Cohesion and cohesion policies in the UK: what might Brexit entail?
Policy brief drawing on a brainstorming workshop held on 21st March 2016

John Bachtler and Iain Begg[1]

This policy brief presents an overview of the points raised during, and conclusions from, a 'brainstorming' workshop[2] on the implications of a possible Brexit on Cohesion Policy and on the UK regions in receipt of funding from the policy. The workshop was held in collaboration with the European Policies Research Centre at the University of Strathclyde.

Summary of key messages

- The aggregate level of EU investment in the UK through what are now known as the European Structural and Investment Funds (ESIF) has shrunk as a proportion of UK GDP, but remains significant in some parts of the UK.
- Cohesion Policy has an important role in framing economic development policy that transcends its direct financial contribution. Disengagement from the current policy framework would entail some administrative complications around how to manage existing multi-annual programmes.
- The effects of Cohesion Policy in stimulating economic development elsewhere lead to indirect benefits for the UK. In addition to helping to develop new markets, the policy is one way of reducing the incentives for workers from poorer parts of the EU to migrate to the UK.
- Were the UK to exit the EU, there would be pressure to introduce a substitute policy, but the contours of any new policy will be hard to agree and could mean a hiatus in support for local economies in need of external support while a new policy is crafted.
- Equally, a new national approach to 'cohesion' objectives will offer opportunities for a fresh approach and could be better attuned to new needs, especially if one of the effects of Brexit is to redraw the map of regional disparities within the UK.
- Political economy considerations will include how to set eligibility criteria for whatever new policy emerges, but also mediation between winners and losers from the wider economic effects of Brexit as well as the winding-down of Cohesion Policy.
- On balance, economic development policy at sub-national policy in the UK would have more to lose than to gain from Brexit. The potential spatial economic consequences have not been given sufficient attention.

---

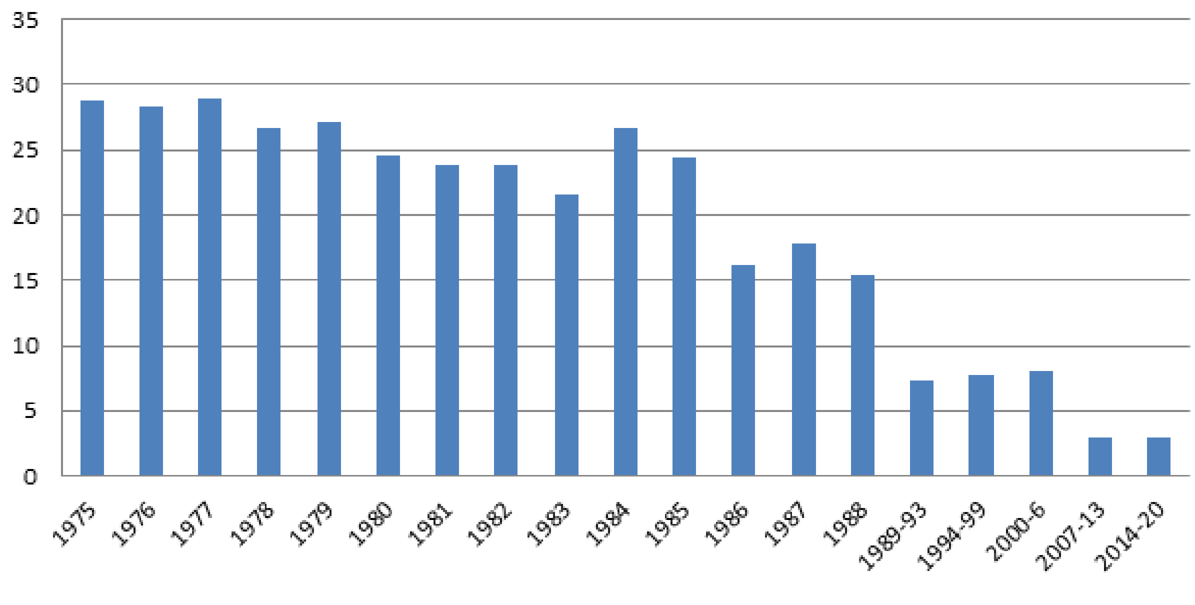
[1] John Bachtler is Professor of European Studies and Director of the European Policies Research Centre at the University of Strathclyde; Iain Begg is a Professorial Research Fellow at the European Institute, London School of Economics and Political Science, and Senior Fellow initiative on The UK in a Changing Europe Initiative

[2] Participants included academics, policy-makers, practitioners and media commentators. We are grateful to all those who took part, but as the event was conducted under the Chatham House rule at a politically sensitive time, the names of those involved are not disclosed.

