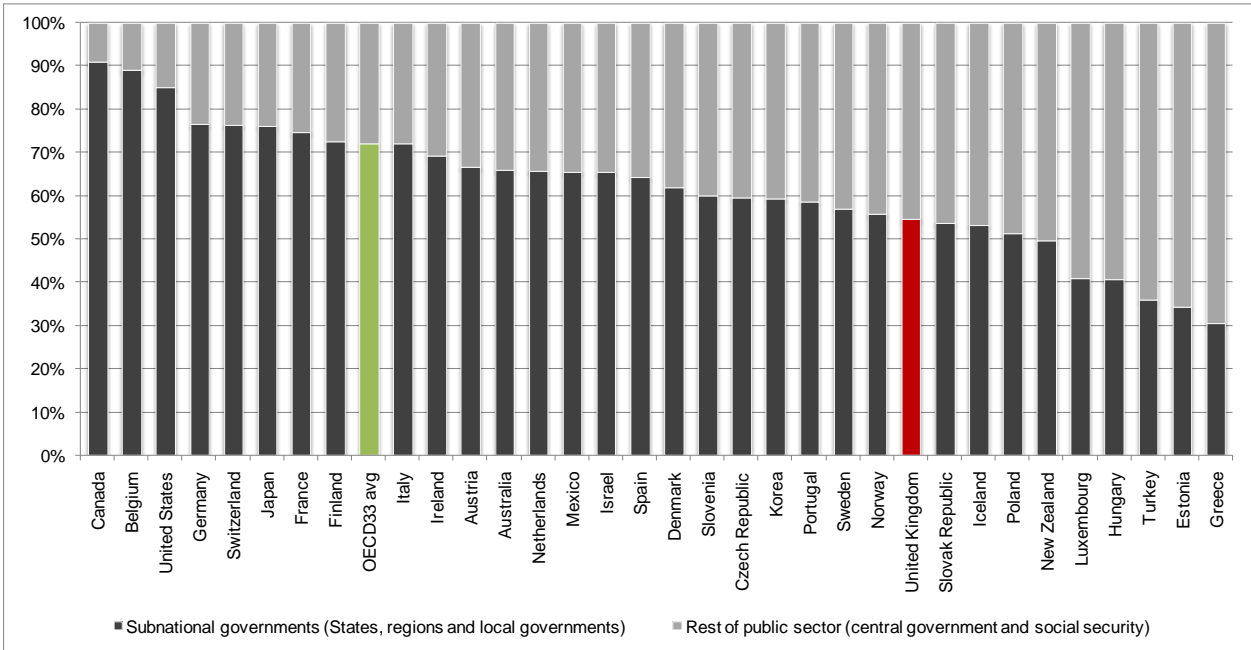


Country Fact Sheet

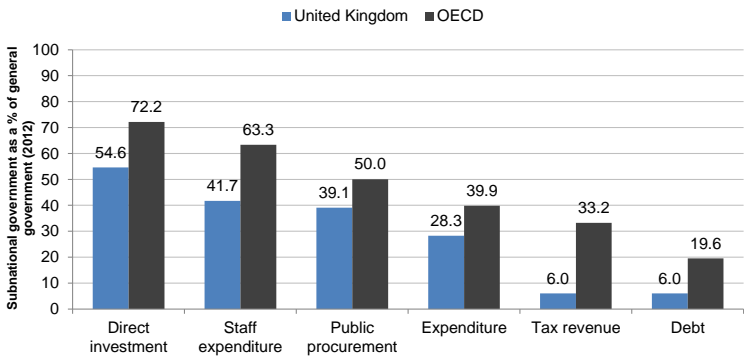
UNITED KINGDOM

Figure 1. Sub-national public direct investment in OECD countries, 2012
(as a share of public direct investment)



