Lessons from the History of Regional Development Policy in the UK

October 2024

The British Academy

Contents

Foreword

The British Academy is the UK's national body for the humanities and social sciences. We mobilise these disciplines to understand the world and shape a brighter future. As part of its role, the Academy promotes and celebrates the contribution of SHAPE disciplines (Social Sciences, Humanities, and the Arts for People and the Economy) and is an independent fellowship of world-leading scholars and researchers; a funding body for research, nationally and internationally; and a forum for debate and engagement. The British Academy aims to use insights from the past and the present to help shape the future, by influencing policy and affecting change in the UK and overseas. Given this, the Academy is well-placed to bring humanities and social science insight from the past into policymaking for the present and the future. One way to do this is in using historical insights to inform policymaking – 'looking back to look forward'.

The Academy has a programme of work developing policy histories of cross-cutting contemporary policy issues. The policy histories series develop historical analyses for individual policy areas. These analyses are used to provide:

- structured, rigorous, and objective account of the history of a given policy area and the significance of key milestones in context,
- an informed basis for analysis and insights from the timelines as well as dialogue and discussion about what history can tell us about the future.

There are two components to the programme of work for each policy history:

- An historical analysis, which involves desk research to develop a chronological and contextual overview of a policy area, and commissioning and facilitating of historically grounded analytical perspectives on that chronology from historians and policy experts in each area. Together the chronology helps to set the background and the analytical perspectives help interpret the chronology, set it in context, and provide views on what we can learn from the past.
- Seminars and events, which pick up on themes from the historical analysis and stimulate dialogue and discussion between the SHAPE research community and policymakers about what we can learn from history.

The views expressed in these contributions, including the report which follows, are those of the authors and do not represent the views of the British Academy.

Executive Summary

Since 2019, the British Academy has been producing a series of reports known as Policy Histories, each covering a different area of public policy in the UK. The aim of the series is to use historical insights and learning from history to inform policymaking. This report aims to provide policymakers with an opportunity to revisit, review and reflect on regional development policies over the years. The intention is that, in doing so, lessons can be learnt from the successes and failures of previous regional policies.

Learning from the past to develop effective regional policies for the future is increasingly urgent in the context of longstanding but growing spatial inequalities that can be traced back to the 19th century, if not before. Regional economic inequalities in the UK are currently wider than they have been since the inter-war years, despite almost a century of regional policy experimentation in this area by successive Governments. Further to this, the UK currently has the largest regional health inequalities in Western Europe, which entail large costs to the economy. In the light of these challenges, this Regional Development Policy History offers a socio-historic view of a number of key regional policy developments from the past century, with a view to harnessing insights and learnings from these for contemporary policymakers.

Lessons from history

Regional policy has had a historically narrow focus on employment and economic growth.

There has been a strong tendency for regional policy to be driven by data on unemployment and economic performance, but the relationship between employment and economic prosperity has been weakened by deindustrialisation and the impact of the 2008 financial crisis. Growing discontent within so-called ‘left behind places’, and the urgency of the climate crisis necessitate a move to more inclusive and ‘alternative’ forms of regional policy which are able to consider wider social, health, and environmental dimensions, accounting for the place-sensitivity and social embeddedness of the national economy.

There is growing political interest in the ‘attractiveness’ or ‘liveability’ of places, where housing, transportation, and public services such as healthcare and education, must feature in our understanding of economic prosperity and security.

Reducing our regional health inequalities, for example, will require sustained and multi-faceted action across economic investment and renewal, improvements in health prevention, promotion and treatment; industrial strategy; and social policies.

Deindustrialisation has left a challenging legacy for regional policy because of the speed at which it was driven and the lack of a clear strategy to address the growing gap between the winners and losers.

Many places and regions in the UK developed around particular industries which historically provided the economic base to communities. When these industries decline, the transition can have a profound effect on communities, and it is difficult for policymakers to plan how to respond.

While key regional industries like coal have been in decline for much longer than most realise and their decline was not part of a coordinated plan, the speed of deindustrialisation in the 1980s - fuelled by policies of privatisation, trade liberalisation, and the rapid shift away from manufacturing towards the finance and services sectors – greatly increased regional inequalities largely at the expense of industrial heartlands in the north of England as well as South Wales, Scotland and Northern Ireland.

Governments have lacked a holistic approach to managing the regeneration of places affected by the closure of key industries. Regeneration requires long-term thinking and gradual intervention that can outlast electoral cycles and shorter political agendas.

Governments have been unable to decentre the UK economy from London, but doing so could benefit the national economy.

London's per capita GDP is now around 77 percent above the UK national average, compared to 37 percent in 1921. The belief that the wealth of the capital would somehow trickle out into the rest of the UK has not played out in reality. This has fuelled growing inequalities between the regions of the UK that regional policy has hitherto failed to remedy.

Rather than seeing the national economy evolving around the power of London, it is better to view the national economy as a collection of interdependent local and regional economies. Seen in these terms, the concentration of the economy in one region stifles the overall potential of the national economy and denies people in other parts of the country from the benefits of growth and wealth creation.

The increasing concentration of economic growth and demand in London and the surrounding South East has, for example, led to the build-up of inflationary pressures in land costs, house prices, office rents and wages, which then diffuse out across other regions. Decentring the UK economy from London can help to ease these inflationary pressures, avoiding a blanket dampening of demand across the country that occurs when inflation is controlled centrally using interest rates.

Neither the state, nor the market has been able to respond effectively to regional disparities on their own. More meaningful and long-term decentralisation of powers and resources is required.

The UK has experimented with different approaches to regional policy over the last century. Whether the approaches were dominated by the central planning of Whitehall or by attempts to unleash the potential of markets and the entrepreneurial spirit, they were all largely driven by the centre, and any decentralisation of power and resource has been piecemeal and short-lived.

The history of regional policy has been one of persistent geographical inequalities and the evidence in this report reveals that top-down centralisation, as well as half-hearted and ad hoc decentralisation, may have hampered the effectiveness of policy to address these inequalities. Any serious attempt to tackle regional inequalities and improve the national economy would therefore want to consider the potential of more meaningful decentralisation of power and resource alongside a more stable and structured governance geography.

More placed-based governance enables actors and institutions to better diagnose problems, identify assets and resources, build on local capabilities and potentials, and adapt and cope with disruptive changes. But it can take time for the impact to be felt, and so governments need to persist with interventions and support over a long period. It is the cumulative impact that finally makes the big difference.

Policies are place sensitive: different places require different approaches.

Interventions to improve the economic performance of different regions have had varied results depending on local and regional contexts.

The most appropriate approach to labour market policies varies from place to place and between different types of worker. This is seen in the question of whether, and how, to 'take workers to the work' or to 'take work to the workers'. While the former can improve economic status for individual workers and aggregate national growth, the latter can remove geographical barriers to employment which are greater for those with lower skills and most at risk from labour market disadvantage, while also alleviating overcrowding in more prosperous areas.

Similarly, regions experiencing low levels of productivity or industrial decline tend to be those with relatively low levels of innovation, and hence innovation has become a key element in regional policy internationally. But the type of innovation, and the interventions required, will vary.

A place-sensitive approach is all the more important in a workforce that is evolving rapidly in response to digitalisation. As highlighted (and accelerated) by the Covid-19 pandemic, there are regional differences in the speed and scale at which jobs are becoming digitalised, affecting labour mobility and demand on regional infrastructure.

This interrogation of the history of regional policy suggests that, at a time when the UK economy stands at another crucial historical juncture in its evolution, the role of such policy should not simply be to ‘correct’ for ‘market failures’, as has often in the past been the rationale for intervention. Instead, policymakers should consider regional policy as a deliberative and strategic means by which to achieve the successful and inclusive transition to a new mode of national economic development that harnesses the potential, and works to the benefit, of every place.

1 Introduction: The Political Economy of Regional Policy

Professor Ron Martin FBA,
Emeritus Professor of Economic Geography, University of Cambridge

Key messages

- Regional economic inequalities have been a long-term feature of the UK, but have widened considerably since the 1980s, and are among the largest across OECD countries
- Market forces alone cannot be relied on to reduce such inequalities
- The case for regional policies is justified on both national efficiency and geographical socio-economic equity grounds
- Explicit policies intended to reduce regional economic inequalities were first introduced in the UK in the 1920s, and have been followed by successive Governments ever since
- But despite a century of regional policies, regional economic inequalities are larger than at any time since the inter-war years, suggesting such policies have not been adequate for the scale and nature of the task
- A key feature of regional economic inequality in the UK is the over-concentration of economic, financial and political power in London, starkly exposed by the financial crisis of 2008-9
- Since then, successive Governments have declared their intention to 'spatially rebalance' the economy
- The latest phase of regional policy, aimed at 'levelling up' those places 'left behind' economically and socially, including the devolution of certain powers to new mayoral combined authorities, is a necessary step in the right direction, but whether it will be sufficient to spatially rebalance the economy is at present an open question

Why a History of Regional Policy

Pick up any book on UK economic policy and the chances are that there will be little or no mention, or almost certainly no detailed discussion, of regional policy. Most such books are firmly wedded to the 'nation-as-economy' paradigm that has long preoccupied the bulk of the economics profession. The notion of the 'national economy' is largely a chimera: the 'national economy' is in fact a complex mosaic of interacting regions, cities and towns, with different economic structures, problems and opportunities. The wealth of a nation depends on these various subnational or local economies.[1] This has important implications for economic

[1] Jacobs, J. (1984) Cities and the Wealth of Nations: Principles of Economic Life, New York: Random House.

policy. Economic policies that implicitly treat the 'national economy' as a homogeneous 'aggregate' or that are orientated towards some 'average' situation thereby fail to take into account the fact the 'national economy' has a complex geography, that this geography matters for national wealth, and that specific regional policies may also be needed to ensure that no regions or cities fall too far behind in terms of prosperity and opportunity.

