriers to collective action (Paasi, 2009b; Quinn, 2015). As Chapter 6 will make clear, several research participants drew on perceptions of Dumfries and Galloway's weaknesses both as a coherent economic area and in terms of regional identity as at least a partial explanation for the lack of effective strategic action to influence economic development.

Putting these issues to one side, there are some key points that can be made about the evolution of economic activity in D&G, within the constraints of available data sources.

Most relevant to the discussion in the following chapter are as follows. Firstly, like many similar rural and peripheral regions, it is characterised by relatively high (although shrinking) employment in agriculture, the growing importance of tourism, and few large firms. Secondly, there is nevertheless a long history of sometimes quite substantial industrial and manufacturing activity, including food processing linked to agriculture and fishing, rubber, chemicals and electricity generation; several of these sectors have been in long-term decline as the region has struggled to hold down manufacturing activity in a globalised economy where firms are externally owned and controlled. In this sense it can be thought of as post-industrial. Thirdly, while there has been some shift toward a development path based on growing sectors such as

tourism and renewable energy, these have not generated employment growth that has either quantitatively or qualitatively compensated for job losses in other parts of the private sector. The result of all this is a region that appears to exhibit signs of a low skills trajectory, with low levels of average pay, a disproportionate dependence on public sector employment, and a population that is becoming increasingly (and in some places is already extremely) skewed towards those of retirement age. It is important to note that these broad issues are common to many peripheral regions (Lowe and Ward, 2007; Davies and Michie, 2011). In evolutionary terms, as Danson et al. (2019) argue, these structural changes have resulted in a situation where endogenous development is more difficult to sustain, and there are relatively few people with the skills and experience to generate new, potentially path-breaking, activity (high levels of self-employment notwithstanding).

There is a tendency in much research and policy on rural regions to concentrate on those activities that are based on natural resources and environment - most notably agriculture, tourism, and more recently, renewable energy. However, it must be noted that despite the levels of relative specialisation in these sectors, in absolute terms, others remain more important in terms of their contributions to regional output and employment in Dumfries and Galloway. These include the types of activity that have come to be regarded as 'foundational' (Foundational Economy Collective, 2018; Morgan et al., 2017) – not just public sector services (including health and education), but also activity such as social care (to a large extent undertaken by private and third sector providers, although with state funding), utilities and private sector retail. As a counterpoint to claims of D&G's 'difference' that, as will be demonstrated, have been promoted by some regional actors, this is a feature shared with many other places in Scotland (and indeed the UK).

Likewise, at least a part of the story of the region's economic development trajectory has been associated with the changes in its manufacturing base. In this the region has experienced similar processes of deindustrialisation that have affected more urban areas, although with perhaps qualitatively different consequences. It is striking how many elements of the region's recent

industrial activity - timber, chemicals, rubber, nuclear power - have their origins in the immediate post-war period. Many of these were established with active state involvement and so represent the legacies of a more pro-active and directive approach to industrial development on the part of the UK state and its agencies. More recently this has been eroded, with the examples described in this chapter illustrating a pattern of closures and relocations of production to lower-cost locations, and the control of economic resources increasingly lying outwith the region.

This highlights the extent to which D&G is exposed to broader structural forces in the globalised economy, but also reflects more long-standing concerns about Scotland becoming an externally owned and controlled economy (Firn, 1975). As touched on in Chapter 2, the ownership of regional firms and assets has potential implications for the process of regional development. Tödtling and Trippl (2005) and Isaksen (2015) suggest, for example, that in 'branch plant' economies where ultimate ownership lies elsewhere, regions are institutionally and organisationally 'thin', with development dependent on imported innovation and technologies. This contrasts with circumstances where strategic decision-making lies within a region and there are strong links to other knowledge institutions, leading to more indigenous innovation and perhaps greater potential for regional diversification (Jones and Munday, 2020).

The geography and spatial patterns of economic activity are also important as part of the particular context for 'doing' regional development. Most obviously, the quote from the managing director of Hunter (page 93) illustrates the challenge for this type of peripheral region in a developed economy within national and international spatial divisions of labour - unable to compete with lower-cost production locations, but also losing out to cities as an attractive site for headquarter functions. One further aspect is the size of the region - while Dumfries is the largest town and administrative centre, the majority of the population, and businesses, are spread across a number of small towns and their rural hinterlands. One consequence of this is that where there are large employers, places can be highly vulnerable to decisions made by single firms - as in the case of Youngs departure from Annan. The

tendency for these large employers to be externally owned might also limit their interest or ability to contribute to common strategic efforts to shape the region's longer-term development. There are also undoubtedly issues of distance and connectivity, with the geographical dispersal rather than agglomeration of firms posing challenges for networking and the development of a sense of common regional interests.

As Chapter 6 will demonstrate, many of these characteristics have been recognised by regional actors and in the succession of strategic documents concerned with economic development in the region. They may also themselves form part of an explanation for the limited progress made by attempts to influence the region's development trajectory. In terms of the conceptual model sketched out in Chapter 2, the economic history and evolution of the region can be a source (or help to explain the absence) of certain indigenous assets that may be mobilised (or not) in support of collective strategic action. The following chapter moves on to address the institutional and governance context within which these aims have been pursued, and the national approaches to economic development that have constituted part of the environment for regional actors, influencing their potential access to extra-regional resources for path-shaping interventions.

## Chapter 5: The Governance and Policy Environment for the Pursuit of Regional Development

### 5.1 Introduction

Having established the characteristics and evolutionary background of Dumfries and Galloway, this chapter moves on to set out the broad context for attempts to exercise agency in shaping regional development. This consists of two elements: the multi-scalar environment framing economic development interventions in the region, and changing approaches at the national level.

Firstly, the institutional and governance frameworks for 'doing' economic development in Dumfries and Galloway are established. As set out in Chapter 2, the qualitative characteristics of the local institutional context - including the multi-scalar organisation of the state, the extent and nature of decentralisation or autonomy over power and resources, and how different actors relate to each other through frameworks of governance and meta-governance - shape how economic development is pursued and by whom (Pike et al., 2015). Understanding the particular environment within which economic development takes place is therefore necessary to understand the range of different actors involved, the relationships between them and how they attempt to exercise agency to promote their aims. The first part of this chapter examines the array of key actors in regional economic development, and how these (and the way that they relate to each other) have changed over recent decades. The fundamental context here is that of Scottish devolution, with the devolved government having responsibility for economic development - although there have also been shifts in the roles and relationships between sub-national actors over this period. This is followed by a brief reflection on how this framework might have shaped the potential for effective agency – a theme developed more fully in Chapter 6.

Secondly, there is an exploration of Scottish priorities for economic development in the post-devolution era. This is important, because, as will be demonstrated, despite the constraints that it faces as a devolved administration, the Scottish Government has been a dominant actor - in terms

of allocating funding and setting priorities that others are expected to follow - in shaping the environment within which economic development has been pursued at the local and regional scale. The priorities, framing and narratives around economic development at a national (Scottish) level have been an important part of the context for regional actors. It is therefore relevant to reflect on these here, based largely on an analysis of national economic strategy documents. For the purposes of clarity, these are tracked here over three broad phases - the first two terms of the Scottish Parliament; from the first SNP administration up to the independence referendum; and the period since. However, there are also strong continuities in priorities and approaches across, with a tendency for devolved government to treat economic development as primarily a national, rather than local or regional concern. Dominant approaches to economic development at the Scottish level have also implicitly favoured particular types of activity and places; this has tended to reinforce the peripherality of regions such as Dumfries and Galloway.

Taken together with the previous chapter, which set out the background to the region's economic evolution, what follows will build up a picture of the environment and structures that have shaped opportunities for the exercise of purposive agency to influence regional development, and which have themselves been subject to directive change and contestation over the period. In doing so, it will lay the groundwork for the next two chapters.

## 5.2 Multi-scalar Governance beyond the Region: United Kingdom, Scotland, European Union

Although a great deal of the analysis and discussion here will address the relationship between regional actors and priorities at the levels of Dumfries and Galloway and Scotland, it is important that the potential for and constraints on agency in regional development are seen within the broader context of the United Kingdom as a nation-state (or perhaps 'state-nation'; Nairn, 1982). The UK as a whole is characterised by one of the most centralised governance systems among developed economies, with a tradition of 'power-hoarding majoritarianism' (Ayres *et al.*, 2018) and long-term trends towards increasing central dominance (Diamond and Carr-West, 2015). While

it also has an evolving system of uneven and asymmetric devolution - with Scottish devolution in particular marking a departure from the traditional model of a unitary state - the central UK Government therefore continues to be a significant actor in economic development, even in Scotland, through a number of mechanisms. The evolution of D&G's economy, and the capacities of local and regional actors to influence this, has therefore been shaped by the actions of the UK Government in a variety of ways.

Most obviously, decisions taken at a UK level can directly impact on regional disparities through the spatial impact of national macroeconomic policies, taxation and spending, and national welfare programmes (Martin, 2015), even when these are apparently 'space neutral' (Cumbers *et al.*, 2003; also Barca et al., 2012). In the decade since the global financial crisis, the UK has exhibited one variant of what has been seen as an international shift towards a consolidation or austerity state (Streeck, 2016), with cuts in public spending disproportionately affecting the most disadvantaged areas, through for example reforms to the welfare system (Hastings *et al*. 2015).

In addition, the UK Government continues to set the national institutional context for regional development (Cumbers, 2000), through its control of the regulatory environment and industrial policy. This can be significant in shaping the development trajectories of particular sectors - for example MacKinnon et al. (2019b) identify how the nature of path creation and strategic coupling in the offshore wind sector varies between countries, with the UK's approach to regulation and limited strategic co-ordination contributing to 'shallow' development, dependent on FDI, relative to Germany and Norway. In the 'varieties of capitalism' literature (Hall and Soskice, 2001), the UK is seen as a 'liberal market economy', characterised by the predominance of market relations, deregulation, weak employment protection and high levels of stock market capitalisation. There is also some evidence that this is associated with short term pressures that tend to inhibit longer-term innovative investment in manufacturing, (Hughes, 2014). These are characteristics of the national political economy, many of which rest on the approaches and frameworks put in place by central (that is UK-level, rather than subnational) government.

The UK's long standing, and by some measures worsening, internal regional disparities should be seen in this context and are most dramatically evident in England's North-South divide (Dorling, 2010). While these spatial inequalities have a long history (Martin, 2015), they have been exacerbated since the 1980s with the adoption of a national economic model that has implicitly - or, as Lee (2018) argues, sometimes explicitly - privileged the growth of financial and other tradeable services concentrated in London and South-East England, to the disadvantage of manufacturing exports. After 1980 there was also a shift away from interventionist 'top down' regional policy that sought to direct development towards particular lagging regions, mirroring global trends (OECD, 2009; Pike et al. 2017). Likewise through a preference for 'horizontal' policies that seek to create a generally business-friendly environment rather than 'vertical' interventions explicitly targeted at improving performance in specific sectors, it has been argued that successive UK governments have effectively embraced a post-industrial mode of development through an acceptance of manufacturing decline, more recent rhetoric about economic rebalancing notwithstanding (Berry, 2017; 2018). In this perspective, the interests of the former manufacturing regions have been marginal in national economic policymaking.

Related to these points, the macro-economic and regulatory environment for economic development - and the place of UK regions within international divisions of labour - are also influenced by international agreements and flows of people, goods and capital to and from other countries. As the recognised national government in an international system that, despite pressures from globalisation and the growth of supra-national institutions, is still constructed around the primacy of the nation state (Reddy, 2012) - the UK Government has the authority to negotiate international relationships that can facilitate or restrict the mobility of these factors, with potentially major implications for development in different places. Most obviously, from 1973 to 2019, the UK was a member of the European Union (previously the European Economic Community). That the negotiations on the future relationship with the EU, following the UK's decision to leave, were conducted solely by the UK Government with little input from or consultation with the devolved

administrations (McEwen, 2021) is a demonstration of its dominant role in this regard.

The role of the EU in economic development has however been more complex than this. While a supra-national body, the EU has not had a neatly hierarchical relationship with national, regional and local levels, but has provided resources through a variety of mechanisms that have been accessed and shaped by a range of actors within multi-level systems of governance to support sectors and interventions. Most significantly for rural areas, the Common Agricultural Policy (CAP) has provided direct financial support for farming, within a framework set at the EU level but with some flexibility for implementation, which has been the responsibility of the Scottish Government. Likewise Pillar 2 of the CAP includes resources for rural development, which was administered by the Scottish Government as the Scottish Rural Development Programme. This supported a number of grant schemes including local LEADER programmes based on 'bottom up' local development strategies. A succession of LEADER programmes have operated in D&G since the 1990s, these have to some degree operated as a distinct parallel approach to supporting economic development (see Chapter 6).

Membership of the EU has also directly shaped regional policy in Scotland. The main discretionary scheme of business grants, Regional Selective Assistance (RSA), has been limited to specific designated Assisted Areas in order to comply with EU State Aid regulations. These areas are subject to approval by the EU Commission and have been reduced in extent over time with the accession of less prosperous countries to the EU. The eastern part of D&G was an Assisted Area for RSA purposes (see Appendix 5). The EU has also been a direct source of resources for economic development through its Structural Fund programmes. While organised around broad EU-wide and specific criteria agreed with the Scottish Government (who have acted as the Managing Authority for these Funds), these were delivered within Scotland by a variety of lead partners including the enterprise agencies and local authorities. The multi-level governance of EU initiatives, and the potential empowerment of sub-national actors that this offered, became associated in the 1990s with a diffuse vision of a 'Europe of the Regions', although over

time it became clear that nation states remained dominant and could assert their role as gatekeepers even in matters of regional policy (Elias, 2008). The administration of EU funding for D&G has both stimulated partnerships with other regional actors within Scotland and attempts to gain influence through wider networks (see Chapters 6 and 7). Overall, the EU has been a significant source of funds for economic development in Scotland, albeit tending to decline as resources have been targeted at new member states (Campbell and McSorley, 2008).

National governments also have a role in shaping the governance of their territorial spaces (Paasi, 2009b) and determining the resources and capacities of sub-national governments (Harrison, 2008). The UK Government is therefore the key actor in determining the balance between reserved and devolved powers. Most recently, the UK Government has re-engaged in direct intervention in local economic development through the extension of its programme of 'deals', mostly focused on funding infrastructure projects, to Scotland (Chapter 7). Although influenced by cross-party and civic campaigns in Scotland, endorsed by a referendum in 1997, and subject to subsequent changes, the architecture of the current Scottish devolution settlement is nevertheless also a creation of the UK Government.

Scotland has existed as a distinct political and institutional space within the United Kingdom since its creation in 1707, some elements of which were guaranteed in the Act of Union and which was reinforced through successive steps towards more administrative autonomy through the late 19th and 20th centuries (Devine, 2017). The four 'nations' of the United Kingdom have however been developing increasingly distinct systems of governance since the moves towards political devolution in the late 1990s. These have a dual character; operating as "countries or partially autonomous regions" on cultural and political grounds, on "purely economic grounds they each operate as open regions within the unitary national state" (McCann, 2016, p9). While the creation of the devolved Scottish Parliament and Executive (now Government) was in many ways a significant departure from the traditional unitary UK, it has also been argued that this was far from a 'year zero' event as the devolved powers were essentially those previously exercised by the

Scottish Office within the UK Government (McGarvey, 2012) and until 2007 it largely retained the pre-devolution departmental structure (Elvidge, 2018).

The Scottish Government has had little influence on overall fiscal policy, with the majority of taxes set and collected at the UK level and only limited devolved access to borrowing. Devolved powers over some areas have been extended since 2015 – for some elements of income tax in Scotland (excluding on savings and dividends) are now devolved, and there has been divergence from the rest of the UK here with different band thresholds and top rates one percentage point higher (National Audit Office, 2021). Overall, however, the Scottish Government still has control over only around 40% of its revenue, and other substantial taxes such as Corporation Tax are entirely set and collected at the UK level (McLaren, 2018). As policymakers in Scotland also lack any control over monetary policy, there is therefore very limited scope to influence the macroeconomic environment (Boyle, 2018). Scottish policy also operates within a broader context of asymmetrical fiscal devolution where "the implications of UK policy on devolution are neither understood nor cared about" (Heald, 2020, p539). Likewise, the potential for Scotland to deviate from the UK's overall economic model is limited by the reserved control of other significant policy areas – for example in employment policy, where the UK has weaker institutions of collective pay bargaining, levels of legal protection, and trade union influence than many other European countries (Bell, 2018).

'Economic development' is however one of the areas of devolved power, and despite the constraints on devolved government in this area 'the economy' has been a key area of focus for successive Scottish administrations, with a series of strategic statements of increasing ambition and detail but all essentially aiming at increasing the rate of economic growth by increasing productivity, in particular through investment and innovation (Boyle, 2018). Within these parameters there has been some evolution in the national strategic approach, as be explored later in this chapter.

One of the functions of these strategies has been to set direction for the country's (operationally independent) enterprise agencies. Within Scotland

there have co-existed two slightly different models of economic development agency. Scottish Enterprise (SE) - covering 'lowland' Scotland including Dumfries and Galloway - and Highlands and Islands Enterprise (HIE). Both organisations were established by the Enterprise and New Towns (Scotland) Act 1990, enacted by the then Conservative UK Government, although their predecessors[12] had been in existence since the 1970s and 1960s respectively (therefore long preceding the devolution settlement). The Act gave both agencies the general functions of furthering the development of Scotland's economy, safeguarding employment, enhancing skills, promoting industrial efficiency and international competitiveness, and improving the environment, with the crucial distinction that HIE has a remit that also integrates economic and community development, a specific priority to support communities and fragile areas, and a more decentralised structure of regional offices (Economy, Energy and Tourism Committee, 2011; Scottish Government, 2017a). A further crucial difference is the level of resource available to each organisation, with per capita spending by HIE around double the level of SE[13]. Again, however, there has been evolution in these arrangements over this period.

With the advent of devolution in 1999, both agencies came under the direction of the newly established Scottish Executive. At this stage both operated as networks of Local Enterprise Companies (LECs) that had a degree of autonomy and local capacity, although this was still subject to central direction and oversight (McQuaid, 1997). These (at least in the SE area) operated at a quasi-regional level - some aligned with the regional council areas that existed at the time. Dumfries and Galloway had its own LEC. While LECs never operated as 'companies' in the quasi-private sector sense intended by the Conservative government, they did recruit boards of networked local business leaders whose local expertise was intended to stimulate more effective support for economic development at the scale; the potential of this system to offer genuine place-based leadership was however constrained by both the narrow

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[12] Respectively the Scottish Development Agency and the Highlands and Islands Development Board
[13] Author's calculations, based on SE/HIE Business Plans for 2019/20

range of interests represented in LECs and the control over their activities sought by the pre-devolution Scottish Office (MacLeod, 1999).

In 2001 the Executive established Local Economic Forums, serving areas co-terminus with the LECs, in response to a parliamentary inquiry (Enterprise and Lifelong Learning Committee, 2000). These were intended to be mechanisms for regional partners to agree shared visions and were given a particular remit to improve the delivery of economic development services by improving co-ordination and reducing overlap and duplication. Significantly, they were intended to give direct representation to the private sector at the local level, on the grounds that "The business community are the main users of economic development services … Their voice should be both heard and acted upon" (Scottish Executive, 2000a, p12)[14]. A review of LEFs shortly after their inception found that 79 of 256 LEF members across Scotland represented businesses and representative bodies, compared with only 11 from trade unions or the voluntary sector (Audit Scotland 2002). These new mechanisms of regional meta-governance therefore explicitly sought to prioritise the interests of the private sector in steering public sector activity:

> *"I think the Local Economic Forum model had a lot of benefits for us down here… It was to try and have a much more coordinated approach to economic development in the region. It was a strategic group and it was part of the evolution of Community Planning and so looked, first of all in terms of how to engage individuals and communities in decision making … the one thing that the LEF was, was very well supported, It was supported through the LECs at the time and the councils. You know there was people supporting that, officers. And it was mainly non-exec, so it was chaired by the private sector." (H)*

The most significant set of reforms to the enterprise agencies was enacted by the first SNP government in 2007. This led to:
- The abolition of LECs with most of their functions transferred upwards to centralised SE and HIE organisations.

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[14] This demonstrates the extent to which LECs were seen as having drifted from their intended strongly private-sector-led orientation.

- The remit for local economic development and small business support becoming the responsibility of local authorities.
- The transfer of training and skills functions to a national skills agency (Skills Development Scotland). (Audit Scotland, 2016)

In his statement to Parliament setting out the reforms, the Cabinet Secretary for Finance and Sustainable Growth justified the changes as eliminating "duplication and unnecessary bureaucracy" from having 21 separate LECs, and focusing the agencies on "what they are good at" - that is, "their core purpose of assisting economic development in Scotland" (Scottish Parliament, 2007; col. 2071-2072)[15].

Swinney also indicated an expectation for "more Scottish Enterprise staff to be working in various localities rather than in the centre" (Scottish Parliament, 2007; col. 2083), and a new structure of five regions within SE, one of which was the South of Scotland, covering Dumfries and Galloway and the Scottish Borders, see Chapter 7).  These new operating regions appear to have been taken seriously at first, with the establishment of Regional Advisory Boards (again dominated by private sector), economic assessments and reports produced (for example Experian, 2008 and SLIMS/Oxford Economics, 2009 for the South of Scotland) and some projects at this scale supported (including an intervention to promote innovation across the South of Scotland; Ekos, 2010).  However, this regional approach does not seem to have been sustained, as the agency became more focused on national outcomes and adjusted to reduced overall funding (Interview B).  The dismantling (Evenhuis, 2017; Pike et al., 2018) of the LEC system therefore represented a loss of formal institutions for economic development at the 'regional' scale, at least in the SE area (while LECs were also abolished in the Highlands and Islands, HIE did retain a genuinely more decentralised structure).

These changes can therefore be seen as a hollowing out (Jessop, 1997; Shaw and MacKinnon, 2011) of this intermediate regional scale between local authorities and the quasi-national role of SE.  The reforms also reduced the

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[15] The language of streamlining and removing duplication is strikingly similar to that used in the abolition of Regional Councils in the 1990s (see 5.3).

role of national bodies in economic development at a local level, as the enterprise agencies became more focused on delivering the Scottish Government's national priorities, and reduced the overall level of funding to support economic development activity (Economy, Energy and Tourism Committee, 2011). However, the impacts of this were felt differently across local authority areas, with the initial loss of skills and expertise less significant where councils had strong economic development services, and the national agencies retaining a key role where economic development projects related closely to national priorities (Audit Scotland, 2011).

There have also been a succession of changes in the relationship between the national (or quasi-national) and regional levels of governance within Scotland. These will be elaborated below in an examination of the particular governance arrangements in Dumfries and Galloway.

## 5.3 Dumfries and Galloway

Dumfries and Galloway (D&G) in administrative terms is one of Scotland's 32 unitary Local Authorities (LAs), which since 1996 have been the lowest formal tier of government. The creation of this system has been described (Docherty and Begg, 2003) as a retreat from the 'pioneering' city-regional orientated governance arrangements that had previously existed - in contrast with the prevailing European trend towards more integrated arrangements at the city-region level. The contemporary justification for this was that the regions were too large and remote, and the two-tier system led to confusion and duplication. More critical accounts have pointed to the (Conservative) UK Government's politically motivated desire to break up the large (Labour-controlled) urban regional councils, and to create a fragmented system compatible with a more 'competitive' model of local government, informed by public choice theory (Midwinter, 1995; Boyne, 1997; Turok and Hopkins, 1998; Docherty and Begg, 2003). The approach to local government reorganisation was however geographically variegated. While the large upper tier authorities covering the city-regions were broken up, the Highland, Fife, Scottish Borders and Dumfries and Galloway 'regions' became the 'local'

unitary authorities, with the lower district tier abolished (Docherty and Begg, 2003).

Since their creation, LAs have had a statutory power to undertake economic development activities (Fairley, 1996), although this represents one of their 'permissive' rather than mandatory functions (Enterprise and Lifelong Learning Committee, 2000; Mitchell, 2017). However, the environment within which LAs operate, their roles and responsibilities have been evolving over the post-devolution period. Three broad developments are particularly worth noting with regard to their role in economic development.

Firstly, there have been a series of changes in their relationships to higher levels of government. With the advent of devolution in 1999, power over local government was transferred from the UK Government to the Scottish Executive (now Government). Over the first two terms of devolved government, the pre-1999 trend of increasing centralisation was perpetuated through the creation of ring-fenced budgets and targets that were seen as the best route to delivering desired national policy outcomes (McGarvey, 2012). The election of the first SNP administration in 2007 saw a move towards a relationship, at least initially, based on 'mutual respect and partnership' (Scottish Government/COSLA, 2007), with an agreement to substantially reduce both the extent of ringfencing in centrally allocated funding and the monitoring and regulatory requirements that LAs were subject to. In return, however, LAs committed to freeze council tax rates and to contribute to the delivery of Scottish Government policies. In addition, LAs were required to commit to Single Outcome Agreements (SOAs) which, while informed by local priorities and needs, aligned with and demonstrated a contribution to national outcomes and indicators (Scott, 2012). These were produced under the aegis of Community Planning Partnerships (CPPs), the statutory basis on which LAs and other public agencies – including SE – work together at the local authority level. Some CPPs (including Dumfries and Galloway) have also produced regional economic development strategies, although this is not a statutory duty.

There is a perception that the autonomy promised in the 2007 concordat has been eroded over time by increasing requirements to deliver centrally set priorities (Gibb et al., 2018) – with concurrent cuts in funding from the Scottish Government (see below), this has been seen as placing local government 'in a straightjacket' (Clelland, 2021).  More recently, the CPP system has been reinforced by the Community Empowerment Act (2015), which, among other measures, replaced SOAs with Local Outcome Improvement Plans (LOIPs), although these must still be agreed by the Scottish Government and demonstrate contribution to its National Outcomes and National Performance Framework (including a number of outcomes relevant to economic development).  The Act also place additional requirements on CPPs to address inequalities and to engage with 'communities'.

CPPs can therefore considered to be a developing system of meta-governance (Jessop, 2001) by which the Scottish Government attempts to steer the variety of agencies involved in public service delivery in Scotland, with SOAs and LOIPs as mechanisms for managing and monitoring this.  As such this system reflects two characteristics of what has emerged as the 'Scottish model' of government - a focus on outcomes as the basis for governmental accountability, and attempt to align strategic objectives across different parts of the public sector (Elvidge, 2018).  The CPP system and the array of other partnerships and collaborations through which local governance takes place has also been portrayed as moving Scotland closer to a corporatist, 'social contract' approach (Danson and Lloyd, 2012).  They also, however, represent an attempt to balance what Cairney (2020) sees as two contradictory impulses in this Scottish model – to allow flexibility in local implementation without micromanagement from the centre (analogous to the growing appreciation of place-based approaches in economic development); but to simultaneously retain a degree of central control and monitor progress towards national targets.  As a result, Audit Scotland (2016) have noted a degree of variation around the relative weight given to addressing specific local and nationally set priorities within the community planning process. Despite the notion of 'partnership', therefore, CPPs are also the arena for the exercise of power through the hierarchical or quasi-hierarchical relationships

(Jessop, 2001; Whitehead, 2003) between central (Scottish) government and the other partners.

Secondly, the concurrent reforms to the enterprise agencies had impacts on the local authority's role in economic development. From its inception, the current system of local government coexisted with the network of Local Enterprise Companies described in 5.2. Their abolition in 2007 saw most of their functions transferred upwards to a more centralised SE and HIE, but remits for 'local economic development' (sometimes referred to as local 'regeneration') and small business support downward to LAs (Audit Scotland, 2016). The latter was delivered through local Business Gateway services that were initially outsourced to private contractors (in D&G these were eventually brought in-house by the LA in 2015). There was however less clarity about the boundaries of the former, and no staff and only very little budget (£12 million nationally) were transferred to LAs to support this new responsibility (Economy Energy and Tourism Committee, 2011).

> *"There was a policy directive from government which moved Business Gateway from SE to the local authorities. And at the same time local regeneration was removed from SE to the councils. … There wasn't a totally clear definition but basically it was, you know Stranraer fell into that, Chapelcross fell into that." (G)*

> *"Economic [development] was given to LAs with no resources … when they split up SE and said 'local authorities look after it' there was no money and no significant strategic investment." (I)*

This can be seen as an abdication of responsibility on the part of the Scottish Government and the now national SE for any place-based project that they did not consider to be of national significance. At the same time, however, it is clear that these changes did lead, at least initially, to LAs seeking a greater role in local economic development. The authorship of regional economic strategies shifted from the LEC to Dumfries and Galloway Council (although nominally 'owned' by the wider CPP, see Chapter 6). Within the Council an increased level of resource and activity was initially dedicated to this function:

*"The mandate moved from SE to the local authorities.  And there was a big investment in staff, the economic development team absolutely mushroomed in the local authority." (H)*

Thirdly, all this, of course, must be seen within the context of the UK Government's pursuit of fiscal austerity since 2010.  Mediated somewhat by the devolution settlement, the impact on Scottish LA funding has been less severe than that on their English counterparts (Hastings *et al*., 2015).  However, revenue funding from the Scottish Government (which constitutes over 60% of LAs income) has been cut by 7.6% in real terms since 2010, while at the same time, the costs of delivering policies set at a Scottish level have doubled as a proportion of total expenditure (Accounts Commission, 2017; 2019).  LAs have adopted a range of responses to these financial pressures, including retrenchment (Hastings *et al*., 2015).  As a non-statutory function, economic development activity is particularly vulnerable in this regard - revenue expenditure and staffing in economic development across all councils fell by 6.8% from 2015/16 to 16/17 (Improvement Service, 2018).  The local impacts of public spending cuts have tended to be seen through the lens of 'austerity urbanism' (Peck, 2012) that emphasises cities as key sites for the processes of fiscal retrenchment, based on their disproportionate levels of public sector expenditure and employment and concentrations of deprived populations reliant on state support and welfare programmes.  However, as illustrated in the previous chapter, these characteristics can just as easily be applied to places like D&G; in Scotland, there are indications that austerity - at least through the mechanism of LA budgets - has led to the greatest per capita reductions in spending in some rural authorities (Hastings *et al*., 2015).  These increasingly limited the scope of local authority activity over this period, including analytical and policy development capacity at this level (Eckersley and Tobin, 2019):

*"They've had restricted, reducing budgets so they've had to cut where they can, one of the few areas that they have discretion over is economic development." (B)*

*"What's happening now is with the budget pressures that the local authority's under, economic development is a non-statutory service, then that's all being shrunk back down." (H)*

In common with the rest of the UK, governance within Scotland remains relatively centralised, with local authorities having a limited set of powers, and reliant on the Scottish Government for most of their funding (Accounts Commission, 2019).   This can be contrasted with many other European countries where local authorities have both higher levels of financial autonomy and a broader range of responsibilities, often defined in the constitution with at least some degree of protection from intervention by central government (House of Commons Communities and Local Government Committee, 2009; Council of European Municipalities and Regions, 2012).  The developments in Scotland over the period in question have reflected and in fact reinforced this deviation from international norms.  Taken together, the reduction in local authority revenue funding, a return to the extensive use of specific, ring-fenced funds, and the developing apparatus of meta-governance has shifted local government in Scotland further from a genuine model of partnership (where local authorities are more autonomous actors with significant resources and discretion over their use) toward an 'agency' relationship with central government, where their role is increasingly to implement national policies (Bailey and Elliot, 2009).

Among the wider range of debates emerging from the independence referendum campaign, there were some attempts to open discussions on the shape of sub-national governance within Scotland (see for example Reform Scotland, 2012; Bort et al., 2012).  These included the contention, framed in comparison with local government in other European countries, that LAs in Scotland are too large to be 'locally' democratically accountable (Bort et al., 2012).  At the same time, and somewhat more successfully, the three island authorities launched a co-ordinated campaign for greater autonomy (Comhairle nan Eilean Siar et al., 2014) in recognition of their distinctive circumstances.  The political impacts of these debates can be seen as a factor in how the sub-national governance of economic development has subsequently evolved (see Chapter 7).

## 5.4 Governance Frameworks for Sub-national Economic Development – Implications for Regional Agency

As the preceding discussion has demonstrated, the institutional landscape for economic development in D&G has undergone several episodes of change since the 1990s. Some of the processes and actors influencing these changes, and their implications for how and by whom agency has been exercised, will be returned to in subsequent chapters. For now, it is sufficient to note that the potential for state and quasi-state actors at different scales to influence regional development through purposive agency can be heavily constrained (Coe and Jordhus-Lier, 2011), in a variety of ways, by the prevailing set of institutional, governance and constitutional arrangements.

The UK Government retains a significant degree of agency in sub-national development, playing a critical role in determining the overall regulatory and macro-economic environment, as well as the fiscal constraints within with the devolved Scottish Government has had to operate (albeit now with some greater latitude through income tax and borrowing). From the point of view of regional actors within Scotland, however, the Scottish Government has had a dominant role since 1999, through the explicit devolution of responsibility for economic development - including direction of the enterprise agencies - and for local government. Over this period the devolved administration has exercised a high degree of control over resources and an attendant ability to steer other actors towards meeting its national targets. Furthermore, the succession of top-down changes in organisational remits, budgets and (meta) governance arrangements imposed by the Scottish Government have had consequences for the capacities and resources available to regional actors to pursue their own priorities. Overall, the trend here has been towards hollowing out at the regional scale (Shaw and MacKinnon, 2011) through the abolition of LECs and diminishing local authority funding. In combination with the limited presence of 'native' capital in the form of substantial regionally-owned firms (Chapter 4) this has led to the growing necessity of harnessing extra-regional resources (largely from the Scottish scale) to support specific regional interventions. Notions of 'neo-endogenous' development, animated by the interaction of local actors with their wider environments (Ray, 2006) are clearly relevant here, as are mechanisms of strategic coupling (Coe et al.,

2004; Yeung, 2009; MacKinnon, 2012) with exogenous resources to facilitate path-altering change – although importantly in this case these include the resources of the multi-scalar state rather than necessarily of global production networks. At the same time, as the remainder of this chapter will demonstrate, over much of this period a national policy focus on aggregate outcomes, alongside a growing interest in cities, has led to an environment where such 'coupling' has been challenging for rural and peripheral parts of lowland Scotland.

## 5.5 The National Strategic Context for Economic Development in Scotland

### 5.5.1 1999-2007: Early Years of Devolution

Following the first elections to the Scottish Parliament, a coalition Executive was formed by Labour (the largest party) and the Liberal Democrats. The first articulation of devolved economic development policy in Scotland was the Framework for Economic Development in Scotland (FEDS) in 2000. This set out the vision that:

> "*economic development should raise the quality of life of the Scottish people through increasing economic opportunities for all, on a socially and environmentally sustainable basis*" (Scottish Executive, 2000b, p*viii*)

The ways in which it was envisioned that economic development could be harnessed to achieve these goals were entirely in line with the neoliberal, market-orientated discourses accepted and promoted by the New Labour project more broadly (Raco, 2002). While the commitment 'opportunities for all' was superficially reminiscent of the macroeconomic goals associated with the pre-Thatcher era, there was no place for the state in Keynesian demand management to achieve this. This was made even more explicit in A Smart Successful Scotland, setting out direction to the enterprise networks (SE, HIE and the LECs). "The future challenges" it says "are different from the past":

- "*not countering mass unemployment but achieving full employability;*
- *not to cling to old ways but to ensure all industries are using new technologies;*

- *not to target action simply on issues of physical capital when supporting the productivity of human capital might deliver more"* (Scottish Executive, 2001, p8)

This echoes the contemporary approach to at the UK level, which largely rejected the Keynesian approaches of past Labour governments, but also sought to differentiate itself from Thatcherism through a degree of state activism to support perceived key drivers of growth within a neo-classical framework (with a particular focus on innovation and skills investment; Kitson and Wilkinson, 2007). The inversion here of the traditional goal of 'full employment', as pursued until the 1970s (Martin, 1989), to that of 'full employability' neatly demonstrates the 'third way' approach, with an overwhelmingly supply side-based focus. While taking disparities in regional performance more seriously than the Conservative governments of 1979-97 – which had drastically reduced funding for regional policy overall (Taylor and Wren, 1997) – and placing a stronger emphasis on active labour market policies, the 'spatial Keynesianism' of the post-war period - which had sought to redistribute demand to lagging regions through grants and subsidies (Martin and Tyler, 1992) - was largely absent from the incoming Labour government's economic or regional policy (Hall, 2003). Goals were instead framed in terms of promoting competitiveness and growth in all regions (Fothergill, 2005).

Overall, the language of the Scottish strategic approach in the first years of devolved government was that of an administration at pains to minimise the potential for the state, and the Scottish Executive in particular, to shape the economy. It stressed that the Executive had only limited powers through the 1998 constitutional settlement, and talked optimistically of 'influencing' UK Government departments whose actions may impact on the Scottish economy (Scottish Executive, 2000b, p74). This extended to a narrow conception of the public sector's role in the economy, on the basis that "the private sector and economic markets are generally better able to make efficient decisions about the conduct of economic activity than the public sector" (p28). This all reflects the first Executive's proclaimed 'pro-business' stance, at least in part motivated by a perceived need to counter widespread scepticism among the Scottish business community towards the devolution project (Raco, 2003),

and attempting to enlist the private sector as a key partner in delivering wider social goals.

Furthermore, in the FEDS perspective, states more generally are seen as being relatively powerless in the face of globalisation. It urges an acceptance of the 'realities' of global markets and mobile, fragmented production, and is explicit in its rejection of any direct intervention to support traditional 'declining' sectors:

> "*there is no need - it is, indeed, counterproductive - to resist the forces of international competition through short term palliatives that will only slow the progress towards more successful activities*" (Scottish Executive, 2000b, p6).