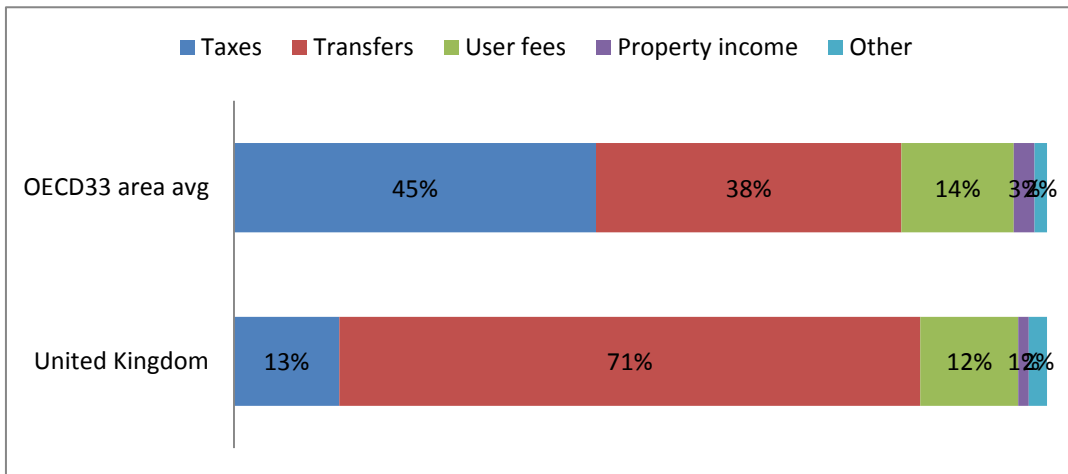
Note: Data for Australia, Mexico, Switzerland, the U.S., Israel, Japan, Korea, & Turkey from 2011; Data for Canada and New Zealand from 2010
Source: OECD National accounts

Figure 2. The role of sub-national governments in public finance in the UK



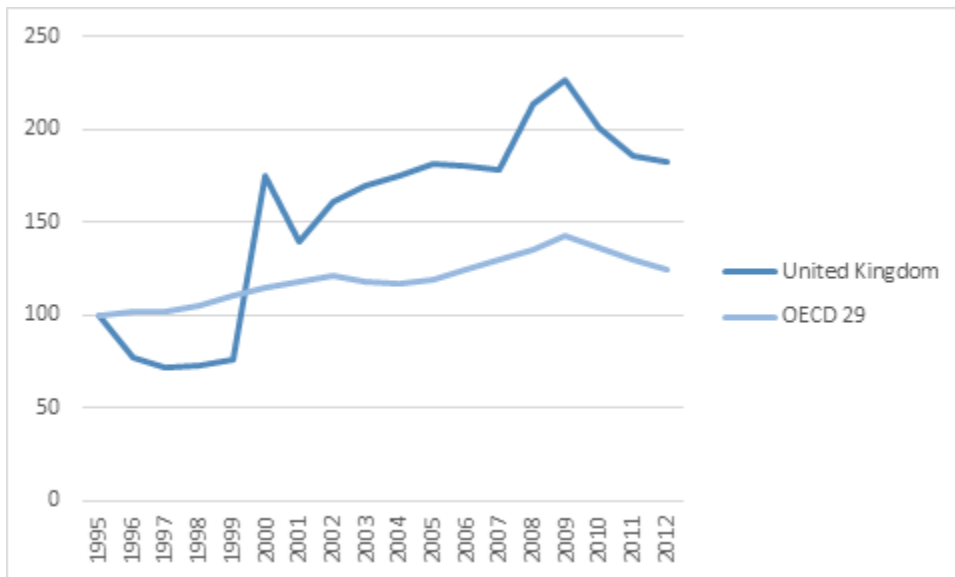
In the UK, sub-national public investment represents 54% of total investment. Education and social protection are the two largest spending items for SNGs in the United Kingdom: together they represent 64% of sub-national expenditure compared to 39% in the OECD area.