A key aspect of that economic geography in the UK's case is an entrenched problem and pattern of spatial economic inequality that can be traced back into the 19th century, if not before.[2] But it was during the economic climacteric of the 1920s and 1930s that this problem of regional inequality intensified, and stimulated the first Governmental experiments in regional policy, that is specific measures implemented by Government aimed at those areas of the country suffering from poor economic conditions and opportunities, in particular very high rates of unemployment and low wages. Over the ensuing decades, right through to the present, successive Governments have pursued regional policies of one sort or another, with varying degrees of commitment and enthusiasm.[3] This collection of short papers is concerned with charting and interrogating different aspects of this century-long history, with a view to eliciting lessons for contemporary and future regional policy.[4]

There are several reasons why looking back at the history of UK regional policy (or any other type of policy) is important. History is a contemporary activity: we view the past through the lens of the present, and the present through the legacies of the past. Understanding and interrogating the past helps us to understand how we have got to where we are, and this in turn can help in designing policies that do not repeat past mistakes and that improve our present and shape our future for the better. The fact that regional economic inequalities in the UK are currently wider than they have been since the inter-war years, despite almost a century of regional policy, begs the question of why past policy has not been more successful in achieving a more 'regionally balanced' economy. The history of UK regional policy, therefore, can not only provide some answers to that question, but also some pointers which may be relevant to the historic rethink of regional policy that today's new mission of 'levelling up' claims to represent.[5]

The UK's Entrenched Regional Problem

The UK has long had an economy marked by significant and entrenched geographical inequalities in economic prosperity (as measured, for example, by per capita incomes), economic opportunity (for example as proxied by labour force activity rates or by unemployment rates), economic performance (as measured, for example, by productivity), and social conditions (such as housing availability, health outcomes, and quality of social services). In Victorian times, despite the growth of the British industrial economy, especially in the cities and towns of the Midlands and North of England, London was by some margin the wealthiest and most prosperous part of the country.[6] Regional inequalities then increased in the turbulent years of the 1920s and 1930s, when the economic upheavals and structural depressions that afflicted the country's centres of old heavy industry, textile production, coal

2 Baker, A.R.H. and Billinge, M. (Eds) (2006) Geographies of England: The North-South Divide, Imagined and Material, Cambridge: CUP.

3 What should be defined as 'regional policy' might be debated. Some might argue that it should include any policy that has spatially differentiated effects. However, our focus here is on those official policies and programmes funded and undertaken by the UK state (either centrally from Whitehall or decentralised to designated regional or local public bodies), that are explicitly targeted at specific areas considered to need support to improve their economic and social conditions. This still leaves the issue of urban policies, for example urban regeneration policies. These policies are mentioned in this report, but their history would warrant its own study.

4 A detailed chronology of the evolution of UK regional policy is set out in Chapter 9.

5 H.M. Government (2022) Levelling Up the United Kingdom, CP 604, London: HMSO. See Chapter 8 for some comments on this latest phase in the evolution of UK regional policy.

6 Crafts, N. (2005) Regional GDP in Britain, 1871-1911: Some Estimates, Scottish Journal of Political Economy, 52, pp. 54-64; Geary, F. and Stark, T. (2015) Regional GDP in the UK, 1861-1911: New Estimates, Economic History Review, 68, pp, 123-144; Geary, F. and Stark, T. (2016) What Happened to Regional Inequality in Britain in the Twentieth Century? Economic History Review, 69, pp, 215-228; Rubenstein, W.D. (1977) The Victorian middle classes: wealth, occupation and geography, Economic History Review, 30, pp. 602-623; Hunt, E.H. (1979) Regional Wage Variations in Britain, 1850-1914, Oxford: Oxford University Press.

mining, and shipbuilding in the North West, North East, Midlands, South Wales and central Scotland, contrasted with the emergence and growth of the new mass consumption goods industries in London and the surrounding South East.[7]

Following the Second World War, and for the three decades of the so-called 'Golden Age' of relatively steady economic growth, UK regional economic inequalities stabilised and in some respects (such as unemployment rates) even narrowed slightly. But since then, and especially from the recession of the early-1980s onwards, they have increased significantly (Table 1). In particular, London has pulled increasingly away from the rest of the UK, while certain other regions - especially the North East, the North West, West Midlands, Yorkshire-Humberside and Scotland – have fallen further behind. London's per capita GDP is now around 77 percent above the UK national average, compared to 37 percent in 1921. And the degree of inequality is even higher at the more spatially detailed level of local authority districts (Figure 1). In terms of productivity – an issue of particular current concern within Government - considerable disparities have persisted across the UK for decades. While areas with low relative productivity can be found in southern regions, just as areas of high relative productivity exist in northern regions, it is the case that the vast majority of low productivity areas are in the latter (Figure 2). Overall, such has been the increase in local economic inequality in the UK over recent decades that it has one of the highest levels of disparity among the OECD economies, with only Turkey, Colombia and Hungary with higher levels.[8]

Table 1. Long-run regional inequalities in the UK: GDP (balanced) per capita, 1921 and 1971-2021, with GB=100 for 1921 and UK=100 for 1971-2021.

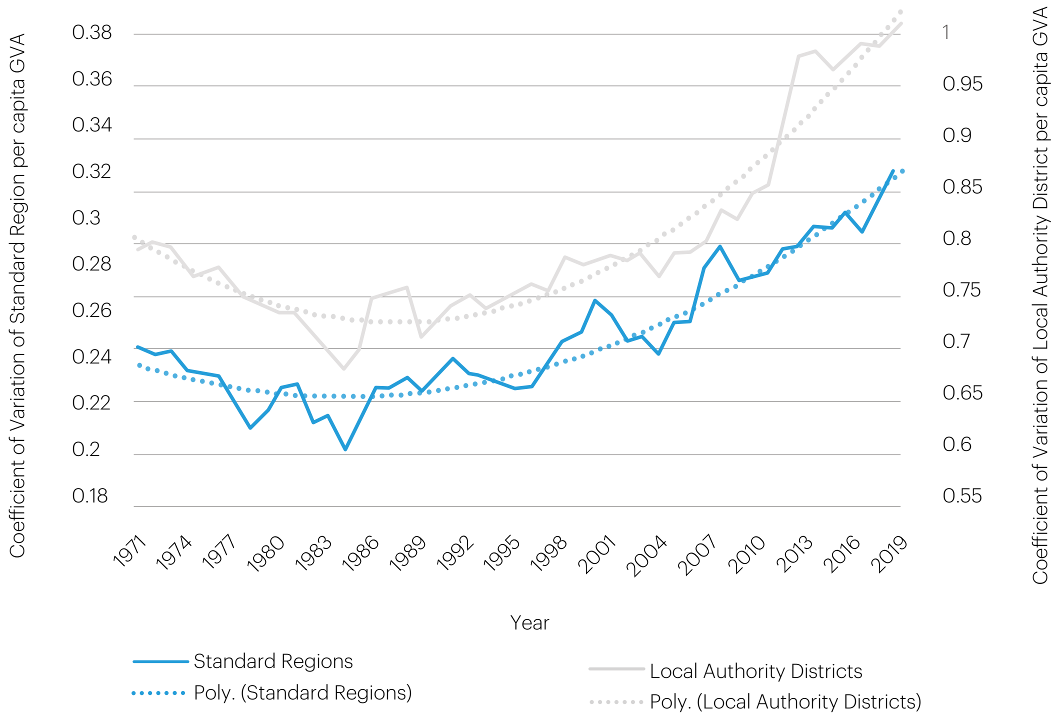
	1921	1971	1981	1991	2001	2011	2021
London	**137.4**	**153.3**	**163.7**	**165.6**	**169.6**	**172.9**	**176.6**
South East	**101.2**	**105.7**	**104.3**	**107.1**	**113.1**	**110.7**	**107.5**
East of England	83.5	103.8	100.1	97.4	97.2	90.2	90.3
South West	91.3	90.9	94.1	92.0	91.9	90.1	87.4
West Midlands	82.1	96.4	89.8	90.0	86.7	81.8	81.7
East Midlands	88.6	80.7	85.0	84.7	85.1	82.3	81.3
Yorkshire & Humber	93.6	80.6	85.5	84.6	82.9	81.6	81.4
North West	109.3	93.9	85.8	85.0	87.2	87.4	87.6
North East	83.1	75.3	79.2	75.8	72.9	71.7	72.6
Wales	76.5	78.5	78.2	75.3	73.3	73.7	76.2
Scotland	92.3	92.2	97.8	96.1	90.3	94.2	90.9
Northern Ireland	-	80.1	84.6	77.8	82.3	77.0	79.5
Coeff Var (%)	18.5	19.1	22. 9	23.8	27.4	29.4	30.1

Source of data: 1921: Geary and Stark (2015); 1971-1991: Cambridge Econometrics; 2001-2021: Office for National Statistics. Data for 1971-2021 are chained volume measures in 2019 prices. There are no data for N. Ireland in 1921. Note: Regional boundaries for the Geary and Stark estimate differ in some respects from definitions for 1971-2021, so there is some slight discontinuity, although the scale of this is unlikely to dramatically influence comparisons. Coeff Var is the coefficient of variation of the regional relativities.