Again, this is reflective of the acceptance and embrace of globalisation by the New Labour project at the UK level. As Held (2014, p494) puts it:

> *"The Blair-Brown governments simply took globalization as a given and argued that in a world of free financial and economic flows, the options of the nation-state had been radically reduced. So all that could be done was to adapt to global markets".*

The 'refreshed' 2004 FEDS - following the return of another Labour-Liberal Democrat coalition in the previous year's election - followed broadly the same approach as its predecessor, with the same overall vision and objectives. There were however some discernible shifts of emphasis. Whilst continuing to champion the 'dynamism' of the private sector, there was less strenuous downplaying of the public sector's role, instead seeing the two as complementary. This included an acknowledgment of the public sector as a significant part of the economy in its own right, and its role in exercising responsibility over what it calls the 'National Economic Infrastructure' - planning and housing, transport, school education, lifelong learning, electronic infrastructure, and the health system (Scottish Executive, 2004a, p14). It was stressed however that this had to avoid inhibiting the private

sector[16]. There was also a new emphasis on 'sustainability' (in terms of both the environment and demographic change). This evolving approach could reflect the Executive finding its feet and beginning to develop an agenda more independent of the UK Government; it could also be influenced by pressure from within the Parliament - the 2003 election results saw Labour lose six seats (although remain the largest party) and both the Scottish Socialist and Green Parties with an increased presence, while the SNP, although being ideologically similar to Labour and attempting to portray itself as a pro-business 'responsible' alternative, also maintained a strong commitment to the public sector (Lynch, 2009).

Overall, economic development was largely treated as a national (Scottish) concern, rather than a regional or local issue – although this existed in some tension with attempts to encourage 'holistic' approaches at LA level through Community Planning mechanisms (Bennet and Fairley, 2003). The Executive's engagement with regional questions was limited to the establishment of Local Economic Forums. An increasing willingness to consider issues of geography and uneven development did emerge from around 2002 onwards - by the second iteration of A Smart Successful Scotland, the enterprise networks were being directed to "explicitly consider the spatial aspects of economic development" (Scottish Executive, 2004b: p25). Most notably, it is during this period that the language of 'city regions' began to appear, stemming from the Review of Scotland's Cities (Scottish Executive (2002)[17]. LECs were also directed to work more collaboratively at a city-region level (Scottish Enterprise, 2005). This signalled a shift towards cities being seen not chiefly as problems for regeneration, but in what became the new conventional wisdom (Turok, 2007), as potential drivers of growth. This was, however, particularly related to the perceived importance of 'knowledge intensive' sectors concentrated in cities (Wright, 2005)[18].

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[16] Presumably through requiring higher tax revenues, or through 'crowding out' - although not made explicit in FEDS, this was an issue of some contemporary concern (Cumbers and Birch, 2006).

[17] This was a relatively low-key exercise (Turok, 2007), but did prompt the creation of a Cities Growth Fund; although only modestly resourced (MacLennan et al., 2018), this was a catalyst for city-regional coalitions – most notably in Glasgow (Arbuthnott, 2009).

[18] This focus attracted criticism at the time (Turok (2007, p158) as being likely to exacerbate existing patterns of uneven development and "skew the benefits to people and places" already in a position of strength.

As a peripheral region, Dumfries and Galloway sat outside these nascent city-region arrangements, and although some initial attention was directed to the potential trajectories of different types of places within this structure (Scottish Enterprise, 2008), this does not appear to have been sustained. Developments in rural policy were also fairly limited, beyond moves towards land reform and the establishment of two national parks (Cairngorm, and Loch Lomond and the Trossachs, both mostly in the Highlands). Despite a prominent commitment by the first Executive coalition, there was little progress towards a coherent rural policy (Jordan and Halpin, 2006). An initial policy paper (Scottish Executive, 2000c) did not produce any major changes; in economic development terms the Executive continued to emphasis the role of the enterprise networks, guided by the Smart Successful Scotland framework which included a section on rural development (Keating and Stephenson, 2006; Shucksmith and Atterton, 2018). There was some emerging high-level recognition that "Communities in some rural parts of the SEn [*Scottish Enterprise Network*] area face similar issues to those in the HIE area", such as remoteness and population decline, although the response was limited to merely suggesting that agencies "learn from experience in the Highlands and Islands" (Scottish Executive, 2004b, p27), without acknowledging the specific remit and additional resourcing enjoyed by HIE to address such issues. Overall, there was an insistence that rural issues were 'mainstreamed' within national policies (Atterton, 2018), although economic development and broader rural social concerns tended to operate in parallel, with a continuing focus on agriculture (Keating and Stevenson, 2006) rather than more holistic place-based approaches to the specific issues of non-urban parts of lowland Scotland.

### 5.5.2 2007-2014: The SNP in Power

The election of a Scottish National Party minority administration in 2007 led to significant changes in the Scottish governance and economic development landscape. Most obviously, the renaming of the Executive to the 'Scottish Government' and the creation of a 'single government' structure to replace the departmental structure inherited from the pre-devolution Scottish Office (Elvidge, 2018) signalled a change of approach. The rebranding as a Government, while clearly intended to present an impression of seriousness,

tangibility and a degree of parity with Westminster (Unger, 2013), is also notable in that it had previously been explored by the Labour First Minister Henry McLeish, but vetoed by his party colleagues in Westminster (Mackay, 2009). The change was therefore indicative of an administration independent of party ties to the UK Government and with more autonomy to adopt its own approaches (albeit within the constraints of a parliamentary minority).

As noted above, the new administration also carried out a major restructuring of the enterprise agencies, with LECs abolished in favour of unified organisations with a more limited remit. SEs capacity to undertake "strategic place based interventions" (MacLennan et al., 2018, p96) was also reduced through a focus on business support as opposed to spatial or regeneration approaches. This can be traced to the agency's origins in the Thatcher period, imbued with a 'cult of enterprise' (MacLeod, 1996) that saw encouraging and facilitating greater entrepreneurship (as well as innovation and inward investment) as a catalyst for growth. Danson and Lloyd (2012, p79) see this adoption of a "business model" as reflecting "the prevailing neoliberal economic agendas". SE's post-2007 concentration on high-growth firms, and reduced role in local economic development, are therefore a continuation of trends from the pre-devolution era (Brown and Mason, 2016).

These reforms also created Skills Development Scotland, taking responsibility amongst other things for work-based training schemes. This was part of a broader strategic approach which, while framing skills as crucial to economic growth (Scottish Government, 2007a), diverged to some extent from the approach of UK Government in giving more emphasis to promoting employers' demand for skills and their utilisation in the workplace, rather than simply increasing the supply of skills in the labour market (Payne, 2009). There have also been efforts to align skills development policy with broader strategic approaches to economic development (Skilling, 2019).

More broadly, the new administration brought a new strategic and rhetorical approach to economic development. In contrast with the 'framework' and 'strategic direction' of the previous administration, there was now a 'Government Economic Strategy'. This elevated the pursuit of sustainable

economic growth to the "one central purpose to which all else in government is directed and contributes" (Scottish Government, 2007b, p3), and economic development "mobilised as a neutral means to realise the greater symbolic end of a shared national interest" (Law and Mooney, 2012, p67).

The strategy benchmarked Scotland against countries in the so-called 'Arc of Prosperity' - Norway, Finland, Iceland, Ireland and Denmark. This sought to position Scotland as lagging behind while, as First Minister Alex Salmond put it, "other small independent countries around us have flourished" (Scottish Government, 2007b, *v*). Although the strategy claimed to draw on lessons from these economies, it provided few examples that could be adopted by Scotland - the exceptions being a general demonstration that it is possible to combine higher growth with lower inequality, and, tellingly, evidence (from Ireland and Finland) for lower business taxes as an economic stimulus.

A further prominent and persistent feature of the SNP Government's approach to economic development, and reflected in the activities of the enterprise agencies, was a strategic focus on supporting a set of key sectors, with six introduced in the 2007 strategy - food and drink (including agriculture and fisheries), creative industries (including digital), sustainable tourism, energy (including renewables), financial and business services, and life sciences. The choice of these particular sectors was justified on the grounds of their "high-growth potential and the capacity to boost productivity" (Scottish Government, 2007b, p29); there was therefore a degree of overlap between this sectoral focus and direction to SE to concentrate on high-growth firms – which tend to be concentrated around the largest urban centres (Mason and Brown, 2010). This 'selective' (Warwick, 2013) sectoral focus in Scotland indicates a degree of divergence from the dominant approach of the UK Government since the 1980s which has favoured nominally 'horizontal' measures (some more recent renewed interest in industrial policy notwithstanding) (Bailey and Tomlinson, 2017). It has however been questioned whether the capacity and powers of devolved government are sufficient to pursue an effective independent industrial strategy (Morgan, 2018). This primarily sectoral - rather than territorial - approach was also evident in rural policy, with a tendency to focus on agriculture and other primary sectors (OECD, 2008). The potential for SE to seriously support rural

businesses in national priority sectors was also constrained by a more limited remit and flexibility than HIE. Despite having a rural development team, it was broadly accepted that the post-2007 prioritisation of business support over local development weakened SE's role in rural areas (Economy, Energy and Tourism Committee, 2011).

In spatial terms, the 2007 strategy had little to say about the geographies or regional distribution of development, other than a proposal to for greater collaboration between Edinburgh and Glasgow[19]. The growing prominence, and adoption by SE, of a city regional perspective did prompt some reflection on the role of place both inside and outwith these geographies (Scottish Enterprise, 2008). Overall, however, the combination of a centralised SE (notwithstanding its nominally regional structure which rapidly atrophied), the re-orientation of business support to concentrate on firms and sectors seen as offering high-growth potential, and a focus on aggregate national economic performance, are indicative of a general retreat at Scottish level from any systematic concern with regional economic disparities.

By the 2011 update of the economic strategy (Scottish Government, 2011a), following the election of an SNP majority government, the macroeconomic and fiscal environment had deteriorated significantly through the global financial crisis and the resultant 'Great Recession' of 2008/09. This lasted longer in Scotland than the rest of the UK, with a greater proportional fall in employment (Ashcroft, 2015). An Economic Recovery Programme (Scottish Government, 2009) included demand-side economic stimulus measures in response, with planned capital spending accelerated and some reallocation of resources towards spending to support economic development. This was in line with approaches in many other advanced economies, but the Scottish Government's capacity to act was limited by its fixed budget. The UK government set about fiscal tightening as early as 2010 following the election

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[19] This was intended to "develop a city region with the scale and quality of assets … that can compete with leading cities globally for mobile people, business and investment" (Scottish Government, 2007b, p33). Notably, this aligns more closely with notions of central Scotland as a polycentric urban region (Bailey and Turok, 2001) than the more fragmented regional governance structure that was to emerge from 2014 onwards, although the collaboration came to little.

of a Conservative-Liberal Democrat coalition; this had knock-on effects on the Scottish budget through the Barnett formula. Subsequent assessments have indicated the dampening effect of this early move towards austerity on any potential recovery (Krugman, 2015).

By 2011, the Scottish economy was demonstrating some intermittent growth, but still three years away from recovering to its pre-recession peak. Given the impacts of the financial crisis, the 'Irish Tiger' economy was no longer held up as model to emulate - reference to the 'Arc of Prosperity' was replaced with a vaguer target of matching the economic growth of 'small, independent' EU countries, with some attempts to demonstrate what could be done with the additional 'levers' that independence would bring. Despite some other shifts in emphasis - the addition of 'Transition to a Low Carbon Economy' as a strategic priority - the 2011 strategy broadly maintained the same overall purpose and approach established in 2007 (Ross, 2015).

There was some emerging explicit recognition of the geographic aspects of economic development, notably in a stated commitment to reducing regional disparities (in terms of labour market participation rates). This sat alongside "a renewed focus on cities and their regions" as the drivers of economic growth "for the benefit of the whole of Scotland" (Scottish Government, 2011b, p70) and the establishment of the Scottish Cities Alliance, a formal partnership between the Scottish Government and the 'core' urban LAs. This mirrored the increasing adoption of an uncritical 'metrophilia' in wider policy circles (Waite and Morgan, 2019). The SNP government's desire to secure broad-based support for independence in the upcoming referendum did influence discussions of sub-national development in the preparation an updated National Planning Framework which sought to demonstrate a more spatially inclusive approach, as for example "major infrastructure proposals for the Highlands and Islands were all accepted, in order to counterbalance the weight of the Central Belt" (Colomb and Tomaney, 2021, p106). This however does starkly illustrate the binary nature of dominant Scottish spatial imaginaries, with challenges for those parts of Scotland that fit into neither of these categories.

### 5.5.3 The Post-referendum Period: 2015-present

The Scottish independence referendum of September 2014 can fairly be described as a "watershed in our legal, political, economic and cultural history" (McHarg *et al.*, 2016, *v*). As already noted, it prompted a variety of debates around governance arrangement at the sub-national, as well as the national level (and about potential implications for the border with England; see Chapter 7). More broadly, economic issues prominent in the referendum campaign, focussing on the potential impacts of independence on economic growth, the fiscal position of an independent Scotland, and the question of post-independence currency arrangements (Dow et al. 2018). Following the vote against independence and the resignation of First Minister Alex Salmond, the Scottish Government - now led by Nicola Sturgeon - put forward a new Economic Strategy (Scottish Government, 2015a). While in many ways a continuation of the broad approach of previous SNP administrations (Boyle, 2018), there was a reframing towards 'inclusive growth', with the reduction of inequality explicitly seen as complementary and contributing to, rather than competing with, the goal of higher economic growth. It is asserted that this represents "a significant change to the public sector's approach to supporting economic growth" (Audit Scotland, 2016, p14).

Among the most prominent critiques of the inclusive growth concept (see Chapter 2), even from a sympathetic perspective (Lee, 2019), are that it evades precise definition, and tends to lack a framework for specific policy prescriptions to increase 'inclusivity'. Despite extensive work by the Scottish Government and its partners since in 2015 to operationalise it as a tool for decision making (Scottish Centre for Regional Inclusive Growth, 2018), this remains a problem. Nevertheless, there has been widespread adoption of the term throughout Scottish policy discourse (Statham and Gunson, 2019), and there are three elements of inclusive growth as a rhetorical, and to some extent a political-economic, strategy in Scotland that are worth considering.

Firstly, the underlying logic of seeking to increase economic growth through increased productivity - through investments in skills, infrastructure, and innovation - largely remains intact and similar to that proposed in earlier strategies. There is, though an explicit desire to achieve "a more balanced

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growth path, with a greater contribution to economic growth from investment and net trade, rather than consumption" (Scottish Government, 2015a, p26). One element of this is a greater focus on manufacturing exports, although there has been no change to the group of national priority sectors. The pursuit of inclusive growth does however imply greater attention being paid to a broader range of economic activity than just firms with high growth potential in high value-added industries; here there is some resonance with notions of 'foundational' activities as an important element of the economy (Foundational Economy Collective, 2018; Froud et al., 2018).

Secondly, it does represent a discernible shift in attitude toward the potential contribution of the public sector as an economic actor in its own right. While not challenging the fundamental logic of seeking growth through competition in globalised markets or the centrality of the private sector, there is, for example, mention in the latest economic strategy (Scottish Government, 2015a) of the role for public investment in stimulating innovation, and an emphasis on how public sector procurement can be used to maximise social and environmental benefits. This is also being pursued through endorsement of 'Community Wealth Building' inspired by the perceived success of similar approaches in Preston, in North-West England. Nevertheless, the Scottish approach to inclusive growth diverges from notions of the foundational economy in the absence of any real interest in pursuing re-municipalisation or a return to direct state provision in sectors where it might formerly have been active (Houston et al., 2021).

Thirdly, the notion of inclusiveness has a place dimension. One element of the inclusive growth championed since 2015 is a reduction in spatial inequality, although the stated aim of "ensuring all parts of Scotland benefit from sustainable economic growth and contribute to it" (Scottish Government, 2015b, p67) does not differ significantly from that articulated in FEDS. Making specific reference to the dynamics of cities, their wider regions, and rural areas, this appears to be an attempt to rhetorically balance the

focus on city-regions which also continued to gain momentum[20].  It also builds on the principles of the National Planning Framework which aims to secure the "fair distribution of opportunities in cities, towns and rural areas" (Scottish Government, 2014, p1) and has a stronger emphasis on addressing spatial inequality than the English equivalent (Houston et al., 2021).  The Scottish Government has established a 'Centre for Regional Inclusive Growth' to develop tools and resources and promote inclusive growth approaches through collaborations with partners at local and regional levels.  This is about attempting to ensure that regional strategies, interventions and 'deals' (see below) reflect the broad principles of inclusive growth[21].  In particular, North Ayrshire Council has acted as a pathfinder in Scotland seeking to operationalise principles of Community Wealth Building (North Ayrshire Council, 2020).

The emergence of this agenda has also come alongside a parallel process that marks out 2014 as a threshold in the way economic development is conducted – a shift in regional governance models precipitated by the extension of the UK Government's programme of 'city deals' to Scotland, with the first of these, for Glasgow, announced just prior to the referendum.  This process will be discussed more fully in Chapter 7 as background to the 'Borderlands Inclusive Growth Deal'.  For now, however it is relevant to note the possible tension between this approach - which also aligned closely with the growing city-regional focus of the Scottish Government - and proclaimed concerns with regional equity and inclusive growth (Ekos, 2019).  Indeed, a series of further developments in the system of regional governance suggest an implicit awareness of these tension and some attempt to square this circle.  These include a commitment to 'deals' for every part of Scotland, including the Borderlands (see 7.3.1); a shift towards more regional working both in the operational approach by Scottish Enterprise (Ekos, 2019) and through new Regional Economic Partnerships, and the establishment of a new economic

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[20] For example, the 2015 Strategy notes that Scotland's cities "have a disproportionate impact on the national economy." (Scottish Government, 2015a, p67), while the subsequent updated Agenda for Cities is even more explicit in claiming that "our cities and their regions power Scotland's economy for the benefit of all" (Scottish Government, 2016a, p8).
[21] Although, depending on how it is defined, such 'inclusiveness' in outcomes may also be more difficult to realise in particular geographical contexts (The Good Economy, 2019)

development body for the South of Scotland (also addressed in detail in Chapter 7)[22].    While this shift towards a proclaimed concern with regional inequality parallels that undertaken in a number of EU countries in the aftermath of the global financial crisis, it nevertheless remains significantly weaker than where reducing regional disparities (for example Germany, Italy) and/or supporting peripheral regions (Norway, Sweden) are explicit policy objectives (Yuill et al., 2010).  It can also be contrasted with Wales, where the devolved administration has adopted an explicit commitment to the principle of spatial justice as part of a broader attempt to chart a distinctive Welsh approach to economic development (although there are also tensions here with the city-centric logic of 'growth deals') (Beel et al., 2021).

### 5.5.4 Shifting Discourses and Priorities in Scottish Economic Development

Reflecting on the strategic documents reviewed here, there is both a degree of continuity in the overall aims and framing of economic development and a marked difference in tone and language between those produced in the early years of devolution and more recently.  The first strategic documents were explicit in their rejection of earlier forms of regional policy - caricatured as propping up failing industries - and there was a strong emphasis on the limited role for the state in economic development.  This reflected the limited divergence more generally from dominant UK Government approaches in the first two terms of the Scottish Parliament.  What is striking, however, is the extent to which the beliefs and assumptions underpinning this were starkly stated.  In contrast the language and presentation of the strategies produced by the SNP Governments is much less explicit.  There are, for example, no comparable statements of what it is felt that the public sector should not be doing.

Despite a change in tone and rhetoric, the underlying premises of the approach to economic development adopted since 2007 does not represent a significant break from that of the previous administrations.  Both are focused

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[22] At the same time, however, in 2015 the Scottish Government sought to abolish the statutory regional system of strategic planning, in favour of a single national framework.  Although rejected by the Scottish Parliament, this perhaps suggests a persistent reluctance on the part of the centre to allow regional actors to exercise independent agency (Purves, 2019).

on securing faster economic growth, based on faster productivity growth, to be achieved by investments in physical and human capital of various kinds (Boyle, 2018). Both sit within the dominant paradigm of competitiveness within a neoliberal global economy closely associated with the 'new regionalism' of the 1990s.

Law and Mooney (2012) characterise the approach of successive Scottish administrations - but particularly that of the SNP since 2007 - as 'competitive nationalism'. This harnesses the resources of the devolved state to support capital accumulation - through measures that seek to attract inward investment, provide a flexible supply of labour, and develop infrastructure. The pursuit of this type of economic development is seen as a "nation-building project" that advances the image of a 'new' Scotland, a "vibrant, competitive North Atlantic society" (Law and Mooney, 2012, p67). In this sense, such an approach is particularly compatible with the SNP's political project of moving towards Scottish independence, positioning Scotland amongst a carefully chosen set of its neighbours - small, successful and independent nation states.

Alongside this discourse of a new, 'competitive' Scotland however, there has been a continuing attempt to articulate a concern with the notion of social justice, with economic development seen as instrumental in delivering improvements in prosperity and living standards. This is present in earlier strategies but has discernibly gained prominence during Nicola Sturgeon's tenure. The claim that a concern with social justice is somehow intrinsic to Scottish society is a longstanding one that crosses party lines (Rosie et al., 2007). This 'myth' is associated with an alternative (and previously dominant) economic imaginary of Scotland to that of a forward-looking, agile, global competitor - one rooted in collectivism and associated with large-scale urban manufacturing (Mooney and Scott, 2012; Wiggan, 2017). More recently, the SNP has sought to articulate aims of inclusion and equality as a contrast to the prevailing approaches at the UK level - positioning Scotland as a progressive 'beacon' (Mooney and Scott, 2012). Nevertheless, it is striking that - despite claims of a shift in governance towards a more corporatist approach as practiced in northern Europe (Danson, 2012) and the SNP regularly invoking the Scandinavian countries as illustrating potential

alternatives to the UK model - trade unions do not appear to be considered as significant strategic partners in economic development. Although given a role in the promotion of 'fair work' (Scottish Government, 2015), they are not, for example, required to be included in Regional Economic Partnerships (Scottish Government, 2017c).

A similar tension can be observed in attempts to balance national growth with some degree of regional equity. There has been a growing focus on city-regions as drivers of economic growth, reflecting a global shift towards seeing this as the "ideal scale for policy intervention" (Rodríguez-Pose, 2008, p1029). This has in turn required some consideration of non-city regions, leading to the creation of new geographies in the South of Scotland – although it is notable that in comparison with England, where debates about spatial inequality, left-behind places and patterns of growth between cities and towns emerged in the wake of the Brexit referendum, the issue of sub-national economic disparities within Scotland has been less high-profile. From the perspective of regions like D&G, for most of the period it has been somewhat unclear how their characteristics and role within the wider Scottish economy might align with the dominant national framing of economic development. As the next chapter will illustrate, this has perhaps limited the potential for harnessing extra-regional resources in support of strategic economic development interventions.

## 5.6. Conclusions: Understanding the Frameworks and Context for Regional Agency

This analysis has set out two foundational elements as a basis for the material that follows. Firstly, it has sought to establish the multi-scalar context for the governance of local economic development in Dumfries and Galloway. This is crucial in understanding regional path creation that is "dependent on processes of institutional and political alignment between the regional, national and supra-national scales" (MacKinnon et al., 2019a, p29). In this context the 'regional' scale of governance has relations with two higher levels of formal state power, at the UK and Scottish scales. While the former in many senses is more influential - in determining macro-economic and fiscal

policy, the regulatory environment, international trade and migration - the devolved government has, since 1999, had direct responsibility for economic development, as well as a high degree of control over resources available to support regional interventions.  The local authority, and until 2007 the LEC (as a semi-autonomous branch of the national enterprise agency) have been the main movers in economic development at the regional scale.  The relationships and capacities of these actors have however evolved over the period, largely as a result of decisions made by the Scottish Government, which has determined the resources available to each and also imposed various systems of meta-governance at the regional level in an attempt to co-ordinate regional and national actions.  It is also relevant - given the geographical size of the region - to note that actors at the local (i.e. sub-regional) scale have at various points attempted to influence the priorities and harness the resources of regional and national bodies, as will be discussed in the following chapter.  The supra-national - in the form of the European Union - has also provided resources for economic development, mediated in different ways over time by regional and national priorities.

Secondly, given the central role of the Scottish Government in controlling the resources available to local and regional actors this chapter has traced the evolving ways in which the goals and nature of 'economic development' (Pike, Rodríguez-Pose and Tomaney, 2007) have been understood at the Scottish level.  These exhibit a strong degree of continuity, in the sense that the kind of 'development' seen as desirable is economic growth driven by productivity growth, with at least some acknowledgement that this should be 'sustainable'.  At the same time, there have been various shifts in emphasis, including the adoption of national key sectors for strategic support, a focus on Scottish aggregate performance, and the promotion of an agendas that sees cities as engines of growth.  While more recently this has been supplanted to some extent by an increasing concern that growth should be 'inclusive' and more regionally balanced, over much of the period these national approaches have not provided an obviously supportive environment for attempts to promote regional development in Dumfries and Galloway.  The region makes up only a small proportion of the total Scottish economy, it is not closely connected to the country's major city-regions, and has relatively little in the

way of the high-value sectors or high-growth firms that have been prioritised for support.

To relate this back to the conceptual framework outlined in Chapter 2 (Figure 2.2), this chapter has provided an analysis of the governance and institutional arrangements through which collective goals can be identified and pursued. This draws attention to the distribution of powers, responsibilities and resources between different actors, and the systems of governance and meta-governance which have mediated their relationships. In broad terms the approaches of the centre (in this case the devolved Scottish Government) have tended to hollow out capacity and control over resources at the regional scale, and increasingly sought to steer actors towards delivering national priorities; at the same time these priorities and dominant understandings of economic development have implicitly favoured a particular type of place (predominantly urban). While the economic history and evolution of D&G (set out in Chapter 4) have bequeathed a particular set of indigenous assets, these have tended, in general, not to be obviously well-aligned with the national approaches that constitute an important part of the external environment for regional actors.

In the light of the broad context established by this chapter and the previous, Chapter 6 will move on to consider in more detail how regional actors have sought to exercise strategic agency, and towards what ends. This is examined through the lens of place leadership, with a focus on the potential to harness resources from across different scales in support of strategic visions for economic development.

**Chapter 6: Strategic Agency in Regional Development**

**6.1 Introduction**

This chapter explores in more detail strategic approaches to influencing Dumfries and Galloway's economic trajectory since the 1990s. The capacity and resources to do this effectively are however distributed between a range of actors across different scales, and mobilised through governance frameworks where some actors have more power than others. The lens of 'place leadership' is employed here as a way of seeking to understand how this is (or is not) achieved. As set out in Chapter 2, place leadership is the pooling and harnessing of resources for collective action, as a way of exercising effective change agency (Grillitsch and Sotarauta, 2020).

This chapter proceeds as follows. Firstly, section 6.2 draws on interviews and documentary analysis to examine how the regional development 'problem' has been understood over time, both in terms of its perceived causes and the potential routes towards alternative development paths that have been pursued by regional actors. Section 6.3 then sets out the local capacities and assets for the exercise of place leadership. Within the evolutionary framework adopted here, there is a degree of path dependence in economic development, as places' characteristics - emerging from historic patterns of development as well as geography, politics and governance arrangements - can constrain the potential for effective change agency.

Section 6.4 turns specifically to community-led development as a parallel model, related to but distinct from broader strategic approaches to economic development. In Scotland this has largely been sustained by EU funding through LEADER, but has gained increasing mainstream recognition. This is relevant here because it represents potential place leadership at a more local scale, in the context of a rural region with mostly small towns and hollowed out capacity and resources at the regional level (see Chapter 4).

Section 6.5 then addresses a common theme across experiences of regional strategic interventions - the importance of securing extra-regional support and resources. As the previous chapter has demonstrated, governance within

Scotland has become more fragmented while control over resources has simultaneously become more centralised. In this context, effective place leadership at the local or regional scale is perhaps increasingly a matter of harnessing resources from government, agencies and organisations based outside the region. The extent to which regional assets and potentials have been successfully 'coupled' with these extra-regional resources has however been limited.

Finally, some reflections and conclusions are presented in 6.6, tying these attempts to exercise place leadership and strategic agency in Dumfries and Galloway to the conceptual framework established in Chapter 2.

**6.2 Strategic Approaches to Regional Development in Dumfries and Galloway**

*6.2.1 Understanding of the Regional 'Problem'*

Following Pike, Rodríguez-Pose and Tomaney (2007), the ways in which 'development' is understood are socially and politically constructed and subject to contestation. Establishing a common framing of the regional development 'problem' and how it should be addressed is therefore itself agential, overlapping with a generative process of 'visioning' as an element of place leadership. With this in mind, regional actors' analysis of the problems faced by D&G has been fairly consistent across the succession of strategy documents over three decades - the related issues of low productivity, low-wage, low-skill employment and a shrinking working age population. These issues were also highlighted by the majority of interviewees. There has, however, been less consensus around how these problems should be understood, and potential routes towards alternative development paths.

At its simplest, there has been a broadly shared understanding that regional economic weaknesses, most significantly in declining relative productivity and wages, are linked to the broad sectoral changes outlined in Chapter 4 - in particular the shift towards more service-based activity. These concerns are long-standing. As a former (Conservative) MP for the region put it in 1999:

*"The Minister may well say, "Yes, we have lots of new jobs; part-time jobs in service industries". However, that is no good to those who want full-time skilled jobs, whether men or women."* (Hansard HL Deb 22 March 1999, c1070)

This analysis was echoed by several interviewees, alongside a critique of economic development approaches over the past two decades that are seen as having exacerbated this issue:

*"It's because it's the nature of tourism, industry and the like. So the kinds of industries that we had, hospitality and such like aren't high earning. So we had a low wage economy that has been perpetuated as things develop that doesn't change. So it becomes more pronounced"* (A)

*"We've grown those areas where we've thought we've got strengths, but at the same time, ignoring the fact that often those areas where we've got strengths are low paid areas, basically. Social care and tourism."* (O)

Alongside the variety of factors suggested for the failure to develop more high-value activity (including, variously, a lack of entrepreneurship, inadequate infrastructure, insufficient business support), some interviewees linked the issue of reliance on growth in low-wage sectors with an implicitly more relational understanding of the region's place within wider spatial divisions of labour (Massey, 1984/1995). This reflects broader debates around the place of the rural in national economies (Bryden and Refsgaard, 2008, Shucksmith, 2008) with a dual concern both that the region's environmental assets should be recognised, and that it not be seen only as providing recreational space for those living in cities:

*"Whether they're tourists or day trippers, walking in the hills and going fishing and walking the coastline, if there's no investment in this region, and there's no houses, there's no shops, there's no anything, then it becomes a barren land and no one will come here. So we don't want to be the playground of other places. But there is a place that we have in the scheme of things that provides a real benefit to the*

*population of Scotland. And that should be recognised, and supported." (A)*

These diagnoses of the regional 'problem' indicate an understanding of development that is concerned with its qualitative nature, and emphasises the rural nature of the economy. However, despite recent interest in measures beyond simple GDP growth (for example Stiglitz et al., 2018) – and in Scotland, attempts to operationalise indicators of inclusive growth (Scottish Centre for Regional Inclusive Growth, 2018), over the period in question, Gross Value Added[23] has remained the dominant lens through which developing the regional economy has been viewed. For example, in the 2007 regional economic strategy (Dumfries and Galloway Local Economic Forum, 2008), the primary imperative to 'develop the economy' was to address the widening gap in GVA per head with the Scottish and UK averages, taking this as an indicator of 'fundamental economic wellbeing'. The overall 'vision' of the strategy was "An innovative and sustainable rural economy that rewards residents with an outstanding quality of life and investors with a stimulating business environment" (Dumfries and Galloway Local Economic Forum, 2008, p11). Interestingly quality of life was framed not just as a desired outcome, but as itself instrumental in supporting growth by making the region "more competitive as a location for investment, as a destination for tourists and migrants" (p23). This is an inversion of the rhetorical perspective adopted in contemporary Scottish strategies. Likewise, the most recent strategy (Dumfries and Galloway Community Planning Partnership, 2016) identifies the region's relatively low level of GVA as a concern, although increasing economic growth is not explicitly identified as a goal – the three desired outcomes being, to have, by 2020, the highest youth employment rate in Scotland, to have achieved faster 'business growth' (not defined) than Scotland as a whole, and to have reduced the gap between regional and national average wages by 20% (Dumfries and Galloway Community Planning Partnership, 2016, p17). The adoption of this (somewhat haphazard) set of goals does suggest at least an implicit acknowledgement that aggregate growth alone may be insufficient.

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[23] The equivalent measure to Gross Domestic Product at the sub-national level

A subtext to this is a broader theme of regional difference promoted by some regional actors, alongside an emergent critique of the priorities and indicators employed by the Scottish Government and its agencies as less useful or appropriate for this (largely rural) context. As will be discussed, it has become a broadly accepted orthodoxy that the approaches and priorities pursued by SE have tended to disadvantage rural areas; with Scotland lacking a coherent and integrated national approach to rural development (Atterton, 2018). Similar critiques have also been developed across different policy areas – for example the Scottish Index of Multiple Deprivation, used to allocate national funding targeted at socio-economic disadvantage across a variety of policy areas, has also become subject to increasing scrutiny over how it classifies places in non-urban settings (Clelland, 2021).

### 6.2.2 Strategic Approaches and Priorities

While the nature (if not necessarily the causes) of the regional 'problem' appears to be broadly accepted, and the goal of economic development activity is to somehow address this, a variety of alternative strategic approaches have been proposed. Drawing on strategic documents and the perspectives of interviewees, these can be summarised as follows.

'Traditional' approaches to promoting economic development have focused on attracting inward investment, infrastructure, the provision of business support and place marketing, but have been increasingly contested, with evident scepticism about the feasibility of pursuing major inward investment projects:

> *"there was this perception that actually a big firm, for most of our workforce a big employer will come, another Gates, another tyre factory … a clinging to that 1980s structural model, and it was deeply embedded in our politicians that that's the answer". (I)*

> *"some of the solutions are difficult, and we've kind of toyed between for a long time, this is a debate, we need to bring new businesses into the area, I think there's now a recognition that nobody's going to come and build a car factory in Dumfries and Galloway, and what you need*

*to look at is those areas where we have strengths and opportunities".*
*(O)*

These accounts somewhat over-state the extent to which attracting large employers has actually been a major strategic focus over the past 20 years - although the generic aim of providing an attractive business environment has been fairly consistent - and perhaps reflects the self-consciously more realistic approach that these interviewees see themselves as now pursuing. Nevertheless, a minority saw this disavowal as indicative of a more general lack of ambition:

*"How do you attract industry here. How do you attract big employers here. That sort of thing is what they need to be thinking about" (C)*

As well as diminishing regional capacity, these debates reflect changing ways of understanding the role of inward investment as a catalyst for economic development. Attracting firms from elsewhere has long been seen as a potential source of path breaking or path creating change, particularly in the UK (Birch et al., 2010) although there has been increasing concern with the need to embed investments within local supply chains, and with the risks of becoming a 'branch plant' economy (Phelps, 2008). Seeing activity as being held down (Amin and Thrift, 1994) through strategic coupling (Yeung, 2009; Coe and Hess, 2011) draws attention to where control and decision-making lie, and to the competitive nature of this strategy - alternative locations compete for investment across a dynamic range of factors, including cost (Collins and Grimes, 2011). The precarity of manufacturing under extra-regional ownership is clear from the closures and relocations described in Chapter 4, and the emerging consensus appears to be that D&G does not represent a competitive location for inward investments that are likely to be significant and sustainable sources of employment.

There are similarly competing perspectives on the importance of infrastructure investment, a significant component of traditional approaches to promoting economic development (Crescenzi et al., 2016). In the dominant city-regional paradigm, this is seen as particularly important for rural and peripheral regions apparently disadvantaged by poor connections with centres

of agglomeration (Scottish Enterprise, 2008). This has come to renewed prominence through the Borderlands Deal funding high-profile infrastructure projects (see Chapter 7). Regional actors are again divided on the value of this. Investment in the A75 - the east-west trunk road - appears to have taken on totemic status for some, frequently raised by local politicians and press; on the other hand, some scepticism was expressed about *"what economic impact that will have if any"* (B). This possibly reflects a growing awareness that empirical evidence for links between infrastructure investments and growth is more ambiguous than might be expected (Docherty and Waite, 2018; Fraser of Allander Institute, 2019).

Successive strategies have identified a variety of (desired) infrastructure investments and other physical developments in specific places. As the example of Stranraer waterfront (discussed further below) demonstrates, however, such projects tend to require a level of resource that is increasingly beyond the means of regional actors, and as a result, their inclusion in regional development strategies is intended to be a basis for attracting funding from elsewhere, something explicitly recognised in more recent documents (for example South of Scotland Alliance, 2014).

As already noted, evolving conceptions of regional development show a growing concern with the qualitative nature of economic activity, beyond GVA or employment levels. This has primarily been expressed in terms of the sectoral mix. For example, the 2003 regional economic strategy observed that:

> *"The cyclical patterns of the economy in Dumfries and Galloway are different from those in the rest of Scotland and the UK. In this small, less diversified, rural economy, single events have greater impacts"* (Scottish Enterprise Dumfries and Galloway, 2003; Quoted in Hall Aitken, 2007, p37)[24]

In this framing, there is a presaging of the notion of resilience that would come to prominence in the following decade. More recently, "a more diverse

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[24] The context for this was the 2001 outbreak of foot and mouth disease in cattle

and resilient economy" (Dumfries and Galloway Community Planning Partnership, 2016, p13) has become an explicit strategic goal.