Context
Along with support for farming through the Common Agricultural Policy (CAP) and for research through the EU's Horizon 2020 programme, Cohesion Policy is one of the principal forms of EU spending in the UK. According to HM Treasury in its latest report on EU finances (HM Treasury, 2015), what it describes as 'public sector receipts' from the EU for Cohesion Policy amounted to £1.67 billion for European Regional Development Fund (ERDF) and European Social Fund (ESF) programmes during the fiscal year 2014/15. This is well below the £2.85 billion for agricultural support through direct payments to farmers and rural development, but not insubstantial.

When the UK acceded to the (then) EEC in 1973, establishing a European regional policy from which British regions would benefit more than others was a price the existing members were prepared to pay to offset the budgetary cost associated with the CAP. In its early days, the UK was among the largest beneficiaries from the European Regional Development Fund, both in absolute terms and as a proportion of UK GDP. Over the years from 1975 to 1988 the UK share of ERDF spending fluctuated around a quarter (see figure 1). After the reforms that led to the launch of what then became known as Cohesion Policy in 1988, (coinciding, it should be noted with the two Iberian countries becoming EU members) the UK share of cohesion spending has declined, especially in the last two programme periods (2007-13 and 2014-20), and is now around just 2.5%. The straightforward explanation is that there are now many more Member States and that most of the more recent members are substantially less prosperous.

Figure 1. UK share of cohesion policy appropriations - % (of ERDF only to 1998, of all structural funds and cohesion funds from 1999-2020)



Source: Bachtler J and Davies S (2014).

The UK's receipts during the 2007-13 period amount to around 0.1% of UK GDP. For 2014-20, the allocation is €16.47 billion (equivalent to about £12.8 billion or £1.8 billion per year, that is still about 0.1% of GDP) with roughly equal amounts being spent through the ERDF, the ESF and the EAFRD (the fund that covers structural change in agriculture and fisheries, as well as rural development). At this level, it is higher than the budget for the Foreign and Commonwealth Office (£1.0 billion) or the Whitehall Department of Culture, Media and Sport (£1.2 billion).

Cohesion Policy spending in the UK is, however, spatially concentrated. Two regions (Cornwall and the Isles of Scilly in England, and West Wales and the Valleys) receive proportionally the most, as they are currently designated by the EU as 'Less Developed Regions' because they fall below the threshold of 75% of EU per capita GDP used to determine eligibility.

The role of Cohesion Policy in economic development

EU Cohesion Policy has been closely entwined with economic development policy in many parts of the UK since shortly after the country joined the then EEC. For public authorities in the regions that receive the most support from what are now called the European Structural and Investment Funds (ESIF), the flow of funding can be crucial for maintaining public investment at levels needed to achieve development objectives.

As research recently completed by Bachtler *et al*. (2016, forthcoming) shows, regional development is facilitated when, *inter alia*:

- there is a critical mass of resources, with interventions concentrated on a limited number of priorities;
- policy intervention is based on coherent strategies, integrated investment and sound project planning, underpinned by a development model and intervention logic to inform objective-setting;
- there is adequate investment in administrative capacity, with a commitment to evidence-based learning and adaptation in response to results

The duration and extent of the crisis of the last few years has, itself, become a significant influence on socio-economic development, and has seen some erosion of human capital (accentuated by the so-called *hysteresis* effect of workers becoming detached from the labour market in a way that renders them less employable, or working in jobs that do not reflect their skills) and thus has to be taken into account in future economic development.

What might Brexit change?

There are many, often mutually exclusive, scenarios for what will happen if the UK votes to leave the EU, although there is something of a consensus – even among supporters of Brexit – that the short-term effects on the economy will be damaging. The risks are spelled-out particularly by HM Treasury in a study which argues that uncertainty, transitional costs and possible financial instability could well lead to a recession. Warnings have also been issued by the Bank of England, the OECD and the IMF, emphasising not just the risks to the UK economy, but also to the EU economy and, indeed, a fragile global economy.