7 Scott, P. (2007) Triumph of the South: A Regional Economic History of the Early Twentieth Century Britain, Aldershot: Ashgate Publishing.

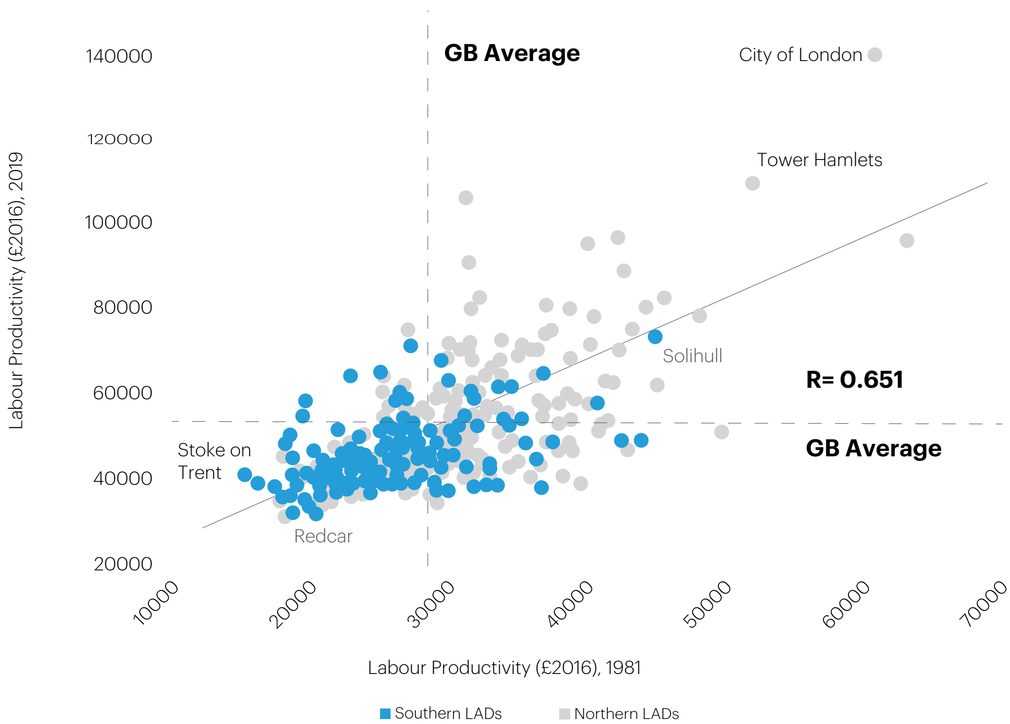
8 OECD Regions and Cities at a Glance, 2020, Figure 2.9, Statlink: https://doi.org/10.1787/888934189735. The OECD data are for local TL3 regions, the nearest to the UK's ITL3 areas.

Figure 1. The Growth in Spatial Economic Inequality in the UK, 1971-2019: Coefficient of Variation of GVA per Capita (2016 prices) across Standard ITL1 Regions and Local Authority Districts



Source of data: Cambridge Econometrics and ONS.
Note: 12 Standard (ITL1) regions, and 370 Local Authority Districts

Figure 2. Productivity (GVA per employed worker) across UK Local Authority Districts, 1981 and 2019 (in £2016)



Source of data: Cambridge Econometrics and ONS. Data are for 370 local authority districts.
Note: Southern local authority districts are those in London, the South East, Eastern, South West and East Midlands regions; northern local authority districts are those in the remaining regions of West Midlands, Yorkshire Humberside, North East, North West, Wales and Scotland. Data not available for Northern Ireland.

The Case for Regional Policies

According to orthodox economic theory,[9] if market processes operated in a free and efficient manner, regional inequalities should be self-correcting and should narrow over time, and there would be no need for regional policies.[10] Further, one of the traditional arguments about social and regional inequality is that over the long run both follow an inverted-U-curve when plotted against national income levels, with inequality initially rising at early stages of national economic development (low levels of national income), and then falling at more developed stages (higher levels of national income).[11] The rise in regional inequalities in the UK over the past four decades or so clearly does not fit this predicted pattern. Indeed, taking a long run view, in the UK, in common with several other advanced economies (including the United States), the historical evolution of regional economic inequality over the past two centuries is less U-shaped and more N-shaped: initially rising, then falling, and more recently rising again.[12]

In fact, other types of economic theory predict that regional disparities may be perpetuated, even reinforced, over time, rather than self-correcting, and that those regions and cities that already have a pre-existing growth and prosperity advantage over other regions and cities will tend to attract further investment, jobs and prosperity. Thus, under this perspective, persistent regional inequalities are not necessarily evidence of the existence of 'market failures', as conventional theory would suggest, even though, historically, appeal to such 'failures' has often been invoked as the only grounds for justifying regional policy intervention. They can arise and persist because of the way that markets function.

Indeed, for some, there is no valid case for regional policies. According to the so-called 'equality-efficiency trade-off' argument, greater regional equality of economic prosperity and opportunity) and national economic growth ('efficiency') are negatively related, so that an increase in the former must be 'traded off' against a decrease in the latter.[13] To support this position appeal is often made to the gains that accrue (especially in terms of higher productivity) from the increasing returns and other positive externalities associated with the spatial agglomeration and concentration of economic activity in particular regions or cities. It is further often argued that these major growth centres – like London – will then stimulate growth in other regions through 'spillover' and 'trickle down' effects. However, the empirical evidence for the 'equality-efficiency trade-off' is far from unequivocal, and there is in fact evidence that more socially and regionally equal economies tend to have higher long-run growth rates.[14] Further, 'trickle down' effects do not appear strong enough to bring about greater regional balance.[15]

9 That is, that branch of economics that stresses the importance of free market forces and the equilibrating processes produced by those forces.

10 There is a copious literature concerned with the empirics of 'regional convergence', one of the classic papers being Barro, R. J.; and Sala-i-Martin, X (1992) Convergence, Journal of Political Economy, 100, pp. 223-251.

11 Kuznets, S. (1955) Economic growth and Income Inequality, American Economic Review, 45, pp. 1-28; Williamson, J.G. (1965) Regional inequality and the process of national development, Economic Development and Cultural Change, 13, pp. 1-84.

12 See, for example, Sayed, A. and Peng, B. (2020) The income inequality curve in the last 100 years: What happened to the Inverted-U? Research in Economics, 74, pp 63-72.

13 Webster, C. (2003), 'Investigating Inequalities in Health Before Black' in Berridge, V. and Blume, S. (eds), *Poor Health. Social Inequality Before and After the Black Report* (Frank Cass), pp. 81-103.

14 In effect, this a geographical counterpart to the orthodox theory of the equality-efficiency relationship developed by Okun, A.M. (1974) Equality and Efficiency: The Great Trade-Off, Washington: Brookings Institution.

15 But this has not prevented some politicians and policymakers from invoking 'trickle down' economics. Thus Boris Johnson, in his second term as Mayor of London, declaimed that:
"I'm making the case now to central government for more funding for London. A pound [of Treasury money] spent in Croydon is far more value to the country from a strict utilitarian calculus than a pound spent in Strathclyde. Indeed, you will generate jobs and growth in Strathclyde far more effectively if you invest in Hackney or Croydon and other parts of London" (Boris Johnson, Interview with Huffington Post, 2012).

In fact, a convincing economic argument can be made for regional policy on 'efficiency grounds'.[16] Marked and persistent regional disparities, for example in investment, employment rates, productivity and trade balance, suggest that policies that improve these and related aspects of regional economic vitality can help raise national economic performance. A major contemporary concern, for example, is the lower productivity of northern cities and regions as compared with London, so policies that promote higher productivity in these areas - such as measures that increase capital investment, innovation and technological advance, enterprise formation, and worker skills – would also benefit national productivity. Regional policies can not only help revive and transform the economies of lagging regions and cities, but can be simultaneously used to achieve national economic goals, such as raising national productivity and transitioning to a socially and spatially equitable net zero-carbon economy.