Implicit in this concern with diversity as a source of resilience is an imperative to promote 'new' sectors. This has however existed in tension with a desire to support or develop existing specialisms; how these are balanced has evolved over time. For example, despite identifying economic diversification as a strategic priority, the proposed sectoral focus in *A Future for South-West Scotland* (Dumfries and Galloway Regional Council and Dumfries and Galloway Enterprise, 1991) was limited to the goal of securing greater value from land-based production and tourism. By 2008, this had evolved into a commitment to target support to 'growth sectors', echoing the Scottish Government's contemporary term, but without specifying what these should be (Dumfries and Galloway Local Economic Forum, 2008). What was distinctive here was a professed 'knowledge economy approach', emphasising research, innovation and an aspiration for more knowledge-based firms. In referencing both the UK Government (Department for Trade and Industry, 1998) and the World Bank (1999) this demonstrates an awareness of the concept's wider adoption as a perceived source of competitive advantage. It was however not clear how this could be pursued in practice at a regional level - beyond lobbying the Scottish Government to redistribute research functions - with an acknowledgement that the region's existing base of knowledge intensive sectors was weak (Binks, 2005). This is illustrative of the potential difficulties for actors in rural and peripheral regions seeking to position themselves in terms of mainstream narratives.

The most recent strategy (Dumfries and Galloway Community Planning Partnership, 2016) is more specific in its prescription for targeted sectoral support (undermined somewhat by a large number of priority sectors). In contrast to the Scottish approach, this distinguishes between those sectors where growth could provide high value employment, and those that more closely reflect the region's existing economy. The former group of 'value' sectors includes digital creative industries, energy (with a focus on renewables) and forest and timber technologies. Securing greater shares of high value-added activity is a common goal of attempts to renew places'

economic trajectories (Bailey et al., 2010). The latter - 'volume' sectors - are agriculture, cultural businesses (not defined), food and drink, health and social care, and tourism.

The designation of tourism as representing 'volume' rather than 'value' begins to recognise the implications of relying on the sector as a source of employment - as jobs tend to be relatively low wage, insecure and seasonal (Robinson et al., 2019), further growth here might not address the regional economic problems identified above. Nevertheless, a variety of initiatives have sought to develop the visitor economy. One element of recent LEADER programmes has been support for rural diversification, which in practice has often helped firms in farming or food production to develop visitor attractions or accommodation. In addition, Dumfries and Galloway Council has developed a regional tourism strategy (Dumfries and Galloway Council, 2016) and, since 2005, funded a variety of major events and festivals with the aim of attracting visitors from elsewhere. The latter has, while modest in annual spending (approximately £200,000), been one of the few sustained strategic interventions supported by LA resources (Interview AA).

Tourism represents an interesting case as it has also been supported at the Scottish level. There is a long history of strategic and institutional support for the tourism sector (Harwood, 2008) and it has been a national priority sector since 2007 – and therefore a focus of activity for the enterprise agencies, as well as a comparatively well-resourced national tourism agency, Visit Scotland. Here Dumfries and Galloway's strengths and strategic aims do appear to be well aligned with national priorities. There remains a strong feeling that it had nevertheless failed to attracted national support:

> *"If you look for instance at their marketing which is one of the key activities, rural Scotland, and in particular I would say rural south Scotland, or just the whole of the south of Scotland, has been singularly ignored. How many advertisements have you seen where they majored in anyway on landscapes in the south of Scotland? It's been absolutely catastrophic, as far as Visit Scotland is considered Scotland doesn't start 'til the central belt".* *(E)*

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A common theme in literature considering narratives and marketing around Scottish tourism has been how these overlap with the broader construction of national identity, the nation as a brand and (although not explicitly political) nationalism (see for example Bhandari, 2016; Brancaz-McCarten, 2018). The perceived lack of resource for marketing tourism in southern Scotland could therefore be related to its uncertain place more generally in Scottish national imaginaries – being neither urban nor Highland (McCrone, 2017). More prosaically, the post-devolution trend towards institutional centralisation – Area Tourist Boards were merged into Visit Scotland in 2006 – has reduced local autonomy and capacity. The challenge for local stakeholders has been to attract national resources to augment the diminishing funding available regionally. To put this in the language of strategic coupling, despite the apparent alignment of the region's assets – a speciality in tourism – with the needs of external actors (national government and agencies), this has not been sufficient to attract extra-regional resources. At the same time, as will be discussed below, attempts to stimulate private sector led activity have struggled.

One final aspect of these strategies worth noting are attitudes that they indicate towards the role of the public sector in the economy. As illustrated in Chapter 4, the public sector has accounted for a growing proportion of Dumfries and Galloway's jobs. This has tended to be seen negatively, as indicating weakness in the private sector; it was feared that this shifting balance would make it "difficult to create wealth in the future" (Dumfries and Galloway Local Economic Forum, 2008, p6). Reductions to local government funding have been seen as further increasing the imperative to stimulate greater private sector growth (Dumfries and Galloway Community Planning Partnership, 2016), although how they might impact regional capacity to achieve this is not addressed. Although health and social care – largely state-funded – was adopted as a regional priority sector[25], overall there has been limited strategic acknowledgment of the public sector's economic contribution. Some initiatives have in fact sought to promote this (including, for example, community benefits clauses in procurement for the

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[25] This is seen as having growth potential as a result of the region's high and growing proportion of older people (Dumfries and Galloway Community Planning Partnership, 2016)

construction of a new regional hospital in 2015), driven by increasing attention at the national level (Scottish Government, 2008). This hints at a growing appreciation of the role of the foundational economy (Bentham et al., 2013; McInroy, 2018), and prefiguring some of the more serious current interest in 'community wealth building' through local public spending, adopted in North Ayrshire, and endorsed by the Scottish Government as supporting its inclusive growth agenda.

### 6.2.3 Overview: The Role and Status of Regional Economic Development Strategies

As a review of the 2003-2008 strategy noted:

> *"Changing a region's economy is as easy as steering a supertanker. The effect of interventions may not be seen for several years, and will appear slowly. It may not be possible to attribute change to the original intervention. Short term, tactical action is only useful in very specific circumstances"* (Hall Aitken, 2007, p39)

There has however been little consistency or sense of sustained, long-term focus across D&G's economic strategies. None give the impression of a convincing plan for influencing the trajectory of economic development in the region. While they include many of the usual elements of strategy documents – visions, objectives, priorities, and so on (Palli et al, 2009) - there is little connection between these. A broad set of problems for the region's economy are identified, but any visions of a desired future are vague, and there is little sense that proposed actions are likely to lead to the desired outcomes. This filters down into a scattershot and inconsistent approach where fashionable concepts (like the 'knowledge economy') are picked up without being followed through into specific actions with resources attached, and little sense of prioritisation, even when the language of "doing a few important things well" (Dumfries and Galloway Local Economic Forum, 2008, p11) is adopted. As such they fail to offer coherent interpretations of the region's circumstances or mobilising visions for action (John and Cole, 1999; Sotarauta, 2016). With the exception of the 2007 consultants' report cited above, there appears to be little in the way of formal review or evaluation of these strategies.

This assessment was shared by many interviewees, including those involved in the development of these strategies. In particular, they were seen as being insufficiently specific or grounded in the region's strengths and weaknesses:

> *"if you go back to the Regional Economic Strategy, and the same in the Borders, that could have been taken from any area in Britain and just changed the name" (I)*

It should also be noted that D&G does not appear to be unique in this regard – a review by Audit Scotland (2011) of economic strategies across Scotland found limited evidence that these had been clearly tailored to local characteristics, and the majority lacked both explicit prioritisation of actions and articulation of expected impacts. This mirrors earlier assessments of strategies prepared by RDAs in England (Robson et al., 2000; Painter, 2005). From the point of view of place-based approaches to economic development, to which a recognition of the importance of differing spatial contexts is supposed to be fundamental (Hildreth and Bailey, 2014, Bentley and Pugalis, 2014), this is clearly problematic. The tendency towards 'isomorphism' across strategies in different regions (Chien, 2008) and the superficial adoption of fashionable concepts points towards a limited collective capacity to pursue genuine and representative regional interests (Gordon, 2011).

To relate this back to the conceptualisation of place leadership in Chapter 2, regional strategies can be read as attempts to exercise generative leadership through the articulation of an overall vision for future development and priority actions to move towards this. The fact that strategies in D&G have not been obviously successful may reflect their weakness as attempts to do this, although as discussed below several factors may have made the generation of coherent regional visions difficult. The context in which these strategies are received must also be taken into account. From a Foucauldian perspective, the 'force potential' of strategy texts is realised (or not) through their consumption and translation (Fairclough, 1992; Vaara et al., 2010). This has taken place within systems of governance, meta-governance and resource allocation in which the Scottish Government has been the dominant partner, with other public sector actors required to contribute to the delivery of centrally determined strategic priorities and policy aims. In such an

environment, it is perhaps unsurprising if regional strategies with little 'directive' power over how partners allocate their resources – unlike, for example SOAs, economic strategies are not statutory documents – fail to gain much traction. Rodríguez-Pose (2013) uses the metaphor of a bicycle to understand strategic approaches to regional development. In this case, the front wheel of D&G's regional bicycle – the strategy – has not been a well-rounded one, poorly suited to specific circumstances, while the rear wheel – the set of regional institutions that might successfully drive it forward – has been too small and weak.

It is also worth noting that these strategy documents alone do not give a full sense of the range of economic development activity. As explained below for example, successive LEADER programmes have supported businesses and community organisations in ways which - although not incompatible with regional strategies - have been directed by parallel sets of priorities within boundaries set at Scottish and EU levels. The discussion above does however indicate difficulties in formulating a consistent and coherent strategic approach to regional development - both in terms of where limited resources should be directed and of articulating a vision that can attract extra-regional support. The factors underlying this will now be explored further.

## 6.3 'Pretending to Lead'? Actors, Approaches and Problems for Strategic Agency

### 6.3.1 Place Leadership in Regional Development

The overlapping place-based and neo-endogenous models of economic development have in common a recognition that actors and governance arrangements operate across a variety of scales, and that successful attempts to influence regional development paths rest on the ability to harness and align both indigenous and external assets in support of collective action. As outlined in Chapter 2, place leadership, resting on both formal powers to direct resources and informal powers to shape agendas and influence other actors, is one useful way of understanding this process.

Dumfries and Galloway has, in its relative economic performance, exhibited the characteristics of a region that has been unable to renew or to create alternative development paths. That is not to say there have been no new sources of employment, or examples of successful initiatives; nor is it intended to imply that this has been solely the result of endogenous weakness rather than wider (sometimes global) structural forces. Nevertheless, a number of emerging themes point towards factors that have inhibited the successful exercise of place leadership to drive effective strategic interventions. These are outlined as follows.

### 6.3.2 Local Governance and Politics

From the perspective of some interviewees the failure to make any meaningful impression on the region's development trajectory was seen simply as a failure on the part of local actors. As the principal body with current responsibility for economic development, Dumfries and Galloway Council in particular was the focus of criticism:

> *"Some local authorities in that period of, I would say, a vacuum [following the centralisation of SE] stepped into the breach and others didn't, and Dumfries and Galloway Council is one of the ones that didn't … I don't think that there's a willingness to just tackle difficult issues. And that comes from a sort of lack of, you know, a lack of leadership at a political and officer level. You know, it is a toxic cocktail of poor officials and poor councillors… it's a long time since I've felt that there was anybody on the Council of any party who had a serious vision for Dumfries and Galloway and were willing, able to follow it through because these things involve taking decisions that are not necessarily popular". (G)*

The council's political leadership - specifically during the period of Conservative control from 2007 - has at times been subject to external criticism for failing to provide sufficiently clear strategic direction (Audit Scotland, 2009). Such failures by local elites have been explicitly cited as demonstrating the necessity for external actors to be involved in designing place-based development strategies (Barca et al., 2012). However, a series

of broader factors have constrained possibilities for effective place leadership in this instance.

Since the creation of the unitary authority in 1995, there have been nine different administrations, five of which have been coalitions between changing combinations of parties. Some of these have only lasted around a year before losing their majority through elections, resignations or internal disagreements (Table 6.1). The relatively high turnover of administrations can be contrasted with the neighbouring Scottish Borders, where consistently strong Liberal Democrat and Independent representation has provided a degree of continuity. While the Scottish Borders shares challenges of rurality and peripherality, on at least some measures – for example average wages – it has performed better than Dumfries and Galloway, and has demonstrated some significant employment growth in professional, scientific and technical services (Shaw et al., 2015). To some extent this can be attributed to its links with Edinburgh city region. On the other hand, it is also seen as being more successful in attracting national resources and attention. The construction of the Borders Railway – a £300m project linking Galashiels and Tweedbank with Edinburgh (one of the Scottish Government's largest infrastructure investments to date) – was cited by a number of interviewees as the outcome of sustained national lobbying and engagement without equivalent in D&G. It was also facilitated by the support of the Liberal Democrats as part of the Scottish Executive coalition that approved the scheme, despite the formal appraisal indicating relatively low net benefits (Docherty, 2008). The advent of devolution therefore created the possibility for alignment of politics in the Scottish Borders with the Scottish scale, and local actors effectively mobilised to lobby in this new arena (Pike, 2002).

**Table 6.1: Political Control of Dumfries and Galloway Council, 1995-2021**

| 1995-99 | 1999-03 | 2003-06 | 2006-07 | 2007-12 | 2012-13 | 2013-14 | 2014-17 | 2017- |
|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Labour | Labour | SNP/ Labour/ Indep- endent | Labour* | Conserv- ative/ Lib Dem | Conserv- ative/ SNP | Labour/ SNP | Labour* | Labour/ SNP |

*Denotes minority administration

A specific factor in this regard is the geographical extent of Dumfries and Galloway and therefore of political representation, with the suggestion being that members have tended to focus on their own specific locality rather than the region as a whole.  In a context of weak governing administrations and fragile coalitions (Table 6.1), these specific local interests have perhaps been empowered to the detriment of overall strategic coherence.  The structure of the LA in D&G and its committee-based decision-making processed was also seen as having the potential to be 'dysfunctional' (G), in contrast with the executive-led system adopted by Scottish Borders Council:

> *"You know how difficult the politics are down here, that basically we'd rather nothing get done than something we don't agree with, now that's deeply rooted … And I think it's because we're not a region, we're four different historic areas stuck together … people get elected to represent their community not their region, and you don't feel that with the Highlands, they represent their areas, but it's part of the Highlands and they're very proud of it. Nobody says they're from Dumfries and Galloway, they're from Annandale or Nithsdale … the Stewartry[26] goes back to 1212 or something." (I)*

While perhaps somewhat overstated here, in this interpretation the extent to which the region has come to constitute an 'imagined community' (Anderson, 2006) is limited[27].  This creation of this type of regional identity is a complex

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[26] The Stewartry is an alternative name for the county of Kirkcudbrightshire.  It was a District Council area in the pre-1995 two-tier structure of local government, and remains one of four 'committee areas' in the decision-making structures of Dumfries and Galloway Council.

[27] Indeed one Galloway historian has explicitly made the case that the strongly local nature of collective identities across the region – reflected in and perpetuated by a fragmented local

process emerging through everyday practices and deliberate agency by a variety of actors across different scales, often buttressed by appeals to history (Paasi, 2003; 2013; Raco, 2006; Tomaney and Ward, 2000). There are a variety of perspectives on the role of regional identities in regional development initiatives; these include their adoption in regional branding (Lee et al., 2005; Messely et al., 2010) and culture-based development as a means of developing competitive advantage. Beyond this, territorial identities can, Ray (1999) suggests, be mobilised to both promote ideas of local solidarity and self-confidence within the region as a basis for coo-operative action, and to construct 'a strategic image' to "raise the visibility of the territory concerned in the wider policy and political arenas" (Ray, 1999, p526; also Paasi, 2013).

As shall be demonstrated, D&G has perhaps lacked this type of strategic image for external influence in comparison with, most notably, the Highlands and Islands. What is suggested here, however, is that the region's internal identity has also not been sufficiently strong to bind together actors from scattered areas in pursuit of strategic action at the regional scale. If, as Lee et al. (2005) suggest, regional identity should be considered as a form of social capital, emanating from social relationships and networks, then the weakness of these ties - perhaps due to distance - could be a barrier to the emergence of such common agendas. The specific criticisms here of local politicians also echo suggestions by Glaeser (2011) that technocratic, rather than democratic, approaches to economic development might be more effective; these are also one element of some regional actors' desire for a stand-alone regional development agency (see Chapter 7).

The ostensible authorship of regional economic strategies over the past three decades - from the LEC, to the LEF, and now under the aegis of the Community Planning Partnership, but in practice produced by the local authority - also tells a story about the changing governance of economic development at this scale. This is illustrative of a shift towards more fragmented governance where multiple actors are required to find consensus through partnerships.

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press (with at least eight different titles covering different localities) – has left Dumfries and Galloway largely 'unimagined' (Livingston, 2017).

This can lead to incoherent strategic approaches and lack of effective prioritisation as increasing stakeholder participation makes it more difficult to agree on shared aims and priorities (Potter et al., 1993). In the conceptualisation outlined in Chapter 2 this recognises the distributed nature of agency (Garud and Karnøe, 2003) and place leadership as a collaborative or collective process (Sotarauta, 2014; Sotarauta et al., 2017; Bentley et al., 2017). CPPs are designed at least in part as a meta-governance structure to facilitate this. However, since 2007, one of the lead organisations for regional development – the LEC – has been abolished, while the other – the local authority – has been constrained by diminishing resources, and a statutory framework that directs it to prioritise other areas of service delivery:

> *"It's a game, it's a pretence … you end up pretending you are able do stuff through Community Planning … Our [economic development] department is ten people with a £400k budget and that's going to go. But we talk and pretend as though we lead".* (I)

This is an implicit recognition of, in Rodríguez-Pose's (2013) metaphor, the weak institutional wheel that might be capable of driving forward the regional development bicycle. This acknowledgment of the 'pretence' of leadership highlights the gap that has been left by the de facto hollowing out of regional-level capacity through the combined effects of centralisation to the Scottish level and the squeezing of LA budgets through austerity. As in England (Bentley et al., 2010; Gherhes et al., 2019) the rhetoric of leadership through local institutions of governance or meta-governance contrasts with the reality of centralised powers and resources.

### 6.3.3 Private Sector Leadership

If there has been diminishing capacity for effective public sector leadership, then, a variety of factors have also inhibited the exercise of path-changing leadership by the region's private sector actors. While some local business leaders are interested and active, there is a broad consensus that there have been difficulties over a long period in sustaining effective mechanisms for networking or engagement with the private sector. The following quotes give a flavour of this:

*"Part of our problem arguably is we've not shouted about it with a common voice. Why is that? It's made up of lots of small businesses, lots of individuals who may not have total agreement on what that message is". (B)*

*"I think it's quite difficult for fairly unsophisticated business person to break in, how do they do it....But there is no doubt that is because of the fragmented nature of the business community, and the fact that the businesses are quite small, yeah". (N)*

*"Although we've had the Chamber and we've had the FSB, their membership is not representative of the business base. So it's a channel and you know it is a helpful channel, and certainly, in the Chamber membership has grown. But it's probably not as effective. And again, I think you have to reflect, is that partly down to that rurality?" (H)*

Several points can be drawn from this shared assessment, relating to the nature of the region's business base. One element is its sectoral make-up – there are few obvious sectoral clusters, and even where there are concentrations of firms with clear shared interests – in tourism and food and drink – it has proved difficult to develop sustained private sector led initiatives. One example is the Savour the Flavours project, which supported sector development, collaboration and marketing activities by food and drink firms. This was initially established by the LEC, with funding from ERDF; following the LEC's abolition it was funded jointly by D&G LEADER and Dumfries and Galloway Council over two rounds from 2009-11 and 2011-13. By the end of this second funding period, it was intended that the project should be 'sustainable' – that is, substantially resourced by businesses themselves. However, as the local authority moved away from funding external organisations, the project failed to secure alternative support and was wound up (D&G LEADER, 2013) – despite being viewed as a valuable intervention:

*"It appears that the private sector leads never fully grasped that challenge ... the private sector that are arguably benefitting have*

*never contributed enough, never picked up to make it survive. So why is that? Is it the scale of business, that we have a lot of small businesses, and they simply cannot afford it? Or an expectation, 'that's the role of the public sector to help me out'? Or something else?" (B)*

An additional inhibiting factor is geography, with the wide dispersal of firms over a large region a constraint on practically attending networking events and meetings, and the emergence of perceived shared interests. While there is some evidence that private sector participation has been poor even in some very small and localised initiatives (such as the Small Towns Initiative for Stranraer, Cairnryan and Portpatrick; Ekos, 2004), there are also more positive examples at a local level (see below) with active engagement, including from business owners. This suggests that the development of more localised common agendas may be more achievable.

The final point alluded to is the dominance of very small firms in the region's business base. Here this is associated with a failure to effectively articulate a common agenda, as these firms may be less likely both to perceive common interests and to contribute to regional initiatives, whether led by the public or private sector. This is demonstrated by the sustained difficulties faced by initiatives like Savour the Flavours, and by Dumfries and Galloway Chamber of Commerce in attracting a substantial active membership. As most significant private sector employers are owned or controlled by parent companies elsewhere, the region lacks many substantial local firms equivalent to the German *Mittelstand*. While small firms, within a fragmented business base, lack resources to devote much energy to the construction of shared strategic initiatives, more substantial firms - where owners see themselves as having some stake in and responsibility to their region (Pahnke and Welter, 2019) – might be better equipped to contribute in this way and to generate wider support from other firms or policy actors. The existence of such spatially dependent economic interests is seen as a prerequisite for effective mobilisation in collective strategic action at the regional level, particularly within a competitive context (Cox and Mair, 1988; Gordon, 2011)

Related to this, the absence of business owners or entrepreneurs with a national profile may have limited the articulation of regional needs to influence national government and agencies:

> *"We're not going to have somebody here the equivalent of Sir Ian Wood, you know the benefit of having … people who are not beholden to the government or anybody else really. And therefore can say and do pretty much what they want. And that's what you need I think to be successful here … he can put pressure on the government; if he says something Nicola Sturgeon has to listen to it, she doesn't necessarily have to do it, but she has to listen to what he says. You know we just don't have the equivalent people to do that" (G)*[28]

This absence is a symptom of both the dearth of large firms under local ownership and under-representation of the high value-added growth sectors that have been the focus of Scottish policy.  This is further illustrated by the membership of the Economic Leadership Group (ELG) (Table 6.2), established in 2016 to promote the delivery of the Regional Economic Strategy.  While several large employers are represented, the only one of these, Natural Power, has its headquarters in the region[29].  With the exception of Browns Food, the others are either small local firms or regional branches of larger businesses based elsewhere.

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[28] Ian Wood is the billionaire founder of Wood Group, a global energy engineering and consulting business headquartered in Aberdeen.  He is the Chair of Opportunity North East (ONE), a private sector led body for promoting economic development – the successor to the Local Economic Forum – which also receives around £5m per year from his family foundation. He has participated in a variety of Scottish and UK Government advisory groups.

[29] Natural Power is an energy consultancy firm with over 300 employees worldwide.  Its global headquarters are in a sparsely populated area near Galloway Forest Park, although it is itself ultimately owned by the Norwegian Fred Olsen Group.

**Table 6.2: Private Sector Membership of Economic Leadership Group (May 2019)**

| Firm | Sector | Size | D&G Location | Headquarters |
|------|--------|------|--------------|--------------|
| Browns Food Group | Food and Drink | Medium | Kelloholm | Region |
| Dupont Teijin | Manufacturing | Large | Dumfries | External |
| James Jones and Sons | Timber Processing | Large | Lockerbie | External |
| Natural Power | Energy Consultancy | Large | Dalry | Region |
| Moduals | Retail | Micro | Dumfries | Region |
| Buccleuch Estates | Land | Large | Thornhill | External |
| The Stove | Catering/Arts | Small | Dumfries | Region |
| Annandale Distillery | Food and Drink | Small | Annan | Region |
| Gentex | Manufacturing | Large | Stranraer | External |
| Galloway Chillies | Food and Drink | Micro | Wigtown | Region |
| Cream o' Galloway | Food and Drink | Small | Gatehouse of Fleet | Region |
| SP Energy Networks | Energy Infrastructure | Large | Dumfries | External |

Adapted from Dumfries and Galloway Council (2018b)

The ELG is now in its second incarnation having been 'refreshed' with a change of membership in 2019 after a falling engagement and activity. This was seen as resulting from a lack of focus and resource from the local authority as well as from business:

> *"for whatever reason, probably the resources; people, resources, … There was never a detailed Action Plan produced … for whatever reason they didn't devote or didn't give it priority"*. (B)

The specific challenges for private sector leadership therefore must be considered in conjunction with the diminishing capacity for regional public

sector actors to actively engage with and support this – they have been hollowed by budget cuts and institutional changes. Overall then, despite the privileging of private sector voices through a succession of different forms of meta-governance, as Peck (1995, p25) noted in relation to Thatcherite reforms in England, "the extent to which the business elite has been the source of what is known as business leadership is as a result open to question".

### 6.3.3 Alternative Sources of Place Leadership

The growing literature on place leadership stresses that this may emanate from those outwith positions of formal authority, institutional structures or elected bodies (Ayres, 2014; Beer et al., 2019). As described, several factors have inhibited place leadership by both public and private sectors. Furthermore, other organisations or groups of actors that might in other contexts be considered as key social partners are perhaps not particularly strong in D&G. These are briefly surveyed below.

Higher education institutions are increasingly recognised as significant actors in economic development, with a 'civic mission' that recognises the multiple roles that they play in their immediate localities. In the UK, 'Civic University Agreements' have seen HE institutions commit themselves, as 'place-based institutions' to give "a high priority to the economic, social, environmental, and cultural life" of their 'local communities' (Civic University Commission, 2019). In some cases universities have been formal partners in City Region Deals. Although there are no indigenous HE institutions in D&G, both the University of the West of Scotland (UWS; headquartered in Paisley) and the University of Glasgow (UoG) have a presence on the Crichton Campus on the outskirts of Dumfries, and Scotland's Rural College (SRUC) offers degree-level courses at its Barony Campus. Given the region's limited HE provision (commonly identified as a factor in out-migration of young people), split between different institutions based elsewhere, the universities have not played the same high-profile role in economic development as in cities:

> "I'm very positive about this campus ... but it's not the same as the University of Glasgow driving forward, you know, because they want to do some economic development in the West End or South Side. They're a big player there with a top-class approach to it." (G)

*"If you're in Glasgow or Edinburgh ... the universities are hugely influential in the economic footprint of any place, they attract people to come here and live and work in an area, they absolutely demand of our organisation. You know sometimes that can be really challenging but equally if they demand it and it's for the benefit of the economy it's quite hard to say 'no we're not going to be involved in some way'. … But I think they're a great example of where their voice works particularly well. And they'll gee up the local politicians because they provide lots of photo opportunities for them, they'll gee up the local authority because they're really engaged in the whole kind of skills and employability provision that comes through. So I think it's just voices and ways of using voice that perhaps haven't been done as strongly as they could be"* (D)

Recent work exploring the potential role of HE in place leadership suggests that this is dependent on the activities of individual academic agents that can be constrained by a number of factors, including institutions' complex internal structures, and a lack of integration with what might be considered their traditional core functions (Fonseca et al., 2021). There is little research on the contribution of this type of rural branch campus in this regard, although there is evidence that the limited scale and scope of provision in these settings poses a variety of challenges (in the UK, Charles, 2016; and Australia, Pinheiro et al., 2016). In this case, although the universities have engaged with the local authority and NHS in both teaching and research, the relatively small scale of the institutional presence that each has in Dumfries appears to be significant in both limiting their resource to undertake more active leadership roles and influencing a perception amongst their external partners in the region that they are not major place-shaping actors in the way that their urban parent institutions may be. They have therefore not emerged as significant alternative place leaders despite the potential gap left by the diminishing capacity of regional state actors (Vallance et al., 2019). This can be contrasted with experiences in other peripheral settings, such as Northern Norway, where strong regionally-based institutions are aligned with more

active regional policy pursued by central government, have become important actors in regional development (Pinheiro, 2014).

The development of the Crichton Campus itself represents a significant economic development project. The site, previously home to a treatment centre for mental illness, was purchased by Dumfries and Galloway Council in 1995, and both universities established facilities in 1997, supported by a grant from the Scottish Higher Education Funding Council (SHEFC) (Burns et al., 2002). This followed a sustained local campaign for a university in the south of Scotland, and investments in the site's infrastructure - including a broadband link to Glasgow - funded by the LA, the LEC and the EU Objective 5b programme (Davies et al., 2007). The creation of a university campus was seen as a way of addressing long-standing demographic challenges associated with out-migration of young people to access HE. For SHEFC this served to extend provision to an under-served region, contributing to widening access, in the context of UK-wide expansion in HE provision (Lunt, 2008). For the universities, the Campus presented an opportunity for additional funded student places, while building on the access and adult education courses that they already offered in the region.

Despite success in attracting student numbers, the campus partners were unsuccessful in further bids for strategic funding (Burns et al., 2002), and in 2007 the University of Glasgow announced their intention to withdraw, blaming a persistent financial deficit. This was subsequently reversed following the allocation of additional funding by the incoming SNP administration, at the same time as it supported the establishment of a University of the Highlands and Islands (Carrell, 2007). There were also a number of changes to provision, away from the previous 'liberal arts' model towards activity seen as being more sustainable, including the provision of teacher training. This can therefore be seen as a successful 're-coupling' (MacKinnon 2012) with the needs of the centre – where investment helped the incoming Scottish Government to fulfil a political commitment (made during the election campaign), but this was also made more attractive through restructuring to accommodate a more market-based model of HE provision.

The 2007 episode points towards the potential fragility and limits of a 'branch campus' model of HE provision, and of coupling between peripheral regions and external actors. It was suggested at the time that UoG did not see Dumfries as part of its 'core' activity, and so was reluctant to commit resources to the campus beyond those that were specifically allocated by SHEFC.  Although UoG have subsequently reaffirmed their long-term commitment to the campus, and there has been further growth in student and staff numbers – therefore developing some characteristics of a potentially important anchor institution (Work Foundation, 2010; Jackson, 2015) - Dumfries accounts for a very small proportion of the University's overall activity; the same is the case for UWS.   The Campus is therefore less fixed or embedded than its parent institutions are in their 'home' locations, highlighting the potential vulnerability of these arrangement within a competitive and marketised HE system (Goddard et al., 2014).

Dumfries and Galloway College, the main provider of Further Education in the region, has in contrast been recognised as a significant stakeholder in regional governance, represented through Community Planning structures and on the current ELG.  The Scottish FE system was substantially restructured in 2012[30], one effect of which was to position Colleges as stronger players in regional economic development.  Most obviously, D&G College is a significant skills provider, and has increasingly sought to tailor provision to local needs – for example through courses in care, renewable energy and engineering.  The College has also been a key a conduit for business engagement through initiatives such as Developing the Young Workforce, which has led to the creation of sector-specific regional business forums[31].  This has been more successful than previous attempts to engage with the private sector – speculatively, skills may be an area around which business owners and

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[30] Colleges in Scotland have undergone two major reforms over recent decades – 'incorporation' in the early 1990s when they were removed from local authority control to become independent bodies, and 'regionalisation', a series of mergers from 2012 to create 13 regional colleges.  While incorporation was undertaken by the pre-devolution UK (Conservative) Government to create a more marketized sector, regionalisation by the Scottish (SNP) Government aimed to increase co-ordination and central control (O'Donnell et al., 2015).  Dumfries and Galloway was already a single college region – with a main campus in Dumfries and satellite in Stranraer.

[31] At present these are engineering and manufacturing, construction, hospitality, food and drink, and energy (Developing the Young Workforce Dumfries and Galloway, 2021)

managers can more easily perceive common problems and interests, although these groups have also facilitated networking and facilitated employers beginning to collectively address broader sectoral issues. At the same time, however, FE in Scotland has had to adapt to changing priorities set at the national level, with pressures to "be all things to all people" (Interview H) while at the same time experiencing significant cuts to core funding (McMurray, 2019) – although D&G College has successfully attracted investment from a range of sources to support sector-specific initiatives (Temlett, 2020).

A further set of stakeholders that can contribute to leadership in regional development is trade unions, or other bodies representing workers' interests. The participation of worker representatives in influencing regional strategies is one way in which understandings of what economic development should look like can be broadened out to embrace a concern with the qualitative nature of development and social issues, rather than a narrow focus on growth in GVA or job numbers (Pike, Rodríguez-Pose and Tomaney, 2007; Pike, O'Brien and Tomaney 2007). The potential for this is however somewhat limited in D&G:

> *"There's a real issue with trade unions themselves… They have the Trades Council in Dumfries and Galloway, which is nice, they put on a film to mark the Russian Revolution or something every couple of years or whatever, that's pretty much it … partly because we don't have those big workplaces with strong trade union representation" (O)*

At a national level, under devolution the Scottish Trade Unions Congress has been at least rhetorically considered as a social partner by the Scottish Government, with a memorandum of understanding in place since 2002, and more recently their role in supporting the promotion of 'Fair Work' – which overlaps with inclusive growth – explicitly recognised (Pautz et al., 2021). There are however challenges to unions' effective engagement in multilevel governance, including variable capacity and resources across different regions, and an environment which has since the 1980s tended to privilege business interests in economic development (Peck, 1995; Pike, O'Brien and Tomaney, 2007). In D&G there is limited trade union representation outside

the public sector, related to the low number of large private sector employers.  As a result they have not been seen as important partners - trade unions were not represented on the LEF from 2002-08 and are not represented on the current ELG.  Within the 45 different organisations identified as strategic partners by Dumfries and Galloway Council (Danson et al., 2019) trade unions were not included.  Their role has largely been a responsive one in the case of threatened business closure or large-scale redundancies.[32]

This all indicates a thin institutional environment (Amin and Thrift, 1995) perhaps characteristic of many peripheral regions (Isaksen, 2015).  This suggests that there may be few actors from outside the formal structures of governance that realistically have the capacity to exercise effective place leadership through the generative construction of shared alternative visions for economic development capable of attracting support across multiple scales.

At the same time, however, there is evidence of a stratum of motivated individuals – volunteers, unpaid board members, small businesspeople, retired professionals, and activists (in a broadly apolitical sense) who have been effective at times in promoting particular initiatives in particular places. The campaign for a university campus is one example.  More recently, a volunteer-led campaign for the creation of a National Park in Galloway has been successful in gaining broad support from local politicians (Rinaldi, 2020), promoted to a great extent on the basis of potential economic benefits (Galloway National Park Association, 2019)[33].  This type of 'bottom up' attempt to exercise agency has been most evident in local initiatives that can be broadly described as 'community-led'.

## 6.4 Community-led development

In parallel with overarching regional development strategies, unrealised though they may have been, have been a variety of attempts at 'community'

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[32] The establishment of SoSE may, however, be a catalyst for greater engagement (see Chapter 7.)

[33] Although there has also been opposition to these proposals from some farmers in the region (Ferguson, 2021)

or 'community-led' development.  This has much in common with place-based approaches in focusing on "local conditions, the roles of local actors, and the agency of individuals and groups" (Halseth et al., 2010, p4) but generally at a smaller scale - in terms of both geography and resources.  A number of initiatives led by community groups and volunteers across Dumfries and Galloway have engaged in what might be considered 'economic development' activity.  Two prominent examples are discussed below, along with the EU-funded LEADER programme which has sought to promote such approaches.

### 6.4.1 Wigtown Book Town

One place demonstrating apparently successful adaptation in response to economic change is Wigtown, a small town (population around 1,000) in 'the Machars', a peninsula in Galloway projecting south into the Solway Firth.  Historically the county town of Wigtownshire[34], it is now best known as Scotland's 'National Book Town' and host of an annual book festival.  This represents perhaps D&G's most successful example of the community-led development model.

The town's specialisation in book retail and related cultural tourism is however relatively recent, and a direct response to the experience of rural deindustrialisation discussed in Chapter 4.  The nearby Bladnoch Distillery, then the region's only Scotch whisky manufacturer, closed in 1993, and the Bladnoch Creamery, operated by the Co-operative Wholesale Society, had closed in 1989 (production moved to Wales) with the loss of 143 jobs.  By the mid-90s, then, the town was felt by some residents to be in terminal economic decline. This prompted the local community council[35] to develop a successful application to a competition in 1998 to designate a national Book Town.

Several points about the apparently successful adaptation that has emerged since are worth noting.  Development has been community-led in being driven by active local volunteers with a high level of capacity, resources and skills.

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[34] Wigtownshire was one of the region's District Councils until the 1995 local government reforms, although the administrative centre was Stranraer

[35] Essentially a group of local volunteers; community councils are notionally elected bodies and the lowest tier of government in Scotland but have few powers, resources or responsibilities even compared to parish councils in England

One of the strengths of Wigtown's bid for the designation was "evidence of clear management leadership" with detailed business and financial planning (Seaton, 1999, p396).  In addition, development has been both supported by and itself stimulated a variety of local organisations and groups.  The Book Town initiative received start-up funding from D&G LEADER, was supported by Machars Action, a community development organisation[36], and a local Chamber of Commerce was established in 2007, in addition to the body created to manage the book festival.  While notions of social capital capture informal relationships a local level seen as being important for the community initiatives (although subject to critique; see Kay, 2005) – this profusion of organisations with overlapping interests represents a highly localised form of institutional thickness (Amin and Thrift, 1994; 1995; Coulson and Ferrario, 2007) that has helped to sustain and build on the original award.

On the other hand, the creation of a National Book Town was a centrally planned and directed attempt to stimulate economic development, seeking to replicate the perceived success of Hay-on-Wye and other European book towns.  This was seen as a low-cost intervention with the potential for significant local impacts (Seaton, 1999).  The competition to award the designation was led by Scottish Enterprise, the University of Strathclyde and the Scottish Tourist Board and based on specific criteria.  Its profile was then further enhanced by the endorsement of the new Scottish Parliament in 1999.  Success in gaining the national designation helped Wigtown to attract further funding from the local authority, LEC and national funders for a variety of purposes, including public realm works and restoration of historic buildings (The Market Specialists, 2003).  There was therefore a supportive national and regional funding environment during the early years that local groups were able to access.