Figure 3. Indicators of fiscal autonomy in the UK



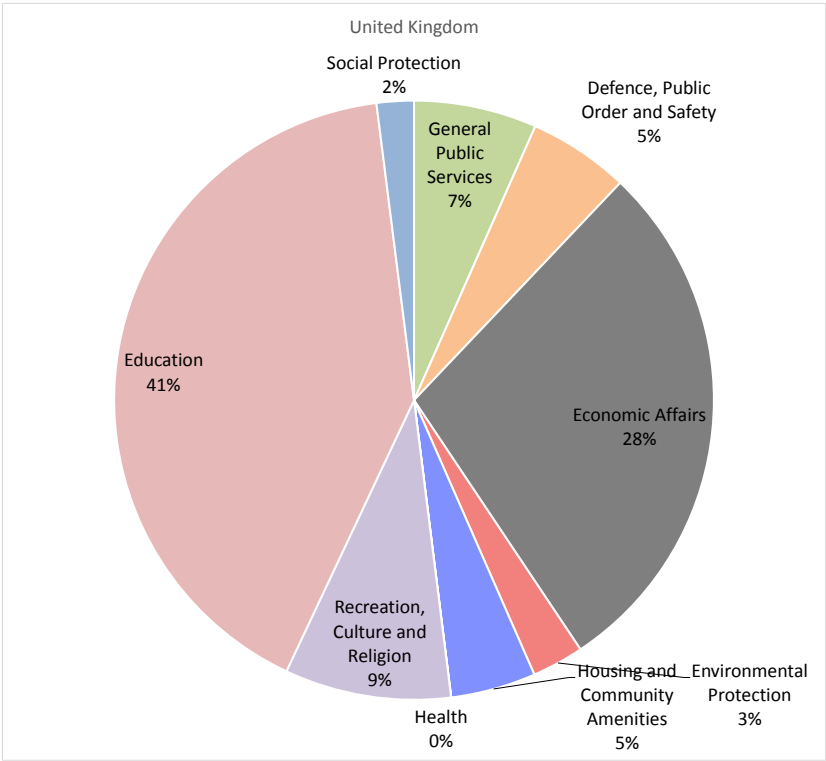
Source: OECD (2013), [Subnational governments in OECD countries: Key data](#)

Figure 4. Trends in sub-national investment in the UK



Source: OECD National Accounts

Figure 5. Breakdown of sub-national investment by economic function (% of total direct investment, average 2008-2012)



Source: OECD (2013), [Subnational governments in OECD countries: Key data](#)

| FACTS AND FIGURES RELATED TO PUBLIC INVESTMENT: | |
|--|--|
| General government public direct investment (USD billion), 2012 | 48.3 |
| <ul style="list-style-type: none"> • Percent of GDP • Percent of public expenditure • In USD per capita | 2.1 4.3 777 |
| Sub-national government public direct investment (USD billion), 2012 | 26.4 |
| <ul style="list-style-type: none"> • Percent of GDP • Percent of sub-national public expenditure • Percent of total public direct investment • In USD per capita | 1.1 8.2 54.6 424 |
| INDICATOR SUBNATIONAL FISCAL ATOMY | |
| <ul style="list-style-type: none"> • Tax revenues (2012) [Percentage in total sub-national revenues] | 13% |
| <ul style="list-style-type: none"> • Transfers (2012) [Percentage in total sub-national revenues] | 71% |
| <ul style="list-style-type: none"> • User fees (2012) [Percentage in total sub-national revenues] | 1% |
| MAIN MECHANISMS FOR COORDINATING PRIOTISATION AND IMPLEMENTATION OF PUBLIC INVESTMENT BETWEEN NATIONAL AND SUB-NATIONAL LEVELS (2012) | |
| Vertical relations | |
| <ul style="list-style-type: none"> • Sectoral body in charge of national/sub-national co-ordination • National body in charge of national/sub-national co-ordination; • Forum gathering sub-national governments • Contractual arrangements across levels of government • National sectoral representatives appointed to sub-national levels • Regional Development Agencies | ? Yes No? Yes (City deals) No No |
| Horizontal relations | |
| <ul style="list-style-type: none"> • Mechanisms or incentives exist to encourage co-operation for public investment (horizontally) across sub-national authorities, 2012 | Yes |
| STRENGTHENING CAPACITIES FOR PUBLIC INVESTMENT AT DIFFERENT LEVELS OF GOVERNMENT | |
| <ul style="list-style-type: none"> • There is recognition of procurement officials as a specific profession, 2010 • Percent of general government procurement occurring at the sub-national level, 2011⁽¹⁾ | Yes 40 |

| | |
|--|----------|
| • PPP unit(s) exist at the national (Nat'l) or sub-national (SN) levels | National |
| • Use of relative and/or absolute value-for-money (VFM) assessments of PPPs | Both |
| • Intergovernmental co-ordination mechanisms impose obligations in regulatory practice | Yes |

