

# Intergovernmental dynamics in responding to COVID-19 in English and Australian cities

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This comparative study, conducted at the height of the COVID-19 pandemic, explores how the contrasting governance systems in Australia and England responded to complex and rapidly evolving problems presented by the crisis. Comparing how national and local governments worked together and alongside other forms of subnational governance, the findings highlight the efficacy of multi-scalar governance arrangement in Australia over the fragmented, overly-centralised and inconsistent arrangements in England. As nations plan their recovery paths from the economic and social challenges of the crisis, the findings encourage a reset of spatial policy towards one that values and re-sources greater decentralisation and place-based recovery.

**Keywords:** COVID 19, crisis, multi-scalar governance, centralisation, decentralisation, federalism

**JEL Classifications:** H11, H12, P16, R11

## Introduction

COVID-19 has presented one of largest global crises in generations and the most damaging shock to the economy in a working generation, with its impact being both long lasting and far reaching. There is an embryonic but growing body of conceptual and empirical research across policy and academic circles that seek to understand how states have responded to the crisis and explore how they are beginning to adapt to life post-COVID-19. A few – very hypothetical – attempts have also been made to explore the long-term impact of the pandemic on different spaces and places across the world.

This paper contributes to that growing evidence base through an exploration of how multi-scalar governance theory helps to explain the inter-governmental responses to the COVID-19 crisis in different states. With a focus primarily on the response to the economic shock, the paper considers what this comparative analysis reveals about

how central – local state relations are equipped to manage a major crisis. Through an empirically rich comparative study conducted in 2020 in Australia and England, the paper offers an early assessment of the two nations' inter-governmental response to the COVID-19 pandemic that compares how national and local governments worked together and alongside other forms of subnational governance through the pandemic. Adopting a comparative study approach of areas that apply different forms of spatial governance and that experienced the pandemic differently, the authors explore insights from local government officials and managers of the front lines of response and recovery efforts to understand how the response to the pandemic was coordinated across different levels of government and governance in Australia and England and whether the application of multi-scalar governance provided a resilient system to absorb the shocks of the pandemic. The main research question that this paper has

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posed is what can we learn from different multi scalar governance systems about responding to a complex and rapidly evolving problem like the COVID-19 crisis?

The findings reveal that although local government in England largely responded well to the crisis, power and decision-making was too often centrally controlled rather than devolved to the most local scale capable of responding, revealing a reluctance to decentralise and having significant ramifications for both effectiveness and impact. In Australia, local government operated within the constitution of fiscal federalism, where the economics of multi-level government worked through sub-national states as first-responders to, and recipients of, federal income support. The paper considers the evolving narrative around economic recovery and whether the 'build back better' paths being drawn by England's central government and Australia's federal government represent an equilibrium and continuance or a reset and restructure of the roles and institutions in place to drive recovery at the sub-national levels. The paper concludes by drawing lessons for how we might think constructively about intergovernmental and subnational government roles through a system of greater devolution and how the knowledge gained throughout the pandemic could be used to address the long-term societal challenges through a place-based, community-empowered, sustainable recovery in widely different constitutional contexts.

The paper is structured as follows. The next section situates the paper within the theoretical and contextual framework that first presents a discussion of the shifting paradigms of state-orchestrated spatial governance multi-level governance theory and second a contextual background on the differing governance and constitutional arrangements in England and Australia. The methods and data used in the analysis are presented in the ensuing section, which is followed by an exploration of the findings. The main discussions and conclusions of the study are put forward in the final section.

## Contextualising state-orchestrated spatial governance: from Keynesianism to neoliberalism

The pandemic has occurred relatively soon after the 2008 financial crisis and, when set within the wider context of a worsening climate emergency, prompts queries as to the efficacy of current models of state-orchestrated spatial governance (Martin et al., 2022). To explore the complexities of day-to-day public governance as practised by major Western nations during the COVID-19 crisis, and to elicit conceptual and policy lessons, this paper adopts a spatial governance approach. To place current state spatial governance in its wider context we must first consider the changing nature of central-local state relations and their theoretical driving forces.

The spread of Keynesian ideas on the regulation of the economy in the 1930s saw government increasingly willing to intervene in local and regional economies in the UK. Government implemented assisted mobility schemes to encourage migration away from 'distressed areas' while measures under Special Areas acts between 1934 and 1937 attempted to stimulate employment in struggling places with fiscal incentives and capital investment (Pitfield, 1978). A Royal Commission on the Distribution of the Industrial Population (the Barlow Commission) and subsequent report (Barlow, 1940) was an important driver in regional policy becoming more active and extensive in the post war years and throughout the 1960s and 70s (Martin et al., 2016). The Barlow Report explicitly linked unemployment in distressed areas and congestion in the South East and formed the basis of the post war policy of distributing economic activity around the regions using centrally managed policy levers such as grants and loans or restricting industrial development outside of assisted areas (Gardiner et al., 2013).