While the nature of the designation - there could be only one - meant that the element of competition between small towns was explicit, the clear and open criteria and evaluation process fostered a detailed consideration of local assets and circumstances.  Key among these were the town's scenic location

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[36] Originally part of the pre-1995 Regional Council but later becoming a stand-alone independent charitable body

and physical assets in vacant properties that could be converted to retail and event spaces. Interestingly, although the town had one large book shop, there was not an existing strong presence or identity in books or literature.

The Book Town intervention that began in the 1990s appears somewhat ahead of its time. Through its emphasis on identifying and building on specific local circumstances, and in harnessing local, regional and national levels, it fits the model of place-based or neo-endogenous development. At the same time, it took a sophisticated view of what constituted a place's assets, looking beyond existing strengths in book-based retail or tourism to broader potential for development. An evaluation five years into the initiative (The Market Specialists, 2003) identified areas of improvement to attract more visitors and informed subsequent priorities – demonstrating a strategic and holistic view of development, and actors collectively acting entrepreneurially in assessing its potential customer base and offer. As such, the succession of initiatives in Wigtown have represented a coherent, purposive, collaborative and most importantly sustained attempt to move the town from a trajectory of economic decline linked to the closure food and drink manufacturing to a development path based on tourism (although with the limitations that this implies in terms of the type of employment generated; something recognised by some local actors; Interview T). This has stimulated groups in other towns to take a similar approach to branding - most notably Kirkcudbright Artists Town and Castle Douglas Food Town - with support from Dumfries and Galloway Council (MacLeod, 2009).

### 6.4.2 Dumfries Midsteeple Quarter

In contrast to this tourism-based development in a rural setting, the Midsteeple Quarter project (MSQ) is concerned with town centre regeneration. The challenges faced by town centres in Scotland – with retail activity shifting towards online and out-of-town locations – are widely acknowledged, with two separate government reviews (National Review of Town Centres External Advisory Group, 2013; Town Centre Action Plan Review Group, 2021) and a variety of national policy responses over recent years. The MSQ project has been led by The Stove, an artist-led community

organisation part-funded Creative Scotland[37]. The Stove has had since its creation an aim of revitalising Dumfries town centre, being formed specifically to take over an empty building on Dumfries High Street. This unit had originally been bought and renovated by D&G Chamber of Commerce using capital funding from the Scottish Government's Town Centre Regeneration Fund in 2009 (Glendinning and Hart, 2010), but subsequently remained vacant. Ownership was then transferred to Dumfries and Galloway Council but leased for 25 years to The Stove (for a nominal sum) as a café and arts centre.

The MSQ has extended this approach – based on community ownership of physical assets – seeking to bring a block of eight, largely vacant, historic buildings on the High Street back into use for a combination of retail, artistic and cultural activity, and housing. A Community Benefit Society (CBS) was founded to take this forward, and took ownership of one of these buildings, owned by Dumfries and Galloway Council, through a Community Asset Transfer under the Community Empowerment Act.

Despite the early stage of the project in effecting physical regeneration[38], the MSQ has been lauded as a positive example of towns 'transforming their futures' (Carnegie UK Trust, 2019). In common with the Wigtown example, progress so far has depended on a highly motivated group of volunteers. This has allowed it to develop a high profile and to influence local priorities and policy decisions – for example prompting Dumfries and Galloway Council to create a Town Centre Living Fund (using the proceeds of increased Council Tax levied on second homes) which the CBS then secured funding from; the MSQ masterplan has also been adopted as part of the Local Development Plan. This can be seen as a form of social capital, where groups develop strong 'linking' ties to decision makers (Dale and Newman, 2010). Again, however, even for a relatively modest capital development project, local resources would not been sufficient. The CBS attempted to purchase two target

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[37] Creative Scotland is the Scottish Government's national agency for supporting the arts. The Stove have been supported by Creative Scotland's Regular Funding scheme over the 2015-18 and 2018-21 rounds.
[38] Construction work on Phase 1 of the project is expected to begin in late 2021.

properties being sold at auction in February 2019, after raising £23,000 through a local crowdfunder. In the event, however, they were 'nowhere near' being able to compete with commercial property investors, with the properties purchased for £142,000 (BBC News, 2019). The level of resource necessary for property acquisition and development has required funding from national sources. Some of this has come from the new South of Scotland Enterprise agency (see Chapter 7); there has also been grant from the Scottish Land Fund[39]. This has been facilitated by the project's alignment with national agendas – a growing concern with the development of town centres, and the adoption, backed by legislation, of 'community empowerment'. That this type of regeneration project has been led by artists, activists and volunteers rather than by the local authority is demonstrative of a broad shift towards an 'enabling state' (Elvidge, 2014), although as public sector bodies across multiple scales have provided significant support, the state is not absent (Shucksmith, 2012).

### 6.4.3 D&G LEADER

As these two examples demonstrate, community-led initiatives have been able to access funding from a variety of regional and national sources. However, the EU-funded LEADER programmes, managed (since devolution) by the Scottish Government, have been primary mechanisms of support for rural community-led development over the past two decades[40]. Although relatively modest in scope (the last D&G LEADER programme provided £5.6 million over 6 years; Rocket Science, 2021), the sustained and iterative succession of programmes has made LEADER a significant strategic intervention.

While LEADER priorities have evolved over time, it has from the outset been conceived as supporting 'area-based' and 'bottom-up' rural development. LEADER has been seen as a flagship example of the 'new rural paradigm' (OECD, 2006), supporting place-based development, rather than focused on

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[39] This is a Scottish Government fund established to help rural communities to acquire land assets, this was subsequently extended to urban areas in line with changes to land reform legislation

[40] While the first LEADER programme in Dumfries and Galloway covered only Galloway, this was expanded to include the whole local authority area (although to maintain its rural focus did not support projects in Dumfries and Stranraer unless there was evidence of likely benefits to the wider region; LEADER has not, for example, funded the Midsteeple Quarter project.

agriculture, and based on the assumption that local groups are best placed to respond to local circumstances (Bosworth et al., 2015).

Each LEADER programme is led by a Local Action Group (LAG) with at least half of its members from outside the public sector (Scottish Government, 2015b), exemplifying the perceived importance of horizontal partnerships and community leadership (Shucksmith, 2009). Each LAG has a significant latitude to determine its own priorities, formulating a Local Development Strategy (LDS) in consultation with local stakeholders and residents, and making decisions funding allocations. As a result, LEADER has been described as a 'laboratory' for rural development with high levels of local discretion (Ray, 2006) and within the broad boundaries set by the design of each programme at the EU level there has been substantial scope for different approaches. Some of this discretion is however exercised at the national level with the adoption of broad guidelines and priorities – in Scotland these are guided by the Scottish Rural Development Programme:

> *"The focus of the national programmes would very much have come from Scottish Government at the time. And this latest programme, the community-led local development approach to the programme has been suggested, or I won't use the word dictated, but really, very strongly pushed by Scottish Government."* (L)

Given the need to align with different levels of regulation from above, and for the LDS to be approved by the managing authority (here the Scottish Government), this model is perhaps more 'down-up' than 'bottom-up' (Pollerman et al., 2014), with potential for friction between local and national. The local, place-based partnerships that deliver LEADER programmes are therefore embedded within multi-scalar systems of governance.

While it does also support individual businesses, and the balance has varied over successive programmes, a significant proportion of D&G LEADER funding has gone to community-led projects[41]. This model of 'doing' economic

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[41] 49 out of 79 in the 2014-20 programme (Rocket Science, 2021).

development – passing responsibility for developing initiatives and projects to 'communities' – is in principle viewed favourably by regional actors in the South of Scotland with the local initiatives discussed above also cited as successful examples.  There are, however, several aspects that can be subject to critique.

In practice, this model is dependent on local groups of volunteers, the uncritical identification of whom with 'the community' may obscure conflicts or differences of interest (Foot, 2001; Edwards et al., 2003; MacKinnon and Derickson, 2013).  Some groups are more able than others are able to access LEADER funding through their capacity to put together effective applications (Navarro et al., 2015). Places that already have strong and privileged communities are likely to be more successful in attracting the external resources required to take forward local development opportunities, exacerbating spatial inequalities (Shucksmith, 2000).  There is evidence, for example, that in Scotland areas with higher levels of deprivation are less likely to have active community councils (Scottish Government, 2013).  In D&G, Moffat, Castle Douglas, Kirkcudbright and Langholm have tended to be identified as places with well-supported and resourced community groups.

The usual response to such concerns is to prioritise additional capacity-building activity at the community level.  D&G LEADER for example funded the Capacity for Change project in 2012 to pro-actively engage with and support community groups in places that had not previously accessed funding. This was specifically targeted at small rural settlements (of under 500 people), where there was evidence of socio-economic disadvantage or the loss of local services (for example through school closure; Markantoni et al., 2019). Likewise, during the last programme period the LEADER team have sought to solicit interest from parts of the region - including Stranraer in the far west - where fewer projects had been supported in the previous round[42].  This has been described as a 'double scope' in that the LEADER programmes generates impacts through funding specific community development projects, but is also

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[42] A summary of projects supported by the latest D&G LEADER programme is provided in Appendix 6.

itself a process that stimulates local strategic thinking and capacity (Grieve et al. 2011).

This community-led model also strongly overlaps with the popularisation of 'asset-based' approaches that emphasise local strengths and skills (Kretzmann and McKnight, 1993).  In the Scottish context, this can be seen in the promotion of agendas including community resilience (where local volunteers are encouraged to plan for and respond to natural hazards) and community empowerment (primarily in the transfer of physical assets to community groups).  As MacLeod and Emejulu (2014) point out, these have ideological roots that view state action as disempowering, and that emphasise the potentials of local voluntarism to the neglect of structural forces and inequalities.  The adoption of these discourses in the UK coincided with austerity, most obviously in David Cameron's championing of the 'Big Society' (Crowther & Shaw, 2011), and of 'localism' which sought to delegitimise national and regional state action and to promote localities and communities as unproblematic and unified (Featherstone et al., 2012; Bulley, 2013).  In Scotland, the implementation of these agendas has been more ambiguous and contested (MacLeod and Emejulu, 2014) – on the one hand potentially reinforcing spatial inequality through shifting responsibility to non-state groups, but on the other placing increasing requirements on Community Planning Partnerships to demonstrate reductions in inequality – illustrating tensions within the Scottish policy approach (Cairney, 2020).

In economic development terms there are clear parallels here with place-based models - particularly in the shared importance attached to local knowledge (Barca et al., 2012; Bailey et al., 2015) of place-specific context and assets.  Perhaps unsurprisingly given Dumfries and Galloway's dispersed settlement pattern and other factors outlined earlier in this chapter, the local – in this case, town-level – scale has perhaps been more conducive to the exercise of place leadership, and the formation of coherent shared agendas, than the regional scale.  Nevertheless, the examples above, and the focus on capacity building activity as a key component of community-led development, indicate that if communities are indeed being 'empowered', it is to compete effectively for external resources, whether from the multi-scalar state or

market-based investors.  This notion, that the ability to 'do' economic development is dependent on being able to attract resources from the centre, is similarly applicable to the regional scale, as will be discussed in the following section.

## 6.5 Local-national Interactions: Strategic Coupling Between Scales of Governance?

A common thread running through these accounts is the requirement to somehow harness external resources to be able to engage in meaningful strategic interventions.  The EU, including LEADER, has been one source of funding available to regional actors; the UK Government has also re-emerged as a potential funder (see Chapter 7).  However, given the institutional and governance framework described in the previous chapter, control of resources has tended to be concentrated in the Scottish Government and its national agencies.  This is explicitly understood by at least some regional actors:

> *"All economic investment needs confidence from the investors.  And for us in Scotland, and particularly for the South, because of market failure, that's the government.  We've got to build confidence that they'll get an economic return, or a social return, and votes" (I)*

There are clear parallels here with the notion of strategic coupling, where regional actors can exercise agency in the pursuit of regional development paths through actively seeking to match regional assets with the needs of firms in global production networks (Yeung, 2009).  In this interpretation, however, the dominant strategic interests that regional actors are seeking to align with are not those of firms in the global economy, but of higher levels of the multi-scalar state.

The national environment has however tended not to be conducive to the ability of actors in D&G to successfully couple the region's assets and development opportunities with centrally controlled state resources.  At strategic level, there has been a general lack of alignment between the interests and priorities of national actors and the types of intervention that might be expected to support the development of the region's economy:

*"I think one of the things that has been an issue here is that the drivers for the economy in this area did not tend to be consistent with national policies and objectives and therefore, the biggest example being that agriculture and hospitality were generally excluded from these approaches and therefore I think we didn't have a bespoke economic package for Dumfries and Galloway". (G)*

*"We've always had a struggle with Scottish Enterprise over, say, the regenerating Stranraer waterfront, because with the best will in the world, Scottish Enterprise will say, that's not going to do a lot to the Scottish economy, but actually it will do masses for the Stranraer economy, but that has never been Scottish Enterprise's priority, theirs has been the global Scottish economy" (O)*

*"As an organisation [SE] were remitted to deliver certain things which are agreed with government, we're given strategic direction from government to things to focus on and that's our response … So under the leadership that was in place for a period of time, that was the focus and I think without a shadow of doubt you can see, not just in the South but in different parts of Scotland, where that has meant that many business opportunities are left behind … And I think the consequences of that are you see even greater inequality happening across Scotland". (D)*

As discussed in Chapter 5, discourses and narratives around economic development in Scotland have been dominated (until recently) by a particular set of priorities pursued at a national level - set by the Scottish Government and implemented by Scottish Enterprise - measured by their impacts on aggregate Scottish economic performance, privileging cities as drivers of growth and taking little account of sub-national inequalities. From a place leadership perspective, the potential generative power of local and regional actors – the ability to construct shared visions and agendas – is clearly constrained if those (national) actors whose participation and resources are necessary for any substantial intervention are operating to priorities that are not compatible with regional interests, and furthermore are difficult for those

in peripheral regions to influence. Viewing the attraction of resource for economic development projects as analogous to strategic coupling, actors in particular places need to mobilise assets to demonstrate that they can meet the needs of extra-regional actors, including central government. If these 'needs' are focused on projects of scale and sectors concentrated in urban settings, it is difficult for those in rural and peripheral regions to put forward a compelling case to attract resources, in the absence of strong central concern about spatial inequality.

Likewise, at the level of individual businesses, there is a broad consensus that relatively few in the region have matched the characteristics of those prioritised by Scottish Enterprise - large firms, in key sectors, and identified as having high growth potential. While support for start-ups has been provided by Business Gateway (administered locally by the LA since 2007), for a large proportion of the area's existing firms the prospects of accessing support have appeared limited:

> *"It was very difficult to get - within my clients - to have much practical assistance from an over-centralised Scottish Enterprise, its policies were designed by people in the central belt and geared to growing high tech businesses and Motherwell, Glasgow, Cumbernauld. There was little empathy, you know, for that type of business". (Q)*

> *"I think the area that has fallen down the cracks is the support for the SME that has got growth aspirations or potential. SE over the period have reduced the funding support that will give to that category. In many cases, you know, you can get access to expertise. But if you actually want some cash, you have to be an account managed company[43] almost." (B)*

This is perhaps indicative of a mismatch of regional or organisational cultures and paradigms as much as of formal priorities. On the one hand, national programmes for business support are seen as having been designed and delivered for a particular type of firm or model of development. On the other,

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[43] Account management is Scottish Enterprise's approach to providing ongoing support to firms of scale and with growth potential.

there is a perception that (some) firms in the region tend to lack ambition (Ekos, 2010), have an expectation that support should equate to grant funding and can be unwilling to engage with external expertise (Interviews B; D). More broadly, several interviewees indicated a belief in a degree of resilience or self-sufficiency amongst businesses and 'communities', related to their rurality; this was expressed in terms of independence and lack of reliance on the public sector, shading into an almost antagonistic attitude, particularly towards national agencies seen as urban-based and focused. Such attitudes may be reflective of lower trust in public institutions in rural and peripheral areas (Mitsch et al., 2011); established discursive constructions of rural places as self-supporting communities (Cloke, 1995) are also relevant here. This aspect of the region's peripherality therefore develops from a self-reinforcing interaction of externally determined priorities that appear ill-suited to the region's circumstances, and narratives of marginality that are constructed by those within the region in response.

The stalled redevelopment of Stranraer waterfront provides one illustrative example of a lack of success in coupling regional assets and potentials with external resources. In 2005 the local authority and the LEC approved a Development Framework that aimed "to reposition Stranraer and Loch Ryan as a distinctive and successful marine leisure destination" (Mackenzie Partnership, 2005, p1) in response to the relocation of ferry operators Stena from the town to Cairnryan (see Chapter 4). This envisioned a mix of development including housing, a marina, offices, retail and leisure, although these proposals were later seen as too ambitious and scaled back (EKOS, 2007). It was also recognised that this type of development was unlikely to happen if left to the private sector; as existing demand was low, the viability of commercial development depends on attracting new visitors. The basis for this is a proposed marina for over 200 leisure craft, requiring significant up-front public sector investment (Smith Scott Mullan Associates, 2009).

There has been some recent public sector investment in Stranraer, with funding from the local authority, Historic Environment Scotland and the Scottish Government's Regeneration Capital Grant Fund for works to restore historic buildings in the town centre. A community-led development trust has

instigated a number of smaller scale interventions, with some success in securing funding from Dumfries and Galloway Council.   However, there has been little progress in over 16 years on the larger scale developments proposed for the waterfront.   One factor has been difficulty in attracting private sector investment in a challenging economic climate.   Stranraer had the only successful bid in Scotland for one of the new casino licences allocated by the UK Government in 2008, but initial interest from investors evaporated in the wake of the global financial crisis (Interview M).

However, the scale of public sector support required to transform the waterfront into an attractive opportunity for private developers has been beyond the means of local actors alone.   The local authority does have a Capital Development Programme currently worth around £2 million per year, although the range of projects supported across the region means that individual grants are relatively small (Dumfries and Galloway Council, 2021). Funding for more substantial investments can be accessed through bids to the Scottish Government's various regeneration funding streams.   The project has consistently been promoted as a strategic priority by regional actors (for example South of Scotland Alliance, 2014; Dumfries and Galloway Community Planning Partnership, 2016; Dumfries and Galloway Council, 2018a).   A failure to translate this into the attraction of sufficient resource from national actors has therefore been a fundamental barrier to delivering this strategic intervention to re-orientate Stranraer's economy towards one based on leisure and tourism.

On the other hand, while the power relationships between different levels of governance in a multi-scalar system may be asymmetric and weighted in favour of the centre – as in the relationships between regions and GPNs (Coe and Hess, 2011; Mackinnon, 2012) – they are not one-directional; there is the potential for regional actors to exercise agency within these systems.  The re-coupling with external actors demonstrated in the averted closure of the University of Glasgow's Dumfries Campus is one example of this. It is therefore reasonable to ask why regional actors have apparently struggled even where local conditions or sectoral strengths - for example in tourism - have aligned with national priorities.  A range of possible explanations emerged from the

interviews, ranging from the specific characteristics of the region and its governance to broader factors. As already noted, these include critiques of the region's political leadership, challenges in formulating coherent regional agendas and barriers to making these attractive to extra-regional investors.

There is also evidence of an apparent narrowing of horizons amongst regional actors over the period. For example, during the early 1990s, the local authority and LEC engaged in a successful attempt to secure Objective 5b status in the European Structural Fund, providing support for the development of rural areas - through lobbying both the Scottish Office (as then was) in Edinburgh and the European Commission in Brussels. During the same period, Dumfries and Galloway Council provided the secretariat for the European Rural Exchange Network of local authorities in Objective 5b areas across Europe. This was active in seeking to influence emerging agendas at the EU level around CAP reform and the Lisbon Strategy, as well as the priorities for EU funding managed at the Scottish level. In contrast, by around 2010 there appears to have been much less participation by regional actors in these kinds of wider networks. One interviewee who moved to the region around this time recounted his surprise that *"[local authority] officers weren't allowed to travel out of region, members never travelled out of region, we went through a stage of pulling ourselves out of COSLA" (I)[44]*. The diminishing importance of EU funding may provide one explanation for this, as well as the attitudes of the region's political leadership at the time and conflicts with the Scottish Government over funding. Overall, the impression is of a set of local political and public sector elites that saw themselves as having relatively weak links with the Scottish policy 'village' (MacLeod, 1998) largely based in the central belt.

There is a common narrative presented by local actors about D&G as a region 'forgotten' by national (Scottish) government and agencies (Smith, 2011). Rural and semi-rural places in other contexts (for example the USA; Lyson and

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[44] Dumfries and Galloway was one of seven Labour-led local authorities that announced their intention to leave the Convention of Scottish Local Authorities (COSLA; the umbrella body for local government in Scotland) in 2014 in a dispute over the funding settlement from the (SNP) Scottish Government and proposed governance changes in the organisation. In the event it did not leave, four other local authorities ultimately did but rejoined in 2017.

Falk, 1993) have been defined in similar terms; Markusen (2004, p2303) suggests that these are "deprived of leadership and stewardship by the actions and attitudes of people both present in and absent from these environments". Suggested factors for the lack of salience that the region's interests have at the Scottish level include its small population (as a proportion of the Scottish total and relative to the central belt), and a lack of alignment between regional and national electoral politics – although the Scottish Parliament's quasi-proportional system does give the SNP representatives for the wider South Scotland region, their electoral success in D&G has been limited (see Chapter 7, p210).   In cultural terms, there is also a contrast with the widespread understanding of the Highlands as a disadvantaged region - going back centuries and explicitly recognised in regional policy since at least the 1960s - that actors there have been able to harness and exploit as a basis for national attention.  Dumfries and Galloway has lacked a similar high profile place in the national political and popular culture.

It is important not to overstate the extent to which D&G has been forgotten or neglected by central government.  Such narratives can be promoted by those in particular places for specific purposes (Edwards, 2000), and as the next Chapter will demonstrate, have been deployed here in an attempt to attract attention and resource from higher levels of the state. It would be possible to identify a variety of capital investments by the Scottish Government, including nearly £8 million between 2005 and 2020 towards road infrastructure from the Strategic Timber Transport Fund (Scottish Forestry, 2020), and construction of a new regional hospital (worth £213 million) through a private finance initiative.  In the former, funding was allocated through a formal bidding process, while in the latter the process through which national investment was secured was more opaque, but is presented as a success for regional actors lobbying efforts (interview A).  In either scenario, where resources have been attracted, this is where a convincing case has been made to central government.  For example, following the 2001 foot-and-mouth disease outbreak, the Scottish Executive provided significant funding, including an additional £5m for the LEC, to support tourism and agriculture. While interviewees had differing assessments of the effectiveness of the

response from the local authority and the LEC, they were able to attract these resources from the national level to support their action plan:

> *"We got a huge amount of support for developing that type of initiative from the Scottish Government and I must give them great credit for that, it's really good. But that was on the back end of the disaster…. It's all about competing demands for scarce resources. So what made us stand out from the crowd? … at the time of foot-and-mouth that was what made a difference"*. (A)

This all reflects the inherently competitive nature of the Scottish approach to economic development, and indeed to central-local relations more broadly[45]. This sits within the broader international paradigm of territorial competitiveness, where places (or place-based coalitions of actors) seen as competing with each other for mobile investment (Harvey, 1989; Brenner, 2004; Bristow, 2005). This expectation that regions have to compete for basic development resources can be contrasted with older forms of top-down regional policy which sought to distribute resources according to need, and with more decentralised or federal systems where a greater share of state resources is controlled by local and regional governments. This has been made even more explicit by the emergence of a 'deal'-based approaches in the UK (Chapter 7), and a shift towards national ring-fenced funding pots. From some interviewees' (E; I) perspectives, some actors' failure to understand the extent to which access to resources was increasingly a matter of competing with other places has been a factor in the region's lack of success in this regard.

The quote above indicates one instance of a high-profile emergency providing the political imperative for significant national resource being allocated to D&G. As this chapter has demonstrated, however, the context over much of this period has, in broad terms, been one in which the region's specific development needs have not been well matched with the priorities of the centre. This is perhaps one way in which the understanding of what it means to be a 'peripheral' region can be deepened. While House (1980) talks of

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[45] An element of competition was indeed one motivation behind the way the current system of local government was designed in the 1990s (see Chapter 4).

'double peripherality' – in terms of being geographically remote from and politically neglected, it more useful to think of peripherality being produced across a number of dimensions (Copus, 2001; Kühn, 2015).  Thus Dumfries and Galloway is peripheral in terms of physical distance from urban centres, and in material terms through its place in the spatial division of labour and the tendency for ownership of capital to lie elsewhere.  It is relatively small in terms of population and therefore in its electoral representation in the Scottish Parliament.  It also, however, represents the type of place which has been marginal to dominant narratives of economic development at a Scottish level – centred on city-regions, interventions of scale, growing firms and sectors – into which, as discussed in the previous chapter, rural issues development have not been fully integrated.  Alongside the apparent weakness of regional actors in effectively competing for attention from the centre, this illustrates Jessop's (1990) observation that particular state configurations tend to favour access to state resources for certain groups or strategies over others, with the spatial selectivity (Jones, 2019) that this implies.  One element of peripheralisation in these terms is therefore having limited capacity to 'play the game' of competing with other places on terms set by the centre (Waite, MacLennan et al., 2018).

## 6.6 Conclusions: Characteristics of Place Leadership in the Periphery

This chapter has charted a variety of ways in which regional and local actors have attempted to exercise place leadership.  One of the starting points for this thesis is that regional development is an evolutionary process which is open to potential agential influence.  As set out in Chapter 2, the concept of place leadership is used here as way of understanding how human actors can exercise purposive and strategic influence in these processes.  In terms of the conceptual model (Figure 2.2) this can be through seeking to identify, and articulate, regional 'problems' and shared aims, and harnessing resources from actors both within and external to the region in support of particular strategic interventions.

There is evidence of some success in the exercise of place leadership at a local scale - in Wigtown, local actors have been able to harness resources from

regional and national scales for a sustained strategy to promote a development path based on the visitor economy. Tourism has also been a focus for support at the regional level. More broadly, however, Dumfries and Galloway's declining relative position suggests a general failure at the regional scale to successfully promote new development paths, or at least those that would capture greater levels of added value.

Without underplaying the potential for influential individuals to exercise agency in this way, it is not productive to frame this as a failure of regional political leaders or economic development professionals, as some interviewees sought to do. Regional stakeholders in general demonstrate a broadly shared understanding of economic challenges and of difficulties in trying to shape economic development. As previous research in the region has found:

> "*Policy discourses of rural development in the Dumfries and Galloway region understand it as a dynamic process, contingent upon complex combinations of local and extra-local actors, funding streams and investment opportunities, and subject to shifting political circumstances and the vagaries of changing economic circumstances.*" (Adams et al., 2011, p40)

This chapter has instead sought to understand the relational, institutional and political factors that have constrained the exercise of place leadership – that seeks to harness resources in support of strategic interventions - in the context of a peripheral region. It identifies a variety of institutional 'bottlenecks' – in governance, capacity and mobilisation (OECD, 2012) – that have inhibited effective policies to support regional development.

Here it is useful to consider the two types of potential powers available to prospective place leaders (Sandford, 2020). In terms of directive leadership - control over the allocation of resources, or the formal power to issue direction (Sotarauta, 2016) - the evidence presented in this chapter and the preceding one indicates limited capacity at the regional scale. With, for example, the abolition of the LEC, cuts to LA budgets over a decade, and falling levels of EU funding, the resources within the region to support

development, or even to make effective strategic decisions (Eckersley and Tobin, 2019) have been steadily diminished. Where regional actors have been able to undertake sustained interventions themselves - such supporting events to develop the cultural and visitor economy - these have been modest in scale.

In this context, then, the capacity to exercise generative leadership - developing visions and mobilising actors across different scales to pursue them - becomes even more important as external resources are needed to support effective interventions. Two broad sets of factors related to the characteristics and geography of the region have however inhibited this process of coupling between local assets and extra-regional (national) interests.

Firstly, it has been difficult to unite regional actors around common agendas. A degree of instability in the local authority's political leadership has hampered the pursuit of consistent strategic priorities. This has been exacerbated by the diverse priorities of actors in different places within the region, reflecting the dispersed geography and apparently weak sense of shared interests – raising the possibility that the inchoate sense of a 'region' in economic and identity terms could undermine its effectiveness as a space for strategic agency (Quinn, 2015). The nature of the business base, with few large firms that might take leadership roles, difficulties building private sector networks of engagement, and few obvious examples of industrial 'clusters', has posed similar challenges. Related to this, established conceptions of 'economic development' activity have tended to exclude agriculture, which has been dealt with by a separate government department at national level and supported by EU funding. As a result, a sector that is disproportionately important to the region has received little consideration in mainstream strategic regional development - even within the region, as local strategies seek to 'fit' with national agendas. This points to the central role of the Scottish Government not just in having directive power over the allocation of resources, but also a generative role in shaping commonly held understandings and visions of what regional economic development should look like and how it should be pursued. While there have simultaneously been attempts to challenge the applicability of the national paradigm, regional

actors have during this period clearly struggled to articulate coherent alternatives (although these have begun to emerge in recent episodes of rescaling; Chapter 7).

Secondly, in the context of multi-scalar governance, it has been difficult to attract resources from national government and agencies to support strategic interventions.  This may partly be a consequence of an absence of coherent regional narratives that could form the basis for 'selling' the benefits of investment in the region to those at the centre.  There has also however been a lack of alignment between Scottish strategic approaches over much of this period - increasingly focused on city-regions, businesses and projects of substantial size, a defined set of sectors, and aggregate national economic performance - and the needs and interests of Dumfries and Galloway as a largely rural region.  On its own it represents a small proportion of Scotland's population and economy, and is peripheral in geographical and political terms to centres of power.  In comparison, the Highlands and Islands - a comparison that has been repeatedly made by the region's stakeholders - has had not only long-established institutional mechanisms for articulating common needs and priorities, but also a broad awareness of its distinctive place within Scotland and its status as a region disadvantaged by history and geography.

Furthermore, as governance arrangements and national priorities have evolved over the period, capacity at a regional level to support significant regional development interventions has diminished.  The establishment of the Crichton Campus in the 1990s, for example, demonstrates local stakeholders coupling their aims with those of extra-regional actors - in this case the Scottish HE funder and two universities based in the central belt.  However, this rested not just on the articulation of a generative vision aligned with the interests of these actors, but also of directive power to allocate significant local funding for valorisation of local assets through investment in the site.  By the 2010s, those local resources were much diminished.  This erosion of regional capacity is itself an outcome of decisions made at different levels of government, and of the weakness of regional actors to resist these changes within the prevailing structures of governance.  Taken together, this all suggests that the nature of 'place leadership' is context-dependent – and in a

peripheral region, within centralised governance arrangements, this is perhaps primarily a matter of leadership in competing for scarce resources from the extra-regional actors.

Further links can be made here between the empirical analysis in this chapter and the regional development literature outlined in Chapter 2. In particular, in considering the nature of agency in regional development, this account, in combination with the preceding chapter, highlights both the distributed nature of agency (Garud and Karnøe, 2003), and the changing capacities of - and power relations between - different actors.

This analysis has identified a variety of actors at local and regional scales who have sought to influence the region's development trajectory. Despite the Scottish Government seeking to bind the whole of the public sector into delivering its priorities (Elvidge, 2018; Cairney, 2020), the state remains a multi-scalar ensemble of actors (Jessop, 2011); non- and quasi-state actors can also exercise place leadership roles. The particular framework of centre-local relations within Scotland can be attributed to the strategies for territorial management pursued by those at the centre (Ayres et al., 2018), and as this Chapter has demonstrated, has over time shifted towards greater control of resources at the Scottish national scale. In combination with the emergence of city regions as the dominant 'imaginary' (Murdoch, 2006; O'Neill, 2011) for sub-national economic development, this has constrained the potential for regional agency.

This also draws attention to the nature of peripherality itself as something generated by social, economic and political processes (Copus, 2001), and indeed discursively constructed by different actors for specific purposes, rather than defined by geography or physical distance. Perspectives from political science, for example, see the periphery as defined by exclusion from political power (Herrschel, 2012) in terms of networks and resources. This chapter and the previous have highlighted the various ways in which regional actors have found themselves to be peripheral to the priorities of the centre. As Chapter 7 will demonstrate, they have also, more recently, been able to mobilise that sense of peripheralisation in seeking to reshape the governance

and institutional context, aided by changing electoral geographies that have perhaps brought the region to the attention of political elites. These ideas will be developed further in Chapter 8.

Two caveats to the above analysis should be noted here. Firstly, this chapter has provided a broad overview of strategic approaches to economic development in Dumfries and Galloway since the 1990s, with some illustrative examples. It is by no means a comprehensive survey of activity undertaken by different bodies under the very broad category of economic development. It would be possible to point to a variety of initiatives and projects not examined here – including, for example, skills and training provision by the College and SDS, or employability and inclusion projects funded by the European Social Fund (Dumfries and Galloway Council, 2017). Secondly, the research was being conducted at a time of significant changes in the regional development landscape (see Chapter 7). Many regional actors were heavily involved in lobbying for these or indeed in their design and implementation; as a result, interviewees' presentation of negative perspectives may be part of their promotional accounts of emerging initiatives. As Ball (2013, p63) notes, reform "often works rhetorically by devaluing the present".

Nevertheless, this chapter has largely told the story of failure – on the part of regional actors to effectively pursue sustained strategic interventions, and on the part of national government to meaningfully address growing regional inequalities. Recent shifts - in institutional and governance arrangements for economic development, and in national approaches and priorities - do however signal a potential change in direction. These suggest that efforts to develop common agendas with purchase at higher levels of governance are beginning to come to fruition. As illustrated in the conceptual model (Chapter 2), although regional actors' capacity to undertake effective interventions is constrained by national (or international) structures and environments, they are not necessarily powerless to influence them. The next chapter traces the emergence of two significant developments - the establishment of a dedicated enterprise agency for the South of Scotland, and a 'deal' with the UK and Scottish Governments to fund strategic projects across a new cross-border geography.

## Chapter 7: Change and Rescaling in the Governance of Regional Development

### 7.1 Introduction

The preceding chapters have established a narrative of Dumfries and Galloway as a largely rural and peripheral region, faced with a common set of long-term economic and social challenges, and a development trajectory that has resulted in deteriorating relative performance. This rests on declining employment in agriculture, food processing and other manufacturing, and in the public sector; where there are growing sectors, these have generated either relatively little regional employment (in the case of renewable energy) or largely low paid and insecure jobs (as in tourism). A lack of success in promoting more favourable development paths has been diagnosed as resulting, at least in part, from a limited capacity for collective action to do so. This in turn can be attributed to factors inherent in the political and economic geography of the region, to decisions at the national level that have hollowed out the institutional and resource assets available to regional actors, and a corresponding lack of alignment with (and influence on) priorities pursued at higher levels of the multi-scalar state.

In contrast, this chapter examines two parallel changes in the governance of economic development that represent a potential strengthening of regional capacity, but also a change in the scales and geographies across which this activity is undertaken. Despite the extensive literature around the rescaling of governance and the state, there remain questions about the processes by which such changes are generated, by whom they are undertaken, and how (Pike et al., 2015). This chapter seeks to develop understanding of these processes by examining the two initiatives in turn, considering the factors behind their emergence, the processes behind the identification and construction of their respective geographies, how they relate to broader trends in the approaches to sub-national economic development, and what they might mean for regional capacity to undertake effective strategic interventions.

Firstly, a new economic development agency for the South of Scotland has come into existence, representing both an increased allocation of resources for the region - as well as greater control over these resources - and a potential change in priorities and approaches for 'doing' economic development in this non-urban setting.

Secondly, a 'Borderlands' collaboration, between the local authorities on either side of the Anglo-Scottish border has gained momentum, stimulated by the opportunity to access long-term resource commitments as part of an investment 'deal' with both Scottish and UK Governments.

These have emerged broadly concurrently, and share some common features as well as significant differences, both with each other and with other reconfigurations of governance arrangements in the UK. The Chapter will conclude by using these examples to attempt to identify some insights of wider relevance to understanding processes of governance change and rescaling.[46]

## 7.2 South of Scotland Enterprise

### 7.2.1 Constructing the South

Scottish approaches to economic development have, as noted in Chapter 5, recently undergone something of a re-orientation, with growing concern about local and regional (as opposed to aggregate national) outcomes. The Enterprise and Skills Review in 2017 marked a shift towards a greater focus on place-based approaches to economic development in Scotland, proposing a system of Regional Economic Partnerships. At the same time, it set out plans for the establishment of a new Enterprise Agency for the South of Scotland to cover Dumfries and Galloway and the neighbouring Scottish Borders[47] (Scottish Government, 2017a); a South of Scotland Economic Partnership was put in place during the interim. South of Scotland Enterprise (SoSE) was formally established in April 2020, with an annual budget of £35 million (South of Scotland Enterprise, 2021). This is around double the per

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[46] Some of the material in this chapter has been published, in adapted form, in Clelland (2020)
[47] See map in Appendix 7.

capita level of funding provided to Scottish Enterprise. As the new agency takes over many of the functions previously exercised by SE in the South, but with redefined priorities, a new legal entity and new structures of governance, this represents both the 'conversion' of existing arrangements for new purposes and the 'layering' of new institutional arrangements on top of those existing (Evenhuis, 2017).