Longer-term, a few studies are reasonably sanguine (notably, the 'Economists for Brexit') , suggesting, on the one hand, that new trade arrangements will emerge that will allow the UK to prosper fairly quickly, while on the other, that the UK will gain from being able to tailor its regulatory approach more closely to domestic priorities. However the great majority of studies paint a more negative picture, highlighting obstacles to EU market access, uncertainty and a slowdown of inward investment. This is the conclusion reached, notably, by HM Treasury (2016b) in examining three of the more obvious scenarios for future trade arrangements, all resulting in a loss of GDP compared with the status quo. Similar findings emerge from studies by, among others, the Centre for Economic Performance at the London School of Economics, work by the economists at the National Institute for Economic and Social Research and Oxford Economics. An assessment by Begg and Mushövel finds the projections of risks to the economy are more credible than the more optimistic scenarios.

The net economic effects of EU Cohesion Policy on the UK

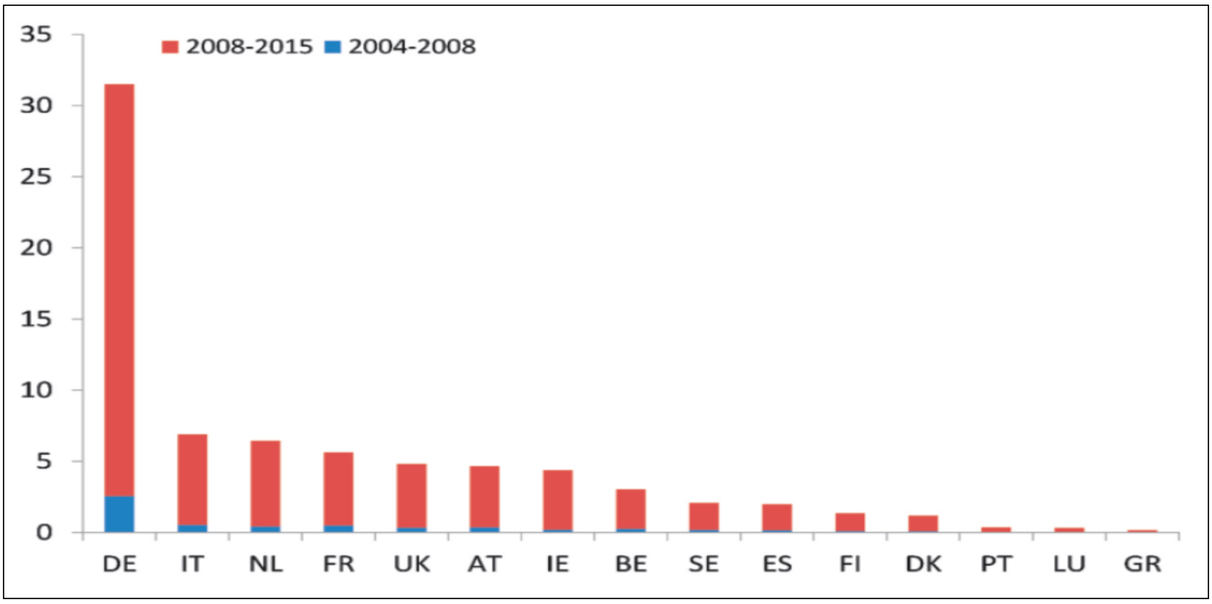
Although the impact of Brexit on EU public finances has been a prominent theme of the referendum campaign, it has focused mainly on the direct savings, with conflicting (and, in some cases, knowingly incorrect) figures being used. In relation to Cohesion Policy, however, two indirect effects are worth mentioning. First, any direct saving from Brexit is likely to be swamped by the induced effect of GDP changes on tax revenues and thus on the public finances. There is, second, some evidence that a sizeable amount of EU spending in the countries which are substantial net beneficiaries from Cohesion Policy returns to the net contributors to the EU budget in the form of construction or consultancy contracts, although cynics might resort to the phrase 'they would say that wouldn't they'?