This post-war policy cannon was retrospectively theorised as 'spatial Keynesian' in its combination of full employment and regional policy (Brenner, 2004). It was an approach in which policy has clear and deliberate spatial effects but is controlled from the centre and in which the nation state and economic imperatives of the centre were accorded primacy (Martin and Sunley, 2007). The broad approach remained in place until the 1970s when the relatively stable period of economic growth came to a halt. From here on in a shift in national policy away from the post-war commitment to full employment and social welfare, towards neoliberalist models is observed that involved the imposition of fiscal consolidation measures, anti-union legislation, the liberalisation of markets, the privatisation of public services and industries, the deregulation of financial systems and the promotion of trade globalisation (Yergin and Stanislaw, 2002; Martin et al., 2022).

This shift has been theorised in various sometimes complementary ways, including as a shift from a Fordist to post-Fordist regime of accumulation (Gertler, 1988) or from a Keynesian welfare to a Schumpeterian workfare state (Jessop, 2002) but a key argument in the context of sub-national governance and development is that it led into an era of rescaling of the state with a greater emphasis on decentralisation or devolution and the emergence of governance from government (Jessop, 2002; Brenner, 2019; Moisis et al., 2020).

These shifts are intertwined with changing regional policy away from active attempts at equalisation or convergence, and towards a more growth orientated, competitive entrepreneurial regime in which regions and cities take on greater responsibility, often accompanied by dwindling local state capacity and resources (Harvey, 1989; Peck, 2012) underpinned by a belief that regional equality is no longer a realistic policy goal (Pike and Tomaney, 2009). Neoliberalisation can be conceptualised as a political and

deliberate process of state transformation through which the state constructs and construes itself in market terms (Brown, 2006, 694) and where active state intervention is applied to promote competition. Within this transformation, cities and city-regions with a higher concentration of economic activities were able to maintain or increase their advantages at the expense of a substantial number of what are now commonly referred to as 'left behind places' (Moisio et al., 2020). The model has intensified competition between people and places for capital investment and jobs on a global scale (Hudson, 2010). Martin et al. (2022) argue that the neoliberalist restructuring of the state has impacted the mission, form and policymaking instruments of the state which has deeply altered the way regional and urban policies are formulated and implemented.

Under the Keynesian regime, states remained highly centralised with a hierarchical system of decision-making system, intervention and investment. The emergence of neoliberalism brought increased pressure for greater regional autonomy that has gathered pace over the last two decades creating a complex, multi-level system of policy making and governance. Under this system, processes of administrative reconfiguration have challenged the political space of authority of the national government (Martin et al., 2022, 8), and policy formulation and implementation has becoming increasingly devolved to subnational governments albeit funded via the control of the central state.

Half a century of neoliberal regional policy, through its favouring of a limited selection of metropolitan areas and regions, has exacerbated socioeconomic and spatial inequalities not only between states, but within states (Moisio et al., 2020; Martin et al., 2022). Developments across Europe and other major Western nations indicate that the model is producing inequality-related contradictions that make neoliberalism vulnerable in new ways (Moisio et al., 2020). Scholars recognise the vulnerability of the neoliberal model to a variety of externally originating shocks and perturbations such as fluctuations in currencies, export markets and fuel costs.

## Governance arrangements in England and Australia

To uncover how the governance model was impacted by, and able to respond to, the complex and rapidly evolving problems presented by the COVID-19 crisis, this paper compares the responses of two contrasting governance systems. Contemporary states differ from each other in many respects - population, size of their territory within which they seek to 'master' space, political and economic weight, institutional structures (Moisio et al., 2020). They also differ in terms of how state power operates spatially and manifests in various state-orchestrated projects and strategies. To understand the differences between the two states in this study, the cases – Australia and England – were selected as representative of advanced western

capitalist economies both applying neoliberal political rationalities whilst adopting differing governance and government arrangements – the City of Sydney (CoS) in New South Wales (NSW), Australia, situated within a federal system of governance against the experiences of case studies situated in England, UK. In England, changing spatial policy has created a complex, multi-level governance system. From a centralised, top-down, redistributive and 'hands-on' Keynesian approach, spatial policy now affords greater formulation and implementation responsibilities to subnational governments (Martin et al., 2022).

Government reform in the early 1970s transferred responsibility to a more local level in the UK with the introduction of a two-tier system of counties, including new metropolitan counties and, at lower-level, districts and boroughs. Further reform in 1992 saw many English cities become one level or unitary authorities. Since then, increased and ongoing episodes of decentralisation have changed the role and function of governance, most significantly through devolution of powers to Scotland and Wales following the referendum in 1997 which resulted in the establishment in 1999 of a Scottish Parliament and a Welsh Assembly, and to Northern Ireland following the referendum in 1998.

This prompted increased decentralisation across England, leaving a complex organisation of local government and governance arrangements among different tiers of government featuring a stratified, asymmetric and incomplete system (MacKinnon, 2015). At the local government level there are 333 local authorities in England, which includes both single and two-tier authorities (Studdert, 2021). Overlaid are several higher scale constructs that have been created during recurring periods of reorganisation, leaving a patchy and piecemeal governance map. The Conservative/Liberal Democrat Coalition government (2010–2015) abolished regional development agencies and replaced them with 38 Local Enterprise Partnerships (LEPs). This signalled a move to sub-national economic development and a policy of localism that marked a shift from away from centralised government whereby LEPs adopted the geography of local communities, authorities and businesses, although funding was largely directed from the top down.