While this is largely a new geography in terms of formal institutions, it does have some precedence, with the two local authorities having previously collaborated on joint strategies and proposed economic development programmes. The first formal mechanism for this was established in 2000 when the two councils and two LECs formed a partnership to manage the South of Scotland Objective 2 European Programme for 2000-2006 (Atterton and Steiner, 2014); this also provided resources for research and policy development work (for example Binks, 2005). This acted as the catalyst for the formation of a South of Scotland Alliance to facilitate more wide-ranging strategic collaboration between the areas and to raise the profile of the region - both in the context of the then recent advent of devolved government, as a new arena (Pike, 2002) within which the South would be competing for attention, resources and influence, and in response to the perceived success of the established equivalent body in the Highlands and Islands (Arkleton Centre for Rural Development Research, 2000; Scott, 2004).

> "*as the European funding became less developed the South of Scotland Alliance gave them a forum still to be South of Scotland level. You could see a direct link to that influence in government in terms of where we're at now.*" (H)

The existing collaboration was also a factor in the South being adopted as one of the operational and strategic 'regions' used by the newly national SE in 2007, with its own (private sector dominated) Regional Advisory Board. This supposedly regionalised structure however appears to have developed little significance outside the city-regions – reports for the South of Scotland, for example, were not published after 2008 – as SE become more focused on aggregate Scotland-level outcomes, with reduced a budget.

This demonstrates how the emergence of the South of Scotland as a geography for policy and governance originated in the coming together of a 'regional assemblage' (Allen and Cochrane, 2007), led by the two local authorities, but also engaging with other regional actors and, crucially, representatives of the Scottish Government and its national agencies.  In Scotland's centralised governance context, it is this recognition by central government of the networks underpinning the relational assemblage promoting the South of Scotland (Goodwin et al., 2005) that has sustained it.  While clearly operating within hierarchical power relations between different levels of government (Whitehead, 2003) this also underlines Jessop's (2006) point that to conceptualise these as simply vertical fails to capture the more complex and shifting nature of linkages between actors at a variety of scales.

This has led to the establishment of a geography based on existing territorial boundaries, with the Enterprise and Skills Review clearly indicating an expectation that the new agency would cover the local authority areas of Dumfries and Galloway and the Scottish Borders.  This definition of 'the South' was not necessarily a foregone conclusion, and was subject to a broader consultation exercise conducted by the Scottish Government (Scothorne, 2018) as well as evidence gathered as part of the passage of the South of Scotland Enterprise Bill through the Scottish Parliament.  This reflects two sets of factors.

Firstly, despite the precedents noted above, the South of Scotland does not constitute a well-established geography with self-evident boundaries or regional identity (Paasi, 2003).  In addition to the partnership arrangements between the two local authorities under the 'South of Scotland' banner, the term has also been used for a single member European Parliament constituency (from 1979-99) and a multi-member electoral region for the Scottish Parliament[48].  These electoral geographies have been far larger than the two LA areas, extending at various times into South, East and North Ayrshire, South Lanarkshire, East Lothian and Midlothian – therefore including parts of the Glasgow and Edinburgh City Regions.  Since 2018, there has been

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[48] Since 2011 renamed 'South Scotland'

a NUTS2[49] area for 'Southern Scotland', that also includes the three Ayrshire authorities and South Lanarkshire. Historically, the South of Scotland Electricity Board (until 1990, privatised as Scottish Power) was responsible for electricity generation and distribution across most of lowland Scotland. More esoterically, the South of Scotland Football League (two steps below the national Scottish Professional Football League) is mostly contested by clubs based in Dumfries and Galloway, although several from Ayrshire and Lanarkshire have also taken part. There were therefore a variety of existing understandings of the term not aligned with the new SoSE area; as a result one element of the promotion of this geography as an appropriate scale for intervention has been its discursive construction to have salience for internal and external actors (see below).

Secondly, there is a recognition that the two-authority definition of the South does not constitute either a particularly coherent or a self-contained economic region. As described in Chapter 4, in D&G alone there are multiple housing market and travel to work areas, with the east having strong links with Carlisle. Likewise significant parts of the Scottish Borders have either strong ties to the Edinburgh City Region[50] or fall within the travel-to-work area centred on Berwick-upon-Tweed in Northumberland (Office for National Statistics, 2019)[51]. The economic linkages between the two authority areas, however, appear to be relatively weak (Scottish Enterprise, 2008), and this was mirrored in some actors' perceptions:

> *"South of Scotland is not an area that exists in many peoples' ... it's an artificial concept. Rural Borders is very different to rural D&G. What is the commonality? Rural, but Borders have, certainly north Borders have a big draw with the railway into Edinburgh. So many people have questioned does the South of Scotland exist as a functional area? No it doesn't. The traffic that goes east-west is minimal … travel works to Carlisle or Glasgow from here." (B)*

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[49] The Nomenclature of Territorial Units for Statistics (NUTS) is a hierarchical classification system for the sub-national division of EU member states.
[50] The local authority is a partner in the Edinburgh and South East City Deal
[51] Analysis undertaken as part of the Regional Skill Investment Plan divided the South into 8 sub-regions, not aligned with the TTWAs (Skills Development Scotland, 2019d)

There is a broad acceptance here that the South does not constitute a 'functional' economic area. Rather the logic for its designation as a space for strategic activity is framed in terms of the common economic and social issues that it is claimed the region faces, as a set of largely rural and largely peripheral places. As Paasi (2010; 2013) notes, regions are socially constructed – created and given meaning - through a variety of complex processes. The creation of this new region has been enacted, in part, through an emphasis of the South's 'difference' by regional stakeholders and in the supporting documents around the creation of the agency, with a focus on shared challenges similar to those identified in earlier regional strategies – including an ageing population, low productivity and wages, and issues of transport and connectivity. While this elides some significant differences both between and within Dumfries and Galloway and the Scottish Borders (such as the historical importance of textile manufacturing in the latter; Pike, 2002), the creation of a specific 'South of Scotland' geography cannot be separated from this attempt to construct it as a 'problem' region – which has, as explained below, been led by actors within the two local authority areas[52]. Its perceived marginality in terms of Scottish policy priorities (as well as geography) has been a key element of this. Comparisons with the decades of support for economic development in the Highlands and Islands have also been important in constructing a narrative of disadvantage, pointing to the importance of horizontal relations, and actors' interpretation of these, in processes of institutional change (Hermelin and Persson, 2021).

Many of the characteristics attributed to the region could of course equally be applied to other rural places, including in South and East Ayrshire and South Lanarkshire, which on some measures are performing even worse (Liddell, 2018). While there was no appetite from these neighbouring LAs to be formally included in 'the South', they were concerned about the potential for places in their areas to be disadvantaged by the creation of a new agency, and that it should adopt "an outward looking approach that is complimentary to rather than competitive with the surrounding administrative areas and is

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[52] This attempt to construct and justify the new 'region' on the basis of apparently shared problems has been mirrored to an extent in the Borderlands, see 7.3.3

not constrained be a strict adherence to administrative boundaries" (South Lanarkshire Council, 2018, p1).  This fear of competition from a neighbouring region with strengthened institutional assets is telling in its acknowledgement of the potentially competitive nature of the Scottish system of governance – often unspoken, but implicit in the current system of local government designed in the 1990s by the Conservative UK Government (see Chapter 5, p129).   The 'fuzzy' boundaries of the South of Scotland have been acknowledged with SoSE being authorised to operate outwith the two LAs, through, for example, funding projects that include parts of neighbouring areas.

### 7.2.2 A Regional Enterprise Agency as the Policy 'Solution'?

The creation of a new enterprise agency with the ability to 'do things differently' is presented as a response to the 'unique challenges' faced by the South of Scotland (Scottish Government, 2017a).   This can be seen as a recognition of the importance of appropriate governance arrangements and of institutional thickness (Amin and Thrift, 1994; 1995) for effective place-based development.  It could also be seen as acknowledgement that hitherto dominant forms of economic development activity may be less appropriate to rural regions (Burnett and Danson, 2017).  In the South of Scotland, this has been manifested in a perception that the area was disadvantaged relative to the Highlands and Islands by not having an agency with a broader community development remit - and a more general feeling that the South did not enjoy the same level of national profile and resources as the Highlands despite facing similar challenges of rurality and remoteness (Scott, 2004).    This perception has a long history, with David Steel (then MP for Roxburgh, Selkirk and Peebles and subsequently leader of the Liberal Party at the UK level) having agitated in the 1960s for an equivalent to the then Highlands and Islands Development Board in the Borders (Hansard HC Deb, 22 January 1969). More recently, the centralisation of SE, and its focus on high-growth firms and national targets, was widely seen as being to the particular detriment of the rural South (House of Commons Scottish Affairs Committee, 2015).   This comparison with the Highlands, repeatedly made by stakeholders in Dumfries and Galloway, has clearly been influential in the creation of SoSE with the agency being given a remit which explicitly includes social as well as economic

development in its founding legislation, and a commitment by the Scottish Government to equivalent per capita funding as HIE (Scottish Parliament, 2019, col. 90).

The South of Scotland Alliance also provided a platform for drawing attention to what have been seen as the region's needs and to concerns about national policy approaches – including criticism that the growing focus on cities risked neglecting the social and economic needs of smaller towns (South of Scotland Alliance, 2006). It enjoyed some success in lobbying at Scottish, UK and European levels for the creation of a NUTS2 geography for Southern Scotland that was intended to increase its eligibility for EU funding[53] (Scottish Borders Council, 2020). The collaboration also led to a succession of strategic documents setting out proposed priorities for economic development across the South. This activity generated its own relational momentum, over a period of years, towards further institutional filling in (Shaw and MacKinnon, 2011) at this scale.

> *"That effectively is the precursor for the agency, that's why the boundaries are what they are, if I'm being perfectly honest, was the work done by the Alliance over many years around issues like broadband and economic strategy and lobbying ministers"* (O)

This illustrates how co-operation at the South of Scotland level between the two local authorities over the past 20 years has, by sustaining and going beyond the initial partnership created to administer EU funding, been important in laying the foundations for current developments. Key here is not just the promotion of the South of Scotland as a territorial space (albeit a 'soft' one; Haughton and Allmendinger, 2008), but also the articulation by regional actors of its relational position with economy, problems and needs being distinct from the rest of lowland Scotland. This is an example of regional agency in the promotion of a particular 'problem' and appropriate

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[53] Previously Dumfries and Galloway and the Scottish Borders had been included in NUTS geographies centred around Glasgow and Edinburgh city-regions respectively. The new NUTS2 region included North, South and East Ayrshire, and South Lanarkshire, as well as the two 'South' LAs. It was finally approved in 2018 – by which time the UK had voted to leave the EU.

solution (Kingdon, 1995) that has the potential to attract attention and support from policymakers at the centre.

It also demonstrates the ways in which regional actors can seek to couple with the resources from higher levels of governance. The Alliance's strategies were notable in that neither main partner had the ability to resource the proposed priorities – instead these were intended as 'pitches' to the Scottish Government for investment. These were framed around the notion of 'competitiveness' (South of Scotland Alliance, 2011; 2016) and development stimulated by infrastructure investment (South of Scotland Alliance, 2014) – very much aligned with the conventional and dominant national discourses of the time (see Chapter 5). Interestingly, the 2011 strategy also includes a mention of 'inclusive growth' - predating its more recent adoption - and an acknowledgement of a need to address poverty and social exclusion (South of Scotland Alliance, 2011). This hints at the potential for those in peripheral regions to influence thinking at the centre through identifying and articulating emergent currents of thought from elsewhere that resonate with domestic concerns. This early adoption of inclusive growth, which began to gain international prominence as a concept in the mid-late 2000s (Lee, 2019), was perhaps prompted by local authority officers' contemporary engagement with networks and policy at the EU level. These strategies therefore sought to both speak the contemporary language of decision-makers at the Scottish level, draw attention to alternative policy approaches.

More straightforward political considerations are also likely in the Scottish Government's attempt to take a visible interest in the region. Both Dumfries and Galloway and the Scottish Borders have been relatively resistant to both the electoral appeal of the SNP and their political project of independence. Both areas registered amongst the lowest vote shares in favour of both devolution in 1997 (61% and 63% respectively) and independence in 2014 (34%/33%). Before 2015 the SNP had not been successful in any of the parliamentary constituencies overlapping with the Dumfries and Galloway local authority area – either in Scottish or UK Parliamentary elections – since 1997. In the 2015 UK Parliament election, as part of a nationwide swing towards the SNP, they won the Dumfries and Galloway constituency (not

contiguous with the local authority area), as well as Berwickshire, Roxburgh and Selkirk in the Scottish Borders, although neighbouring Dumfriesshire, Clydesdale and Tweeddale was held by then Scottish Secretary David Mundell, the only Conservative MP in Scotland.  This success was not, however, repeated in the 2016 Scottish Parliament election (albeit with different boundaries) or the 2017 UK general election, where these seats passed to the Conservatives.  The possible political and electoral calculations arising from this series of results were highlighted by a number of interviewees:

> *"… the whole area has tended Tory.  And the Nationalists realise that they haven't delivered in the way we need it.  And it's a most a cynical analysis but it's true …  it is electoral politics.  I'm in no doubt about that.  Because the Conservative party latched on to this fact that south Scotland needed an economic development agency like HIE.  That was during the last elections, and they made a commitment to that.  And the nationalists realised that they'd made a mistake by not grabbing that too."* (E)

> *"I think we were able to apply a lot of political pressure ahead of the 2016 Scottish Parliament elections because at that time we had two SNP MPs in the south of Scotland … the facts are the SNP did not do particularly well in the South of Scotland compared to how they had done - Conservatives won Galloway, Dumfries, the Borders.  You know I think they were under a lot of pressure to be seen to be doing something."* (G)

> *"I don't think you can get away from the pure politics that obviously the only two blue areas in Scotland are sitting down here and obviously the SNP government if they deliver this will expect to see that reflected in the vote."* (H)

In this analysis, the greater attention being given to the South has been stimulated, paradoxically, by both the historic weakness of the SNP (and its broader project of independence) in the region and by its unexpected electoral success in 2015.   If economic development policy is, as Law and Mooney (2012) suggest, linked to a project of 'nation building' (see also Van

de Walle, 2010), the demonstration that the South of Scotland as a distinctive region can be accommodated could be an attempt to bind the region more closely into this project, in the context of shifting electoral geographies since the referendum (Agnew, 2018).  This illustrates the circumstances that can generate a political imperative to recognise and address a particular problem (Kingdon, 1995).  There are some parallels here with the politicisation of the economic fortunes of the North of England and the adoption of the 'Northern Powerhouse' by the Conservative Party (particularly from 2010-15) as both a strategic and electoral response to growing regional inequalities (Berry and Giovannini, 2018; MacKinnon, 2020).

If the specific response of establishing a new enterprise agency had been promoted by opposition parties, as a means of advancing their own electoral prospects, it also, however, emerged from long-term efforts by actors in Dumfries and Galloway and the Scottish Borders engaging in joint attempts to influence central government.

> *"The Alliance meets with government on a regular basis … it was always an awkward type meeting, because round the table you had Skills Development Scotland, you had Scottish Enterprise, and part of what [we] were saying was, actually, the model doesn't work, sorry guys.  We're talking about you, the model doesn't work, we need more … we need more say locally in it, a more locally responsive enterprise network than we've got at the moment, basically.  So, I think effectively lobbying has eventually delivered the South of Scotland Enterprise Agency"* (O)

In this analysis, the Alliance was not just important in establishing the 'South of Scotland' as a geographical concept, but also provided a platform for regional actors, including local authorities, local politicians and other influential individuals, to promote their agenda for a change in approach – focused on dissatisfaction with the centralised Scottish Enterprise in particular – over a sustained period.  As such, when the political circumstances were conducive – with the Scottish Government conducting an overall review of enterprise and skills support, adopting a greater concern with regional patterns of economic development, and paying greater attention to the South

of Scotland in particular – there was an established proposal for change with broad regional support. This is important because, as Cairney (2018, p201) puts it, by the time "attention lurches to a policy problem, it is too late to produce a new solution that is technically feasible and acceptable". This represented shared generative leadership at the regional level in identifying a 'solution' to the perceived problem and presenting it to national policymakers when a window of opportunity (Zahariadis, 2007) – starting with the Enterprise and Skills Review – opened up.

### 7.2.3 Actors and Agency in Shaping Governance and Priorities

Given the implicit recognition that the previous model of economic development support was not particularly effective in the South of Scotland, it is worth considering how SoSE might 'do things differently' in strategic terms – what kind of economic development is it looking to pursue, and for whom?

One obvious element is the potential for a greater responsiveness to regional circumstances and priorities than was possible for SE, despite the various structures, such as Community Planning Partnerships, that were intended to tie it into local delivery (Audit Scotland, 2011). There was some initial criticism from local politicians of the decision to proceed with the establishment of the new agency through an Act of the Scottish Parliament – on the grounds that this would cause unnecessary delay, with the agency not becoming operational until 2020 (BBC News, 2017). This can also be contrasted with the 2007 abolition of LECs and centralisation of Scottish Enterprise, which did not go through this process. However, the legislative process, through calls for evidence, committee scrutiny and parliamentary debates, also opened up space for political actors in the South of Scotland to influence the agency's resources and the governance frameworks through which strategic direction will be set (see for example Rural Economy and Connectivity Committee, 2019). This was in the context of a minority SNP administration, and broad cross-party consensus among the region's elected representatives:

*"And as it's gone through the Scottish Parliament actually ... it's been beefed up, it's ended up with a bigger budget than people thought, it's going to have the same pro-rata budget as HIE" (G)*

*"The original draft bill had very light aims ... through committee stage and also amendments at stage two and ultimately amendments in stage three as well ... eventually we made them more detailed … but you can't underestimate the importance of what the government's direction letter will be, because they fund it, at the end of the day" (O)*

*"The agency could easily have just become directed by the Scottish economic policy drivers, and we're back to where we were. They've said it wouldn't but the danger is that as times get tough that's exactly … 'we want Scotland to succeed, team Scotland'. Where we've got to through the evidence and through the parliamentary debate is 'actually no, its twofold, its bottom up and top down' so the Agency's plan needs to align with the regional asks of D&G and the Scottish Borders as will be expressed through SoSEP or the new 'Convention' ... That's the win for us. Actually both have to say yes. So no-one will have primacy. Well, the Cabinet Secretary will always have primacy." (I)*

There has clearly been the opportunity for regional actors to exert influence here, with the result that the ability of the Scottish Government to direct SoSE has, in theory, been somewhat constrained both by a more prescriptive legislative definition of its aims and a stronger voice for regional actors. While the particular configuration of governance and accountability mechanisms that have emerged do appear to promise a greater degree of autonomy than might otherwise have been the case, as the interviewees (I and O) concede, ultimately a significant degree of directive (institutional and resource) power (Sandford, 2020) still rests with the Scottish Government. It is also worth noting that early proposals referred to the creation of an 'enterprise and skills vehicle' for the South. Responsibility for skills has however remained with the national agency Skills Development Scotland. The debates over

governance therefore highlight the inherent potential for tension between regional and national priorities, as opposed to the apparently unproblematic marriage of local knowledge and external expertise suggested by idealised conceptions of place-based development (Barca et al., 2012).

More generally, the aims of the new agency are aligned with the Scottish Government's current agendas around inclusive growth and fair work. While this will now also be case for other bodies including SE, SoSE is the first to have a commitment to inclusive growth specified in its founding legislation - along with the responsibility to promote social as well as economic development and to improve the amenity and environment of the region – although there is some acknowledgement the region's geography and private sector base might make such 'inclusion' challenging to deliver (The Good Economy, 2019). The adoption of these somewhat different understandings of what constitutes economic development might suggest a significant departure from traditional approaches. As one interviewee put it:

> *"I think the debates been interesting because it's made people understand that economic development ... And in fact … some businesses that are really upset about this, who are really worried that [we might] end up not giving money to them because economic development should be all about giving money to business. And it's not"*. (F)

Nevertheless, business interests have been strongly represented. Around a third of the members of the interim SoSEP board represented the private sector - reflecting direction from the Scottish Government to REPs (Scottish Government, 2017c); likewise of the nine independent members of the first SoSE board, six have backgrounds in the private sector. This marks the continuation of a long-standing deference to business interests and expertise, as demonstrated by private sector dominance of various previously existing local and regional boards, and with parallels to earlier bodies in English local economic development such as Training and Enterprise Councils (TECs) (Peck, 1995; Haughton et al., 1997). In contrast (like SE and HIE, but in contrast with TECs and RDAs in England; Danson et al., 2019) no trade union representatives are included on the board itself, suggesting that a radical

change of approach to economic development is perhaps unlikely.  On the other hand, the South of Scotland Enterprise Bill was amended to require SoSE to establish a workers' interests committee, with at least some representation from trade unions operating in the region, although this will have only an advisory role.  This was a response to interventions by the Scottish Trade Unions Congress[54], and attempts by a local Labour MSP to amend the Bill at committee stage, although both of these put forward union representation on the full board as their preferred option (Scottish Parliament, 2019, col.64).  While somewhat weaker than this, the workers' interests committee is at least a gesture towards a more corporatist approach where unions are seen as social partners, although this is perhaps more challenging where trade union activity is strongly concentrated in the public sector.

However, going beyond this, the Scottish Government's growing concern with regional inequality since 2015, and the national recognition afforded to the South of Scotland as a 'region', has the potential to further strengthen the voice of (at least some) regional actors.  In addition to SoSE and its board, in common with other parts of Scotland (where they will be aligned to City and Growth Deal regions), there will be a Regional Economic Partnership for the South, comprised of elected members from each of the authorities, representatives of SoSE, other relevant public bodies, and higher and further education providers, and representatives of the private and third sector, community development trusts and social landlords (notably there are no trade union representatives) (South of Scotland Regional Economic Partnership, 2020).  In addition, in 2019 the Scottish Government announced the establishment of a Convention of the South of Scotland on a similar basis to the Convention of the Highlands and Islands, a long-standing arrangement of twice-yearly meetings involving Scottish ministers, local government and other public bodies.  This provides a more formal and public platform for regional actors to influence national policy, and is chaired by the Deputy First Minister, who "has significant power to direct Government agencies, working with other Cabinet Secretaries and Ministers, and placing the Government in

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[54] The STUC commissioned research to make recommendations for the new agency, including the case for worker involvement (Danson et al., 2019).

the role of Chair allows them to fully exert that influence" (Scottish Borders Council, 2019, p4).

It is worth reflecting here on the overall purpose and structure of the wider emergent system of regional engagement through Regional Economic Partnerships promoted by the Scottish Government. REPs are presented in part as a mechanism for the Scottish Government and its agencies to engage more with regional needs and circumstances; a movement at least towards the language of 'place-based' development. However, there are also some clear expectations for REPs - they are, for example, expected to have private sector representation, and to use the Scottish Government's inclusive growth tool to inform funding bids (Scottish Government, 2017c). The language of partnership, collaboration and flexibility around REPs therefore sits somewhat uneasily alongside a fairly explicit reminder of where control over resources lies. While there is no statutory duty for local actors to form these partnerships, the relatively high degree of centralisation within Scotland gives the Scottish Government significant leverage in shaping the meta-governance (Jessop, 2016; Bailey and Wood, 2016) of regional economic development and in setting the 'rules of the game' (Haughton and Allmendinger, 2008; see Jessop, 2000).

There is therefore some internal tension in the logic of these regional arrangements. One of their objectives is to strengthen the regional 'voice' in shaping strategic interventions and influencing the activities of national agencies to take more account of particular circumstances. This is implicitly intended to facilitate regional actors' collective capacity to couple with extra-regional actors in the centre, who retain, to a great extent, directive institutional and resource power (Sotarauta, 2016) and aligns with a conception of place-based approaches that sees potential for all types of region to benefit from this process (OECD, 2012). On the other hand, in a context where there is no overarching strategic framework for regional convergence, where access to resources remains contingent on delivering the priorities of higher tiers of government, and more broadly perhaps on the mobilisation of political interests, the prospects for increased regional equity from such arrangements are uncertain. As one interviewee (K) put it, the

rationale for the adoption of this regional approach from the Scottish Government's point of view is in "*encouraging aspiration and ambitions … by each region doing that, you increase the overall capacity*". From the perspective of regional actors, on the other hand, it is to "*actually, let's make sure the South can win*" in competing for resources.

The capacity of the South to 'win' within this context is likely to be strengthened by the emergent set of regional institutional arrangements. A dedicated enterprise agency, strengthened regional partnerships, and a political 'convention' will provide additional capacity for the articulation of coherent strategic approaches for the region and, importantly, provide formal mechanisms for communicating these to higher tiers of government. This type of generative and networking leadership is likely to be as important in some policy areas as the new Agency's directive power, in pursuit of a more 'holistic' approach to regional development. For example, one analysis (The Good Economy, 2019) has recommended prioritising an integrated regional transport strategy – this would require the participation of multiple actors operating across different scales, where SoSE's role would be "*to get those agencies to think wider about what they do*" in support of regional strategic goals (Interview F).

As illustrated by the strong resistance that met a proposal (through the Enterprise and Skills Review) to bind Highlands and Islands Enterprise more closely to national strategic oversight through the abolition of its independent board (Ross, 2017), once in place these types of regional arrangements can be politically difficult to withdraw from. There is already evidence that the increased profile of South at a national level has had some impact in attracting national resources – through the significant funding (around £8 million) allocated to the interim partnership pending the establishment of SoSE, and the launch of a high-profile marketing campaign for the South by Visit Scotland addressing a long-standing complaint that the region had been neglected in this regard compared with other parts of Scotland (Interview E). Skills Development Scotland now carry out skills assessments and planning (Skills Development Scotland, 2019b; 2019c) for the South of Scotland alongside the City and Growth Deal geographies as part of its more

regionalised approach; the two local authorities have also collaborated on an overarching strategic spatial plan (Dumfries and Galloway Council and Scottish Borders Council, 2021). This illustrates how the new regional scale is being filled in (Shaw and MacKinnon, 2011) and institutionalised (MacLeod, 1998) through recognition and collaboration across a number of policy areas beyond narrow economic development.

However, there remain two sets of inter-related tensions around this shift in scale – simultaneously down from the national level and up from local authorities from Dumfries – to the South of Scotland. The first of these relates to geography. As noted in Chapter 6, a significant barrier to the effective formulation of common priorities for D&G's economic development has been its pattern of widely dispersed places, and a business base with few large employers, coherent business voice or strong sectoral clusters. This problem remains, and is potentially exacerbated, when moving to a geography that is even larger. Effective strategic mobilisation across an area that lacks other attributes of a coherent region may be challenging (Quinn, 2015). A geography comprised of two local authority areas also risks associated political pressures to share investments and resources evenly between them. South of Scotland strategic documents have been careful to split suggested priority projects equally between the two areas; likewise, the new agency has sought to avoid conflict over which area their headquarters will be in by claiming not to have a headquarters, but a regional network of offices with four 'local hubs' – two in each area. There is also a broader issue of intra-regional competition between places. The emphasis placed (by some of those involved in the agency's creation) on community-led approaches – dependent on the capacities of community groups to compete for funding – could be interpreted as a way to avoid making politically awkward strategic decisions at a regional level about what kind of development should be supported where. The perceived imperative to minimise the potential for open political conflict over resource allocation is also inherent in the way that the new agency and its governance have been constituted:

> "… that's why we were so keen to get an agency that takes some of that, most of that, political interference out and allowed proper professionals to allocate money. From my perspective I was very keen

*to get politicians well away from important strategic economic decisions because they'll never understand it.*" (I)

The second set of tensions, then, relates to a professed desire for tailored, place-based approaches alongside a dilution of democratic and political accountability. Although elected members are represented on the Convention of the South of Scotland and through the REP, there is no political representation on the SoSE board – just a duty for the agency to consult with both local authorities on its action plan. The whole governance apparatus for economic development in the South of Scotland is therefore one further step removed from democratic accountability. This is in line with Scotland's other two enterprise agencies, which were established as 'arms length' bodies in part to reassure other social partners that they would be free from undue central government (at the time, Conservative UK Government) interference (Halkier and Danson, 2007). As the above quote illustrates, distance from local politics can be seen as advantageous – reflecting perceptions that conflicting local interests have hampered previous attempts to construct coherent regional strategies (see Chapter 6), and that decisions about economic development are best made by experts (albeit here with the input of small business owners).

There are echoes here of critiques, by Glaeser (2011) among others, that democratic politics, with its competing interests and compromises, might be "less suited for setting tough, discriminating objectives to ensure economic development than national agencies that represent professional competence" (Hanssen et al., 2011, p48). This reflects more general trends towards depoliticisation where direct decision-making powers are removed from elected politicians (Roberts, 2010), which in turn entails the construction of more indirect governance and meta-governance arrangements (Flinders and Buller, 2006) to generate apparent consensus amongst a narrow range of participants, limiting possibilities for contestation or the emergence of more disruptive ideas (Crouch, 2004; Swyngedouw, 2009; Allmendinger and Haughton, 2012). As such, apparently technocratic, 'post-political' or 'post-democratic' methods of governance can entrench the interests of particular actors (Swyngedouw, 2010, MacLeod, 2011) while presented as a concern only

with 'what works' (Peck, 2011).   This was apparent in the new regionalist narratives that emphasised the need for places to find ways to improve their own competitiveness (Lovering, 2011), and persists in the paradigm of place-based development.

This is also evident in processes of deal-making as described in the next section (see for example Deas, 2014; Deas et al., 2021), where opportunities for participation are limited.   A perceived need to create distance from democratic politics is, however, perhaps implicit in some conceptions of place-based development, founded on a perspective that is highly critical of local elites (whether elected or not) and so sees a need to bind them into multi-level governance arrangements where they can be guided by external actors (Barca et al., 2012).   This reinforces the notion of economic development as a technocratic exercise of identifying the 'right' solutions for particular places between local knowledge and external expertise. The construction of apparently post-political governance arrangements can therefore also have implications for the power relations between actors at different scales, and can be mechanisms of central control.   Despite their dubious democratic legitimacy, these place-based partnership are however often presented as positive in empowering selected actors to participate (Shortall, 2004).

Taken as a whole then, the eventual adoption of a new model for economic development in the South of Scotland can be seen as resulting from a sustained process of lobbying, aided by the already existing example of an alternative approach in the Highlands and Islands, and coming to fruition through a particular set of circumstances drawing attention to the region as an electoral constituency that was the object of party-political competition. The exercise of agency in this process by regional actors is evident in their articulation of a perceived regional problem, and of their preferred solution - and in then linking these streams (Kingdon, 1995) to the interests of national policymakers and politicians.   The shifting political environment presented a window of opportunity in which the emerging institutional arrangements were open to influence.   To some extent, this marks the emergence of the South of Scotland as a 'place for itself' (Lipietz, 1994).   There are already suggestions

that this process has the potential to become self-reinforcing, with the embedding of new regional institutions and governance arrangements, and access to more resources for economic development, offering greater possibility for the exercise of strategic agency both through the directive allocation of funding to priority projects and the generative construction and articulation of common agendas that can attract support from elsewhere. Despite the promise that SoSE will 'do things differently', as Pike, Rodríguez-Pose and Tomaney (2007, p1266) observe, the goals and methods of economic development activity emerge from "compromise, conflict and struggle between sometimes opposing priorities" in a context of asymmetrical power relations between central and local actors, rather from apolitical technocratic decision making.  This is further evident in the complexities of multi-scalar 'deal-making' which also involves the construction of new geographies, as will be explored in the following section.

## 7.3. The Borderlands

### 7.3.1 'Deals' in the Scottish Economic Development Landscape

The extension of the UK Government's programme of 'city deals' to Scotland in 2014 marked a significant threshold in the post-devolution era, through the re-engagement by the UK Government as a direct actor in sub-national economic development.  The first of these deals in Scotland, for the Glasgow City Region, was announced two months before the independence referendum, apparently on the basis of little prior communication with the Scottish Government, which was publicly challenged to (and immediately did) match the UK Government's investment of £500m (Burn-Murdoch, 2017; Local Government and Communities Committee, 2018).  It is tempting to view the motivation here as an attempt to demonstrate the benefits to Scottish cities of remaining in the UK (i.e. investment from the UK Government).  Similar dynamics have been observed in Wales, with deals being used to renew the UK Government's role in economic development policy as a demonstration of the Union's continuing relevance (Welsh and Heley, 2021).  In Scotland, this followed an earlier intervention by the English 'Core Cities' group – claiming that "devolving more power to cities to let them create jobs and grow their economies is a more radical constitutional agenda than establishing a border

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at Carlisle" (quoted in Gardham, 2014) – that sought to reinforce a sense of Glasgow as having common concerns and priorities with the likes of Liverpool, Manchester and Newcastle.  Glasgow City Council (then Labour-controlled and so opposed to independence) joined this group in 2014, and pushed for a city deal at least in part on the basis that they felt there was a risk of being left behind by these cities (Christie, 2018) – seeing them as potential competitors as well as collaborators with common interests.

Despite this politically adversarial context for the introduction of 'deals' in Scotland, they were nevertheless aligned closely with an increasingly explicit city-regional policy focus (see Chapter 5).  Further City Region Deals - for Aberdeen, Inverness, Stirling, Edinburgh, and Dundee and Perth) - were subsequently agreed by the two governments.

Some tension has however become evident between this concentration on cities - made more explicit by the high profile and fanfare with which City Region Deals have been announced – and the parallel goal of promoting some degree of 'regional equity' gaining prominence in the post-referendum period as one element of the inclusive growth agenda.  Several initiatives appear to be attempts to address this.  The establishment of SoSE is one.  Another is the extension of 'deals' to areas beyond the city-regions, with the Scottish Government "committed to growth deals covering all of Scotland" (Scottish Parliament, 2018, col 4-6).   This commitment was echoed by the UK Government's representative - "we need to commit to the space beyond the cities. That should mean that the mosaic of Scotland is all coloured in" (quoted in Local Government and Communities Committee, 2018, p39).  This is significant as the process for establishing a deal requires agreement in principle from the UK Government before any detailed negotiations take place with the UK Civil Service (Amos, 2018).  Furthermore, the funding of deals in a devolved context is intended to be split 50:50 between the two governments, with the level of UK funding (restricted to reserved matters as determined by the Treasury) the determining factor in the overall size of each deal.  The new spaces created by deals are now being formalised within the Scottish system of meta-governance through the establishment of Regional Economic Partnerships.  One particularly novel geography that has emerged

as part of this 'mosaic' includes local authority areas in both Scotland and England, of which Dumfries and Galloway is one, coming together to agree the Borderlands Inclusive Growth Deal[55].

### 7.3.2 Origins of the Borderlands

The idea of the 'Borderlands' as a geography for understanding and promoting economic development can be traced back to 2000 with a memorandum of understanding between a group of local authorities on either side of the Anglo-Scottish border – Dumfries and Galloway, Scottish Borders, Cumbria, Carlisle and Northumberland[56].  This acknowledged the areas' shared history and continuing common interests and agreed to pursue greater collaboration, specifically aiming seeking a 'louder voice' for the region, at least partly a response to Scottish devolution (Pike, 2002; Peck and Mulvey, 2018).  A series of annual 'Border Visions' conferences were held up to 2004, after which impetus was not sustained (Peck and Mulvey, 2018).  There was a shared perception amongst interviewees that this petered out because the logic of devolution – with local government and economic development amongst the wide range of devolved responsibilities – tended to direct the attention of the Scottish and English authorities towards Holyrood and Westminster respectively.  There was also a history of cross-border competition for jobs and investments and concerns about 'grant arbitrage' (Pike, 2002).  Three factors appear to have led to the resurrection of this collaboration.

Firstly, as Shaw et al. (2014) argue, the abolition of English Regional Development Agencies in 2010, through 'clearing away' existing institutional architecture, opened up space and flexibility for local authorities in the far north of England to explore new approaches.  The Local Enterprise Partnerships established in their place, although somewhat more 'local', have by comparison very limited institutional capacities, resources, and remits

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[55] See map in Appendix 8.

[56] Cumbria has a two-tier system with local government functions split between Cumbria County Council and smaller district councils, of which Carlisle City is one.

(Pike et al., 2015)[57]. As a consequence, (and in tandem with the changes in Scotland detailed in Chapters 5 and 6) governance and institutional dimensions of regional economic policymaking were weakened on both sides of the border (Peck and Mulvey, 2018). At the same time, the Northern Powerhouse, used as a malleable label or brand for a variety of initiatives, has its roots in a vision of fostering increased agglomeration through links between major cities in the North of England (Lee, 2017; MacKinnon, 2020). As a result, both Cumbria and Northumberland were perceived as peripheral even within this emerging Northern-focused agenda. Taken together, these shifts prompted regional actors to seek alternative opportunities for promoting economic development.

Secondly, the Scottish independence referendum reignited interest from regional actors in cross-border working. From the perspective of the English LAs, the referendum was seen as likely to lead to further autonomy for Scotland regardless of the outcome (Shaw et al., 2014), with the question of whether they would suffer from greater competition or benefit from linkages with a stronger Scotland (Schmuecker et al., 2012); this echoed similar concerns expressed in response to devolution in 1999 (Pike, 2002). As already discussed above and in Chapter 6 there was also some feeling that the South was politically and geographically peripheral within Scotland, and an inquiry of the House of Commons Scottish Affairs Committee (2015) explicitly sought to make a contrast with the arrangements in the Highlands and Islands, and echo the language used by a campaign for greater autonomy for Scotland's islands. Here the looming independence referendum opened up a variety of debates about the balance of powers within Scotland as well as between Scotland and the UK. It also inevitably drew attention to the possibility of an international border between Scotland and England:

> "*There was, I think some of the political backdrop of the independence referendum when people … actually thought about the links with the North of England; people thought well, you know actually Carlisle is*

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[57] Cumbria and Northumberland were covered by RDAs aligned with North West and North East England respectively. Cumbria now has an LEP aligned with the County Council area; Northumberland is part of an LEP area that includes the urban local authorities of Tyneside and County Durham.