At the same time, by promoting a more geographically balanced distribution of economic activity and demand, regional economic policy can help to reduce inflationary pressures.[17] The increasing concentration of economic growth and demand in the core regions of London and the surrounding South East has on more than one occasion led to the build-up of inflationary pressures in land costs, house prices, office rents and wages in those regions, which pressures then diffuse out across other regions. A national deflationary policy response (for example raising interest rates) would then dampen demand not just in the core regions but also in other regions where capital and labour are already less than fully utilised.[18]

The social case for regional policy focuses on the copious evidence that areas with entrenched economic problems – such as poor job opportunities, inadequate housing and a lack of public services – tend also to suffer from a combination of social problems, including high levels of poverty, ill-health, low educational attainment, political disaffection or disengagement, and crime.[19] Such indicators of social disadvantage and malaise can feed back into the local economy, in the form of a lack of demand, low rates of job attachment, high rates of economic precariousness, low enterprise, low rates of skill formation and the like. It was less a specific regional economic debate and more a concern with the poverty and social conditions that pertained in the high unemployment areas of the UK in the interwar years that provoked the Government to begin to experiment with spatial policies in the 1920 and 1930s. And in the early-1980s, the Conservative Government argued that an economic rationale for regional policy was "no longer self-evident", insisting instead that the case for intervention had once more become "principally a social one, with the aim of reducing, on a long-term basis, regional imbalances in employment opportunities".[20] In reality, the economic case and social case for regional policy are inextricably linked.

History also reveals that at various times the rationale for regional policy has been shaped by a concern to allay social discontent and political instability. The Industrial Transference Act of 1928 – the first experiment in regional policy - sought to dampen recurrent social protest in the economically depressed high-unemployment areas of the UK by means of schemes to move unemployed workers in those areas to jobs and Government training centres in southern

16 Martin, R. (1993) Reviving the Economic Case for Regional Policy, in Harrison, R.T. and Hart, M. (Eds) Spatial Policy in a Divided Nation, London: Jessica Kingsley Publishing, pp. 270-290.

17 This point was actually recognised by Keynes, who was not otherwise disposed to acknowledge that the spatial distribution of demand matters; see John Maynard Keynes (1937) How to Avoid a Slump – Looking Ahead 1: The Problem of the Steady Level, The Times, 12 January, pp. 13-14. Keynes argued that by focusing the then re-armament effort in the high unemployment areas of the country, potential associated inflationary pressures could be minimised.

18 In the Autumn of 1998 the then Governor of the Bank of England, Eddie George, provoked widespread criticism by his comment that unemployment in the north was the acceptable price for curbing inflation in the south.

19 The issue of regional health inequalities for, but also their general lack of consideration by, regional policy is discussed in Chapter 6.

20 H.M. Government (1983) Regional Industrial Development, London: HMSO.

regions.[21] Likewise, the inner-city riots of 1981 and 1985 played no small part in the shift from regional policy to urban regeneration that occurred in that decade. Yet more recently, by the time of the Brexit vote in 2016, it was evident that the longstanding lack of economic prosperity and opportunity in many areas in the Midlands and North of England had generated local social and political disillusionment, a sense of having been 'left behind', of no longer 'belonging'.[22] The Conservative party's promise to "get Brexit done" and to "level up" these areas was instrumental in their electorates choosing to switch their political allegiance from Labour to the Tories in the 2019 General Election.[23] The evolution of UK regional policy has always taken place in a context composed not only of particular local economic circumstances but also national political and ideological predispositions and policies, as well as international conditions and developments.

A Century of Regional Policy: A Very Brief History

As that context has changed profoundly over the near century-long history of regional policy, so has the nature of policy itself. A detailed chronology and timeline of the main changes and developments are set out in Chapter 9, so the focus here is on what might be identified, in broad terms, as the main 'phases' in that evolution (Table 1.2).[24]

The crisis-ridden inter-war years of the 1920s and 1930s saw the first 'experiments' in official spatial policy, with the 1928 Industrial Transference Act, and the 1934 Special Areas Act. This was a period of repeated recession and social discontent domestically, and upheaval, instability, and shifting competition and conflict in the global economy more generally. Both Acts were concerned with reducing unemployment and its associated social problems in the coalmining communities and areas of old heavy industry in northern England, central Scotland and South Wales, the former policy by encouraging unemployed workers to move to jobs and training centres in southern England, the latter by encouraging firms and factories to set up in the 'distressed' areas themselves. This latter approach, endorsed by the seminal Barlow Commission Report of 1940, which argued for a 'spatial rebalancing' of the economy away from London, was to provide the basic underlying cornerstone of the 'redistributive' or 'diversionary' style of regional policy that was followed in the post-war period, up to the end of the 1970s. Over this period of post-war growth, and international financial regulation and stability (largely due to the Bretton Woods System), a central aim was to control and deter further concentration of economic activity in London, the South East and Midlands by means of a system of industrial development certificates in those regions combined with a system of grants, capital allowances and other incentives to encourage manufacturing firms to move to or expand in the 'Development Areas' (a classic 'stick and carrots' approach). By the mid-1970s, as deindustrialisation set in, the geographical coverage of the Development Areas had expanded to cover as much as 42 percent of the employed population. From the late-1970s, these designated areas were eligible to receive monies from the European Union's regional development fund (ERDF) and social fund (ESF), as a result of the UK's membership of the EU.

In many ways, the 1980s and 1990s were critical decades in the evolution of UK regional policy. In common with some other advanced economies, the post-war Keynesian-Welfarist macro-policy regime was largely replaced by a shift to a neoliberal model that prioritised the privatisation of public sector industries, globalisation, the 'flexibilisation' of labour, and the

21 Unemployed workers from the northern coalfields and shipyards repeatedly marched on London and Edinburgh in the 1920s and 1930s to protest about their joblessness and resultant poverty.

22 See Sandbu, M. (2020) The Economics of Belonging: A Radical Plan to Win Back the Left Behind and Achieve Prosperity for All, Princeton: Princeton University Press. He states: "An economy - and a politics - that benefits some people and places while locking others out of prosperity is what the end of belonging means" (p.10).

23 See, for example, Prime Minister Boris Johnson, Speech on New Deal for Britain, 30 June, 2020, https://www.gov.uk/government/speeches/pm-economy-speech-30-june-2020.

24 A corresponding summary of the development of urban policies van be found in Martin, R., Gardiner, B., Pike, A., Sunley, P. and Tyler, P. (2021) Levelling Up Left Behind Places: The Scale and Nature of the Economic and Policy Challenge, London: Taylor and Francis, from which Table 1.2 is derived. For a comprehensive interrogative history of the economics and politics of regional policy from the 1920s to the early-1980s, see Parsons, D.W. (1986) The Political Economy of British Regional Policy, Beckenham: Croom Helm.

financialisation of the economy. The post-war regional policy model was substantially revised and rationalized in this period. Industrial development certificates and automatic regional development grants were abolished; the system of regional assistance was made more selective and spatially restricted and fragmented; the whole thrust of regional policy was redirected away from manufacturing industry towards services; and various regional development funds and enterprise and business grants were introduced.

Table 1.2: Main Phases of Regional Policy, 1928-2020 – A Simplified Summary

	1928-1939	1945-1979	1979-1997	1997-2010	2010-2020
Geographical focus	Economically depressed 'assisted areas' of coalfields and heavy industry, in NE and NW England, Glasgow region and S Wales	Gradual expansion southwards of 'development areas' to encompass over 42 percent of UK working population	Rolling back of 'development areas' to produce a more spatially fragmented map of localities and 'districts' eligible for aid covering 20 percent of working population	All standard regions of UK, including London,	System of 38 Local Enterprise Partnership areas in England. Devolved nations (Scotland, Wales, N. Ireland) treated separately
Interpretation of problem region	As a social problem of the unemployed in areas worst hit by recessions	Keynesian: economic depression due to lack of demand in local industries	Neo-classical: local supply-side inadequacies and failures	Endogenous growth theory: lack of local core assets and competencies	Endogenous growth theory: poor local skills, poor connectivity, lack of infrastructure
Key aims of policy	To reduce unemploy-ment and social unrest in 'assisted areas'	To produce a better spatial distribution (balance) of industry and employment	To promote enterprise and wage flexibility in the 'development areas'	To promote local productivity and competitive-ness	To promote local productivity. Spatially rebalancing the economy
Main Instruments/ policies	Transferring labour out of depressed areas and inducement to firms to move to and create jobs in those areas and create jobs in those areas	Capital grants in 'development areas' combined with industrial controls on new investment in prosperous south and east	Reduction in grants. Abolition of industrial controls. Focus on wage flexibility. Creation of enterprise zones	Creation of nation-wide system of Regional Development Agencies (RDAs), charged with drawing up development strategies	Regional Development Agencies abolished. New nation-wide system of Local Enterprise Partnerships (LEPs), Local industrial strategies. Various central initiatives competed for by local authorities (Local Growth Fund, Growing Places Fund, etc)
Institutional Structures	Top down policies by central Government Departments	Top down policies by central Government Departments	Top down policies by central Government Departments	More bottom up system of policy making involving elements of devolution and decentralisa-tion to regional and local levels	Further devolution and decentralisa-tion of policy to local levels (LEPs and new Combined Authorities)
Forms of Spatial Policy	Spatially Targeted	Spatially Targeted	Spatially Targeted with some Place Sensitive elements	Spatially Targeted with some Place-Sensitive and Place-Based elements	Spatially Targeted with some Place-Sensitive and Place-Based elements