The Conservatives (2015) continued the localism agenda by pursuing a range of 'devolution deals' through the creation of Combined Authorities – legal structures set up between two or more local authorities to take on statutory functions transferred to them by an Order made by the Secretary of State. This gives local authorities the ability to pool responsibility and resources whilst being afforded greater freedoms and flexibilities from central government to deliver transport, regeneration and economic development more efficiently and effectively. The rationale behind the creation of these institutions was they would improve the productivity of large cities in the North and Midlands that lagged behind London and the Southeast of

the county. Nine city regions in England exist that have metro mayors and one exists without a mayor, in the North East Combined Authority. However only 41% of England's population (representing 43% of economic output but only 14% of land area) live in areas with some form of mayoral devolution deal (Institute for Government, 2021).

Arguably, despite these increased attempts at decentralisation, all regional and city leaders are driven by the requirements of central mechanisms from Whitehall (Hildreth, 2011; Pike et al., 2015). The 'Westminster Model' governs the central/local relationships whereby central government delivers its own policy priorities through local and regional government actors who come together in coalitions to access specific funding streams from Whitehall, particularly for regional economic development (Sandford, 2017; Ayers et al., 2018). In the UK, just 1.7% of tax as percentage of GDP is set at the local or regional level, compared with an OECD average of 8.9% (O'Brien and Pike, 2015).

The government response to COVID-19 in England has involved a range of measures designed to tackle the health crisis and control the spread of the virus including lockdown measures first introduced in March 2020 which saw businesses and schools closed. These were then followed by localised lockdowns with the first implemented in Leicester on 4 July 2020, and border controls, social distancing and work from home encouragement and enforcement. The interlinked economic crisis has been tackled by a range of stimulus measures in the form of business interruption and bounce back loans, support funds for charitable sector and the self-employed and employment related measures in the form of job retention/furlough scheme, employment support through the Kickstart and apprenticeship schemes (House of Commons, 2021). In England, the pandemic has demanded a response of a local government sector reduced in capacity having suffered a decade of austerity policy implemented by central government in the wake of the 2008 global financial crisis (Gray and Barford, 2018). This reinvigoration of neoliberal politics of austerity has favoured balancing government budgets via cuts in government expenditure over increases in taxation and reducing public sector spending (Meegan et al., 2014).

In Australia, by contrast, state and territories played a much more prominent role in the policy response to COVID-19. While the Federal Government led policy in areas such as international border closures, the procurement of vaccines and macro-economic policy (including funding distribution), most policy responses to the emerging health and economic crises in early-2020 were led by state and territory government (Twomey, 2020). This was reflected in the Federal Government's early decision to establish a new National Cabinet (comprising Australia's Prime Minister and the State and Territory leaders) to provide a coordinated national response. Escalation of State

and Territory leaders to the 'cabinet table' represented an unprecedented shift for state and territory leaders in the management of 'national affairs'. Local governments were not included in this forum, presumably on the basis that they would be represented by their respective state or territory leader (Twomey, 2020).

Prior to COVID-19 the role of the Commonwealth Government was expanding (Finlay, 2012). Like other federated countries, the central government has become increasingly powerful and interventionist (Stilwell and Troy, 2000). This was occurring in the context of what was already one of the most redistributive federal systems in the world (McLean, 2004) with over 40% of NSW's expenses being funded by Commonwealth grants (Hartcher, 2020).

In Australia, the complex dynamics between levels of government have often produced significant tension between federal and state/territory government, with municipal government often 'side-lined' in such debates (Beer, 2017). There is no constitutional provision for local government in the Australian constitution, with local and municipal matters being the domain of the state and territory governments that form the Commonwealth of Australia (Tomlinson, 2017). The role of municipal government in the Australian federal regime has therefore generally been regarded relatively minor (McLean, 2004) with the types of education, policing and welfare services within the domain of local government in other Western democracies excluded from the purview of Australian local government. While there has been some suggestion of local government in Australia beginning to expand from a traditional narrow 'roads, rates and rubbish' responsibilities towards a broader 'services to people' approach there has been scepticism about the capacity of existing institutions to do so (Dollery et al., 2006, 2008).

The capital cities of Sydney and Melbourne have proven particularly vulnerable to these power tensions, with state governments in both jurisdictions regularly intervening to establish local government governance arrangements intended to be more 'amenable to their policies and programmes' (Stilwell and Troy, 2000, 924).

## Research methodology

### Case selection

The exploration of the governance characteristics of different municipal responses to the pandemic lent itself to a qualitative research design and a case study method was chosen as it provided an in-depth analysis of the phenomena (Yin, 2009). A multiple instrumental case study design was favoured because it enabled the researchers to explore the research question in depth across a diverse range of localities including different states, regions and amongst people working across different organisations and tiers of governance.