Figure 2 – based on research on the four Visegrad countries (Czech Republic, Hungary, Poland and Slovakia) by the Institute for Structural Research (2011) – shows that the main winners in this regard, both absolutely and compared with others, are Germany and the Netherlands. For these latter two countries, the induced exports are of a similar order of magnitude to their net contributions to the EU budget, and even for the UK it is around 40%. Although these figures may somewhat over-state the case, they nevertheless point to an aspect of Cohesion Policy that is prone to be overlooked in the assessment of possible consequences of Brexit. Manifestly, it would not necessarily result in any reduction in the demand from the beneficiaries of Cohesion Policy spending for UK exports, but at the margin Brexit could be a deterrent.

However, as a former UK treasury official once put it to the authors of this paper, some of the money may well flow back to net contributors, but they – the recipients – still end up with the bridge, the road or the airport. The retort to this Treasury view is that by promoting development in these regions, new opportunities will arise for UK exporters and investors.

Perhaps more significantly, in the context of the Brexit debate, faster economic development in some of the poorer areas of the EU is likely to be far more effective than tougher border controls in slowing migration into richer countries like the UK. A long-standing canon of regional policy, reflecting both a moral and a political judgement, is that it is preferable to take jobs to people, rather than people to jobs. The loss of the UK contribution to the EU budget could, somewhat ironically, inhibit this effect by obliging the EU to scale back its economic development support.

Figure 2. Additional exports of EU15 to V4 associated with Cohesion policy expenditure (€bn)



Source: Institute for Structural Research (2011).

Overview of deliberations

In a wide-ranging and candid discussion, the workshop participants examined a number of issues around how a possible UK departure from the EU would affect economic development.

The main questions

An important starting-point for appraising the consequences of Brexit is that the relevant questions go beyond the direct one of what foregoing EU Cohesion Policy will mean for the UK and its constituent countries and regions.

- *How will regions currently supported by the European Structural and Investment Funds (ESIF) cope if that support is withdrawn?*
- *Is a Brexit likely to have macroeconomic consequences that will affect the UK's public finances and thus the resources potentially available for public investment in economic development?*

- *What are the likely interactions between the aftermath of the crisis years and the emerging needs of parts of the UK, such as Scotland, which face new governance challenges?*
- *Are demands likely to be placed on UK sources to compensate for the loss of ESIF money and what approaches will this entail for economic development?*
- *What is the political salience of the issue of cohesion for the Brexit decision?*

Economic effects

This section summarises the discussion in the course of the workshop of the economic effects and their spatial incidence.

Macroeconomic effects

Because there is no precedent for a country leaving the EU, there is a lack of clarity around the process and timetable for Brexit. It is assumed, but not a given, that if the referendum result is a vote to leave, the formal procedures would be triggered rapidly, launching the two-year period for negotiations under Article 50 of the Treaty. This could be extended by agreement among the remaining 27 Member States, but their goodwill cannot be taken for granted, adding to the unknowns. The consensus among workshop participants was that a protracted period of uncertainty would be unavoidable and that this could have adverse consequences for UK trade and investment, even though the duration and magnitude of such effects would be hard to predict. It was stressed that any economically destabilising effects on the EU economy could also feed back to UK economic prospects. Moreover, a narrow vote either way could be a further source of economic instability if it means (as happened following the Scottish referendum) that the question does not go away.

Longer term, several of the mechanisms that have increasingly been highlighted in the national debate, not least in the HM Treasury analysis mentioned above, were discussed. For example, concern was expressed about what will happen to productivity if external competitive pressures diminish. Although the strains occasioned by movement of workers to the UK from other EU member states were undeniable, deterring labour mobility would reduce UK GDP and could have knock-on effects on UK public finances at a time when difficult decisions will be needed about how to reconcile public finance consolidation with new demands for spending. Any gains from no longer being a net contributor to the EU budget are likely to be negated by such an effect.

Several concerns were articulated about the post Brexit economic linkages between the UK and the EU. Although much of the public debate has been about the pros and cons of the Norway/EEA, Swiss or WTO models, participants argued that non-tariff barriers (NTBs) would be the most likely explanation for diminished market access unless the outcome is closest to the single market as it currently exists. NTBs would have a more pronounced effect on exports of services, in which the UK has become increasingly specialised.

While model-based approaches to assessing how the UK economy will be affected can provide some insights, they are ill-equipped to reflect the reality that the projected average (for example, for the impact on the exports of a sector such as motor vehicles or whisky) may mask the realities faced by individual firms or clusters of activity. In this regard, the increased networking of production and the complex supply-chains that characterise major companies may prove to be crucial. UK-based suppliers of components may find that even though they remain competitive, worries about possible new barriers – even notionally trivial ones such as more intense border checks, shown in studies published when the single market was being established to be quite substantial (Cecchini, 1988) – could be damaging. Any such effect is likely to weigh more heavily on the less competitive parts of the UK.