*very important to me. I'm not saying it's an anti-independence thing, there was actually just more thought about what are the links are across the border … it's not a reaction to that in a simple sense"* (G)

It is nevertheless the case that many of those supporting the initiative at the UK level were motivated by support for the Union. The House of Commons Scottish Affairs Committee (2015) report that adopted the 'Borderlands' term and called for greater engagement by the UK Government in the South of Scotland was chaired and dominated by Scottish Labour MPs overtly opposed to independence. The eventual adoption of the geography was driven by the UK Government which had a stated policy objective to strengthen the Union. The cross-border nature of the proposition was a key factor in this high-level support - in the context of huge electoral success for the SNP in 2015 - and provided a basis for the then Secretary of State for Scotland to gain political support for the initiative from his Cabinet colleagues across relevant departments (Interview P). This could be seen as analogous to the promotion of cross-border regions within the EU as part of a political project to promote integration and reduce the salience of national borders (Paasi, 2009a).

Thirdly, the introduction of 'deals' in Scotland, as described above, was a catalyst for renewed collaboration between the cross-border LAs. This prompted the development of a proposition for a Borderlands Inclusive Growth Deal, submitted to the UK and Scottish Governments in September 2018. The possibility of accessing investment from central government was clearly an incentive here, but the prevailing dominance of city-regional narratives on both sides of the border was also factor, contributing to the partners' sense of peripherality within both the Scottish and English policy environments.

> *"I think it was a recognition that the border is just a line on the map, but it's not on a community of interest, and the community of interest was that we were all in the same position, all of us at that time, faced away from the city region collaboration that were being formed. And we were left on the margins"* (A)

This interpretation highlights the extent to which the institutional and policy dimension was a driver of collaboration (Peck and Mulvey, 2018), resting on a set of shared interests transcending the formal political boundary of the border, and strong enough to overcome the territorial practices and consciousness that might have led them to foreground their place within their own 'national' contexts (Paasi, 2009b).

The process by which this specific deal proposal came about is slightly unclear, with conflicting accounts from some of those involved. There was some degree of renewed dialogue between the LAs on a collaborative approach to economic development from 2014 onwards, with two political summits between the leaders of the five authorities on either side of the referendum, and the possibility of approaching the UK Government to explore a regional 'deal' floated as early as 2015. This was developed through two reports commissioned to develop a strategic framework for an economic development programme at this scale (Shaw et al., 2015; EKOS, 2016).

This was, however, during a period in which there were a variety of possible geographical configurations that the deals in both England and Scotland could have taken. For example, negotiations for a Cumbria devolution deal failed in in 2016. Northumberland became part of the North of Tyne devolution deal (and subsequently part of a Combined Authority with an elected mayor), while Scottish Borders are also a partner in the Edinburgh and South East City Deal. Elsewhere in Scotland, small single LAs (such as Falkirk and Moray) have since secured their own growth deals without collaborating in wider geographies, although at the time this possibility was perhaps not clear given the dominant focus on city-regions.

> "*So the first attempt to get it off the ground, however it was the reverse of the previous situation. The English authorities then weren't that keen because there was a proposal for a Cumbria deal … and there had been some issues in Northumbria as well. So it was back as an option because none of these authorities really had been involved in any other arrangements. Scottish Borders Council had been involved at the periphery of the Edinburgh deal but actually what happened to them is actually they were completely peripheral and they found that*

*in this big deal with Edinburgh they had no say in it at all. So everybody was sort of back in play*" (G)

The momentum for the pursuit of this specific collaboration above other possibilities was therefore contingent on the various partners seeing it as being one that was more likely to serve their interests than the alternatives[58]. This mirrors evidence from elsewhere of emergent deal regions gaining pragmatic support on the basis of their potential to provide access to resources (Hoole and Hincks, 2020). In this instance, partners felt that a collaboration covering such a large area, and straddling the border, would be effective in gaining attention or greater 'clout' with central government. The crucial element in cementing the Borderlands as a deal geography was, however, 'top-down', through the inclusion of the proposition in the Conservative manifesto for the 2017 UK election, after which they formed a minority government. This appears to have been driven personally by David Mundell, MP for Dumfriesshire, Clydesdale and Tweeddale, and Conservative Secretary of State for Scotland from 2015-19, who was strongly committed to the idea:

> *"We had a Secretary of State for Scotland in David who was very, very keen on Borderlands, he was in the cabinet. He was able to influence it*" (N)

In this interpretation, the work of linking up a perceived policy problem, political imperatives and a potential solution (Kingdon, 1995) was primarily undertaken by an individual politician at the national scale, although agency had also been exercised by regional actors through their series of collaborations that laid the groundwork for this. The emergence of the Borderlands region as a potential space for strategic interventions in economic development can therefore be traced from an existing if somewhat diffuse notion of an area that shared local television and had common interests, through 'bottom up' attempts at collaboration stimulated by concerns about the potentially divergent trajectories of Scotland and England, a sense of exclusion from the dominant city-regional agendas in both, and the emerging

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[58] Although this was also seen by some in Cumbria as second best to a fully-fledged devolution deal (Cumbria Chamber of Commerce, 2018; Interview V)

possibility of attracting central investment through a deal, to finally being cemented through the personal commitment of a local figure who was in a position to influence national policy. These factors were sufficient to outweigh conceptions of cross-border relations as potentially competitive (Pike, 2002; Schmuecker et al., 2012). This all reinforces the sense of change and rescaling in governance as a temporal and evolutionary process.

### 7.3.3 Constructing the Borderlands

A Heads of Terms agreement was signed between the partners in July 2019, with the final Deal not announced until March 2021. This promises investment of £350 million across four broad themes – infrastructure, place, business, innovation and skills, and green growth (Borderlands Inclusive Growth Partnership, 2021)[59]. Given the opaque nature of the deal-making process (O'Brien and Pike, 2015; Tomaney, 2016a), the process by which the specific funded projects, and the overall conception of economic development that they embody, emerged is challenging to unpack. However, based on various materials produced by the partnership and their consultants, and interviews with participants (albeit at a point in the process where a deal was still being developed), three points can be made about the construction of this particular vision for economic development.

Firstly, and most obviously, the proposition is badged as the Borderlands Inclusive Growth Deal. This appears to be an attempt to mirror the adoption and development of the concept by the Scottish Government since 2015, and its employment by the City Region Deals already agreed in Scotland, although it has made less impact at UK Government level (Waite, McGregor and McNulty, 2018). There was little sense however in the outline proposition (Borderlands Initiative, 2017) of what makes 'inclusive' growth distinctive. While this perhaps reflects its conceptual fuzziness (Lee, 2019) – and several interviewees expressed their confusion with the term - the way it is deployed in some of the earlier Borderlands material seems to point towards a more

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[59] This includes £150 million for investments in Scotland - £85 million from the Scottish Government and £65 million from the UK Government – and £200 million for investments in England from the UK Government. Additional funding has been committed by the local authority partners.

fundamentally shallow understanding, at least at that point. This includes the characterisation of inclusive growth as defined by:

> *"a range of people and place factors at play, such as connectivity, diversity, equality, creativity, vision, housing choice, low carbon and smart infrastructure, digital literacy, and an agile, talented labour market"* (Borderlands Initiative, 2017, p3).

There is no mention here of equity, fairness, reducing poverty, access to employment, or good quality work, all key elements of the Scottish Government's definition (Scottish Centre for Regional Inclusive Growth, 2018). The term is used rather as a 'buzzword' attached to the usual types of economic development activity (Turok, 2011), although the final Deal does include a commitment to measure outcomes against the Scottish Government's inclusive growth framework. There are also indications from the interviews that some of those involved in the process were thinking more seriously about how the pursuit of goals other than aggregate growth in GVA or employment might fruitfully align with their aspirations for an approach that differed from existing city-region deals. The Scottish adoption of inclusive growth has provided a framework for seeking to influence both governments' approaches on the basis of rural difference (see below).

Secondly, although there is some precedent for the area as a cultural entity through the ITV Border region - and Border TV's takeover by Granada in 2001 was one of the catalysts for the original Border Visions initiative (Peck and Mulvey, 2018) – otherwise there is little substantial institutional history or identity for 'the borderlands'. There have however been various attempts to construct a shared understanding of the region through the promotion of particular 'regional imaginaries' (Jessop and Oosterlynck, 2008) by actors involved in cross-border collaborations; this is also evident in the mini-boom in political and popular writing on the border region and its history (see for example Crofton, 2014; Stewart, 2016; Robb, 2018) stimulated by the independence referendum, a common theme of which is an attempt to frame it as a distinct 'place apart' from both Scotland and England with at least some degree of shared identity. These efforts are perhaps seen as particularly important where, as in this case, a substantially new and ad-hoc unit may

otherwise have little meaning for those outside a narrow circle of policy actors (Paasi, 2009b), or where there are alternative possible regional configurations and identities (Hoole and Hincks, 2020). To be successful, this type of spatial imaginary needs to have resonance and legitimacy for actors at multiple scales (Hincks et al., 2017); the political circumstances from 2014 onwards have proved propitious for the broad acceptance of the Borderlands.

Thirdly, the 'imaginary' represented through the current collaboration consists of two broad elements. On the one hand, there is an inward-looking narrative that seeks to stress the internal coherence of the region and the commonalities of the places within it, often in opposition to places elsewhere - "Border towns such as Berwick, Carlisle, Galashiels and Hawick, arguably have more in common with each other than Newcastle, Manchester, Edinburgh or Glasgow" (quoted in Shaw et al., 2014, p422). This is framed in terms of the common 'challenges', broadly along the same lines as those identified for Dumfries and Galloway and the South of Scotland – of rurality, demographics, low wages - with a strong rhetorical emphasis on the extent to which these are shared by areas on both sides of the border. This emphasis on shared characteristics as a basis for regional collaboration echoes that employed in the South of Scotland, but marks a contrast to the logic of functional economic areas that originally underpinned the concept of the deal-based approach to strategic investment. Some proponents do stress the importance of economic linkages within the Borderlands, in particular across the Anglo-Scottish border – those in Carlisle for example see its city-regional 'footprint' as stretching beyond Cumbria to include parts of Scotland and Northumberland (Shaw et al., 2013). Overall however the region is not close to being the type of functional economic area that is supposedly the basis for policymaking at this scale. In fact, the weakness of linkages between different parts of the region (in particular from east to west) is seen a potential problem, with proposed investment in transport links to strengthen these a key part of the initial deal proposition.

On the other hand, the regional partners also present an externally orientated account that emphasises the relational place of the Borderlands in the broader national spatial political economy - "a strategically important region, integral

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to the development of the wider economy" (Borderlands Initiative, 2017, p2); "in the centre of the UK", (p2) - and its connections to other places. In stressing the connections between central Scotland, northern England and Northern Ireland, this echoes earlier, boosterish attempts to locate the South of Scotland at the junction of five city-regions (South of Scotland Alliance, 2011). While this is in part an attempt to put forward an account of the region as well-connected, outward looking, and well-placed as a competitive location for investment and visitors, it also reflects one of the inherent characteristics of the deal-making approach – the imperative for the regional partners to make a convincing case to both governments for investment. As such it is not sufficient to demonstrate how investment might benefit the region itself; in order to effectively couple regional aspirations with the needs of central government (where control over resource allocation lies), there needs to be an articulation of how these regional aspirations might contribute towards national growth and priorities.

This understanding of the Borderlands – that also emphasises its difference from the more conventional city-centric deal regions that preceded it – has been potentially empowering to the partners in their negotiations with both governments. Despite the centrally-orchestrated (Harrison, 2008) nature of the deal-making process, the tripartite nature of deals in Scotland has afforded local authority coalitions a degree of leverage in their negotiations with both governments (van der Zwet et al., 2020). As a non-city region (Coombes, 2014, p2440) (Carlisle notwithstanding), there have been opportunities for actors to challenge some of the assumptions and approaches that had dominated earlier city-regional deals. While initial deals (Glasgow in particular) were strongly focused on investments in physical infrastructure, there has been a subsequent shift towards a broader range of projects, for example related to skills and labour markets. There is also a suggestion that deal-making will be an ongoing process, with the prospect of follow-up deals already being mooted by some city-regional actors (Waite, McGregor and McNulty, 2018). Preparation of the Borderlands deal proposal was taking place as possibilities for different approaches to deals were becoming apparent. Nevertheless, there is some consensus amongst those involved in the process that simply providing by the opportunity for the regional partners to engage

directly with ministers and senior civil servants, the negotiation of a deal has helped to promote changing attitudes within central government:

> *"[The Department for Business, Energy and, Industrial Strategy] is starting to use the term inclusive growth, particularly in rural areas ... the partners have been pushing, because they are the first rural deal, completely rural, they have a point to make that the Green Book methodology doesn't flex for populations of low density…. Whitehall is a slow beast, Scottish Government is much smaller and manages to be more nimble and are further down the track with this thinking, but there is thinking within BEIS, its how it works itself through, as in you don't just measure economic impact in terms of jobs numbers, you recognise its impact in terms of significance in a locality.  But how you measure that, because ultimately they want it in numbers, is really hard." (P)*

This demonstrates the ability of regional actors to articulate a generative vision of economic development for their area that challenges established conceptions and priorities of the centre – in this case the perception of agglomeration as a key driver of growth that has been enthusiastically adopted by UK policymakers (Haughton et al., 2016).   This is further enabled here by the parallel emergence of the Scottish Government's inclusive growth agenda which both provides a recognised alternative and perhaps remains 'fuzzy' enough to be adapted to the region's perceived needs.  At the same time however, governance and institutional processes at the UK level – a fragmented departmental structure, dominated by the Treasury and its specific approach to appraisal which privileges investment in the largest cities (Coyle and Sensier, 2020) - made it particularly challenging for at least parts of the UK Government to adapt their approaches.  To a large extent the priorities in the final Deal remain shaped by these constraints.  There remains a strong emphasis on physical investments, which reflects the emphasis on the provision of capital, rather than revenue, funding through these deals

(particularly from the UK Government), rather than necessarily a systematic assessment of regional strategic priorities[60].

It is nevertheless possible to follow some evolution of thinking amongst the deal partners in this regard.  At the first Borderlands conference, held in June 2018, through the consultation workshops it was made clear that the organisers were looking for suggestions of 'projects, not programmes' that could be included in the proposal – that is, specific investments rather than ongoing resource commitments from central government that could be used flexibly by local partners.  By the second conference, in November 2019, this message was somewhat different, with the acknowledgement that focusing investments on a small number of projects would tend to exclude some of the small communities widely dispersed across the region.   As one interviewee put it:

> *"It's a different animal, a rural deal to city deal, you can put a building up in a city and its impact can be city-wide but in a rural area ... you put a building up in Dumfries, folk in Stranraer say what's that for, there's no effect on me.  Far less folk in Eyemouth or Berwick upon Tweed.  So they're trying to get some movement in both governments to support programmes in addition to projects ... one of the proposed programmes is a place programme, what they're trying to say is place is important" (B)*

The final deal (Borderlands Inclusive Growth Partnership, 2021, p11) now explicitly includes funding commitments for "a balance between high profile place-based projects and Borderlands-wide investment programmes".  Some other non-city deal regions (for example North Wales; North Wales Ambition, 2020) have been similarly successful in securing support for more flexible programmes as well as discrete capital projects.  This demonstrates the ability of regional actors to collaboratively exercise interpretative and network leadership (Sotarauta, 2016) to exert influence 'upwards' in persuading

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[60] It is clear that improvements to transport and broadband infrastructure have been longstanding shared goals of the regional partners (Shaw et al., 2014).  However, most of the proposals for investment in transport put forward in the initial proposition (Borderlands Initiative, 2017) failed to make it into the final deal – at least partly because the partners realised that they could not be delivered with the scale of funding on offer.

policymakers at the centre to adapt existing approaches. The explicitly rural nature of the new region has perhaps granted partners greater latitude than in earlier deal-making regions where options have been limited to selecting from a 'menu' of Treasury-approved policies (Tomaney, 2016b, p311). Their capacity to do this has been strengthened by the unusual nature of the deal geography itself.

### 7.3.4 Soft Spaces of Governance through Deal Making

The 'deal-based' approach to sub-national economic development (and devolution more broadly in England) has been subject to extensive critique on a number of grounds, among others that the process lacks transparency and democratic accountability (O'Brien and Pike, 2015; Tomaney, 2016b), that it masks a significant centralisation, rather than devolution, of power (Hambleton, 2017); that the geographies tend to replicate existing institutional boundaries rather than any economic logic (Rees and Lord, 2013), and that it risks further entrenching the existing disadvantages of more peripheral places (Harrison and Heley, 2015). None of this is disputed. The scale of deal funding is also often smaller than the associated fanfare might suggest – the notional per-capita share of Borderlands investment for Dumfries and Galloway amounts to around £85 million (over an indeterminate period, but likely to be at least 10 years). On the other hand, as demonstrated above, the deal-making process is not entirely one-sided – regional actors are not without agency, and the emergence of partnerships and geographies for deals can itself strengthen the potential for regional leadership.

The geographies of these new spaces of governance are themselves open to influence. The most recent iteration of the UK's patchwork of economic 'regions' has largely been shaped by pre-existing groups of local authorities responding to the opportunity for 'deals' to draw down resources from higher levels of government. In England many of the successful early LEP proposals, for example, were continuations of earlier upper-tier local authority areas or existing multi-area arrangements (Pugalis and Townsend, 2013; Townsend, 2012); in Scotland, the city deals mostly follow historic strategic planning regions, with a variety of other non-metropolitan areas now filling in the gaps (Clelland, 2020). In practice then, geographies are the result of 'realpolitik'

(Rees and Lord, 2013) as opposed to a systematic assessment of the regional economic flows and linkages - although some of Scotland's existing strategic planning boundaries were influenced by this type of work (Derek Halden Consultancy, 2002) - or of the needs of different places.

The Borderlands clearly illustrates this, emerging from a group of LAs with some history of collaboration, and happening to align with the political agenda of the UK Government particularly because it straddles the Scotland-England border.   This is some distance from the idealised notion of governance arrangements should be aligned with functional regional economies that was prominent in, for example, in the UK Government's abolition of RDAs in favour of LEPs (HM Government, 2010) and subsequent rounds of deal-making[61]. Instead, an emphasis on partnerships based on shared problems and visions opens up some flexibility for LAs in this scenario to exercise generative power in building regional coalitions that they feel could advance their common interests[62].   The converse can also be true – actors in particular places can seek to remain aloof from emerging partnerships if they do not see them as being in their interest.   In Scotland, for example, Falkirk - a small local authority area - has not joined any of the three city deal regions that it borders.   In evidence to a Scottish Parliament (2017: col 16–17) inquiry, Falkirk's head of economic development clearly stated their position: "We are not bound—we do not want to be—by any particular structure, such as city deals, nor do we want to be aligned to any particular city. We see ourselves as playing a national role".

Rather than the products of top-down state rescaling or redrawing of administrative boundaries, the new geographies emerging from these processes therefore represent 'soft spaces' (Haughton and Allmendinger, 2008; Allmendinger et al., 2014) emerging from (sometimes long-term) collaborations between networks of regional and extra-regional policy actors

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[61]  The language of functional economic areas has been less prominent in the moves towards Deals and REPs in Scotland, although there is nevertheless allusion to this logic in several earlier strategic documents (e.g. Scottish Government 2015; 2016a).

[62] At the same time, this rescaling to a new pan-regional territory plays into processes of depoliticisation by moving decision-making further from local electoral democracy (Haughton et al., 2013; Deas et al., 2021)

(Perkmann, 1999). As a result these produce "a new layer of region superimposed on existing regional institutional and political geographies" (Deas and Lord, 2006, p1864). At worst this has the potential to lead to an incoherent and dysfunctional system of geographies, through the creation of geographies – such as the 'North of Tyne' – with little logic in terms of economic development, effective policy or regional identity (Tomaney, 2018). Through participation in these new 'unusual regions' (Deas and Lord, 2006) coalitions of regional actors can also however seek to improve their relational position – in terms of being able to couple with the needs and priorities of higher levels of governance to attract resources – with the aim of being more able to effectively influence economic development. The inherently competitive environment is still likely to favour those regional assemblages (Allen and Cochrane, 2007) that have the strongest internal resources, actors and connections to centres of power (Taylor, 2019). It is also recognised that the process of negotiation with higher levels of governance can stretch the capacities of local government (van der Zwet et al., 2020). Nevertheless, the process described above does perhaps offer opportunities for smaller and more peripheral areas - to raise their profile with a louder collective voice through cross-regional collaboration, and to successfully promote their own innovative approaches as potential solutions to regional problems that can be attractive to decision makers at the centre.

## 7.4 New Geographies: Summary and Conclusions

During most of the post-devolutionary period in Scotland, there has been a tendency to focus on aggregate national indicators of economic performance, with less attention paid to Scotland's diverse economic geography (Sutherland, 2016). While it is difficult to assess the impacts of institutional or policy frameworks on outcomes, there are indications that some areas where centrally determined policies or priorities were less appropriate - perhaps most notably the largely rural South of Scotland - may not have been well served. The establishment of a dedicated enterprise agency for the South, and the creation of formal regional partnership structures, can therefore be seen as one element in a broader move towards place-based approaches that recognise differing circumstances. There is however a

fundamental tension in the apparent pursuit of regional equity through the creation of regional partnerships whose role is to compete for central resources through deals and to influence the activities of national agencies in their areas. As Waite, MacLennan et al. (2018, p85) put it, "If bidding for funding to higher orders of government is the form through which regional and urban policy is destined to take", then those representing these new regions "will need to learn to play the game". The leadership and political capacities of actors in different places to effectively do this are likely to be highly divergent, particularly given the wide variation in size between the emergent geographies, based around partnerships of willing LAs rather than any evidence-based or explicit logic. The extent to which this approach risks further economic divergence between places will depend on the weight placed on reducing these disparities by the Scottish and UK Governments, who will, after all, still control the allocation of resources.

These two concurrent developments can both be seen broadly as a particular manifestation of a more general search for the 'missing middle' (Harding, 2000; Shaw and Greenhalgh, 2010) - for a level of regional strategic governance between fragmented local government and the 'national' as an appropriate scale of intervention - and as the latest swing of the pendulum between different approaches (Pike et al., 2016), driven and justified by the failure of previous rounds of restructuring (Jones, 2019). As such they have some features in common with other examples of governance change and state rescaling of which there have been no shortage in the UK over the past three decades. However, they also represent different types of institutional filling in (Goodwin et al., 2005; Shaw and MacKinnon, 2011) and have some distinctive features that may be useful in understanding the processes behind these changes and how they emerge from the exercise of agency by different actors.

Firstly, the story set out here points towards the role of dominant understandings and discourses of economic development in shaping governance arrangements as well as particular interventions. For example, the emergence of city-regional deals as the preferred model for sub-national economic development can be seen as the culmination of a view of growth

being driven by cities that has been percolating through both Scottish and UK policy thinking for 15 years at least, influenced by the international popularity of this concept.  This is now, however, coming into conflict with a growing emphasis, at least at the Scottish level, on growth that is 'inclusive' (including in a spatial sense) and a concern for some degree of inter-regional equity, apparently driven by a change of political leadership in the ruling party, in contrast with a previous focus on aggregate national indicators.  This has prompted greater consideration of those places beyond the hinterlands of the largest cities, and in particular a specific concern with the South, emerging from sustained attempts by regional actors to raise its profile, and its increased salience to national electoral politics.  In England, the concern with regional inequality has been mostly framed around the North-South divide, albeit proposed steps to address this have also been mostly urban-centric.  The combination of these currents of thought at the national levels perhaps goes some way towards explaining why both a new agency and governance structures for the South of Scotland and the Borderlands initiative have been taken forward at the same time.  This shift in the political 'mood' (Kingdon, 1995; Zahariadis, 2007) created an environment where regional agendas could potentially gain traction with national policymakers.

Secondly, and related to this, the emerging dual arrangements have resulted from the alignment of, and tensions between, the priorities of actors at different scales.  The Borderlands Inclusive Growth Deal has been driven by top-down processes in that the programme of deal-making instigated by the UK Government has been a catalyst, although this is complicated by the existence of devolved government - as in Wales, these deals are tripartite relationships between groups of local, devolved and 'national' actors (Beel et al. 2018; Waite and Morgan 2019) in a multi-scalar governance system of growing complexity.  At the same time, there is a 'bottom-up' aspect to these arrangements as the Scottish and UK Governments appear to have adopted a fairly laissez-faire approach to the formation of regional geographies that are the basis for deals.  While the emergent framework for the governance of regional economic development is clearly, to use Harrison's (2008) formulation, 'centrally orchestrated' - as local authorities are cast in the role of supplicants requesting resources to be used in ways that meet the needs of

central government – they have also had the opportunity to exercise agency in the creation of these new geographies through their participation (or non-participation) in deal coalitions. In Scotland, these soft spaces of multi-scalar governance are now being solidified into something more permanent through REPs, as the Scottish Government attempts to exert some control over the emergent system. The place of the Borderlands, straddling two jurisdictions, is therefore unique; the South is the only part of Scotland where the REP area will not align with a Growth Deal. The South of Scotland has likewise been constructed by a 'bottom up' partnership through which regional actors hope to gain greater access to resources from central government. While decree from above does, then, play a part in the layering of these institutional changes (Evenhuis, 2017) it does not itself necessarily determine their eventual configurations. Both of these new overlapping geographies illustrate how sub-national actors need to engage in 'novel forms of governance' in seeking to bolster their ability to shape economic development (Meegan et al., 2014, p145) in the face of centrally imposed austerity. These coalitions, in building on previous (although more circumscribed) attempts at collaboration, also demonstrate the evolutionary and path-dependent nature of institutional change (Hermelin and Persson, 2021).

Thirdly, these new geographies are (like city-regions; Harrison, 2007) actively constructed for a purpose by specific actors (Allan et al., 1998). One element of this is the production of strategic documents and narratives that attempt to create these regions as shared 'imaginaries', and present implicit or explicit rationales for these particular scales as spaces for policy. These strategies can be seen as a 'governmental technology' through which regional economies are created (Painter, 2005), given that they tend to lack any inherent coherence or boundedness. The "creation of certain kinds of geographical understandings" in this way is seen by Harvey (2000, p3) as a key element in making governance of regional development possible. In these examples of rescaling this construction is important in framing both an issue for national policymakers' consideration – through raising the profile of a lagging rural and peripheral region – and a potential solution, in presenting this geography as a desirable scale for strategic interventions. This represents the active agency of regional actors in seeking to align problem and policy

streams (Kingdon, 1995). In the case of the South of Scotland and the Borderlands, the active construction could be seen as particularly important, given the limited shared institutional history, or common regional identity (Paasi, 2009b). Although the establishment, through legislation, of a stand-alone organisation for the South of Scotland suggests that this is now fairly securely entrenched, a risk for more unusual or ad hoc geographies is that they are only sustained for as long as sponsorship from higher tiers of government lasts (Deas and Lord, 2006).

These episodes have both emerged from and opened up opportunity spaces for institutional and governance entrepreneurship by actors at the regional scale. In the case of the South of Scotland the two local authorities and other regional stakeholders had engaged on a long process of lobbying and promotion of the region as one that is substantially different from the rest of the area covered by Scottish Enterprise, with needs and circumstances more similar to the Highlands but disadvantaged by the absence of comparable governance arrangements. As a result, when the Scottish Government gave its support to the creation of a new enterprise agency, they were well prepared to shape its development, with the legislative process of its establishment providing greater opportunity to do so. The emergence of the Borderlands is perhaps more contingent, given the particular role of a local MP who was in a position to influence UK Government policy, although it also rests on an established network of cross-regional actors. The nature of devolution also opens up the possibility of 'venue-shopping' for those attempting to influence policy (Cairney and Hepburn, 2009); in this case the renewed role of the UK Government in Scottish regional development provided an alternative arena for regional actors to attempt to couple their aspirations with national political priorities. That the South of Scotland and Borderlands initiatives took shape concurrently perhaps further strengthened the position of regional actors in their relationships with the two 'national' governments, with, for example a single dedicated group of civil servants in the Scottish Government working on both (Interviews I and P).

The rescaling in economic development governance towards these two new geographies does entail new sets of tensions. In particular, the shift from the

'local' to the 'regional' as spaces of governance, based on multi-scalar partnerships, raises questions of accountability - as decisions on economic development priorities become further removed from mechanisms of local democratic representation. Although these coalitions are choosing to pursue co-operative, rather than overtly competitive, relationships with each other, there also remains the potential for intra-regional competition where influential actors prioritise more local concerns (as has apparently been the case within D&G, see Chapter 6). Likewise, these new 'regions' are still seeking to compete with others for attention and investment – potentially complicated by the overlapping governance arrangements that some partners are engaged in.

At the same time, however – to link all this back to the conceptual model outlined in Chapter 2 - they both also open up at least the possibility of greater capacity for effective place leadership through enhanced institutional density and regional commitment (Coulson and Ferrario, 2007) at this scale. Most obviously, they promise potential additional resources for economic development interventions, with SoSE in particular strengthening the directive powers available to regional actors to allocate resources in support of their preferred priorities. At least as significant, however, will be how these new arrangements provide platforms for generative leadership – the development of coherent strategies for economic development, and harnessing resources from other actors across and outwith their respective geographies. In the Scottish and UK context, where an implicitly competitive process of bargaining with higher levels of government is a prerequisite to meaningful strategic interventions, this may be more important for regional agency in the longer-term.

## Chapter 8: Conclusions

### 8.1 Introduction: Thesis Aims and Background

Regional development is an evolutionary process which unfolds in different ways in different places.  A large proportion of this difference, however, remains unexplained (Rodríguez-Pose, 2013), with challenges in understanding complex processes of development "shaped by an almost infinite range of forces" (Storper, 2011, p333).  This thesis has examined how these processes and their outcomes can be influenced by purposive and strategic human agency.  Based on a case study of Dumfries and Galloway in south-west Scotland, it has demonstrated how the potentials and capacities for agency are shaped by the interaction of systems and actors across multiple scales, from the local to the supra-national.

The aim of this research has been to understand how actors across different scales exercise agency to influence regional development in a peripheral region.   This is addressed through the following three specific research questions:

- By whom and to what ends is strategic agency exercised to influence regional development in a peripheral economy?
- How are internal and external resources harnessed in support of purposive strategic interventions, within a particular multi-scalar context?
- How are regional arrangements for the governance of economic development constructed and contested by actors across different scales?

Although the conceptual framing of these research questions self-consciously adopts a perspective that foregrounds the potential for deliberate actions by human agents to influence regional evolution, the geographical political economy approach that underpins this also acknowledges the importance of wider structures and forces.   As the potential for agency is distributed, effective strategic interventions will emerge from collective action.  This is mediated by multi-scalar systems of governance that empower and constrain actors in different ways, although these systems can also be changed.

It is relevant to consider how these processes play out in peripheral regions both as a corrective to the tendency in some strands of regional studies to focus on cities and other apparently successful places, and to broaden understandings of what the exercise of agency in regional development actually looks like in different contexts. Peripheral regions tend to share certain characteristics, including distinct sectoral structures and limited opportunities for agglomeration, fewer endogenous resources and thin institutional environments, and interests that may be at odds with dominant models of economic development. The ways in which agency and leadership can be exercised in a peripheral context is in turn likely to be distinctive, the understanding of which can be enriched by integrating insights from the largely distinct body of work on rural development.

This final chapter will begin by providing a summary of the thesis in terms of its findings and an elaboration of its contribution to existing research, as well as some reflection on its limitations. It will then offer some recommendations both for areas for future research and for policy, in light of significant changes in the economic and institutional environment that have emerged during the course of the research.

## 8.2. Research Findings

This research has presented a picture of D&G as a peripheral and largely rural region, subject to structural challenges common to such places – including falling employment in agriculture and manufacturing, few large employers, external ownership of economic assets, and out-migration of younger people. Where there has been employment growth, this has been concentrated in sectors – including tourism and social care – with low wages and often insecure conditions; employment in the public sector, previously an increasingly important source of relatively well-paid and secure jobs, has been falling. The region's economy therefore exhibits the characteristics of a low-skills equilibrium (Finegold and Soskice, 1988; Wilson and Hogarth, 2003; Daniel et al., 2004). While a variety of strategic priorities and interventions have been adopted over the past three decades, aggregate indicators (most notably wage levels) demonstrate declining relative performance even compared with

similarly peripheral regions and suggest the absence of mechanisms that might promote a shift to more positive regional development paths.

One factor in this is a failure to deliver coherent or sustained visions that could mobilise effective support and interventions.  Attempts to exercise place leadership at the regional level have been hampered by both the internal characteristics of D&G as a strategic 'region', and broader frameworks for the governance of economic development.

With regard to the former, the region is geographically large, with widely dispersed and mostly small towns, a fragmented business base with a small number of mostly externally owned large employers, and the little in the way of significant sectoral concentrations or clusters.  These have been barriers to the formation of shared agendas capable of attracting support from within the region or resources from elsewhere – what Sandford (2020) terms generative leadership, or 'visioning'.  This also speaks to Quinn's (2015) contention that the alignment (or lack thereof) between territorial spaces of governance and other bases of regional identity (Paasi, 2003) may limit the effectiveness of strategic action at this scale.  Where smaller scale strategic interventions have been undertaken at a more local level, there is some evidence of greater success.

With regard to the latter, the relatively centralised system of governance in Scotland limits the directive (John and Cole, 1999) powers and resources that regional actors can themselves use to support economic development interventions.  This has been exacerbated over the period examined in this thesis by reforms that have hollowed out capacity at the regional scale (Jessop, 1997; Shaw and MacKinnon, 2011) and reinforced central control, the prioritisation of national (i.e. Scottish) aggregates over regional outcomes, and by fiscal austerity, which although driven by the UK Government, has had a disproportionate impact on the budgets and capabilities of local authorities (Eckersley and Tobin, 2013) as a result of decisions taken at the Scottish level.  As a result, attempts by regional actors to exercise strategic place leadership have, in some accounts, been reduced to a 'pretence'.

In this context – a region with 'thin' potential for agency in shaping its own economic development – the most significant potential element of place leadership has been to harness external resources that can support strategic interventions.  Again, however, the environment within which regional actors have been seeking to achieve this has been challenging.  On the one hand, there are long-term structural changes common across developed economies (notably from primary industries and manufacturing to services) which have tended to favour urban regions.  The national model of growth pursued in the UK has long prioritised financial and business services over, for example, manufacturing, implicitly favouring London and south-east England and some other cities, such as Edinburgh, that have been able to capture some of this activity (McGeoch, 2019).  Within Scotland, economic development has been the responsibility of devolved government since 1999.  However, policy and delivery has until recently tended towards a focus on supporting projects and businesses of scale, activities seen as having high growth potential, specific (largely high-value added) sectors, and on city-regions as drivers of national economic performance.  In this context, it has been difficult for actors in D&G to articulate an imperative for the Scottish Government and its agencies to support investment in the region, given their lack of alignment with national priorities.  Efforts to attract attention and resource from the centre have been further hampered by the absence of compelling and coherent regional agendas, as already noted, and by the region's marginality to the dual Scottish regional imaginaries (of the urban, industrial central belt and the Highlands) and its electoral geographies.

In a context where actors in different territories are competing not only for private sector investment, but for resources and support from the multi-scalar state, Dumfries and Galloway has therefore been somewhat disadvantaged.  Gordon (2011, p34) suggests that the ability to compete robustly in such circumstances requires places to have both "effective mobilisation by potential beneficiaries with the capacity to organise themselves into a successful promotional coalition" and "tolerance and/or active support from higher levels of government for local agencies to take on independent/competitive roles in pursuit of economic development".  The evidence in this case indicates that both of these elements have been weak.

There have however been opportunities for regional actors to contest and to influence changes in institutional and governance arrangements. This can be seen in the emergence, during the course of this research, of the South of Scotland Enterprise agency (SoSE) and the Borderlands Inclusive Growth Deal. While different in many ways, both initiatives (and the new geographies that they represent) have long pre-histories in coalitions between neighbouring regions formed to articulate shared interests, acting collectively in attempts to counter their individual political peripherality. That these have each have their origins around two decades ago demonstrates the long-term nature of regional agency. While there is an element of contingency in the eventual realisation of these initiatives – in particular support for the Borderlands from a local UK Cabinet minister – this demonstrates the potential for regional actors to influence approaches, priorities and resources for economic development through institutional and governance entrepreneurship (Grillitsch and Sotarauta, 2020; Doringer, 2020) when specific opportunities emerge. In this case, space for regional agency was opened up by specific changes instigated by UK and Scottish Governments – driven by perceived political imperatives – in the context of a widespread reappraisal of the importance of place in economic development activity. Although not without their possible tensions, by influencing the configuration of these arrangements across new 'regional' geographies, actors shaped new platforms and mechanisms that enhance the potential for agency to be exercised at this scale in future.

## 8.3 Conceptual and Theoretical Contributions

At the most basic level, this research has produced a detailed examination of economic development, governance and agency in a particular place that has hitherto received little attention. Sub-national economic development in Scotland is relatively under-researched, and work in this area has tended to concentrate on the industrial and post-industrial cities on one hand and the Highlands and Islands as an example of a remote rural periphery on the other. This mirrors the dominant framings of economic development issues and the dominant dual imaginaries in Scottish politics and culture more broadly (McCrone, 2017). The lack of existing work examining peripheral regions in

lowland Scotland is itself one justification for its identification as an object for research.