**Table 1.** Data summary.

	UK Research	Sydney Research
Number of interviews	15	5
Interviewee types	Elected local government politicians Local government employees Advocacy group executives	Elected local government politicians Local government employees Advocacy group executives
Locations	East Midlands, North East and Tees Valley	City of Sydney
Scale of geography	Regional, local	Municipality

Source: Author's Own.

As described in the previous section, England and Australia provided illustrations of contrasting governance systems and at the time of conducting the research were experiencing different outcomes in terms of total numbers of Covid cases and deaths. The sites included in England comprised some of the areas hardest hit by the pandemic. Firstly, the East Midlands (EM) included the city of Leicester which was the first city in the UK to be placed into lockdown and the last city to be released from it. The North East (NE) and Tees Valley (TV) in the North of England were also hard hit in terms of COVID-19 cases. The selection of these regions also ensured the inclusion of different typologies of locality comprising urban geographies (Leicester in the EM), and regional approaches that involved areas with (NE, TV) and without enhanced forms of devolution (EM).

The addition of an Australian case study offered a further variation in governance. While the UK and Australia share a common legacy, and there remain many common characteristics between local government in England and Australia, Australia's federal system has caused the local level of government to evolve and operate differently. The City of Sydney (CoS) provides a representative example of Australian local government, with the municipality regarded as one of the more financially sustainable and well governed local governments in Australia (Sinnewe et al., 2016). CoS is one of 33 municipal governments across the broader Greater Sydney area (NSW Government, 2018). By global standards Australia and Greater Sydney had relatively low numbers of COVID-19 cases during 2020. While the city was in lockdown from late March 2020 and borders were closed, the economic crisis this caused was not matched by a direct health crisis with few domestic COVID-19 cases during the study period. The selection of CoS as an Australian case study therefore provides an important counter-point example of Australian municipal governance during a less hard-hit period.

The case study selection also considered issues of feasibility and pragmatism; the locations needed to be researchable from a functional perspective. This was a particularly crucial point given that the interviews were being conducted in the height of the pandemic between

September and December 2020 in England and during August 2020 in Sydney. Given that the interviews were being set up 'in the eye of the storm' the researchers drew on existing contacts built up over a longer period of rolling research to ensure the accessibility and openness of key participants.

### Data collection and analysis

Data collection involved two methods: document review and semi-structured interviews. First, ongoing document review of relevant policy documents was conducted in order to identify key policy decisions taken in response to the pandemic at state and local levels in both countries. Policy documents, council meeting papers and press releases formed the backbone of the analysis, as they indicated the approaches used in practice, as well as the rationales underpinning them. Second, we undertook a series of semi-structured interviews with stakeholders across the two case studies to obtain an understanding of the interviewees' perceptions and experiences, how they defined the evolving crisis situation, how they constructed reality, and which meanings they attributed to events (Punch, 1998). A series of 20 in-depth semi-structured interviews with a variety of individuals who had been involved in mounting the response to the pandemic were undertaken by a team of researchers (summarised in Table 1). Interviewees worked for organisations across the public, private and non-profit sector, and all held senior positions within those organisations.

An interview guide was used to reduce the impact of any bias from the interviewer, but the nature of semi-structured interviews meant that emphasis on different aspects of the interview did vary depending on participant experience. The topic guide covered a range of topics on the response to the pandemic across the tiers of governance. Interviews were recorded with the respondents' consent and were transcribed verbatim before being thematically analysed and the data coded. The key points highlighted in the literature review acted as an initial framework for the coding. Open coding also ensured any additional and contradictory themes were added, ensuring the analysis was not blinded by the initial framework (Marshall and Rossman, 2016). The data from these interviews was

analysed thematically and separately by each of the authors before comparing the emerging themes within the research team. This ensured any issues of bias were reduced. Data was corroborated between the document sources and semi-structured interviews with stakeholders (Fusch et al., 2018) to verify claims made by participants, as an important stage in the case study (Cresswell, 2007). This allowed us to converge the disparate evidence in order to increase the validity of the findings. The section that follows presents those findings.

## Findings

Operating within the heavily centralised English governance system, local and regional actors expressed a high degree of frustration towards Whitehall government and their adoption of a command-and-control response that overlooked the value of local agency. There was contestation over roles and responsibilities and a widespread view that the response to the crisis would have been more effective with a locally driven response. A range of activities (from the provision of free school meals to children during holiday periods, procurement and allocation of laptops to school pupils who were home schooling and digitally excluded, test and trace sites) were seen as overly centralised:

“Time and time again, whether it was PPE, city catering, the laptops, the shielding list, there was a clear idea of what they wanted to do, but then they tried to manage local implementation nationally and it never worked. It never, ever worked”. (Assistant City Mayor)

Attempts over the past decade to disperse authority to regional and local institutions (such as Combined Authorities and LEPs) had created multiple, sometimes overlapping jurisdictions and the lack of a consistent model of multi-scalar governance hampered the response at a local and national scale. For some local actors the complicated arrangements between central and local government resulted in duplication of effort between tiers of governance. In one case study area, the local authority and the local LEP developed a business survey to gather data on the impact of the pandemic independent of each other but surveying the same businesses:

“There was a lot of repetition. There were a lot of people... whether that's at local authority level and/or a LEP level, I think there were a lot of people who were working really hard but not necessarily really smartly, if that makes sense”. (Business representative)

The complexity of governance arrangements in England made it difficult for central government to find clear and consistent communication pathways to local partners,

and local actors recognised the need for improved connectivity across the tiers of governance. Interviewees highlighted that current administration favoured mayoral combined authorities, and consultation and negotiations between central and local tiers was said to follow those paths of least resistance which worked to the advantage of areas that had these tiers in place. Elsewhere, the value of the LEPs in times of crisis was queried by local authority officers, possibly reflecting more general waning central government interest, with central government subsequently announcing a review of LEPs future as part of the Levelling Up White Paper (LGC, 2021). During the research period, LEPs main role had been to instigate and lead proposals for ‘recovery deals’ which were in essence pitches for funding ahead of the UK spending review to set government budgets over the following three years. Many areas developed these proposals, which were initially bottom up but then encouraged by Whitehall. However, the 2020 spending review was a holding review with the three-year spending plan postponed until 2021 and there remains little evidence of LEPs having much influence. In this sense the COVID-19 crisis has amplified existing tensions between central and local government and in the relationships between local and regional institutions.

In England, local government was the chosen mechanism to deliver central policies designed to mitigate the local economic impact of the crisis, principally through distributing business support grants to small and medium enterprises on behalf of central government. Capacity shortages and time pressures meant central government ministers and civil servants would sometimes set up very short notice meetings at irregular hours with senior local government officials. In this context, whilst there was some sympathy at a local level that central government civil servants were under severe pressure, local actors struggled to anticipate the next actions and announcements of Whitehall officials that they ultimately needed to react and respond to. Further, there were criticisms from those in local government that policy and support information was not shared across the tiers of governance before being announced publicly. A common example of this was the support grants for SMEs announced by central government and administered by local government which caused frustration amongst local government and business seeking emergency support.

“Often, we'll see the guidance at the same time as the businesses when it's published at midnight. There is an assumption among businesses that the government has made these announcements, so ‘why aren't you making this funding available to us?’ And so, we've become very proficient at trying to quickly interpret that as best we can and by being joined up across the authority”. (Council Officer)

The decision making and funds remained heavily centralised even though the implementation of support efforts for local business and communities was reliant on local government officers. This led to friction between local and central tiers of governance coupled with widespread criticism from local actors of the poor leadership, communication and data sharing from central government. Whilst in the evidence there was a sense of regular data reporting into the centre from local agencies, this information did not flow smoothly both ways and local actors repeatedly expressed concern about poor information from the centre on the scale of the health crisis:

"It was really difficult at first, until the emergency response was established, to know what was happening on the ground and to know what assumptions were being used to formulate government policy at the time" (Council officer).

While local actors stressed that a system of devolved funding to tackle the immediate economic shock would have been more effective than national schemes, there was little optimism that greater fiscal devolution would follow. The crisis had enabled greater centralisation whereby short-term funds remained centralised albeit routed through local government coupled with widespread dissatisfaction at the nonappearance of a much-delayed devolution White Paper:

"I think it will lead to more centralised government decision making. If there has been any push towards decentralisation and devolution of powers that probably will be reversed to some extent. Just because government have been quite successful in centralising decision making around covid and will be hesitant to give that up. That will be the flip-side of it". (Council Officer)

Response and recovery funding continued to remain one of territorial competitiveness between local government areas, a culture encouraged and incentivised by the neo-liberal, central government mechanism of competitive funding streams that long predates the COVID-19 crisis.

In the Australian case study, a very different relationship between levels of government in the COVID-19 pandemic was observed. Overall, the CoS's relationship with the NSW state government and the Commonwealth federal government during the study period can be characterised as largely cooperative with supportive inter-governmental relationships. It was noted that this was a clear break from the previous inter-governmental relationship where there had been seen to be a tense relationship between different levels of government.

"Because there's such an alignment between the bureaucracy and the political leadership you have people like Monica Barone, the [CoS] CEO, reaching out to

people in the Premier's office for example to have chats and to give them intel and nudge them in the right direction and say hey we have this lever you can pull - if you pull that lever we will pull it as well and we will all look very clever" (City Councillor)

The then-Premier was from the centre-right 'Liberal Party of Australia' whereas the Mayor of the City of Sydney is a centre-left independent (the 'Clover Moore Independents'). In deeply partisan Australian politics, this level of cooperation between governments of identifiably different political complexion is unique and significant.