Source: Adapted from Table 5.2 in Martin, et al. (2021). [25]

All these changes occurred within a substantially slimmed down budget: expenditure on regional assistance fell by more than half in real terms between 1982/83 and 1992/93, while that on urban regeneration policy more than doubled.[26]

The election of New Labour in 1997 saw a renewed focus on regional policy, with the setting up, in 1999, of new Regional Development Agencies (RDAs) for each of the standard English regions, including London. Scotland, Wales and Northern Ireland had their own equivalents, with their own functions and responsibilities. The RDAs were meant to be key drivers of regional economic regeneration. They were to do this by promoting and coordinating regional economic development in the English regions, including policies to improve their business efficiency, investment, competitiveness, and skills. They received Government funding in the form of a 'single pot', and also took over responsibility from the regional Government Offices for administering the regional development funds coming from the European Union. In many ways, the RDAs represented a major innovation in the institutional architecture for delivering regional aid, in that – to some extent at least - they marked a shift to a more 'bottom up' form of policy that recognised that every major region had its own specific economic problems and potential, requiring region-specific economic strategies.

There was, however, debate over how effective the RDAs were.[27] And barely a decade following their introduction, the Conservative-Liberal Democrat coalition Government elected in 2010 decided to abolish them, in part, it was argued, because they were not 'functional economic areas'. They were replaced by a system of 38 Local Enterprise Partnerships (LEPs) across England, in the form of business-led partnerships between local authorities and local private sector businesses, charged with determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure, and raise workforce skills within the local area. This type of 'bottom up' regional policy has now in its turn been abolished, and the functions of the LEPs in delivering Government programmes transferred to local authorities and the new Mayoral Combined Authorities. Thus, once again a key institutional structure for the promotion and planning of local economic development has been abandoned.[28]

And there are also what some have called 'counter-regional policies'. Regional policy necessarily takes place within a wider political economy or national 'macro-policy regime', that is the gamut of mainstream economic, trade, business, social, welfare and regulatory policies being pursued at the time. And the national 'macro-policy regime' itself is impacted by international and global economic developments and conditions (including the UK's formal exit from the European Union in 2020). Not only does the contemporary macro-policy regime shape the political interpretation of regional economic inequalities and the official commitment to and design of regional policy, almost all ostensibly nation-wide 'non-spatial' macro-policies have spatially differentiated effects and implications, even if unintended. Some work in the right direction, and favour – through their normal functioning – economically depressed areas: the tax and welfare system is an obvious example, whereby there are automatic fiscal transfers from high income areas to low income ones. But there are other 'macro-policies' even if nation-wide in coverage, that do not necessarily work in this way, and may even have impacts that work in the opposite direction, favouring already prosperous regions over less prosperous ones. A range of public spending programmes, from defence to public procurement, to infrastructure,

25 Martin, R., Gardiner, B., Pike, A., Sunley, P. and Tyler, P. (2021) Levelling Up Left Behind Places: The Scale and Nature of the Economic and Policy Challenge, London: Taylor and Francis.

26 Martin, R.L. (1992) Reviving the economic case for regional policy, in Harrison, R.T. and Hart, M. (Eds) Spatial Policy in a Divided Nation, London: Jessica Kingsley Publishers, pp. 270-290.

27 See the evidence presented to the House of Commons Business and Enterprise Select Committee (2008) Regional Development Agencies (https://publications.parliament.uk/pa/cm200708/cmselect/cmberr/1054/1054.pdf

28 The oscillations and changes over the decades in how regional policy has been governed and delivered are discussed in Chapter 7.

to privatisation programmes, to fiscal and monetary policies, may have such impacts.[29] A major cut in income tax, for example, such as that which took place in the late-1980s, will favour rich regions over poorer ones. We still know too little about how the 'balance sheet' of regional policies versus 'non-regional' national policies has shaped the historical evolution of regional economic inequalities across the UK.

There have also been times when a national 'industrial policy' is followed in the full knowledge that it will in practice impact particular areas. The Government's closures of hundreds of coalmines in the 1970s and 1980s were examples of such policies, with highly negative effects in specific localities and creating real challenges for regional policy in their wake.[30] Indeed, there has often been a real tension between a national policy pursued on national or industry-specific efficiency grounds and the adverse impacts this will have on particular places. And the obverse has also occurred.

To bring history right up to the present, the recent (2010-2024) Conservative Government's announcement to massively boost the already prosperous high-tech economy of the Cambridge sub-region to make it the "Silicon Valley of Europe" sat uncomfortably with its policy agenda to 'level up' the 'left behind places' across the country, as set out in its Levelling Up White Paper of 2022 and the Levelling Up Act, 2023. And the election of a new Labour Government in July 2024 has thrown the 'levelling up' agenda into some uncertainty, as signalled by the change of name of the Department for Levelling Up, Housing and Communities back to its historic name of Ministry of Housing, Communities and Local Government, and Labour's criticism of 'levelling up' as 'gimmicky'. How far this latest political change will influence the 'levelling up' policy programme remains to be seen. There is promise of more (voluntaristic) devolution; but the Labour's government's claim to have inherited a '£22billion hole' in the public finances may mean that the resources needed for 'levelling up' will continue to be inadequate.

A Prefatory Note

Writing a proper, detailed history of UK regional policy and its political economy would be a book-length enterprise, requiring close scrutiny of a welter of official documents (legislation, background official papers, parliamentary debates, and the like), personal testimony where possible of past and present policymakers, empirical evidence, and so on. That is not possible here, nor the purpose of this report. Instead, what follow are brief but cogent 'snapshots', by experts in their respective fields, of some of the key features of nearly a century of past regional policies. Doubtless this selection could be questioned for what it leaves out or unsaid. But it is a selection that testifies to the evolution of UK regional policy, to the measures undertaken, and mistakes made, in the attempt, all too often lacking in resolve, resources and vision, to remedy the existence and persistence of regional inequalities across the UK in economic performance, prospects and opportunity. There are valuable lessons in this history. And as Winston Churchill (paraphrasing the philosopher George Santayana) put it in 1948, "Those that fail to learn from history are condemned to repeat it".

29 In fact the phrase 'counter-regional policy' was used by Lord Heseltine in the 1980s, when he argued that spending on defence, public procurement and other public programmes not only tended to favour already prosperous regions but also vastly dwarfed regional policy spending at that time.

30 The case of coalmine closures and regional policy is discussed in Chapter 3.

2 The Governance of Regional Policy[31]

Professor Andy Pike
Henry Daysh Professor of Regional Development Studies, Newcastle University
Professor John Tomaney
Professor of Urban and Regional Planning, University College London

Key messages

- Governance of regional policy has oscillated between different geographical scales of institutional arrangements, especially forms of localism and regionalism
- Regional policy grew out of a need to manage geographical concentrations of unemployment, with a growing role for local government, as the country dealt with the major impacts of war, and economic boom and bust
- After WWII, national government pursued centralised 'spatial Keynesian' policies from Whitehall, with only limited decentralisation
- Policy then shifted toward more market-oriented governance of regional policy, weakening local government in favour of new business-oriented institutions
- Divergence in regional policy governance has increased across the UK, and spatial unevenness has developed, especially following the decentralisation policies of New Labour
- After 2010, regional policy was re-focused on 'spatial rebalancing', with a dismantling of regional governance in favour of Local Enterprise Partnerships and competitive allocation of resources, while devolved administrations continued to diverge
- Brexit led to a centralisation of regional policy, followed by a new 'Levelling up' agenda, echoing the centralised localism of the 1980s and creating tensions between Whitehall and devolved administrations
- More meaningful decentralisation of powers and resources are needed within more stable and integrated governance structures across the UK, and especially England

Introduction: The Changing Governance of Regional Policy in the UK

Governing regional policy in the UK state and political economy has proven problematic. The UK is a distinctive governance case internationally as a pluri-national and union state with no written constitution, highly centralised structures and traditions, and asymmetrical decentralisation of powers and resources.[32] England's demographic, economic, and political size and weight in the UK – comprising over four fifths of the population and economic output

31 Thanks to Ron Martin and George Evans for their invitation to contribute to this report. Thanks also to Les Budd, Louise Kempton, Danny MacKinnon, Ron Martin, Kevin Morgan, Emma Ormerod, Liz Shutt, Sanne Velthuis, and David Waite for their comments on an earlier draft.