More fundamentally, however, this thesis has made a series of contributions to the developing body of work concerned with the role of change agency (MacKinnon et al., 2019a; Grillitsch and Sotarauta, 2020), and in integrating an understanding of policy and institutions (MacKinnon et al., 2009; Pike et al., 2009; Coe, 2011; Martin and Sunley, 2015; Pike et al., 2015) into processes of regional evolution. Intensive research methods (Sayer, 2000) with thick description (Geertz, 1973) and deep contextualisation (Martin and Sunley, 2015) have been operationalised to form the basis for identifying underlying causal mechanisms that have potential explanatory power beyond this specific case. While outcomes are to some extent contingent on specific spatial and historical circumstances, this focus on underlying processes has generated insights of relevance to a wider set of circumstances. The thesis has therefore contributed to understandings of agency in regional development across several dimensions. This was facilitated by the construction of a conceptual framework, set out in in Chapter 2 (Figure 2.2) and reproduced below (Figure 8.1), populated with the case study findings (for the period preceding recent governance rescaling).

**Figure 8.1: Agency through Place Leadership and Governance**
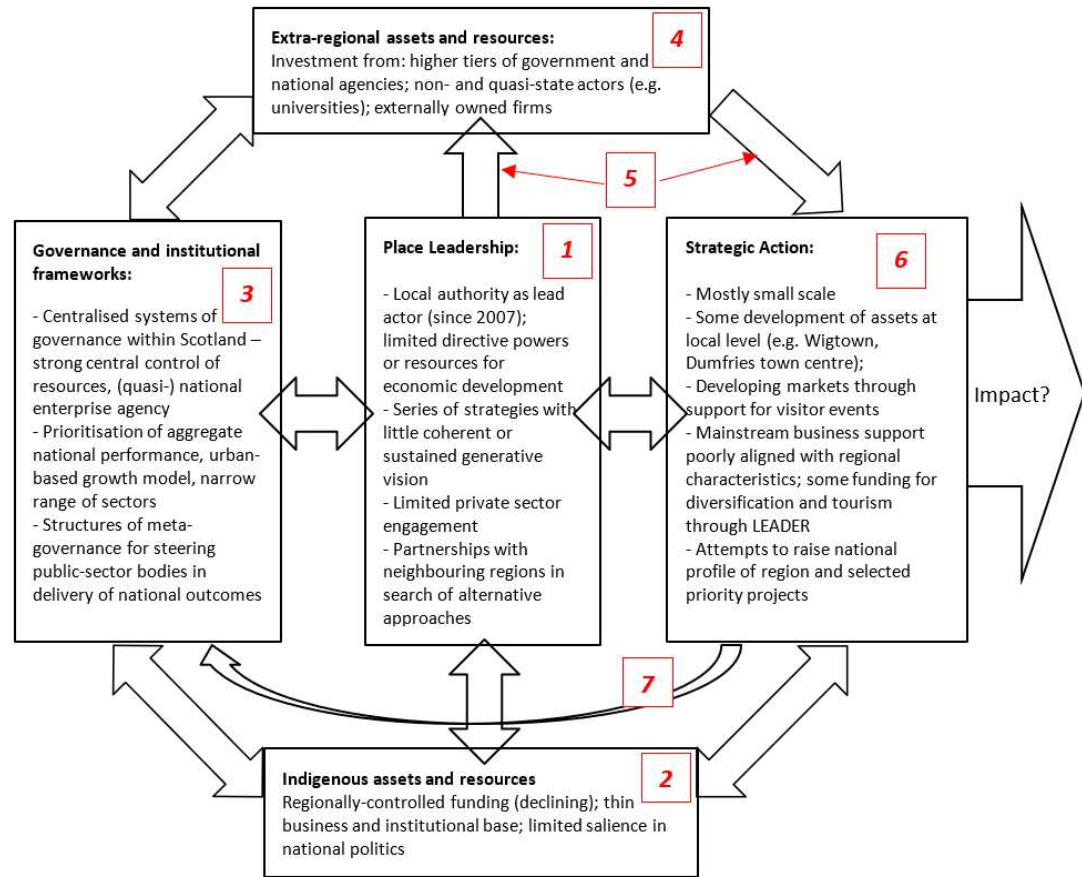


The thesis has utilised the lens of place leadership (Box *1* in Fig. 8.1) as a way of conceptualising how actors and resources across different scales are harnessed in support of collective agency to influence regional development. In doing so it has contributed to the understanding of place leadership in three inter-related ways.

Firstly, in contrast with a tendency in regional studies to focus on more celebratory or iconic accounts of successful regional development, a case study where successful place leadership has been elusive has provided the opportunity to consider why this is, and what types of regional and relational assets might be necessary for this to emerge. In peripheral regions, a variety of these assets (*2*) – such as state resources, business base, institutional capacity, sense of identity or common interests – may be 'thin'. The thesis findings have also reinforced the need to put place leadership in its

evolutionary context, as these endowments are the product of earlier or ongoing rounds of structural change.

Secondly, this thesis has explicitly linked the exercise of place leadership to the specific configuration of governance and power relations within which it takes place (*3*). In this the empirical findings here reinforce the case made by Bentley et al. (2017) in arguing that the potential for effective place leadership in pursuit of regional development is significantly circumscribed within centralised systems of governance. Where resources and other directive powers (John and Cole, 1999; Sandford, 2020) are hoarded by the centre, potential place leaders are limited to trying to construct generative visions that can attract wider support. However, where national priorities and narratives are dominant – for example where systems of meta-governance bind actors at different scales into delivering these – the opportunity for such regional strategies or agendas to meaningfully influence action is likely to be marginal. In this case, economic development has largely been the role of Scottish Enterprise, with direction issued at the national level and limited flexibility to adapt to regional priorities.

Thirdly, it demonstrates that in this type of setting, among the variety of extra-regional resources (*4*) for regional development, those controlled by the state are likely to be particularly important. One of the key functions of place leaders in this context is therefore to harness these resources in support of their preferred strategic visions and interventions. This is implicit in some conceptions of rural neo-endogenous development which foreground the interactions between local and non-local actors (Gkartzios and Lowe, 2019). This process is presented here as analogous to strategic coupling (Yeung, 2009; Coe and Hess, 2011), but rather than lead firms in global production networks, investment is sought from public and quasi-public bodies based elsewhere or at higher tiers of governance. Regional actors must effectively 'couple' regional assets and potentials with the needs and the priorities of the centre (*5*), demonstrating that their proposed investments have potential to deliver the desired results. The hierarchical nature of the state (Scharpf, 1994) means that the power relationships in this coupling process (MacKinnon, 2012) are inherently asymmetrical; potential place leaders in peripheral

regions are structurally dependent on central decision makers (Eversole and Walo, 2020). In Dumfries and Galloway, actors at the regional scale have generally struggled to attract resources from the centre. There are though some examples of specific interventions being successfully aligned with external priorities – including the Midsteeple Quarter project, which has linked into national agendas around town centre regeneration and community empowerment.

To be effective, the strategic interventions to influence regional development (*6*) that emerge from this process should be appropriately tailored to the specific characteristics and goals of particular places. Taken together, however the account presented here serves to problematise notions of place-based approaches being a panacea for regional 'problems'. The foundational literature on place-based approaches sees these tailored approaches emerging from the interaction of local 'bottom-up' knowledge about places and other types of 'top-down' expertise. Barca (2009) suggests that those at higher tiers of governance should set broad policy goals, with a degree of freedom in how these are attained in different places. In practice, various mechanisms of central control exist – formal legal direction, setting budgets and conditional funding streams, and shaping dominant policy agendas (Bentley et al., 2017). What this research has emphasised is the need to consider power relationships between actors at different scales and the governance arrangements through which they are mediated. It has demonstrated how genuinely place-based approaches may be unlikely to emerge within centralised (Bentley et al., 2017) or centrally orchestrated (Harrison, 2008) systems of governance and meta-governance – where responsibilities are devolved without resources. This inherently, if implicitly, competitive environment, where different places are all seeking resources from the centre, is also likely to be particularly challenging for peripheral regions like Dumfries and Galloway that have a weak relational bargaining position (Savitch and Kantor, 2002), and where opportunities do not obviously align with mainstream conceptions of development, in the absence of strong central commitment to reducing regional inequalities.

Given that 'governance matters' (Eversole and Walo, 2020) for the construction of effective place-based approaches, one way in which agency can be exercised is through seeking to influence governance and institutional arrangements (*7*). This thesis has provided insights into processes of change and rescaling from two emerging sets of arrangements for 'doing' economic development – a new, dedicated agency for the South of Scotland, and 'deal' between different levels of government for investment across a wider 'Borderlands' region. In doing so it contributes to understanding of by whom, how and why such institutional structures, and their associated geographies, are produced (MacLeod and Goodwin, 1999; Pike et al., 2015). While not underplaying the extent to which these were both to a degree centrally orchestrated (Harrison, 2008), neither are straightforwardly top down creations, and are layered on top of existing arrangements (Peck, 1998; MacKinnon and Shaw, 2010) – SoSE was established 'from above' by the Scottish Government but built on an existing regional collaboration, and the Borderlands emerged from a bottom up coalition of local authorities that gained recognition (and encouragement) at UK Cabinet level. Through the employment of the multiple streams model (Kingdon, 1995), common in policy studies but relatively novel in this context, this can be understood as the product of actors at different scales exercising agency in their articulation of particular regional development problems, formulating and promoting their preferred solutions (in terms of the form and strategic aims of new governance arrangements) and by linking these with national political currents. Again, the multi-scalar nature of this process is analogous to coupling, where regional actors' proposals must fulfil the needs of actors at higher levels of governance – in this case both episodes of rescaling gained external support as they had the potential to meet specific political (and electoral) goals of those at the national level.

In the case of SoSE, this confluence of different streams was implicitly recognised by interviewees as the 'stars aligning', the foundations for which were laid by sustained efforts to generate a shared understanding of the regional 'problem'. The Borderlands deal in contrast was more driven by the roll-out of a national model, although importantly the particular configuration that emerged – in terms of its novel geography and eventual priorities – were

influenced by a bottom-up coalition of networked actors and the contingent role of a local politician having influence at the national scale. Deal-based approaches to economic development in city-regions (particularly in England) have by now been subject to extensive study and critique. This analysis contributes to the understanding of their application in different spatial and governance contexts, and suggests that the adoption and adaptation of this model in a largely non-urban region poses a challenges to its fundamental logic (Beel and Jones, 2021; Welsh and Heley, 2021). Following Jones (2019) it is also important to see these changes in their broader context, in which there has been an ongoing churn in scales and forms of economic governance in response to problems of uneven development inherent in capitalism and the failure of earlier configurations. Such episodes of rescaling do not, therefore, simply represent responses to the "changing geo-economic imperatives of competitiveness" (Bristow, 2013, p316), but are "contingent forms" (Ward and Jonas, 2004, p2133) that emerge from political processes across multiple scales and interaction with existing spatial arrangements. These can then generate their own momentum in establishing networks and governance arrangements for the pursuit of common agendas at these new scales, and for relations with the centre, demonstrating the links between horizontal and vertical patterns of governance (Bentley et al., 2017).

Through these findings, the thesis contributes to understanding the nature and exercise of agency in regional development more broadly. In contrast with new regionalist accounts that tended to overestimate the potential for actors and agency at the regional scale to help places become 'winners' (Bristow, 2005; Lovering, 1999; 2011; Woods, 2010; Hadjimichalis and Hudson, 2014), this analysis has demonstrated the extent to which the potential for strategic agency is both distributed (Garud and Karnøe, 2003) and constrained (Coe and Jordhus-Lier, 2011). In terms of the former, actors at a variety of scales (state and non-state) have access to assets and resources that can be deployed in support of strategic interventions – both tangible, such as sources of funding, and intangible, such as networked relationships and capacity to develop visions for regional development. In this case study, those at the regional scale have had relatively little access to such resources. In terms of the latter, and relatedly, in these circumstances the ability of actors to effect

change is constrained by the needs and priorities of other actors, as any effective strategic intervention will necessarily require collective and co-ordinated action. The nature of this action will therefore depend on the multi-scalar institutional and governance arrangements through which relationships between actors are mediated, and the broader economic and geographical context which may facilitate the promotion of certain shared visions of change over others.

In more abstract terms, the potential for 'agency' is limited by the economic, geographic, political and institutional 'structures' within which actors operate. Although, from an evolutionary perspective, these structures are to some extent path dependent, shaped by historical processes and previous rounds of layering and restructuring, over time they are open to influence through the purposive actions – individual and collective – of actors across different scales. The reshaped structural context that emerges may, through altering the power relations and distribution of resources between actors, empower (or disempower) them in different ways. The analysis presented in this thesis therefore supports a characterisation of the relationship between agency and structure in evolutionary regional development as recursive (Jessop, 2001; Bristow and Healy, 2015), at least over the medium- to long-term.

Finally, through its examination of governance and agency in economic development in a particular peripheral region, this research has helped to conceptually flesh out notions of peripherality itself. The concept has already been subject to a degree of interrogation in the regional development and planning literature, with more sophisticated accounts going beyond seeing it as determined by geography and distance to a condition created by processes across social, economic and political domains (Copus, 2001). The emphasis on agency in this thesis has drawn attention to how peripherality can be created, constructed and contested by actors across different scales. In this case the region's peripherality has been associated with a lack of institutional agency that would allow it to attract resources and influence priorities of the centre. This overlaps with perspectives from political science that see the periphery as defined by its exclusion from the resources and networks of

political power (Herrschel, 2012). This has been exacerbated by a dominant understanding of economic development, over much of this period, that has privileged urban-centric models of growth. More recently, regional actors have themselves actively sought to discursively construct a shared notion of the region as peripheral – characterised by distance, difference and neglect by the centre. This has been deployed in support of campaigns for new institutional arrangements and greater resources from the centre, both through seeking to generate solidarity and consensus within the region and with its neighbours, and to influence national political actors. Simultaneously, however, they have sought to develop more boosterish accounts that contest the region's geographical peripherality through stressing links to different city-regions. This ambiguity highlights the need for a nuanced and multi-dimensional understanding of peripherality and processes of peripheralisation (Kühn, 2015).

Overall, the contribution of this thesis has therefore gone beyond simply adding to the body of evidence about regional development in peripheral regions, although this itself would be potentially valuable. It is argued that studying this type of place is potentially productive in developing theoretical understandings of agency and governance in regional development.

## 8.4 Limitations and Reflections

In line with a critical realist approach to research in regional development that prioritises 'modest explanation' (Waite, 2019), there are some important caveats attached to the above findings. Three methodological limitations of this research should be noted.

Firstly, in a practical sense, when taking a 'region' as the object of study, there are limits to how far the full complexity of economic activity, governance and relations (both internal and external) can be captured. The account presented here is therefore necessarily a partial one. It would be possible to point to a variety of elements that have been excluded or dealt with only briefly. For example, the role and potential of renewable energy in regional development would on its own justify detailed study – D&G has been

able to capture little of the value generated by the profusion of onshore wind farms constructed over the past decade, with ownership and turbine manufacturing largely lying overseas, a state of affairs facilitated by policies at both the Scottish and UK levels (Gibbs, 2021). This also intersects with questions of land ownership, which have gone largely unexplored here. Likewise, although highlighted at relevant points throughout the thesis, much more could be said about the development of tourism in the region, and the interaction of local, regional and national strategic sectoral interventions. In terms of methods, a more detailed case study of one sector could be valuable in more closely interrogating the specific relations and mechanisms of coupling, although this thesis has been concerned with broader questions of regional development, agency and peripherality across the breadth of 'economic development' activity.

An additional point worth noting here relates to data collection. Through an approach that attempts to extend (Burawoy, 1998; 2009) the case study beyond the boundaries of the region, the research has sought to incorporate agency across a variety of scales – from local community development groups to ministerial level in the UK Government. This required a programme of interviews with individuals in a wide range of positions, which was mostly achieved. There is however a significant gap here in that despite repeated requests, no current or recent Ministers in the Scottish Government agreed to be interviewed. This could reflect their limited interest in regional issues, or perhaps just that as a researcher I lacked an effective way of gaining access to national political elites. The elements of the thesis that attempt to understand the political and electoral factors driving 'top down' changes of approach at the Scottish level are perhaps somewhat limited by this; they are instead reliant on the informed commentary of other well-placed interviewees – including civil servants - and on documentary analysis.

Secondly, approaching questions of regional evolution with a focus on the role of collective and purposive agency has necessarily limited the engagement of this thesis with other potential sources of new path development and evolutionary change. While no research can cover everything, it is worthwhile explicitly acknowledging what this project has not done. Grillitsch and

Sotarauta (2020) identify innovative entrepreneurship, place leadership and institutional entrepreneurship as their conceptual 'trinity of change agency'. While this thesis has addressed the second and third of these elements, it has said little about the first, or about associated factors such as related variety (Frenken et al., 2007) in sectoral structures that are seen as structural preconditions for the emergence of new growth paths. This is not intended to downplay the importance of entrepreneurship in regional change, but is a consequence of focusing on agency exercised with strategic aims at the level of the region, rather than of the firm. Some interventions have themselves been entrepreneurial – such as in Wigtown, where a range of assets have been developed into an overall 'offer' for a specific niche tourism market – but again this has been the result of collective action in pursuit of improved outcomes for a particular place, rather than traditional firm-level entrepreneurship. Likewise, the concept of innovation has featured little – again, this is not to deny that innovation is a potentially important element of regional adaptive capacity, or that innovative activity has been undertaken by firms in the region, although it is perhaps implicit in the analysis that the thin business and institutional networks typical of many peripheral regions can constrain the emergence of urban-style innovation systems (Komninaki, 2015). A more firm-centric research approach would perhaps generate an alternative set of explanations for the nature of regional evolution – as Hassink (2020) notes, geographical political economy is not the only framework for addressing these questions.

Finally, and more fundamentally, there are limitations of a single case study approach. As discussed in Chapter 3, intensive research based on a single case study is compatible with critical realist approach. A focus on a single case study also provides scope for the type of detailed description and contextualisation that is necessary to move toward an understanding of underlying processes rather than superficial explanations. Nevertheless, it is acknowledged that the relationship between empirics and more generalisable theorisation in this type of research, and in the philosophical paradigm of critical realism, is possibly somewhat ambiguous. Dumfries and Galloway is presented as a case of a peripheral and largely rural region within a developed economy where systems of governance are relatively centralised. From a

critical realist perspective, however, common underlying processes can produce different outcomes, depending on their interaction with specific spatial and temporal contexts; likewise similar-looking outcomes can be the result of different sets of forces.  Some caution must therefore be exercised in the extent to which these findings could be read across to other regions, even where they appear superficially similar.

## 8.5 Brexit, Covid-19, and a New Context for Regional Development?

During the course of this research there have been two significant events – or processes – with potentially large but as yet not fully understood implications for the political economy of Scotland and for regional economic development.  These are the decision by the UK to leave the European Union ('Brexit') and of course the global Covid-19 pandemic and associated restrictions.  These have been referred to only fleetingly in this thesis, and it seems appropriate at this point to account for this omission and to briefly reflect on how each of these might influence the context for processes of and exercise of purposive agency in Dumfries and Galloway's economic development in the future.

Following a referendum in June 2016, two general elections and three and a half years of uncertainty, the UK finally formally left the European Union on 31st January 2020; a transition period was in operation until the end of 2020.  As noted in Chapter 3, during data collection the future relationship between the UK and EU was unclear; as a result most material relating to Brexit was speculative and has been largely excluded from the analysis.  The economic impact of the eventual deal – a relatively 'hard' Brexit although maintaining tariff-free trade – is broadly expected to be significantly negative overall, but also unevenly distributed across the UK's regions (Thissen et al., 2020) with the potential to exacerbate entrenched regional inequalities (Hudson, 2021).  For rural regions like D&G, potential impacts on agriculture and food exports are of significant concern, as well as issues of labour supply as restrictions on immigration increase (Cowie et al., 2018).  This illustrates how a region's degree of peripherality within international systems can be influenced by institutional changes (OECD, 2012) in this case determined at the level of the nation state.

As noted in Chapter 1, the geographies of the EU referendum have drawn further attention to regional inequalities within the UK. In policy terms, the EU has been a significant funder of regional development activity through its Structural Funds, and through support for agriculture and other rural initiatives such as LEADER. As these come to an end, the UK Government is establishing a variety of funds to which local authorities will be invited to bid. These bypass devolved government and therefore further extends the role of the UK Government as a direct actor in sub-national economic development in Scotland. The rationale and criteria for allocating funds in this new system also lack clarity and transparency (Fraser of Allander Institute, 2021). Other proposed measures, including 'free ports', potentially including Stranraer (Dumfries and Galloway Council and Scottish Borders Council, 2021), also threaten to intrude on previously devolved competencies, although the Scottish Government is seeking to adapt the proposed UK model. Despite some anticipation of a shift in approach to the statecraft of managing regional issues (Bulpitt, 1983; 1986; Ayres et al. 2018) – where the centre would step back to focus attention on Brexit (Shaw, 2019) – these developments suggest that, if anything, the UK Government appears to have further extended its role in this regard.

Every part of Scotland, including Dumfries and Galloway, voted to remain in the EU. Decision-making around the future relationship with the EU has however been undertaken solely at the UK level with little meaningful input from the devolved administrations (McEwen, 2021); meanwhile support for Scottish independence has risen, now regularly polling at above 50%. Brexit has therefore simultaneously highlighted the political divergence between different parts of the UK and reinforced the dominant position of the UK Government.

The Covid-19 pandemic – in response to which a range of restrictions on individuals and businesses have been imposed[63] – has also had impacts on both the economic and policy context for regional development. Data collection was completed just before the start of the pandemic in the UK.

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[63] The first restrictions in Scotland were imposed in March 2020, these fluctuated and varied across different regions, and were largely removed by August 2021.

In economic terms the short-term impacts have been large, but unevenly spread across sectors - manufacturing, construction, retail and wholesale, accommodation and food services, and arts, entertainment and recreation were identified as being particularly at risk (Scottish Government, 2020b). At the level of individual businesses, it be expected that the smallest firms – over-represented in Dumfries and Galloway – are most vulnerable to closure, although evidence from earlier crises suggests that some rural businesses are able to survive significant disruption (Phillipson et al., 2020). It is perhaps worth noting however that for at least some of the period restrictions imposed on Dumfries and Galloway were less severe than in more urban parts of Scotland.

The full extent of the medium to- long-term economic impacts remain uncertain. However, there is evidence that the pandemic has accelerated existing trends; to highlight just two, the increase in online retail at the expense of physical premises, exacerbating the challenges faced by town centres (Sparks, 2021), and a shift towards more remote working for some types of activity (Davies, 2021). The latter may, if maintained, serve to lessen the importance of physical proximity in business and employee location decisions, potentially making peripheral regions more attractive and posing a challenge to established models of urban agglomeration.

In policy terms, most obviously the response to the pandemic has represented a radical increase in the role of the state – through wide ranging restrictions on different type of activity, and massive intervention in the economy through a variety of support schemes to prevent business closures. In practical terms it has brought attention to the scope of devolution (Morphet, 2021) and the border with England, as the Scottish Government implemented its own distinct regime of restrictions, as well as to administrative boundaries within Scotland as restrictions varied between local authority areas. As attention has moved towards recovery, this has in Scotland been articulated as seeking a 'robust, resilient wellbeing economy' (Advisory Group on Economic Recovery, 2020), building on the existing focus on inclusive growth and incorporating initiative to support a 'green' recovery including a 'just transition' away from carbon-intensive energy (Scottish Government, 2021).

At the UK level this has contributed to a more prominent rhetoric of 'levelling up' predominantly focused on the North of England, although, as noted, some of the post-Brexit measures that this label has been attached to will also apply in Scotland.

Taken together, therefore, the impact of Brexit and Covid for regional economic development in Scotland is both a much more uncertain economic outlook and an altered policy and governance landscape, with greater competition between policy priorities at the national level. In terms of the findings of this research, these developments have several implications.

Firstly, they suggest that actors at the local and regional scale may need to revise their strategic aims in light of altered circumstances and prospects for different sectors. Established regional imaginaries may be challenged (or reinforced) by these. The uneven spatial impacts of these crises emphasise further the need for strategies to be appropriately tailored to specific local circumstances, but also draws attention to whether actors at this scale have the capacity to formulate coherent and compelling generative visions. The growing emphasis on low-carbon outcomes may also broaden out how the aims of policy and development are conceived, in ways which might favour more rural and peripheral places.

Secondly, there are clear indications that in the post-Brexit/pandemic era, the need to 'couple' with the priorities of external resource holders will be even more pronounced. The resources of the local state are likely to be further stretched and focused on essential service delivery, while programmes for recovery appear to remain firmly controlled by national government, with little apparent impetus toward genuine decentralisation. The pan-UK arrangements for funding regional development (replacing EU programmes) also signals a rescaling of competition for resources – regions in Scotland will face a greater imperative to seek coupling with the needs of the UK Government, in competition with places in England and Wales (Scottish Borders Council, 2020). The approaches being adopted by the UK Government to the distribution of these resources – likened to 'pork barrel' politics

(Hanretty, 2021) – suggest that crude electoral calculations may play a greater role in this competition.

Thirdly, and perhaps more optimistically, there are some indications of added impetus to alternative ways of thinking about the normative goals of economic development activity and the role of the state. While rhetoric about 'building back better' should be treated with caution (Congreve, 2020) the prominence of spatial patterns of development and regional inequalities in national policy discourses suggests a potential shift in the political mood which may open up opportunity space (Kingdon, 1995; Béland and Howlett, 2016) for actors at different scales to shape priorities, strategic approaches and institutions – although as this research has demonstrated, their capacity to do this will be constrained by existing governance arrangements and power relations.

## 8.6 Recommendations for Further Research

Given the findings and limitations discussed above, this research also raises a variety of questions for future research. Two specific aspects of a research agenda concerned with the role of purposive agency in peripheral development are worth highlighting.

The first of these would be the pursuit of comparative studies that use a common framework to explore the evolution and governance of similar peripheral regions. Comparative studies have the advantage, in the language of critical realism, of facilitating the identification of contingent and more structural factors. From a geographical political economic perspective, comparative approaches can form the basis of an "analysis of the ways in which places … are actively produced through their interrelations with each other and their interactions with wider historic-geographic processes" (Pike, MacKinnon et al., 2016, p136). This thesis has also highlighted parallels between episodes of institutional change in Scotland and those more intensively studied in England. Regions in England offer the most obvious point of comparison, operating within a broadly similar macro-economic and regulatory context but with a distinct set of governance and institutional arrangements. Given the importance of capacity and resources for place

leadership at a regional level, and of central-local relations, there would be value in comparison across peripheral regions in developed economies with different distribution of powers, responsibilities and resources across scales of governance.

Secondly, this thesis has proposed the adoption of a 'streams' model (Kingdon, 1995) in order to understand how specific models of governance for economic development are arrived at, and in response to what perceived problems. While there is a large and well-developed literature in the field of policy studies applying and refining this model (Cairney and Jones, 2016), it has been utilised comparatively rarely in studies of regional development. This provides a potentially useful lens for examining the role of agency and generative place leadership in the discursive construction of shared understandings of regional development problems, the (contested) processes by which preferred solutions are identified and promoted, and the active linking of these with political imperatives during specific temporal windows of opportunity. It has been employed relatively briefly here in relation to explaining episodes of governance rescaling. It is acknowledged that there is a problematic tendency for the multiple streams model to be employed with only superficial theoretical engagement (Cairney and Jones, 2016). There is therefore potential for the model's applicability in this context to be conceptually developed further, in particular by adapting this framework to the explicitly multi-scalar nature of policy and politics around approaches to regional economic development.

## 8.7 Policy Recommendations

The past decade has seen increasing acknowledgment of the extent of geographical socio-economic inequalities in the United Kingdom (UK2070 Commission, 2019). While particularly pronounced in the UK (McCann, 2016), similar patterns are evident across developed economies with the causes and consequences of particular places being 'left behind' of growing concern. Some of these places are post-industrial cities, they also include more peripheral and non-urban regions. Within Scotland, there is evidence of

increasing concentration of economic activity within the major city-regions (Allan, 2013).

The necessity of some action to address regional inequalities appears to have been accepted at least in the rhetoric of inclusive growth, the Scottish Government's proclaimed concern with regional equity (Scottish Government, 2015a), and the UK Government's variety of initiatives under the banner of 'levelling up'. It therefore seems appropriate to offer some recommendations for policy. These take as their starting point the assumption that the performance of 'places' should indeed be a matter of concern for public policy rather than simply seeking to facilitate the movement of people to more dynamic regions (Overman, 2017). Three elements of an alternative approach to this issue are suggested.

Firstly, there is need to reframe what is meant by 'development'. Although a shift towards inclusive growth is welcome, this can has also become a label attached to existing types of intervention (Turok, 2011; Lee, 2019; Houston et al., 2021). This thesis has demonstrated the limits of a conventional strategic focus on high-growth firms and sectors for places outside urban centres. There is a strong case for more radical approaches to the aims and roles of economic development activity, and of the public sector more generally. More attention to developing and maximising the benefits of foundational economic activities – those that support the provision of essential goods and services to households (Foundational Economy Collective, 2018) – may be particularly relevant in peripheral regions where established growth models based on agglomeration and a narrow range of tradeable sectors have been less applicable. Building on these foundational assets, which exist in every region, should be a component of any place-based approach, and could come closer to the ideal of providing "appropriate bundles of public goods" (Barca, 2009, p25) for specific places with the aim of enhancing quality of life as well as more conventional economic goals. Treating organisations that provide these essential place-based goods and services as anchor institutions (Work Foundation, 2010; Jackson, 2015) with an economic and social role in their localities could also help to develop 'thicker' institutional environments (Amin and Thrift, 1995) in these settings.

Secondly, while the advantages of place-based approaches to economic development appear to be recognised in policy (at least rhetorically), little consideration appears to be given to the extent to which this is facilitated or constrained by the distribution of powers and resources across different scales of governance. This research has demonstrated a failure to develop and implement effective place-based strategies for regional economic development within an environment where the capacity and resources of regional actors have been increasingly curtailed. The result has been a growing dependence on accessing resources from national scales. While acknowledging that the evidence for any 'economic dividend' (Rodríguez-Pose and Gill, 2005) from decentralisation are ambiguous (Tomaney et al., 2011), these findings do suggest that some greater degree of local control of resources, and a more balanced set of central-local relations, might facilitate the effective pursuit of meaningful strategic interventions based on specific local assets and priorities. This recognition of a need for genuine (rather than symbolic; Gherhes, 2020) decentralisation as a prerequisite for genuine place-based approaches is not new (Parkinson and Meegan, 2013; Bailey et al., 2015), but in the UK (including Scotland), appears thus far to have remained largely unheeded.

Thirdly, and related to the above, there remains a tension between attempts to improve national economic performance through seeking to stimulate growth in all regions, and the inherently competitive nature of regional development. That is not to suggest that sub-national economic development is a zero-sum game, but places do compete to attract investment, employment, people, and, as this research has highlighted, resources from central government. In the UK (including Scotland), the latter appears to be allocated increasingly based on competitive bidding between places for specific funds, or on 'deals' largely on terms set by the centre. These mechanisms risk exacerbating regional inequalities. Although the foundational logic of place-based approaches is explicitly not about redistribution (Barca et al., 2012), there is an inherent spatial selectivity (Jones, 2019) implicit in any such process to allocate resources for economic development. If effecting a long-term shift in spatial patterns of development is genuinely going to be a goal of public policy, this should be linked more

closely to some systematic and intelligence-led (Pike, Kempton et al., 2016) strategic assessment of where, and what type, of development should take place. This would involve, as suggested by one interviewee (I), 'changing the metrics' that are used as a basis for central decision making; these should be 'spatially aware' (Barca, 2009, p20) with the possibility that different criteria might be used for different types of region. More fundamentally, it could require the adoption of an approach that was more explicitly redistributive, or even more radically, a 'decentering' of politics, institutions and power (Amin et al., 2003).

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**Appendices**

**A1: Outline Interview Guide**

**A2: Participant Information Sheet**

**A3: Example Interview Transcript Coding Extract**

**A4: Emerging Research Themes (Sample)**

**A5: Assisted Areas 2014-2020, Dumfries and Galloway**

**A6: D&G LEADER 2014-2020 Supported Projects**

**A7: South of Scotland**

**A8: Borderlands Inclusive Growth Deal**

**Appendix 1: Outline Interview Guide (January 2019)**

**1. Interviewee information (ALL)**
- Organisation, job title(s), time periods
- Roles in partnerships, strategic boards etc? (e.g. Local Economic Forum, Community Planning Partnerships, SoSEP, Borderlands …)

**2. Economy of Dumfries and Galloway (ALL)**
- Structure and characteristics, distinctiveness from rest of Scotland?
- Challenges (e.g. of peripherality?)
- Internal coherence
- Linkages with other regions
- Key developments since 1990s - e.g. industry growth/decline?

**3. Macro Environment (ALL)**
- How has the 'problem' of regional development within Scotland been viewed by Scottish/UK Governments?
- How does Dumfries and Galloway fit into these narratives?
- What has been the impact of austerity since 2010?
- What other policies/interventions have influenced regional development (EU/UK/Scottish)

**4. Regional Actors**
**a. Dumfries and Galloway Council (DGC)**
- What economic development activity does DGC undertake?
- What determines which activities are prioritised and resources allocated?
- What impact does this activity have?
- How does this align or come into tension with tension with national policies?
- What influence does DGC have in shaping the region's development?
- How have these changed over time?

**b. Scottish Enterprise (SE)**
- What activity is undertaken by Scottish Enterprise in D&G?
- What guides the prioritisation of activity?
- Relevance of national priorities to D&G economy?
- What was the impact of 2007 reforms on local capacity/priorities/activity?
- How important was the 'South of Scotland' region (post-2007) in determining priorities? (B, C, D)
- Who are the other actors in economic development in D&G? What is SE's relationship with them? (B, C, D)

**c. Regional Economic Strategies (DGC, SE, OTHER REGIONAL)**
- What is the strategy development process? How are you/your organisation involved?
- How are strategic priorities determined?
- How is the strategy translated into delivery?
- How is progress towards strategy monitored?
- What is the role of the Economic Leadership Group?

- To what extent have previous approaches/strategies been successful in their aims?  What has limited or inhibited these?

**d. Other Regional Actors? (Business, third sector, other agencies?)**


**5. Regional Agency (ALL)**
- Do you think there is a shared assessment of what the regional development 'problem' for Dumfries and Galloway is? Has this changed over time?
- Do you think there is a shared collective vision of how to influence the region's economy? Has this changed over time?
- How successful do you think previous attempts to influence/promote regional development have been?  Why?
- How successful do you think regional/local actors been in engaging with policymakers at UK/Scottish level?


**6: New Regional Structures**
**a. Borderlands Initiative (ALL)**
- How have you/your organisation been involved in the Borderlands Initiative?
- What are the background and origins of BI?
- What was the motivation for pursuing/reviving BI?
- Who are the key stakeholders/representatives behind BI?
- What are the aims, priorities, rationales of BI?  How were these determined?
- How does the 'deal-making' process work?
- How does a 'deal' approach transfer to a non-city region?
- Are there tensions between Scottish/UK government priorities?
- What are areas of commonality or difference between partner areas? Is the Borderlands a region?


**b. South of Scotland Enterprise Agency (ALL SCOTTISH)**
- How have you/your organisation been involved in the South of Scotland Economic Partnership/Enterprise Agency?
- What are the background and origins of SoSEA/SoSEP? How has it come to have these boundaries?
- Why does the South of Scotland need an enterprise agency?  Why was previous arrangement unsatisfactory and what will be different?
- Why has it happened now?
- Who are the key stakeholders/representatives in the creation of SoSEA?
- What will be the aims, priorities, rationales of SoSEA?  How will these be determined?
- How does the interim SoSEP work?
- What are the aims, priorities, rationales of SoSEA?  How were these determined?
- How will SoSEA/SoSEP relate to other agencies/structures?
- What are the commonalities/differences/tensions between D&G and Scottish Borders? Is the South of Scotland a region?

**Appendix 2: Participant Information Sheet**

University
*of* Glasgow
VIA VERITAS VITA

College of Social
Sciences

**Participant Information Sheet**

*You are being invited to take part in a research study. Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask us if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part.*

**Project Title:** Governance and Agency in Regional Development
**Researcher:** David Clelland, School of Interdisciplinary Studies

**Purpose of the Research**
I am carrying out this research as part of my study for a PhD, exploring how different actors attempt to influence regional development.  My research is based on a case study of Dumfries and Galloway and the emerging spaces of governance (i.e. the South of Scotland and 'Borderlands') that it sits within.

**What is involved?**
You are invited to participate in a short interview (lasting up to one hour), as you have been identified as someone whose position or knowledge makes it likely that you will be able to provide information valuable to the aims of this project.  Interviews will seek to explore your perspectives on the economic development of Dumfries and Galloway and the role of policies, strategies and governance in this.  Participation is entirely voluntary.  With your consent, this interview will be audio-recorded.

**Confidentiality**
Only the researcher and a transcriber will have access to interview recordings, which will be stored securely at the University of Glasgow. You will not be named and will remain anonymous in all outputs from this research. During the research process, the names of interview participants will be replaced with codes attached to any information that you provide. You will be identified only by your broad role and/or organisation. While guarantees of confidentiality are necessarily qualified – for example by the risk that others that know you might be able to recognise you from your role or contributions – no further information that may lead to you being identifiable will be included in any outputs.

**How the data will be used**
Data collected as part of this study will primarily be used in the completion of my PhD thesis.  It may be also used in conference papers, publications in academic journals, and other means of disseminating my research findings, such as articles and blog posts.  A written summary will be made available to all participants on request, and after completion my thesis will be available through University of Glasgow Library.

In line with the University of Glasgow's Code of Good Practice in Research, data collected during this project will be retained for 10 years following completion, and may be made

available to other researchers for re-use.  However, as above, all personal identifiers will be removed from archived data so all participants will remain anonymous.

**Consent**

If you are happy to participate, you will be asked to complete a consent form before the interview.  Please note that you may decline to answer any questions and withdraw from the research at any time without giving any reason.

**Contact**

This project has been considered and approved by the College Research Ethics Committee.