Territorial effects of Brexit

There is no clear sense of what the possible post-Brexit spatial problem might be in the UK or, indeed, within any of the constituent countries such as Scotland. Yet a clear message from the workshop is that the spatial impact could be decidedly unbalanced, the more so if patterns of FDI are disrupted. This could also be true if migration (or any reversal of it) has an uneven spatial incidence; this includes the prospect of UK citizens returning from abroad and workers from other parts of the EU being less available to fill low-paid, unsociable or seasonal jobs. Overall the spatial impact is hard to predict, but would be pronounced in rural areas. Productivity disparities across regions might well become larger. There could also be new economic challenges post-Brexit in areas directly affected by the process. Yet economic constraints could affect the ability of UK and sub-national government to react, especially if new demands, such as dealing with congestion arise.

The role of foreign direct investment, particularly in relation to regional economic development, was also discussed. The UK has been a major destination for FDI and would continue to be attractive post-Brexit, but there are bound to be risks that at least some investment in facilities to export to the EU would be curtailed, depending on what sort of trade regime emerges from the negotiations with the EU. The observation was made that foreign direct investment tends to be intra-industry more than inter-industry, so that it is inappropriate to analyse it in terms of product specialisation. An implication is that the place of UK regions in supply chains or networks could be affected by any new border restrictions, and one specific issue mentioned was that the post-Brexit rules on value-added tax could have an influence. What will happen to UK energy policy may also affect location choices in unpredictable ways, especially for heavy users of power.

For regional development, the technology associated with inward investment is an important consideration emphasised by several contributors. The scope for innovation-led growth would be diminished by a fall-off in investment, and would not be confined to manufacturing. On the contrary, what happens to major service industries, such as tourism or finance will be increasingly important for the UK's overall economic prospects. At national level, there has been much discussion of how Brexit could affect the position of the

City of London as Europe's leading financial centre, but there are also substantial risks to financial services in other part of the UK, not least in centres such as Manchester, Edinburgh, Leeds, Bristol, Cardiff and Glasgow.

The role of Cohesion Policy in the UK and the policy response to Brexit
Whatever the macroeconomic and regional effects, a shift away from EU Cohesion Policy will also have consequences. This section reviews what might happen and how it should be accommodated.

The domestic significance of Cohesion Policy
Although the level of funding of only 0.1% of UK GDP could be regarded as inconsequential, Cohesion Policy spending has important achievements and genuine additionality, such that for the projects and localities where it has come to be relied upon, its loss would be felt. This disjunction between the relatively modest aggregate scale of support from the policy and its ability to make a difference at project level bears on the politics of change. An important message from the workshop is that, at local level, the mere fact of commitment to economic development matters. Previous studies of the 'added value' of Cohesion Policy have consistently argued that economic development spending by national and local government would be lower in the absence of the requirement to co-finance ESIF.

The contribution of Cohesion Policy to economic development in the UK has been studied extensively, although with differing findings. Research undertaken for the UK Government's 'Balance of Competences Review' reviewed a range of studies, concluding that "Most of the research examined – with the exception of some econometric studies – indicates that Cohesion policy has yielded positive results and contributed to core political goals, although there is considerable variation in the extent and types of the results ascribed to the policy" (Polverari and Bachtler, 2014). Evaluations and other studies, using a range of methods, have found significant achievements in terms of jobs, land reclamation, skill enhancement, SME creation, innovation and community development in the UK. However, there is no real basis for assessing the extent to which cohesion spending in the UK represented value for money.

A persistent concern has been the complexity and bureaucracy of procedures for obtaining funding and administering projects, although a broader verdict is that EU mechanisms have had a positive influence on the delivery of economic development in the UK. Moreover, the administrative cost, estimated at about 2.3% of the money allocated, is comparable with that in other member states and with purely domestic policies. Major infrastructure projects funded by the EU are prone to delays and over-runs, but so too are domestic projects. Recent years have seen problems associated with securing match-funding and deriving from the economic crisis.