32 Keating, M. (2022) "Between two unions: UK devolution, European integration and Brexit", Territory, Politics, Governance, 10, 5, 629-645.

as well as containing the seat of national government in London – presents an unwieldy governance issue. Untying the knot between an extremely centralised governance system and high levels of long-standing and persistent geographical inequalities across the UK has been difficult. Efforts are ongoing to find an intermediate tier of governance between the national and local government levels that is large enough to address extra-local issues yet small enough to reflect and be accountable to local aspirations and needs.

Accordingly, the history of the governance of regional policy since the 1920s has been characterised by a pendulum, swinging between different geographical scales of institutional arrangements especially forms of localism and regionalism. Describing and explaining this changing governance of regional policy through these shifting eras is the purpose of this chapter, alongside distilling learning for future approaches.

The main lessons are fourfold. First, more meaningful decentralisation of powers and resources are needed within a more stable and structured governance geography across the UK, and especially England. Top-down centralisation and swings over time between ad hoc, piecemeal decentralisations particularly in England have hampered, rather than enhanced, the effectiveness of policy in addressing the persistent geographical inequalities of the past century. The scale, nature and importance of the problem have not been fully recognised and insufficient resources have been committed. Sub-national governance institutions have lacked sufficient autonomy and resources adequately to tailor and adapt policies to the potentials and needs of their places. Substantive decentralisation is a necessary but not sufficient condition for effective regional policy governance.

Second, coordination and integration vertically between and horizontally across levels of government and other institutions can help manage and enhance the effectiveness of the fragmented and complex patchwork of governance geographies for regional policy across the UK. Differentiation and divergence in regional policy governance have increased across the UK with markedly different strategies and institutional arrangements evolving over time in England, Northern Ireland, Scotland, and Wales. While the principle of greater decentralisation and more bottom-up place-based approaches are needed, the potential benefits of cooperation and coordination have yet to be realised. Such alignment and integration are central to policy effectiveness through the combined impacts of a range of multiple initiatives planned and sequenced over longer time periods.[33] Closer alignment of regional with other state functions including macro-economic, education, health, social care, and welfare policy is critical. For some, this lesson points to the need for a more federalised UK polity with more structured relationships, roles, and resources distributed between the constituent parts of the union.[34]

Third, regional policy governance can benefit from greater stability to enable longer term and more strategic and consistent policy planning, delivery, and evaluation. Persistent institutional churn generates high and enduring costs from reorganisations.[35] Effort and time are required in learning to navigate and make new systems effective and communicating them to partners including investors. Uncertainty about future changes hampers forward planning. Related to the national political cycle and dominance of the national government in a centralised system such institutional change is endemic in the governance of regional policy across the UK, including the devolved territories. However, such churn is most acute and abrupt in England where it is marked by broadly decadal life spans of lead organisations including Urban Development Corporations (UDCs), Regional Development Agencies (RDAs), and Local Enterprise Partnerships (LEPs).

33 Fothergill, S. (2024) "Hard won lessons from the coalfields regions" and Green, A. (2024) "Labour market policies and the regions" in Martin, R. (Ed.) Lessons from the History of Regional Development Policy, The British Academy: London.
34 Kendle, J. (1997) Federal Britain: A History, Routledge: London
35 National Audit Office (2013) Funding and Structures for Local Economic Growth, NAO: London.

Fourth, regional policy and its governance need to further broaden their vision and focus beyond economic development to include more social, health, and environmental dimensions[36]. Recognising that the economic and social cases for regional policy are inextricably interlinked[37], the recent narrower emphases upon economic growth and the convergence of economic performance between places as the goals of regional policy have widened somewhat, better to address the socially and geographically unequal nature of such growth and its sustainability. Such concerns have become acute since the 2008 Global Financial Crisis and growing geography of discontent, especially in so-called 'left behind places', which along with the climate crisis have necessitated more inclusive and 'alternative' forms of regional policy able to support a socially and spatially just transition to a decarbonised economy.[38] To give voice to the people and places involved such approaches to regional policy requires more open, inclusive, transparent, and accountable governance structures marrying existing representative with participatory democratic institutions.

The Emergency State and Localised Experimentation: the 1920s to 1945

The early and inter-war years of the governance of regional policy were presided over by a national emergency state and characterised by localised experimentation led by local government.

The UK government sought to manage national recovery amidst momentous changes from the First World War between 1914 to 1918, the economic boom of the early 1920s, the bust of the 'Great Depression' in the 1930s, and the outbreak of the Second World War in 1939. As the former workshop of the world, leading industrialisation and urbanisation, the UK state was forced into early and pioneering policy and institutional innovation to deal with its declining imperial power and geographically uneven development.[39]

A nascent regional policy sought to address geographical concentrations of high unemployment in places experiencing acute decline of their dominant manufacturing industries including coal, steel, and heavy engineering in northern England, south Wales, and Scotland as well as the growth of new sectors in the Midlands and South East.

National governance of regional policy, notably via the Special Areas Acts (1934, 1937) and the appointment of government commissioners, allocated limited resources aimed at influencing the geographical distribution of labour and capital. A practical expression of this approach was the attempt to create replacement industries and jobs using government funded industrial estates, including the Team Valley in Gateshead, north east England, Treforest in Rhondda Cynon Taf, South Wales, and Hillingdon in Clydeside, Scotland. But local government took the lead in providing social support to affected communities and formulating economic development policy responses during this period. This was the brief heyday of local government when its powers and autonomy were growing.[40]

36 Bambra, C. (2024) "A missing social dimension: regional health inequalities" in Martin, R. (Ed.) Lessons from the History of Regional Development Policy, The British Academy: London.

37 Martin, R. (2024) "Introduction – the political economy of regional policy" in Martin, R. (Ed.) Lessons from the History of Regional Development Policy, The British Academy: London

38 MacKinnon, D., Kempton, L., O'Brien, P., Ormerod, E., Pike, A. and Tomaney, J. (2022) "Reframing urban and regional 'development' for 'left behind' places", Cambridge Journal of Regions, Economy and Society, 15, 1, 39-56; Martin, R. (2024) "Lessons from past policy and the new policy of levelling up" in Martin, R. (Ed.) Lessons from the History of Regional Development Policy, The British Academy: London.

39 Parsons, D. W. (1986) The Political Economy of British Regional Policy, Croom Helm: London.

40 White, J. (2005) "From Herbert Morrison to command and control: the decline of local democracy and its effect on public services", History Workshop Journal, 59, 1, 73–82; Tomaney, J. (2018) "The lost world of Peter Lee", Renewal: a journal of social democracy, 26, 1, 78-82.

Spatial Keynesianism and Regionalism (version 1): 1945 to the late 1970s

Underpinned by the economic ideas of John Maynard Keynes, the post-1945 years were characterised by the 'spatial Keynesianism' of national level centralisation, public investment to stimulate and manage aggregate demand and employment, and redistribution of growth from core to peripheral regions to reduce geographical inequalities.[41] National reconstruction was the priority led by the UK government as a more interventionist and centralised state, drawing up powers, responsibilities, and resources from local government to the national centre.

The national diagnosis of the regional problem connected 'over-development' in the South to 'under-development' in the North, underpinning the role of national government in directing the location of economic activities and employment within a national economic frame.[42] Industrial and regional policies were also linked on a UK basis, especially for newly nationalised industries. From the late 1970s, urban scale policy was focused upon regeneration of the built environment and inner areas of cities across the UK.

'One Nation' politics shaped the governance of regional policy for the UK as a whole. Regional policy was directed top-down by national civil servants in central government in Whitehall in London. While regions were key governance geographies, they were more administrative rather than political units and this constituted a particularly national and top-down version of regionalism with little bottom-up input. Economic planning regions encompassed all of the UK, but the 1960s and 1970s were marked by limited institutional decentralisation beyond Regional Planning Councils.[43] The role of local government grew in scope and size, but remained hampered by limited autonomy and resources.

Aiming to head off the threat of political nationalism and secession from the union, the UK government enabled the creation of the Scottish Development Agency and Highlands and Islands Development Board and Welsh Development Agency and Development Board for Rural Wales as lead institutions for economic development. These new bodies provided leadership and focus for tailored approaches within Scotland and Wales. Northern Ireland was a devolved jurisdiction during this period, but actions in this domain were characterised by sectarianism and discrimination that ended in armed conflict.

This post-war version of regionalism was reinforced following the UK's accession to the European Communities in 1973 since eligibility for European regional policy was organised and governed on a regional basis. The UK's membership introduced a supranational dimension to regional policy governance.[44]

Thatcherism and Centralised Localism (version 1): the late 1970s to 1997

State restructuring, privatisation, and liberalisation under the Thatcher governments from the late 1970s underpinned a shift toward more market-oriented, entrepreneurial, and private sector led governance of regional policy. The national political economy turned away from Keynesianism towards neoliberalism following stagflation, industrial discord, and public fiscal imbalances fomenting the crises from the early 1970s into the 1980s. This was a period of rapidly widening geographical inequalities and an increasing 'North-South divide'[45].