Sources: OECD (2013), [Subnational governments in OECD countries: Key data](#); OECD (2013), [OECD Regions at a Glance 2013](#); OECD (2013), [Government at a Glance 2013](#); OECD (2012), Questionnaire: Multi-Level Governance of Public Investment, unpublished; OECD (2010), [Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures](#); OECD (2009), ["Indicators of Regulatory Management Systems, 2009 Report"](#).

GOOD PRACTICE EXAMPLES IN THE UNITED KINGDOM

| Principle | Good practice examples from different levels of government |
|---------------------|---|
| Principle 1. | <i>Invest using an integrated strategy tailored to different places (through coordinate across sectors and place-based policies)</i> |
| | <p>Data for place-oriented strategies</p> <ul style="list-style-type: none"> In the UK, the Office for National Statistics has developed over many years a comprehensive set of comparable statistics at neighbourhood level (municipalities). These publicly available data have been used both in national and local policies and as a decision tool by citizens. <p>Cities Policy Unit</p> <ul style="list-style-type: none"> A Cities Policy Unit was created in 2011 with public, private, central and local stakeholders to help co-ordinate urban policy. |
| Principle 2. | <i>Co-ordinate among levels of government</i> |
| | <p>City deals in the UK</p> <ul style="list-style-type: none"> City Deals are agreements between government and a city that give the city control to: <ul style="list-style-type: none"> ✓ take charge and responsibility of decisions that affect their area ✓ do what they think is best to help businesses grow ✓ create economic growth ✓ decide how public money should be spent The first wave of City Deals are with the 8 largest cities outside of London, known as the Core Cities. City Deals - Wave 2 involves 20 cities - the next 14 largest cities outside of London and their wider areas and the 6 cities with the highest population growth during 2001 to 2010. With the help of the Cities Policy Unit these cities will negotiate deals with government – deals that give each city new powers in exchange for greater responsibility to stimulate and support economic growth in their area. Each city had to put forward a proposal by January 2013 that showed how they hope to do this. Since late 2011, urban policy has been centred on a growing number of City Deals in England that are being implemented in waves. These deals allow a degree of “tailored” devolution of responsibility to English cities. City deals require better horizontal (across departments) and vertical (between the centre and the cities) co-ordination, and local capacity. <p>Sources: OECD (2014) <i>Regional Outlook 2014. Regions and Cities: Where Policies and People Meet</i>. OECD Publishing, Paris</p> <p>https://www.gov.uk/government/policies/giving-more-power-back-to-cities-through-city-deals</p> |
| Principle 3. | <i>Encourage effectiveness through cross-jurisdictional co-ordination</i> |
| | <p>Local Area Agreements in the UK: the example of the Pennine Multi Area Agreement</p> <ul style="list-style-type: none"> The Pennine Lancashire area is classified as predominantly urban (85%) and has a population of over 520 000 with a mix of countryside, accessible villages and small towns. The Pennine Multi Area Agreement or Pennine Strategy was devised to address the economic underperformance and take better advantage of the areas strengths and potential. There are a number of government (six Local Authority districts) and non-government partners to the agreement. The vision for Pennine Lancashire is to provide a confident, dynamic and growing economy, characterised by a thriving higher value business base, supported by a responsible education |