- If you would like more information about the research or have any questions, please contact the researcher, **David Clelland, email: david.clelland@glasgow.ac.uk**
- This project is being supervised by **Prof Carol Hill, email: carol.hill@glasgow.ac.uk** and **Prof Andrew Cumbers, email: andrew.cumbers@glasgow.ac.uk**

If you have any concerns about the conduct of this research or would like to make a complaint, please contact the College of Social Sciences Ethics Officer, **Dr Muir Houston, email: Muir.Houston@glasgow.ac.uk**

## Appendix 3: Sample Interview Coding Extract

Coding Framework 2

1. Nature of the regional 'problem'
2. Understanding of/Approaches to economic development
3. Local Governance and Capacities
4. National Approaches/Priorities
5. Place leadership
6. Rescaling  South of Scotland
7. Rescaling  Borderlands

Interview O (Extract)

I:      So just over that time, what do you think have been the issues, the challenges, the problems for Dumfries and Galloway's economy and how...I guess how have they changed over that time as well?

R:      How long's your tape? I think the single biggest challenge actually is that how many young people leave the region. Now, I say that with the caveat that leaving the region is part of growing up, of course people go away, they discover new things, but the frustration for me is, if they choose to stay, they often...well, they don't have that choice, because the opportunities are not there in terms of the high skilled, you know, high wage jobs are not often there, or if they wish to come back, the opportunities are not there. Or if other young people outwith the region want to come to the region, those opportunities are not there, and I think that's probably the biggest weakness we have, we haven't had that until recently. The university campus, for example, we haven't had that historic higher education offer in the area as well, has been a weakness, and you see that when you compare the skills issue, even with another rural area, I think that Highlands and Islands have got twice as many people with high level skills than people in Dumfries and Galloway.

So we've had that skills gap, a lot of young people leave the region. So I think that's a kind of...the issue I think we need to try and tap, and there's no easy answer to that, it's a more peripheral area, people are attracted by big cities et cetera, and you won't always solve that problem, but at least we should give people that opportunity. I think there's been a historic lack of investment around the infrastructure, both physical in terms of our road network, our transport network, and I think the digital infrastructure, we're always playing catch up when it comes to issues around broadband. And 4G's a type of football pitch you get in some parts of Dumfries and Galloway, it's not something you're going to get on your phone, never mind 5G, so there's been a lack of investment around that, around infrastructure as well.

I actually think genuinely one of the reasons ███████████████ was I thought we were quite quiet in terms of banging our own drum, it always struck me that Highlands and Islands got their act together in the seventies and campaigned very well. That's why you've got Highlands and Islands Enterprise, you've got Highlands and Islands University, and I think we kind of missed the boat on that. I think we're very quiet, we don't shout enough about our area as well, and I think we need to bang the drum a lot more for this region than we have done in the past, I think, and to get the recognition we deserve.

And I think the whole inclusive economic...economy's an issue. I was up in Edinburgh the other day, what a horrendous experience that was the other day, it was just mobbed by people. And I was visiting friends who say they don't go into the city centre this time of year, it's so terrible, and more and more money gets pumped into the centre of Edinburgh, and I think in terms of inclusive growth, we don't do very well in Scotland at all. We continue...you know, we're having a debate at the moment about things like workplace parking levy and how you tackle congestion in Edinburgh, and I take a step back and think, well, maybe we shouldn't make it so congested in the first place by putting all the businesses and jobs in the centre of

Edinburgh. It should be about trying to distribute them more, so I think they're the sort of main kind of issues.

I:      So you think that...yeah, there's a few things there, but just to focus on that thing about inclusive growth, I mean, so what are the elements of inclusive growth that the Scottish Government at least are talking about now is some aspect of regional equity in...

R:      Absolutely, absolutely.

I:      So do you think historically that hasn't really...has there been a sort of regional policy in Scotland, about where growth is and why...

R:      Absolutely, there hasn't been...so my ████████████████ ████████████...talked about the phrase regional equity, and made a point, it's actually been in the Scottish Government's last two economic strategy documents. They've talked about regional equity, but what does it actually mean? They've stopped the policy of, for example, redistributing civil service jobs outwith Edinburgh, that policy was put on hold. There's an opportunity that could have happened, that we could have seen that very practical example of that, but yeah, I think there needs to be a policy of where that growth is shared, it's not just about...and I think that's where the model of Scottish Enterprise fell down most was the fact that that was about economic growth in Scotland full stop, didn't necessarily matter where it was, therefore the chances are it was going to be in the central belt. But actually, what you need is an economic model that says, we need to share that economic growth, and particularly in those areas that are not benefitting from it.

I:      Yeah, so the Scottish Enterprise model was part of a sort of broader...yeah, would you say a broader focus on sort of the headline figures, national targets, rather than...

R:      It was, absolutely, it was. I mean, to be fair, I met with the Chief Executive recently and we talked through a lot of where I thought...it's the new Chief Executive, obviously, and to be fair, the new model, the new business plan is actually quite good, you know, because it does seem to recognise that. And I said...and a lot of what he said was, it was a direction letter from ministers that set the tone. It said very clearly our job was to deliver economic growth for Scotland, there was nothing about really how you make sure that's distributed to different parts of Scotland, and that was our direction, that was what ministers wanted us to achieve, and therefore that's what we settled to achieve.

I:      So that is the feeling then that that direction for ministers has now changed, so there's now...and why do you think that is?

R:      I think...I don't know, I think maybe just the penny has dropped. I think there has been an effective lobby, I mean, there is...we do...I think there's been quite a lot of lobbying in the last couple of years that has recognised that maybe the south of Scotland in particular has lost out, so whether or not the overall model has changed, I think it's maybe more a recognition that actually some parts have missed out, the south of Scotland has missed out possibly more than anything else, because the world may not have changed because if the world had changed, you might have four or five regional enterprise agencies being established across Scotland rather than just the one. But I think there's a recognition that south of Scotland might have lost [inaudible 07:30]

I mean, the South of Scotland Alliance is an interesting organisation. I don't know if you've done much on that at all, but that effectively is the precursor for the agency, that's why the boundaries are what they are, if I'm being perfectly honest, was the work done by the alliance over many years around issues like broadband and economic strategy and lobbying ministers. The alliance meets with government on a regular basis, and it was always... ████████ and it

was always an awkward type meeting, because round the table you had Skills Development Scotland, you had Scottish Enterprise, and part of what I ███████████ and others were saying was, actually, the model doesn't work, sorry guys. We're talking about you, the model doesn't work, we need more… we need more say locally in it, a more locally responsive enterprise network than we've got at the moment, basically. So I think effectively lobbying eventually has delivered the South of Scotland Enterprise Agency.

I:     Yeah, and one of the things people quite often say, what you said at the beginning, that, you know, there wasn't a sort of voice or that effective, the voice, at least, that Dumfries and Galloway or the south of Scotland had. I mean, why do you think that was? I mean, there are plenty of sort of committed and active……individuals here.

R:     There are, there are.

R:     Yeah, it's difficult to know, to be perfectly honest, why it wasn't [inaudible] and what is it that Highlands and Islands did effectively in the seventies. It's maybe more obvious in the Highlands and Islands, the challenge, the islands alone, for example, it becomes really clear that there are extremes around peripheral communities that you maybe don't necessarily have in the south of Scotland, and generally a lot of the figures, because you've got wealth and poverty literally living next door to each other in the south of Scotland, that a lot of the figures average out, if I'm being perfectly honest, the way in which the calcu…SIMD, for example, will show you that an estate in Paisley, you know, it's all sorts of targets around poverty because there's a large number of people living in poverty, but actually pick a village in Dumfries and Galloway, you'll have several people living in poverty in that village, but because they live next door to the Duke of Buccleuch or whatever, it averages out in just the way we measure it. So I think there's an element of that as well.

I:     So that's…I guess that…something like the SIMD, there's a sort of specific issue around how it works in rural…

R:     Absolutely.

I:     …in rural areas, which, I mean, could apply to any rural part of Scotland.

R:     It could, yeah, absolutely.

I:     Just thinking about, I guess, maybe back towards the time when you ███████ ███████ did you feel there was a sort of…was there a common…a shared understanding of what the issues for the regional economy were or…

R:     I think there wasn't. They have this almost…it's interesting, I go to Stranraer, often sort of, oh, Dumfries has done this and Dumfries has done that, and Dumfries is a town, it's not an organisation, and there is healthy rivalry amongst communities across Dumfries and Galloway, but I think we've seriously got to have a D and G approach, if you like. I think the Highlands and Islands campaign, you know, the periphery is with Inverness and they'll still feel it in some areas, we'll leave Inverness, because every time in that type of debate, but they still, I thought, fought as a region, Highlands and Islands. We never done that in Dumfries and Galloway, we often…the biggest criticism you'll get from people in the local paper, for example, is, it's all the council's fault for this, that and the next thing, whereas actually some of the challenges are actually national. I think that lack of a team Dumfries and Galloway approach might have been one of the difficulties we had.

I:     So there's something about the geographic nature of the region, you've got lots of dispersed communities that maybe makes it harder to bring people together and…

R:     Bringing people together as well, and also, I mean, Highlands and Islands is a significantly larger area as well, whereas Dumfries and Galloway, and this is one of the interesting things about the borderlands and South of Scotland Enterprise is that on its own, Dumfries and Galloway is relatively small still, and that actually does make lobbying quite a challenge, compared to the Highlands and Islands which is a significantly larger area. So by working together with the Borders, I think that's strengthened it, and the borderlands, I think, has got real potential to strengthen that lobbying in a significant way.

You're talking about a million people, basically, right across the whole borderlands. Does that give us more clout when it comes to lobbying at UK as well as Scottish level as well, so I think the size of the region made it challenging as well, to get the voice heard, and I mean, although we were working very closely with the Borders, the links are still pretty tentative. They are links of convenience and commonality in terms of some of the challenges we've got, on broadband and on rurality, but there's not strong frankly physical links between the Borders and Dumfries and Galloway. The links are north and south, but that was almost a kind of, you know, join them together for convenience sake, basically.

I:     It came about through sort of a European funding thing, didn't it, yeah.

R:     It did, it came through European funding as well, and interestingly enough, we just finished doing a piece of work before we all voted to leave around NUTS 2 funding, which is a really fascinating piece of work that was driven by the South of Scotland Alliance that basically looked at how much better off we would be if we organised as a south of Scotland area, and that was a fantastic one. I remember being heavily involved in that piece of work at the time, but the challenge was getting South Lanarkshire and South Ayrshire and everybody else on board, and I remember going to meetings and they were, oh, we're not really interested, we look north, you know, sorry you guys, but actually when we showed them the figures that proved that they would be at the very least not worse off by reconfiguring the way we were funded, that actually got them on board, and we actually put that case to Scottish Government, put it to the UK government, eventually put it to the EU, and they all signed it off.

So the next time was European funding, we'll get that, you know, there's a problem there, but my argument now is that we've made that case, so whatever replaces European funding at a UK or Scottish level, the case for significant investment in the south of Scotland has been made by that piece of work, when you look at the productivity figures, you look at the pay, the low pay in this region is absolutely rife, and you look at all these economic indicators, the argument is made for significant investment when it comes to funding to the south of Scotland.

I:     So that was an example of a successful bit of lobbying.

R:     Absolutely, yeah, yeah.

I:     So the South of Scotland Alliance then, you think that is key in what's happening now?

R:     I think that's…absolutely, yeah, I think that's been absolutely key. I think it's one of these organisations that doesn't sell itself very well, you know, the website [inaudible] Highlands and Islands convention. I think that what will happen is that that will develop and that they'll develop from the alliance into a south of Scotland economic partnership, and that will be seen as a kind of bringing the partners together, because obviously the government are looking at economic partnerships across Scotland, including the south of Scotland. I think that it'll just be a kind of…the alliance developing, I think, a bit more, basically, because I think that's been quite successful.

# Appendix 4: Emerging Themes from Research Data (Sample)

**Key points from interviews** - August 2019

**What is the 'Regional Problem'?**

There is a broad common understanding among local actors of 'problems'/challenges for Dumfries and Galloway economy:

- Low GVA per capita
- Low wage employment
- 'Hidden' rural poverty - i.e. not recognised by measures such as Scottish Index for Multiple Deprivation that pick up concentrations of deprivation in urban areas
- Demographic trends - out-migration of young people, falling working age, growing population of older people.
- Ongoing erosion of manufacturing base - some high profile closures and those manufacturers remaining employing fewer people
- Specific concern around 'place' - vulnerable places, town centres etc.

It was suggested by several interviewees however that this shared understanding has developed relatively recently (although some of these issues have been highlighted in strategic documents since early 2000s).

To some extent it is acknowledged that these challenges are common to many largely rural areas - e.g. assertion that the same problems are shared by all the 'Borderlands' areas.

**Strategic vision?**

There is general agreement that the region (or the various stakeholders within the region) has not been good at articulating a coherent or sustained set of strategic goals or in communicating these to national government. Range of explanations suggested for this:

- The abolition of LEC in 2007 led to diminished capacity at the regional level, and some perception that even before this the leadership of the LEC was not particularly effective. The impacts of austerity since 2010 on the local authority has also gradually eroded the capacity of the local authority
- Nature of local business base has limited its ; lots of small businesses, geographically dispersed, lack of private sector leaders with strategic vision or engagement. An 'Economic Leadership Group' formed by DGC to oversee implementation of 2016 Economic Strategy has not been active, also a lack of transparency.

  > **Commented [AC1]:** Missing word? Strategic capacities – ability to act collectively?

  > **Commented [AC2]:** Good – who is involved and who shapes regional development Q

- Local politics - leadership of the council has been unstable (particularly since the introduction of proportional representation in 2007, but also beforehand) with a variety of coalitions and minority administrations.

- Few politicians with business background/understanding of economic development or strategic issues *(but is this different from other areas?)*

  > **Commented [AC3]:** Probably not and always a little wary of this kind of argument

- A culture of independence? Suggested that local politicians etc did not want to portray region as backward or failing. Also mooted a tendency for resistance to change and a suspicion of government intervention? Geographical distance from central belt possibly also a factor?
- Possibility that previous dependence on grant funding - especially EU, but also financial support in the wake of the foot and mouth crisis - had reduced need for engagement with and understanding of increasingly competitive nature of access to central (Scottish) Govt funding.

### Role of national actors?

- *There is a further question to be addressed about how Scottish Government has perceived the 'regional problem' with regards to D&G and across Scotland more generally - to what extent has there been any regional policy in Scotland since devolution?*

> Commented [AC4]: Important issue that goes to the heart of the thesis

- Some suggestion that since devolution the mainly sectoral focus of economic development has overshadowed any systematic consideration of regional issues, aside from a growing interest in cities.

> Commented [AC5]: key

- It is broadly acknowledged that since 2007 the focus of Scottish Enterprise on national priorities and national targets, with nationally set criteria for the provision of business support, has limited the activity that SE has undertaken in D&G as there are few businesses/interventions that are of the necessary scale.

> Commented [AC6]: some comparison with HIE activities might be sorht doing here

### Sub-regional development

- There are some parts of the region that are perceived as successes in economic development terms. In particular Wigtown has demonstrated an apparently successful adaptation from an economy based largely on employment in food processing to one supported by cultural tourism. This is an example of community-led development to the extent that the town's re-orientation has been driven by an active local community council - i.e. volunteers - with a high level of capacity, resources and skills. On the other hand, the creation of a National Book Town was a centrally planned and directed attempt to stimulate economic development by seeking to replicate the perceived success other book towns and provided a basis for accessing funding from the Scottish Executive and EU programmes.

> Commented [AC7]: interesting – worth a few interviews here?

> Commented [AC8]: Impact – evidence – multi-sclaral policy alignment

- Kirkcudbright and Castle Douglas are also seen as thriving places with active community organisations, these have also benefited from branding as 'theme towns' influenced by Wigtown.
- On the other hand Stranraer is seen as being neglected due to lack of progress with the proposed redevelopment of the town's harbour (left vacant by the relocation of ferry services). This is attributed variously to: a lack of focus/prioritisation by the local authority, not attracting sufficient national support as it is unlikely to deliver impacts of a national scale, and the 2007/8 financial crisis scuppering planned investment.

### South of Scotland Enterprise Agency

- The idea of 'the South of Scotland' as a region has been growing in prominence over the past two decades - co-operation between the two councils began in order to administer EU funding, strengthened by working together in response to foot and mouth, designated as SE 'region' in 2007 following LEC abolition (although largely notional operational area).
- Some prominent individuals have been campaigning for an enterprise agency based on the HIE model for many years - particularly since the centralisation of Scottish Enterprise in 2007. Its emergence now can be seen as the product of the purposeful exercise of agency by these actors, albeit this has been a prolonged process dependent on contingent circumstances.
- Some perception that this is happening now because of "cynical electoral politics"; the Conservative Party had adopted the idea of an enterprise agency for the South of Scotland, their success in the 2016 Scottish and 2017 UK Parliament elections then prompted the SNP to take it up.
- Also however represents a recognition by Scottish Government that region is being left behind, that current model is not working. This is both framed in terms of the emerging interest in inclusive growth (of which place is an element) and a desire to increase the region's contribution to overall Scottish performance (so the region is both 'lagging behind' and 'holding back'?

> Commented [AC9]: Yes, inclusive growth agenda and how that playing out interesting – CURDS and others work – particular focus also post Brexit

- The new agency is seen as desirable locally because of perceived focus of SE on cities and central belt - because interventions and measurements/criteria (e.g. key sectors, high growth) are less suitable for rural areas and because 2007 SE reorganisation
- Interim arrangements (SoSEP) seen by some as lacking transparency - board members were invited by the Scottish Government, with no clear rationale for the distribution of funding.
- In combination with impacts of austerity, any direct role in economic development that local authorities had is now being further eroded. If economic development is to be

undertaken solely by the new agency this raises questions of (democratic) accountability - how the agency will be locally as well as nationally accountable (*metagovernance?*) has been the subject of some debate as the legislation goes through parliament. Depoliticisation of decision making (by 'professionals') is however also seen by some as positive.

> Commented [AC10]: Excellent!

- The process by which the agency has been established - through legislation in the Scottish Parliament - opened it up to influence. E.g there is now an obligation to establish a workers' interests committee with trade union representation.

> Commented [AC11]: Again, interesting – sense of process of doing regional development as a more 'open-ended' politically contested process

Borderlands

- **Origins and drivers** - There are different perceptions on the origins of the 'Borderlands':
  - There had been previous attempts to work together in the early 2000s, with a series of annual Borderlands conferences, although these had fallen into abeyance. This had been prompted as a response by the English local authorities to devolution, and a series of events organised by Border Television.
  - Notion of a 'deal' covering the Borderlands originated with UK Government - possibly driven by the Secretary of State for Scotland being a local MP - with some political motivation for a cross-border arrangement. Groundwork for this laid by Scottish Affairs Committee report during independence referendum, so there had been some renewed collaboration between the LAs prior to this.
  - Changing degree of support from Scottish Government - Alex Salmond visit to Carlisle during referendum campaign intended to signal support for cross-border co-operation. SG Minister at the time of the deal being proposed was skeptical, but current Minister responsible for growth deals has been supportive.
  - For LAs, there was a shared sense that they were excluded and peripheral to what was a strongly city-region focused approach (in both countries). Working together was seen as offering an opportunity for a proposal that was of a big enough scale to gain attention.

> Commented [AC12]: Good sense of different interests and actors hre

- **Perceptions of deal model:** There is acknowledgement that the 'deal-making' process remains centrally controlled, with local partners having to conform to national agendas/priorities, and genuine local devolution/control of resources would be preferable. However, there is a sense that
  - a) from LAs point of view this is the only route open to them
  - b) a potential 'deal' offers more long-term and systematic investment rather than 'crumbs from the table' in competition with city regions

  - c) although the proposal has to be 'sold' to governments, there are opportunities to shape their attitudes, particularly as the Borderlands is somewhat different from existing deals:
    - Trying to sell a 'non-city' deal has meant having to challenge some of the established measures and metrics for the economic impact of investment - particularly for the UK Treasury. However this has also been an opportunity as they have been able to frame their proposal as different and innovative.

> Commented [AC13]: Good stuff – sense of opening up state processes – ability to intervene and act for local purposes – see Hilary Wainwright eg from Reclaim the State – Labour New Deal for Communities stuff

    - In general the LAs have found the Scottish Government 'easier to work with' - the importance of place and regional equity fits more easily with SG's aims of inclusive growth; also single point of contact rather than the UK Treasury and individual government departments.
    - There has been an attempt to convince Govts to fund region-wide 'programmes' as well as specific 'projects' - in contrast to the more conventional focus of deals on infrastructure.

> Commented [AC14]: V interesting multiscalar governance issues

    - Straddling the border has also given the Borderlands LAs some leverage to 'play off' the two governments against each other.
- Heads of terms have been agreed. However, as the process is opaque there is currently little detail on the proposed programmes and projects, what the criteria for funding decisions are etc.
- There are some concerns about the size of the region, how investments will be spread across and within LAs etc. Those involved in the deal are keen to present a narrative of shared challenges across all the areas, an evidence-based proposal for investments that will benefit all parts of the region.
- Some uncertainty about how the 'Borderlands' region/strategy will interact with other spaces/institutions - South of Scotland, Edinburgh City Region, LEP local industrial strategies in England …. There are also questions of governance still to be resolved - e.g. Glasgow have a 'City Region Cabinet'. *To what extent is the 'Borderlands' emerging as a meaningful 'region' in economic development terms?*

**Alternative approaches to economic development?**

Given the broad acceptance that existing model of economic development activity had not been successful for D&G, there is the question of what could be done differently. While some interviewees found it hard to articulate this, there are a number of suggestions, some of which are reflected in the emerging SoS/Borderlands agendas:

- More focus on maintaining rural economy and vulnerable communities as a basis for growth - e.g. a social remit for new agency similar to HIE

- Different sectoral focus from SE - e.g. including support for agriculture and related firms, arts and culture, tourism, rather than focus on high-value aspirational sectors such as life sciences. SE has been criticised for being inflexible in what it will and will not support, although they argue they have been bound by nationally determined priorities.

  *Commented [AC15]: Good stuff!*

- Addressing possible gap in business support for those businesses between micro/start-up (currently provided by Business Gateway) and high-growth (SE account managed).

- More resources for economic development - again the historical disparity with HIE is common theme.

- A re-orientation towards supporting 'communities' rather than a focus on business growth - those involved in the new Enterprise Agency are keen to talk about 'holistic' place-based development.

- A national park for Galloway Forest is being promoted by some local actors as a tool for promoting the region with economic development one of the

- Some interest in 'Preston model' type approaches particularly use of public sector procurement and links to inclusive growth. This aligns with some Scottish Government approaches, but there are practical barriers to implementation in this type of region (also does not go as far as 'foundational economy' approach).

- Plans for 'Energy Investment Company' as part of the Borderlands deal signals potential move towards more interventionist regional industrial policy? Again however little detail as yet.

  *Commented [AC16]: No but interesting emergent regional/local development discourses*

**Local/National Relations**

There is a cross-cutting theme about the ability of local actors to mobilise/articulate with wider political narratives. E.g:

- There is a widespread understanding of the Highlands in politics and wider culture as a disadvantaged region, going back centuries, that actors there have been able to harness and exploit, the south lacks such a well known popular story. There is a common narrative presented by local actors about D&G as a region 'forgotten' by the national (Scottish) level.

- The possibility that high levels of EU funding during 1990s and geographical isolation leading to disconnection from national decision-making.

- There has been a lack of alignment between local and national party politics - e.g. historically not been a strong SNP representation, this may have been a barrier to successful engagement with SNP Government. Also lack of a strong Liberal tradition that was seen as having been effective for Scottish Borders at national level.

- More recently there has been better understanding on the part of local leaders of the need to link local demands to national policies, e.g. inclusive growth, and a recognition that there is a transactive (and competitive) element to dealing with central government.

  *Commented [AC17]: Again interesting spatial and scalar govenance isues*

- However, also some feeling that current developments reflect a variety of factors in national policy thinking - 'the moons aligning' - including emerging interest in inclusive growth, recognition of likely regional impacts of Brexit, adoption of regional deal-making etc. (*These factors have themselves emerged from the broader macro-environment, e.g. growth in poverty/inequality exacerbated by austerity since the recession, regional inequality seen as driver of Brexit vote, perceived failure of earlier forms of regional policy?*)

  *Commented [AC18]: Yes Brexit having interesting effects*

**Appendix 5: 2014-2020 Assisted Areas, Dumfries and Galloway**
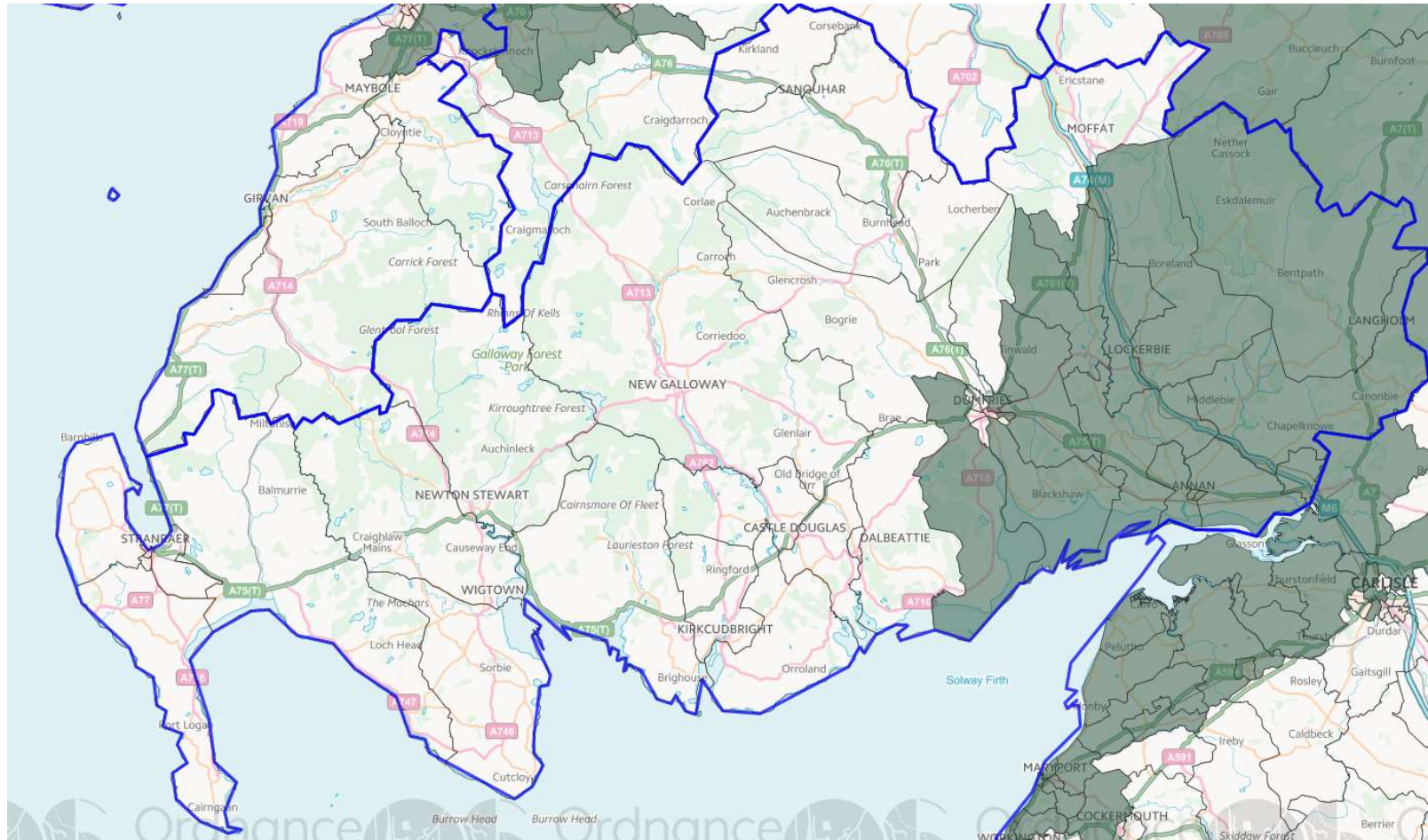


Source: Department for Business, Innovation and Skills (2014)
Shaded areas are categorised as 'Other 'C' Areas for Regional Selective Assistance

**Appendix 6: D&G LEADER 2014-2020 Supported Projects**

| Project | Organisation | Type |
|---|---|---|
| Loch Ken Passiv Pod | Galloway Activity Centre | SME |
| Happy Hooves Equestrian Centre | Happy Hooves Equestrian Centre | SME |
| Ninefold Distillery | Dormont Distilling Limited | SME |
| Arkleton Walled Garden | Arkleton Walled Garden | SME |
| Corrie Hall Stopover | Corrie Hall Stopover | SME |
| Galloway Modular Construction | Galloway Modular Construction | SME |
| Wild Oak Woods Eco-Campsite | Hands On Environmental Education | SME |
| Crafty Galloway | Crafty Scottish Distillers Ltd | SME |
| Rusko Studios | Rusko Studios | SME |
| Hold the Front Page! | Muckle Toon Media | SME |
| Dark Art Gin Distillery | Dark Art Gin Limited | SME |
| Senwick Alpaca Trekking | H A Sanderson | Farm diversification |
| Rural Swim | Stuart H Galloway | Farm diversification |
| Ernespie Farm Centre | Messrs J McMiken | Farm diversification |
| Wigwam Holidays Wigtown | I & L Galloway | Farm diversification |
| Experience Galloway | Fellend Farming Company | Farm diversification |
| Alpaca Your Bags | HA Sanderson | Farm diversification |
| Cree Valley Lodges | A & J Campbell | Farm diversification |
| The Ethical Dairy | Finlay's Farm Ltd | Farm diversification |
| Drumbain Shepherds Huts | McConchie Partnership | Farm diversification |
| NIR Lifeboat Station Extension | Nith Inshore Rescue | Community |
| Whithorn Roundhouse; Iron Age 'Grand Design' | The Whithorn Trust | Community |
| Speddoch Hall Rebuild | Speddoch Community Association | Community |
| Developing Annan Harbour | Annan Harbour Action Group | Community |
| Wild Film Festival | The Southern Uplands Partnership | Community |
| Absolute Classics Concerts and Education & Outreach Programme | Absolute Classics | Community |
| Day of the Region 2016 Development Project | Dumfries and Galloway Council | Community |
| Upland Creative Network | Upland Arts Development CIC | Community |
| Community Reuse Centre (internal) Construction | The Furniture Project (Stranraer) Ltd | Community |
| Castle Loch Footpath Diversion Castle Loch | Lochmaben Community Trust | Community |
| The Whithorn Way | The Whithorn Trust | Community |
| The Bridge to Employment | Better Lives Partnership | Community |

| Barhill Community Woodland | Kirkcudbright Development Trust | Community |
|---|---|---|
| Norway Cooperation Project | Sleeping Giants Community Development CIC | Community |
| Port William Youth Centre Extension | Port William Community Development Trust | Community |
| Douglas Park Sports Improvements | Newton Stewart Initiative | Community |
| Whithorn Archaeological Cold Case | The Whithorn Trust | Community |
| Cooperation Development - Pulling theThreads Together | The Langholm Initiative | Community |
| Rhon Biosphere Learning Journey - Cultural Tourism Development | Wigtown Festival Company | Community |
| Colvend Recreation Field | Colvend & Southwick Community Council | Community |
| The Galloway Glens Biosphere Experience | The Southern Uplands Partnership | Community |
| 21st Century Curling | Dumfries Ice Bowl Curling Association | Community |
| Solway Coastwise | Solway Firth Partnership | Community |
| Dumfries and Galloway Sensory Project | Visibility (Glasgow and West of Scotland Society for the Blind) | Community |
| Saving Scotland's Red Squirrels Developing Community Action | The Scottish Wildlife trust | Community |
| Kirkcudbright Galleries Project | Dumfries and Galloway Council | Community |
| Connecting in Communities Project | Glenkens Community & Arts Trust | Community |
| Exercise to Happiness | The Greystone Rovers Foundation | Community |
| D&G Promoters & Performing Artists Network | Dumfries & Galloway Arts Festival | Community |
| Restoring Annan's Water Community Engagement Project | River Annan Trust | Community |
| Building the Case for a Care Campus | The Crichton Trust | Community |
| Defining Galloway Beef | Galloway Cattle Society of GB and Ireland | Community |
| Millenium Centre Stranraer | Millenium Centre Community Trust | Community |
| Riverside Outreach | The Riverside Centre | Community |
| Day of the Region Legacy Project | Dumfries & Galloway Council on behalf of D&G LEADER LAG | Community |
| Amaze me LEADER | Dumfries & Galloway Council on behalf of D&G LEADER LAG | Community |
| The Redevelopment of St Josephs Church into a Performing Arts Venue | Creetown Building Preservation Trust | Community |
| Crossmichael Community Heritage and Living History Project | Crossmichael and District Community Council | Community |
| Old Smiddy Heritage Centre Glenkens Community & Arts Trust | Glenkens Community & Arts Trust | Community |
| Crawick Multiverse Visitors Centre Project Officer | Crawick Multiverse Trust | Community |
| KPT Development Officer | KPT Development Trust | Community |

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| Dark Skies Visitor Centre & Planetarium | Kirkcudbright Development Trust | Community |
| Barcaple Multi-Use Activity Barn | Abernethy Trust | Community |
| Care Campus Study tour | The Crichton Trust | Community |
| Increasing knowledge for addressing acidification | Galloway Fisheries Trust | Community |
| Solway Coast is Clear Project | Solway Firth Partnership | Community |
| Peninsular Tourism Co-operation | Dumfries & Galloway Outdoor Access Trust | Community |
| Dumfries & Galloway's Year of Young People 2018 | Dumfries and Galloway Council | Community |

Source: Rocket Science (2021)

## Appendix 7: South of Scotland
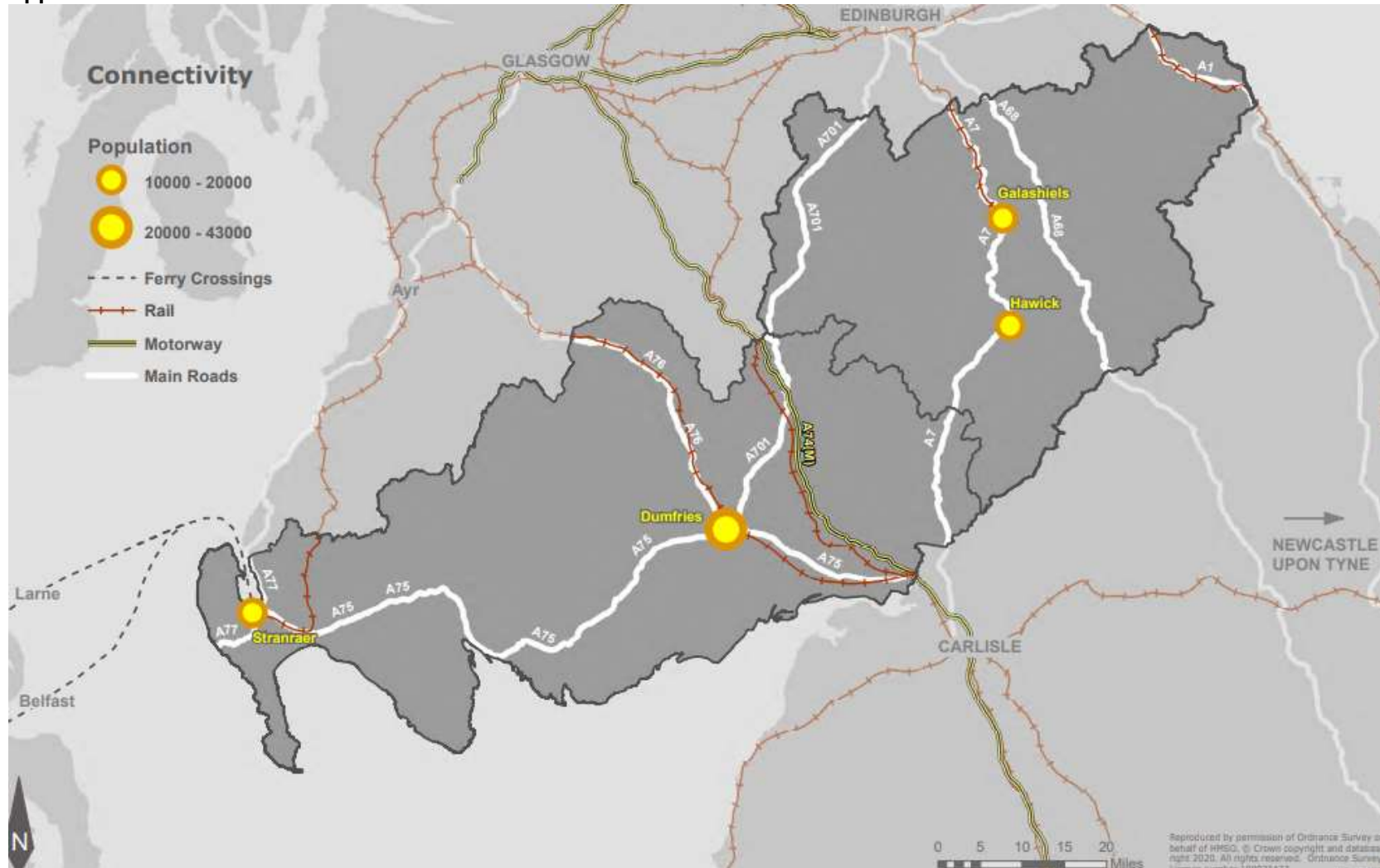


Source: Dumfries and Galloway Council and Scottish Borders Council (2021)

**Appendix 8: Borderlands Inclusive Growth Deal**

Source: Borderlands Inclusive Growth Partnership (2021)