The CoS sought to adopt two different roles in the governance of the COVID-19 crisis. The first was to continue to provide base services expected of local government in NSW. During a health crisis, ongoing sanitation efforts were acknowledged as a particularly important function of the CoS and it was noted that this was challenging because of the additional COVID-19 policy restrictions put in place. Furthermore, where services did need to be limited at the height of the pandemic (for example, council-owned recreational facilities), re-opening rapidly once permitted was a priority particularly given the impacts of the pandemic controls on the socially isolated. The second role identified for the CoS during the crisis was to fill gaps in the provision of services by other levels of government, particularly in areas such as the arts and creative sector, where it was perceived that there was less interest from the NSW or Commonwealth government.

A key driver in this shift in relationship was understood to be recognition by the NSW Government of the importance of local government (and particularly the CoS) in responding to a health, economic and social crisis. While the formal responsibilities of the CoS were understood by government to be relatively narrow, local actors saw that people were more likely to look to local institutions:

"When communities need governments, no matter who is responsible for what they actually primarily use their local governments to attain access to whichever bit of state and federal government...they just access and contact their local government first" (City Councillor).

In this sense, it was perceived that the NSW government recognised the unique capacity for local government to connect with and understand the community at a local scale. Respondents suggested that:

"Probably there was a freer hand given to local government to make changes without state government involvement - there was much more just to wave things through just because of the need to get things moving quickly. There may have been a reduction in the level of bureaucracy scrutinising decisions made by state government". (Advocacy Group Executive)

This was understood to have been accelerated by the suddenness and intensity of the crisis faced by the city. There was perceived to be a: *'...sheer necessity.... the systems completely exploded. It's about risk mitigation that's immediate, it's different to climate change or anything like that because that happens sometime in the future, and you can't necessarily see the impacts'* (City Councillor).

It was also suggested that there has been recognition by the NSW Government of the need for thoughtful communications between levels of government, as local councils particularly would *'...probably rankle at the idea of another level of government saying hey we've got an idea of what would be most efficiently for you to focus on'* during the crisis.

Overall, the research indicates that it was perceived by the CoS that the relative roles of each level of government in governing the crisis were generally well understood and accepted. While the CoS was the lead delivery agency in some areas, the NSW government was acknowledged as the primary response agency across all three levels of government.

The pandemic offered a window of opportunity for re-scaling, and in many states globally it has shown the power of local communities to mobilise, respond and adapt in sharp relief. In England, the immediate crisis resulted in an upsurge in activity across fragmented scales with evidence of the resilience of horizontal networks between local actors. Interviewees explained how quickly they were able to establish local COVID-19 response groups comprising a mix of state and non-state actors. Each area also activated a multi-agency Local Resilience Forum, ostensibly with responsibility for coordinating a response to the emergency horizontally across a given geographical boundary. The picture was mixed on the success of these horizontal networks, and they tended to be determined by historic patterns of collaboration often with the local authority as the driving force. Local authority interviewees cited multiple examples of place-based collaborations where partners mobilised available human, physical and financial capital flexibly and innovatively. The pandemic also elicited an outpouring of grass-roots support, and the establishment of hyper-local support networks driven by the voluntary and community sector and interviewees praised the efforts of volunteers and micro-organisations.

In England, there was an understanding amongst local actors of the heterogeneous nature of conditions relating to the crisis at the regional and local level and an appreciation that the impact would be felt differently across localities. Frustration was expressed by interviewees towards central government for their lack of understanding of the contextual nature of subnational economic geography and the rigidity of support programmes:

*"In terms of some of those support programmes, the ability to flex and design those locally using the resources that were available could've been better"* (council officer).

This jarring between the top-down, 'space-blind' approach adopted by central government against the localised, place-based approach that afforded greater control of local citizens (Barca, 2009) fuelled calls from local agencies for greater decentralisation.

The role of non-state stakeholders in governance and decision-making of the COVID-19 emergency was much less pronounced in Australia than it was in England. There was little evidence in the data of rescaling or increased horizontal coordination between CoS and other municipalities in relation to the COVID-19 emergency. Indeed, respondents spoke of reduced direct engagement with non-state stakeholders and how unsettling this was for local councillors:

*"There are pros and cons - I have all this extra time because I'm not out at stuff all the time but then part of my job is actually to be out at stuff all the time. And it's those sorts of informal conversations where you build trust, you have off the record type conversations actually that are quite valuable"* (City Councillor).

As noted earlier, respondents also observed that the NSW Government did use the council as a proxy for direct 'on the ground' non-state engagement: *'...we have seen very quick policy decisions without the level of consultation you would normally see. That's very understandable but there have been unintended consequences... that have been problematic. Local government has played a really key role in informing other levels of government about the consequences of their decisions and the remedies needed to get them to work'* (City Councillor).

## Discussion and conclusion: lessons from the crisis

The findings highlight the efficacy of multi scalar governance arrangement in Australia over the fragmented and piecemeal approach in England where overly centralised and inconsistent governance arrangements were present across the localities studied. The stronger federal and state responses in Australia engendered greater confidence, and trust across the tiers of governance. These responses also incentivised the CoS to locate where it could best contribute to the multi-level pandemic response, focused on identifying and filling gaps in government effort. Duplication and inefficiencies were – in most instances – avoided, reducing frustration and resulting in local actors being largely (with some inevitable exceptions) happy with the communication and coordination from the central government. Conversely in England complex and inconsistent governance arrangements accompanied by poor co-ordination and data sharing by central government resulted in the duplication of effort with examples of different tiers replicating work undertaken at another level. In times of crisis central government had no clear

and consistent routes for communication particularly in areas that did not fit the neoliberal, city centric or mayoral combined authority model. There was palpable frustration at an overly centralised hierarchy that failed to respond adequately to the complex and heterogeneous nature of the crisis.