| | |
|---------------------|--|
| | <p>and training system; an area with fast and reliable transport links to employment opportunities underpinned by a revitalised housing market and cohesive communities. There are seven themes in the strategy: Funding, Transport, Skills – Higher Education: Worklessness; Economic Development; Spatial Planning and Strategic Housing. The strategy sets out a collaborative approach to economic regeneration whereby for each action by the partnership to realise a theme there is an equivalent action by the government in terms of either policy flexibility and/or facilitating the necessary resources. The 12 year strategy aims to influence a positive shift in trajectory while at the same time recognising that it has to be a “sustained effort”. It was developed by identifying those problems that are best handled at the cross boundary level and that if tackled over a period of time would yield significant economic gains and most importantly be mutually beneficial to the area.</p> <ul style="list-style-type: none"> In this specific example, a concrete action from the Government Departments led by HM Treasury and CLG is to work with Pennine Lancashire to consider the development of a single programme approach to capital public investment in Pennine Lancashire and measure to develop a rationalised appraisal framework. <p>Source: OECD (2011), <i>Rural Policy Review of the UK</i>, OECD Publishing, 2011</p> |
| Principle 4. | <i>Use long-term and comprehensive appraisals for investment selection</i> |
| Principle 5. | <i>Engage public, private and civil society stakeholders throughout the investment cycle</i> |
| | <p>Local Strategic Partnership (LSP)</p> <ul style="list-style-type: none"> A Local Strategic Partnership (LSP) is a non-statutory body that brings together different parts of the public, private, voluntary and community sectors working at a local level. The LSP is guided by the local authority and other partners included the police and the primary care trust. The role of the LSP is to ensure that the different organisations work together to identify local needs and problems and develop a long-term Sustainable community strategy and Local Agreement Area (LAA) for the area to deliver services more effectively. They have no legal powers or resources of their own, so the decision taken must be carried forward through the local authority of the area or one of the other partners such as police, health, or the employment service. Most public sector partners on a LSP are under a duty to co-operate in the preparation and implementation the LAA for the area. <p>Source: OECD (2011), <i>Rural Policy Review of the UK</i>, OECD Publishing, 2011</p> |
| Principle 6. | <i>Mobilise private actors and innovative financing arrangements to diversify sources of funding and strengthen capacities</i> |
| | <ul style="list-style-type: none"> Local Enterprise Partnerships (LEPs): the government has shifted focus to functional economic areas by launching the Local Enterprise Partnerships (LEPs). These partnerships between local authorities and businesses decide on local priorities for investment in roads, buildings and facilities. In addition, 24 enterprise zones have been awarded with tax incentives and simplified local planning regulations. <p>OECD (2014) <i>Regional Outlook 2014. Regions and Cities: Where Policies and People Meet</i>. OECD Publishing, Paris</p> <ul style="list-style-type: none"> New approach to PPP: Following their review of Private Finance Investment, the UK government set out full details of their new approach to public private partnerships, to address some past concerns (HM Treasury (2012), “A new approach to public private partnerships”, London). <p>Source: OECD (2013) <i>Economic Survey of the United Kingdom</i></p> <ul style="list-style-type: none"> Funding additional infrastructure spending by using the savings from current expenditure: At Autumn Statement 2011 and Autumn Statement 2012, the government took action to fund additional infrastructure spending by using the savings from current expenditure |

| | |
|----------------------|--|
| | <p>generated over the Spending Review 2010 period. The 2012 capital package will fund £5.5 billion additional infrastructure and support long-term private investment including in new roads, science infrastructure and free schools.</p> <p>Source: OECD (2013) <i>Economic Survey of the United Kingdom</i></p> |
| Principle 7. | <i>Reinforce the capacity of people and institutions throughout the investment cycle</i> |
| Principle 8. | <i>Focus on results and promote learning</i> |
| Principle 9. | <i>Develop a fiscal framework adapted to the objectives pursued</i> |
| Principle 10. | <i>Require sound and transparent financial management</i> |
| Principle 11. | <i>Promote transparency and smart use of public procurement at all levels of government</i> |
| Principle 12. | <i>Pursue high-quality and coherent regulation across levels of government</i> |

Areas of focus of recent/current/planned reforms (national level)

Please mention whether your country has recently conducted or is currently conducting reform(s) in the field of governance of public investment across levels of government (territorial reforms, fiscal reforms, capacity building initiatives, performance monitoring, procurement reforms, reforms linked to PPPs or innovative financing arrangements, etc.). You may provide explanations in the box below (or just briefly mention which of the 12 OECD Principles are currently high on your government agenda).