Many of the potential spatial effects of Brexit will be contingent on agreeing new terms with the EU27 and, if these take longer than expected, there could be disruption, so that timing will be important. An outcome that meant WTO terms rather than free trade with the EU could have localised effects if it introduced barriers to particular classes of exporters, while any new UK trade barriers could have benefits by diverting supply from imports to domestic producers. Timing will also arise as a factor in winding-up existing Cohesion Policy programmes or in determining whether support for current beneficiaries and projects should be phased-out or ended abruptly.

For the devolved administrations, even though the direct financial impact of a loss of Cohesion Policy funding would not be great, replacing it would not be easy, and there could be ramifications in Northern Irish, Scottish and Welsh politics. One particular local effect – most important for peripheral regions – could be taking the UK out of the INTERREG programmes for cross-border and transnational cooperation regions, quite apart from prospective changes in the direct support through mainstream programmes. For Northern Ireland the possible consequences and the risk of tensions with Ireland could go well beyond economic development considerations.

A national substitute for Cohesion Policy?

As with agricultural policy and research policy, there will be an expectation that an equivalent domestic policy will be introduced following Brexit; and a recent statement by the Leave campaign signals that this will be forthcoming. However, it is far from clear what sort of policy might be put in place, or how it would be tailored to post-Brexit economic development needs. Hence, the lack of preparation for Brexit within government is, itself, a reason for unease, particularly if it reinforces a 'wait and see' approach by investors. Even if it is hard to predict the extent of any changes, the direction will matter.

UK policy on economic development has fluctuated considerably in recent years, with Cohesion Policy providing a thread of continuity. Indeed, it can be argued that Cohesion Policy provides the only coherent approach to regional development in the UK, based at least partly on some justification of regional need, a strategic response and the obligation for central government to consult with subnational actors. The view among some of the workshop participants was that, at least in an initial period, the existing economic development framework would be retained. Others expressed worries that it would be difficult and time-consuming to settle on a new economic development approach and that, in the interim, some problems of spatial imbalance could worsen. The rules governing state aid, and regional aid in particular, would need to be revisited and a new domestic arrangement put in place, possibly subject to some restrictions depending on the terms of a post-Brexit settlement on access to the EU market.

Equally, it has to be recognised that one of the compelling arguments for Brexit is that it would allow policy to be better tailored to UK needs. The difficulty in this regard is that tricky choices will have to be made, many of which will create winners and losers. There is no guarantee that today's beneficiaries within the UK from Cohesion Policy would continue to be net winners, and it is an abiding characteristic of the political economy of such choices that the losers shout louder than the winners. The choices facing a post-Brexit economic development policy inside the UK have, in many respects, been rehearsed in the many shifts in national policy in recent decades. As implemented in the UK, Cohesion Policy has been partly spatial and partly sectoral, with a progressive reduction in the coverage of regions eligible for significant funding.

In formulating a post-Brexit economic development policy for the UK, disparate questions – some obvious, some less so – have to be addressed. Among those identified during the workshop were:

- Whether the future emphasis in policy should be sectoral or place-based: in either case, the criteria that determine eligibility would need to be agreed politically and operationally.
- Given that the UK is undergoing its own process of change in Institutional structures – most obviously with the new fiscal settlement for Scotland, but also with the push towards English devolution– attention will need to be paid to the relevant inter-governmental mechanisms and forms of multi-level governance.
- Most Cohesion Policy money goes to support for SMEs, employment, environment and innovation, with little of the capital infrastructure spending characterising EU programmes of the 1990s and 2000s. The current policy has strings attached that would potentially be loosened in a post-Brexit context.
- Loans and other forms of financial instruments, rather than grants, are becoming a more significant component of regional development, favoured by the Treasury because they are more conducive to deficit reduction, but often trickier for sub-national governments to manage.
- There was considerable dubiety as to whether a post-Brexit UK policy would see the re-creation of multi-annual programmes as in today's Cohesion Policy, and a likelihood of reversion to the ad hoc, politics-driven approach to economic development characterising UK domestic economic development policy in recent years.

The economic effects of Brexit itself, as well as expectations of transitional status for some regions must, too, be expected to lead to demands for compensation from many quarters, with the potential to create a pork-barrel mentality. While none of these challenges, on its own, need be that hard to resolve, cumulatively they would require substantial effort.