41 Martin, R. and Sunley, P. (1997) "The post-Keynesian state and the space economy" in R. Lee and J. Wills (Eds.) Geographies of Economies, Arnold: London, 278-289.
42 Royal Commission on the Distribution of the Industrial Population (The Barlow Report) (1940) Cmd. 6153.
43 McCrone, G. (1969) Regional Policy in Britain, Routledge: London.
44 Yuill, D., Allen, K. and Hull, C. (1980) Regional Policy in the European Community, Croom Helm: London.
45 Martin, R. (1988) "The political economy of Britain's North-South divide", Transactions of the Institute of British Geographers, 13, 389-418.

The modest structures of regional planning and governance built up in previous decades were swiftly abolished and replaced with a distinctive top-down localism. Local area-based initiatives – including Enterprise Zones, Local Enterprise and Development Agencies, and UDCs[46] – sought to deregulate markets and liberalise planning to attract and stimulate private enterprise and investment. Such new institutions were designed to bypass the democratic oversight and control of local government perceived as overly bureaucratic and, in cases of Labour leadership, politically hostile. Such initiatives were largely undifferentiated between places and offered little or no autonomy for regional or local policy adaptation. Governance structures were deliberately reconstituted on a business-led basis in a bid to encourage more efficient, faster, less politicised, and responsive decision-making. As part of the ‘rolling back’ of the state, these new local initiatives were introduced alongside a dramatic reduction in the geographical coverage, eligibility, and resources of regional policy. This change was accompanied by a shift towards more urban focused policy and competitively allocated funding.[47]

Local government’s role in regional policy governance was further weakened by its ‘hollowing out’ through outsourcing and privatisation and a shift from government to governance, with local governments having to engage and steer a growing range of organisations from the public private and civic sectors in public policy and service provision.[48] The latter stages of this period did, however, include a re-emergence of a weak form of regionalism in England with the creation of Government Offices for the Regions by the Conservative government in the early 1990s. With limited policy authority and powers, these new institutions were established to better coordinate national government policy at the regional level and to provide regional listening posts feeding information back up to central government departments in Whitehall in London, an implicit acknowledgement of the limitations of uncoordinated localism and the need for strategic planning. In Scotland, the Scottish Development Agency was changed into Scottish Enterprise.

Further stimulus for the regional level governance of regional policy was generated by enlargement of the European Community. The creation of the Single European Market in 1992 was accompanied by enhancement of the coverage and resources of European regional policy across the UK.

The Interventionist State and Regionalism (version 2): 1998 to 2010

The election of New Labour in 1997 (re)introduced a more interventionist state with more activist governance institutions and, in a further swing of the pendulum, a new version of regionalism. An economic dividend was sought from decentralisation by devolving powers and resources to design and deliver policy better tailored to regional economic potential and more accountable to regional and local aspirations and interests.

Decentralised, bottom-up and placed-based governance to devise strategy and deliver policy were characteristics of the emergent regional policy approach. Echoing the previous era’s thinking, the aims were the mobilisation of economic potential for productivity and competitiveness rather than redistribution, together with a focus upon places taking responsibility for narrowing divides in economic and social conditions between as well as within regions.[49]

46 Imrie, R. and Thomas, H. (1999) (Eds) British Urban Policy: An Evaluation of the Urban Development Corporations, Sage: London.

47 Martin, R. (1988) “The political economy of Britain’s North-South divide”, Transactions of the Institute of British Geographers, 13, 389-418.

48 Cochrane, A. (1993) Whatever Happened to Local Government?, Open University Press: Milton Keynes.

49 Bristow, G. (2010) Critical Reflections on Regional Competitiveness: Theory, Policy, Practice, Routledge: London. OECD (2012) Promoting Growth in All Regions, OECD: Paris.

Devolution and constitutional change were introduced creating new governance structures in Scotland, Wales and Northern Ireland as well as London reflecting its size and status as the national capital within the UK. The governance of regional policy became a devolved responsibility of the new institutions, creating policy laboratories and laying the ground for its subsequent divergence.[50] Institutional arrangements differed with Scottish Enterprise and its various local institutional iterations becoming gradually more integrated into the Scottish Government and the Welsh Development Agency being wholly incorporated into the Welsh government. Devolved government in Northern Ireland had been prorogued in 1972 and the territory ruled directly from Westminster and Whitehall amid deepening conflict and political violence. The 1998 Good Friday Agreement which restored devolved government specifically promised a new era of regional planning. Subsequent political instability, however, largely undermined the potential of more decentralised economic development governance.

Regionalism and regionalisation were introduced in England through the creation of RDAs and, providing indirect accountability through groupings of local governments, Regional Chambers which were tasked with scrutinising the RDAs and land-use planning.[51] Significantly, the new regional institutions were set up in every region of England, including London and the South East, with the aim of boosting economic growth across the country. Establishing new regional development institutions in every region whether relatively disadvantaged or prosperous contrasted with the approach deployed internationally of only enhancing institutional capacity where it was most needed in economically weaker regions.

For the UK, this decentralisation created a spatially uneven or asymmetrical governance geography for a multi-level state with a more unevenly distributed landscape of political power albeit still dominated by the UK national government in London.[52] Governance structures were (re)configured in a more corporatist direction to involve not only the state and business, but labour, civic and other interests including further and higher education, health, and environment. A burgeoning tier of local and regional institutions across the UK meant the governance of regional policy remained fragmented among a complex of organisations, generating a differentiated landscape of institutional capacity and bedevilling attempts to coordinate policy efforts.

The decentralisation of responsibilities without sufficient resources, the promotion of wasteful inter-territorial competition, and the limited accountability of the regional institutions in their territories, especially in England, were all features of this period. Yet a directly Elected Regional Assembly in north east England was rejected in a referendum in 2004 because of its meagre powers and funding, uneven support amongst central government departments, and emergent currents of public distrust in politicians and political institutions. The RDAs were, however, a central part of the Labour government's new 'industrial activism' for the UK state's strategic role in geographically and sectorally rebalancing the economy in response to the 2008 Global Financial Crisis and Great Recession.

Alongside, and in some ways, rivalrous with regionalism was the governance agenda of a new city-regionalism. City-regions were interpreted as the motors of their regional economies through their supposed dynamic agglomeration economies underpinned by the urban concentration, scale, and density of economic activities. City regions required governance structures matched to their functional economic areas to enable effective decision-making on economic development, skills, and transport.[53]

50 Bellini, N., Danson, M. and Halkier, H. (2012) Regional Development Agencies: The Next Generation?, New York: Routledge.
51 Hogwood, B. (1996) Regional Boundaries, Co-ordination and Government, Policy Press and JRF: Bristol and York.
52 Morgan, K. (2007) "The polycentric state: new spaces of empowerment and engagement?", Regional Studies, 41, 9, 1237-1251.
53 Scott, A.J. (2001) Global City-Regions: Trends, Theory, Policy, Oxford University Press: Oxford.

A further governance geography for regional policy emerged during this period. Pan-regionalism sought to create governance structures for larger functional economic areas composed of city-regions with the critical mass to reduce geographical inequalities by acting as a counterweight to London and the Greater South East. The most prominent example being 'The Northern Way' across the North West, Yorkshire and the Humber and North East regions.

The Austerity State and Localism (version 2): 2010-?

The governance of regional policy since 2010 has been marked by differentiation and multiple geographical scales of institutional organisation across the UK. The election of the Conservative–Liberal Democrat coalition government introduced austerity in response to the 2008 crash as its state restructuring project amidst growing national government indebtedness. Regional policy governance was re-focused on the task of the 'spatial rebalancing' of economic activities and spreading wealth and prosperity across the UK through decentralisation and localism. While the pendulum swung back to localism, it was of a different character from the version in the late 1970s into the 1990s.

The regional tier of governance institutions in England was dismantled with the abolition of the Government Offices for the Regions, RDAs, and Regional Chambers. The stated rationales were the need to reduce bureaucracy and expenditure, counter centralisation at the regional scale, address the lack of local accountability, and create governance geographies that better matched functional economic areas. Underpinned by the 2011 Localism Act, nearly forty new LEPs were created by partnerships primarily between local governments and local businesses based on sub-regional geographies across England. LEPs led the local economic plans and industrial strategies in England as part of the UK industrial strategy, echoing the linkage of industrial and regional policies from the post-war period, but centralisation continued with the shift of local business support and inward investment policies to the national level in England.

The governments of the devolved territories continued their paths of divergent evolution in the governance of regional policy led by different political party leaderships. Independence was rejected in the 2014 referendum in Scotland. Successive reviews and reorganisations of economic development governance continued amidst concerns over continuing centralisation at the Scottish government level.[54] In Wales, the powers of the Welsh Parliament (Senedd) grew over time and a distinctive national strategy began to emerge focused on the wellbeing of future generations, sustainable development, and proactive spatial planning. The political situation in Northern Ireland generated numerous suspensions of the assembly and greater involvement from the UK government in London.