Scholars note that the adoption of neoliberal principles has resulted in a dwindling of local state capacity and resources (Harvey, 1989; Peck, 2012). Interviewees in England (but not in Australia) commented on the challenging demands of responding to the crisis when staffing levels had been significantly reduced over a long period time. The level of financial autonomy for sub-national government is greater in the Australian governance model, and this is particularly evident in a global city like Sydney where the state government (and, to a lesser extent, Cos) enjoys a high level of fiscal autonomy. This contrasts starkly with English local authorities which have limited financial autonomy with the UK operating one of the most centralised systems of public finance of any major OECD country. By way of context, for every £1 raised in tax, local authorities received 9 pence and the remaining 91 pence is retained by the Exchequer. In Australia, both state and local governments have maintained a fairly stable level of public expenditure, averaging at 13.8% and 2.0% of the national gross domestic product (GDP) throughout the 2010s respectively (see Figure 1). Furthermore, in the UK, the long period of fiscal austerity following the global financial crisis of 2008 has led to a dramatic decline in public expenditure, by 14.4 percentage points (p.p.) relative to GDP within the budgetary central government sector (from 43.0% in 2010 to 36.8% in 2019), and by 26.8 p.p. within the local government sector (from 12.3% to 9.0% respectively, see Figure 1).

COVID-19 has been identified as a potential catalyst for a 'radical rethinking' to produce 'a world that should become more ecologically responsible, more economically just, and more socially equitable for the common good' (Lawrence, 2020, 4). It has been argued that in the medium-term governments will need to find 'novel ways' and 'new forms of collaboration' to address the economic impact of the pandemic on their revenues and budgets, particularly in provinces and municipalities (Paquet and Schertzer, 2020, 2). While 'build back better' initially formed part of the political narrative of COVID-19 recovery in Australia there have been few projects of this nature delivered, and 'build back better' is now rarely referenced in the Australian setting.

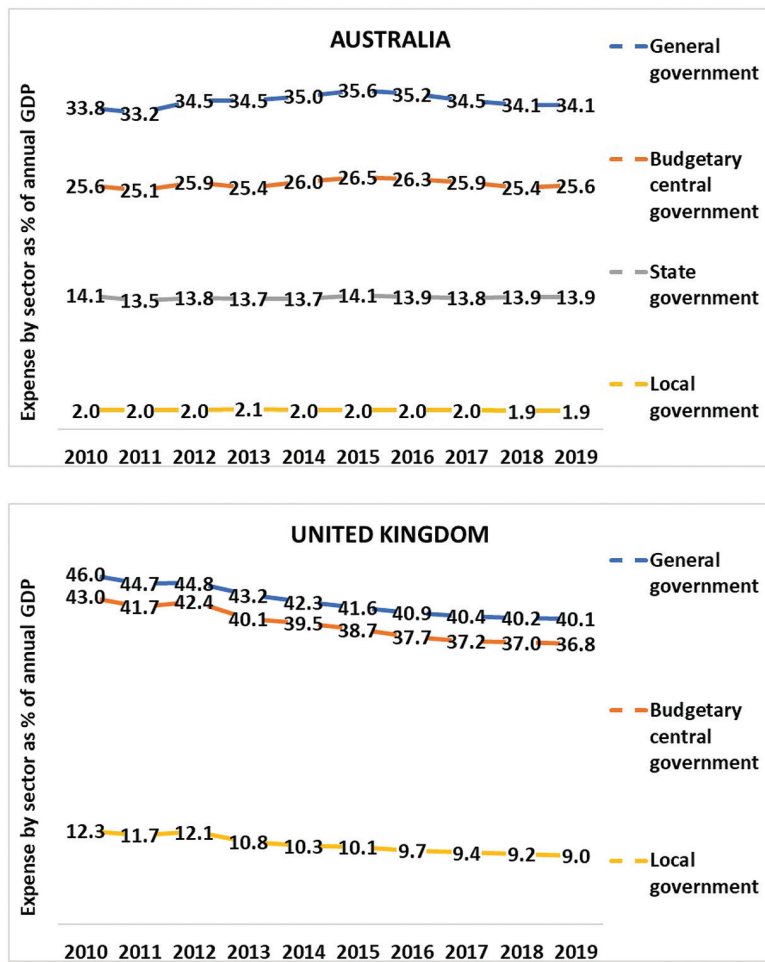
Drawing lessons from the findings, it is evident that centralised government hierarchies are not viable solutions to increasingly complex societal problems. The neoliberal model has not just failed to address social inequalities but has exacerbated them. UK governments have run regional policies for many decades during which the governance of economic development in England has been subject to ongoing change, including

the regular restructuring or reinvention of subnational institutions (Ayres et al., 2018). These successive attempts to address the tier of governance between central and local government (Hildreth, 2011) have oscillated between regionalist and localist approaches (Pike et al., 2016). The limitations of the neoliberal model have been laid bare when tested by the crisis. To address the multiple and interconnected economic, social and environmental challenges that were evident at the local level across the English case studies will require a reset of development policies away from current centralised approaches. Martin et al. (2022) call for an embracing of the redistributive and egalitarian approach of the Keynesian state, whilst valuing and resourcing place-based projects. This will require long-term structural reform that devolves power, responsibility and finance more effectively to municipal government.