The time needed to decide, potential conflicts in approach and wider post-Brexit political developments could slow the adoption of a substitute for Cohesion Policy, even if it were made a priority by a post-Brexit UK government. In areas where it is currently most substantial, the rural and farm lobbies can be expected to be especially vocal. The suspicion was articulated by participants in the seminar that farmers will be further up the queue than regions when it comes to substitute institutions and funding.

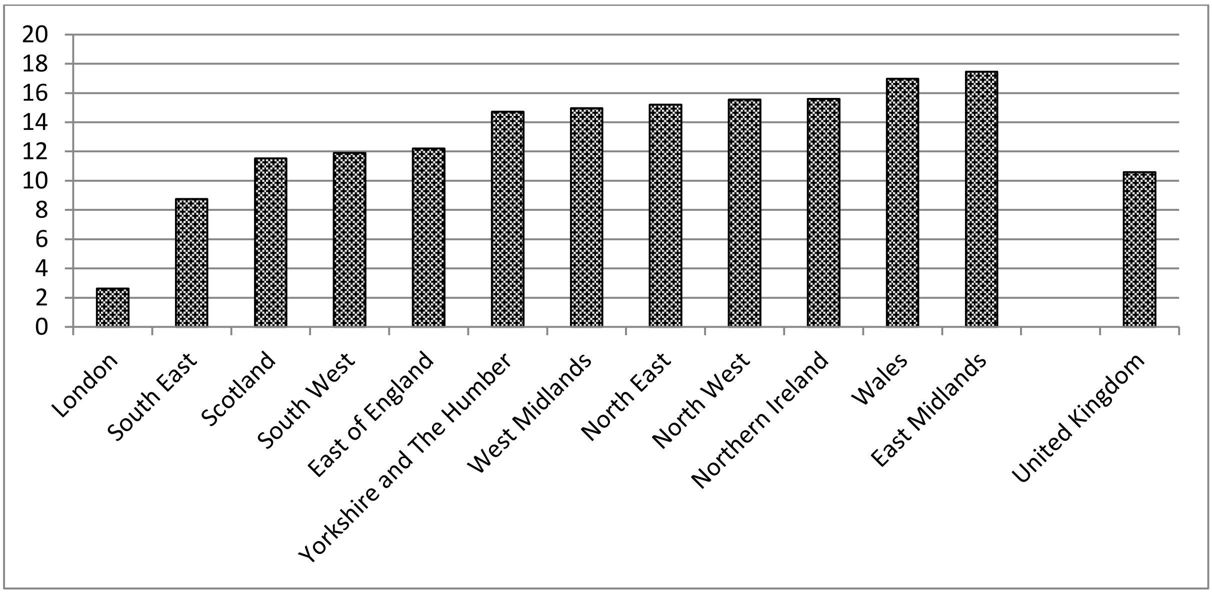
A new UK approach to economic development

Exclusion from EU economic development policies could, as explained in some interventions in the workshop, be an opportunity for the UK (or its constituent parts) to devise new policy models better tailored to the economies of today. This prompts the question of what the optimal rationale, framework and mechanisms would be for fostering economic development in a post-Brexit UK.

In this regard, the increasing separation highlighted by McCann (2016) between a dynamic, outward-looking and globally-orientated London (and hinterland) economy and the rest of the country is salient. There are, manifestly, unanswered and, at this stage, unanswerable questions about how the constituent parts of the UK would be economically affected by Brexit and, as a result, what sort of economic development policy would be required in response.

The Europe 2020 narrative ostensibly at the heart of Cohesion Policy offers one approach, but it is not clear that it is ideal for a UK in which manufacturing now accounts for barely 10% of gross value added and even in the most industrial of regions, attains only 15-17% (figure 3).

Figure 3. The share of manufacturing in gross value added by region in the UK, % of economy, 2014



Source: [Office for National Statistics]

The place-based model adopted in EU policy has seen a focus on 'smart specialisation', a phrase which tends to favour conventional industrial activities and (if only implicitly) implies exchange of goods. However, likely watchwords for the UK economy of the future include 'creative industries', 'knowledge-based activities' and 'life sciences'.

Conclusions

Although the considerable uncertainty about the likely economic impact of Brexit was recognised by the workshop participants, the sense of the meeting was that there is a danger – certainly in the short-term – that it will reduce UK growth and jobs. Moreover, the risks are on the downside, partly because there is a lack of clarity about what the outcome of Brexit would be; such an outcome could deter investment by private agents.

If GDP does prove to be lower because of Brexit, there will be an adverse knock-on effect on the public finances. Whether or not this would be offset by the reduction in UK contributions to the EU budget cannot easily be predicted. However, from a policy perspective, thought will be needed on what will actually happen as opposed to the rather glib claims being made.

At UK level, the amount of funding allocated by Cohesion Policy programmes is not that great. It does, though, currently represent over €10 billion (around £8 billion) which is guaranteed for regional and local development for the period up to 2020, as well as the domestic co-financing which needs to be committed. For local authorities and other organisations in some parts of the UK, it is an important source of funding without which some projects would not go ahead at the same scale, over the current timescale, or even at all. At present, there is no indication as to whether this kind of policy would continue – apart from the generic claims made that a post-Brexit UK government would be free to use its EU budget contributions to institute a replacement policy (or not).

The most immediate consequence for Cohesion Policy after a Brexit vote would be a need for decisions about how the remainder of the 2014-20 programming period would be managed for UK recipients. It is a dimension of withdrawal negotiations that does not seem to have attracted much attention to date. As one participant put it: 'Nothing is agreed until everything is agreed', and if the negotiations drag on, it could mean delay in settling future economic development arrangements with adverse consequences for local strategies and difficulties in taking forward projects. Specific matters raised include the following:

- There would be risks from competition, not least for FDI
- There could be a scramble of 'pork-barrel' bids for funding

UK spatial policy has been less stable and subject to more politically driven changes than any other in the EU, lacking a long-term strategy that can transcend changes in government. It has been subject to major upheavals and numerous iterations over the past 30 years, with institutions coming and going, along with the corresponding expertise of practitioners. Despite the opportunity for a fresh approach, an immediate policy concern is that the institutional capacity crucial to developing a substitute for EU Cohesion Policy is not there and that, as a result, there could be medium-term difficulties for the less favoured regions of the UK.

In the longer term, if the UK no longer has any eligibility for EU Cohesion Policy it will prompt a number of questions about domestic territorial policies and infrastructure investment. In particular, would a new regional policy have to be devised? The UK has dismantled many of its institutions for the delivery of spatially targeted policies and would have to think afresh outside the EU.

- The policy rationale would constitute a first sort of challenge, but also an opportunity to revisit the approach to be taken. This could include a more localised policy less prone to being one-size-fits-all.
- The Lisbon/Europe 2020 strategy narrative that underpins EU policy today may not survive a Brexit, highlighting the opportunity for a new approach (although the key EU themes of innovation, entrepreneurship, low carbon and employment would probably also feature strongly in any UK domestic policy).
- However, it would unavoidably take time to structure and agree a new strategic approach, with the prospect of delay and doubt for recipients.
- One option could be to rely more extensively on steering pension funds towards infrastructure investment (subject, unavoidably, to fiduciary obligations of trustees).

On balance the conclusion from the workshop is that economic development policy at sub-national policy in the UK would have more to lose than to gain from Brexit, and that the potential spatial economic consequences have not been given sufficient attention.

References

Bachtler, J., Begg, I., Charles, D. and Polverari, L. (2016, forthcoming) *EU Cohesion Policy in Practice*, London: Rowman and Littlefield International.

Bachtler J and Davies S (2014) *Balance of Competences Cohesion Review: Literature Review on EU Cohesion Policy*, Paper to the Department of Business, Innovation & Skills, London, 6 February 2014

Cecchini, P. (1988) *The European Challenge 1992: The Benefits of a Single Market*, Aldershot: Gower

HM Treasury (2015) 'European Union Finances 2015', London: Stationery Office

Institute for Structural Research (2011) *Evaluation of Benefits Gained by EU-15 States Resulting from the Implementation of Cohesion Policy in the Visegrad Group Countries,* IBS, Warsaw

McCann, P. (2016) *The UK Regional-National Economic Problem: Geography, Globalisation and Governance*. Abingdon: Routledge

Polverari L. and Bachtler J., with Davies S., Kah S., Mendez, C., Michie, R. and Vironen, H. (2014) Balance of Competences Cohesion Review: Literature Review on EU Cohesion Policy, Final Report to the Department for Business, Innovation and Skills, February 2014.