A broader lesson from England would be to recognise the negative impact of ongoing institutional churn and reorganisation of governance arrangements on state (central and local) capabilities to adapt and respond in times of crisis. The ever-decreasing local state capacity in England meant that across the case studies the emergency response was heavily reliant on a significantly depleted local authority resource. The findings support calls for a comprehensive settlement on local authority funding that recognises the value of local planning and operational control in times of crisis and ensures a 'sticking plaster' approach is not replicated in future.

As we emerge from the crisis, paths are being drawn to drive recovery at a state and sub-national level. In England, the recovery is tied to the Levelling Up agenda which presents an opportunity to apply the knowledge gained throughout the pandemic to adapt and reset governance arrangements from one that is centrally driven towards one that embraces the principle of decentralisation with greater fiscal autonomy. The findings offer clear support for a reset of the intergovernmental and subnational government roles through a system of greater devolution that adopts and resources a more dispersed model of governance, accommodating variations in the nature and territorial reach of policy externalities. How this might be achieved in England is an ongoing topic of debate. The long-awaited Levelling Up White Paper (LUWP) published in February 2022 (HMG, 2022) has largely failed thus far to provide much needed detail. Whilst the LUWP acknowledged that the social-economic inequalities were in partly the result of over-centralisation, the proposed model of devolution posited in the paper remains one of deal making. The promise of a simplified, long-term funding settlement for localities to address the impact of austerity of local areas seems unlikely when competitive funding remains through a series of funds linked to key investment priorities which local areas must compete for.

In Australia COVID-19 has resulted in a re-balancing of state-federal relations in favour of states and territories.



**Figure 1.** Australia and UK Government Finance Statistics: expense by sector as % of annual GDP, 2010–2019.

Source: authors' own elaboration of the IMF (2021) data.

While the role of local government in these relations has been more limited, the findings suggest that local government in Australia were accepting of their subsidiary role to the states and territories during the crisis. As Australia also moves to the recovery stage, the sustainability of these crisis-based power arrangements will likely be tested. In particular, close attention is needed on whether there is a reversion to the previous trend of centralisation of power away from sub-national government in Australia. The positive impact of COVID-19 power dynamics (at least from a local government perspective) suggests there may be merit in retaining aspects of the current scalar relations between the Federal government and state and territory government. In practical terms, this may include retention (and more formal recognition, such as through statute or constitutional mechanism) of the National Cabinet.

Further examination of the role of local government in these relations will also be required. While the subsidiary

role of local government during crisis management may have been acceptable, the continued absence of local government from the governance table may become more intolerable as recovery progresses. Coupled with an absence of constitutional recognition for local government, there is a risk that exclusion of the local government scale from governance may risk Australian cross-scalar governance inheriting the types of dysfunctions evidenced by the findings as existing in England.

The disruption that follows a disaster also presents an opportunity for rethinking our economic model(s) beyond the capitalist mainstream to draw on the knowledge gained throughout the pandemic. The findings revealed multiple examples of local resilience founded on place-based, community-empowered responses fuelling an appetite for greater dispersal of power and resource to address both the short-term impact of the pandemic and long-term societal challenges. As we emerge from

the COVID-19 crisis, resilient places should be thought of as those that seek to develop transformational strategies that anticipate and seek to prepare for the effects of adverse changes. This encourages greater regional autonomy, closed loop or circular economies and a move away from neoliberalism towards a wider definition of the capitalist mainstream that includes and embraces the non-profit sector, social enterprise and foundational economy (Hudson, 2010).

There are some limitations and considerations worthy of note in the research. The focus of the interviews was on the economic shock with recognition of its interconnectivity to the health and social crises. The increased levels of frustration in England with its system of governance may reflect differences in the actual or perceived quality and impact of health response in the two countries where the death rate in the UK was 30 times that of Australia at the time of undertaking the research. Similarly, Australia had the benefit of responding to the impact of COVID-19 later; hence was able to learn from other countries' experiences.

Future research might extend the study to other systems of governance or explore how the cases of Australia and England behaved in the response to other crises including those whose impact is less immediate occurring over a longer trajectory but is equally catastrophic. State responses to climate change for example display greater similarity of response (McGuirk et al., 2014; see also Bulkeley and Betsill, 2003) suggesting any differences noted in this study cannot wholly be explained structurally.

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