City-regionalism continued as part of this version of localism as a guiding agenda for regional policy governance. Multiple waves of City and Devolution Deals were introduced for groupings of local governments in city-regions involving agreed packages of devolved powers and resources as well as metro mayors and combined authorities of local governments in England. The resulting patchwork map of decentralised governance meant places were unevenly endowed with institutions, powers, and resources. Further pan-regional initiatives emerged including 'The Northern Powerhouse', building on existing arrangements, and the new Midlands, Southwest, and even London 'engines'.[55]

Variations of the deal-based institutional arrangements were extended to cover the devolved territories through tailored city region and growth deals negotiated between the UK, the devolved territories, and local governments. The informal governance innovation of deals

54 Clelland, D. (2020) "Beyond the city region? Uneven governance and the evolution of regional economic development in Scotland", Local Economy, 35, 7-26.
55 MacKinnon, D. (2021) "Governing uneven development: the Northern Powerhouse as a 'state spatial strategy'", Territory, Politics, Governance, 9, 5, 613-635.

and deal-making embedded a transactional approach to policy making and centre-local relations within an asymmetrical and unbalanced system in which the UK government retained the power and resources.

The UK's referendum vote to leave the European Union in 2016 led to centralisation of regional policy governance as powers were repatriated from the EU to the national level. This shift countered the political claims made for Brexit by its advocates that it represented an opportunity to reverse centralisation and 'take back control' locally from distant and unresponsive European institutions, the UK national government, and political elites and the establishment. As the UK became ineligible for European regional policy, the UK government proposed a replacement the UK Shared Prosperity Fund, but its governance was national rather than regional and it lacked its redistributive purpose and resources.

The Conservative government from 2019 sought the 'levelling up' of the UK as its national agenda for the goal and governance of regional policy. The introduction of a growing range of local initiatives to be bid for and selected by the UK national government echoed the centralised localism of Thatcherism including Freeports as well as Enterprise, Investment, Innovation, and Growth Zones. Adding to the existing and uneven patchwork of institutions, powers and resources, a new governance geography of towns and town deals was introduced in England focusing support on the former Labour supporting places that voted leave in the Brexit referendum and switched to Conservative in the 2019 General Election. This UK government agenda and its uncompromisingly unionist politics created tensions with the devolved governments given that regional policy is a reserved responsibility.[56]

The governance of regional policy since 2010 is marked by the competitive allocation of resources echoing the 1980s alongside a broad movement away from fewer longer term and better resourced initiatives towards multiple shorter term and less well-resourced policies.[57] Institutional and policy churn have continued following the COVID-19 pandemic and international geopolitical instability and conflicts in Ukraine and the Middle East. The UK industrial strategy and local industrial strategies in England were abandoned and replaced with a national Growth Plan. LEPs were abolished and incorporated into combined authorities and upper tier local governments. Further devolution deals were pursued, including more mayoral governance arrangements. Centralised initiatives from the UK government seeking to preserve existing relations within the union have clashed with the devolved administrations in relation to the UK's internal market, UK Shared Prosperity Fund, and Freeports.

The election of a Labour government in summer 2024 heralded the demise of 'levelling up' and the renaming of the responsible Whitehall department back to its former guise of the Ministry for Housing, Communities and Local Government. Echoing the leave campaign's slogan from the Brexit referendum, a 'Take Back Control' bill aims to advance the new government's commitment to further devolution on the mayoral combined authority model in England. Mayors were to be charged with drawing up Local Growth Plans, connecting industrial and regional policies, planning reforms, and localising public procurement. More stable, less conflictual relationships were promised with the Devolved Administrations. These early actions suggested that the pendulum swing might be less severe than on previous occiasions.

56 Morgan, K. and Wyn Jones, R. (2023) "Brexit and the death of devolution", The Political Quarterly, 94, 4, 625-633.

57 Martin, R., Gardiner, B., Pike, A., Sunley, P. and Tyler, P. (2022) Levelling Up Left Behind Places: The Scale and Nature of Economic and Policy Challenge, Regional Studies Association: Falmer

Conclusions and Policy Learning from History

A pendulum swinging between institutional arrangements at different geographical scales characterises the governance of regional policy across the UK since the 1920s. The nature of the UK state has generated enduring issues that have lacked stable accommodations over time, embedding and amplifying ongoing churn of policies and institutions. Long-standing and persistent geographical inequalities and differentiation across the constituent territories of the UK have been reinforced by the national state's centralism and centralisation, and underpinned the highly uneven decentralisation of powers and resources for regional policy. The mixture of ad hoc, incremental, and piecemeal as well as considered, abrupt, and radical change over the last century, has created a shifting governance geography patchwork for regional policy across the UK.

Amidst only ever incremental decentralisation efforts, the UK remains an extremely centralised state internationally with enduring and high levels of geographical inequalities. Breaking this century-old deadlock requires more meaningful and substantive decentralisation of powers and resources for regional policy within a more coherent and integrated governance system.[58] Centralisation and top-down approaches have proven ineffective in designing and delivering policy to reduce spatial disparities.[59] Adequate resources and autonomy in their deployment have been lacking. More placed-based governance enables actors and institutions better to diagnose problems, identify assets and resources, build on local capabilities and potentials, and adapt and cope with disruptive changes.[60] While not a single panacea, such decentralisation is a contribution and complement to more effective regional policy.

Fragmentation, complexity and churn in the patchwork of governance geographies for regional policy across the UK creates costs for institutions in understanding and navigating the policy landscape, working with multiple actors, effectively designing and delivering policy, engaging with partners, and competing for resources. Together with greater powers and resources, stronger coordination both vertically between, and horizontally across, government and other institutions can yield benefits from cooperation, joint working, and integration to align regional policy strategies and investments where appropriate. Working more closely with other public policy areas with typically much larger financial resources, especially education, health, social care, and welfare, is vital.[61]

Constant institutional change and instability creates uncertainty and inconsistency in regional policy formulation, delivery, and evaluation. Policy actors are incentivised to work on a shorter-term basis, minimising investment and risk given the likelihood of future institutional reorganisation. Greater continuity and stability would enable a longer-term, more strategic, planned, and consistent approach to regional policy and its governance. Embedding and enhancing decentralised powers and resources are critical. Yet more swings of the governance pendulum would be detrimental for regional policy and reducing geographical inequalities.

Continuing to broaden the vision and focus of regional policy and its governance to incorporate greater social and environmental sensitivity alongside economic concerns is critical. As the limits of existing approaches, narrowly based upon economic growth, are reached in geographically unequal and unsustainable forms of development and rising political discontent and polarisation, new and 'alternative' forms of regional policy and its governance backed by appropriate powers and resources will be required for a post-pandemic and net zero carbon future. A wider set of people and places need a greater say in their socially and spatially just transition to a more equal and sustainable economy.

58 UK2070 Commission (2021) Make No Little Plans: Acting at Scale for a Fairer and Stronger Future, London: UK2070 Commission.

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

60 Martin, R., Gardiner, B., Pike, A., Sunley, P. and Tyler, P. (2022) Levelling Up Left Behind Places: The Scale and Nature of Economic and Policy Challenge, Regional Studies Association: Falmer.

61 Martin, R. (2024) "Lessons from past policy and the new policy of levelling up" in Martin, R. (Ed.) Lessons from the History of Regional Development Policy, The British Academy: London.

3 Hard-Won Lessons from the Coalfields

Professor Steve Fothergill
Professor of Regional Development Studies, Sheffield Hallam University

Key messages

- The decline of the UK coal industry, which once employed more than a million miners, has presented a challenge for regional and local development since the 1920s
- There never was a plan to close the coal industry, nor indeed to regenerate mining communities. Interventions to support former mining areas have developed incrementally over many decades, often as a result of political pressure
- The establishment of 'Development Areas' in the post-war period proved effective in attracting manufacturing to the coalfields, but in the 1980s deindustrialisation led to the loss of many of these new jobs
- More recent progress has involved colliery site reclamation, new infrastructure and financial incentives for private sector investment
- Experience shows that regeneration is possible in the former coalfields, even in seemingly difficult locations, but this is neither quick nor the result of single interventions. It is usually the combined impact of a number of initiatives, sometimes working sequentially, that makes a difference
- The market alone has not delivered improvements. Public intervention, for example in bringing forward sites for development, has often been necessary to pave the way for private investment
- Unemployment in the former coalfields is now well down but large numbers of working-age adults remain out of the labour market on benefits and on a wide range of indicators the coalfields still display social and economic disadvantage

Britain's coalfields are the cradle of regional policy. They experienced economic distress as far back as the 1920s and the very first UK regional policies were designed to address their problems. In one way or another they have needed support ever since. There should therefore be important lessons to learn from their experience.

The first step, below, is to summarise the history and geography of the UK coal industry. This is followed by a review of the regional policy interventions in the coalfields from the inter-war years to the present day and then an assessment of the extent to which they have worked. Finally, the lessons can be laid out. Inevitably there are aspects of the coalfield narrative that are unique but the coalfields are by no means the only place where a single industry dominated the local economy in the past or indeed continues to dominate today. The demise of the coal industry, its regional and local consequences, and the effectiveness or otherwise of efforts to rebuild the economies of the coalfields therefore have much wider relevance.

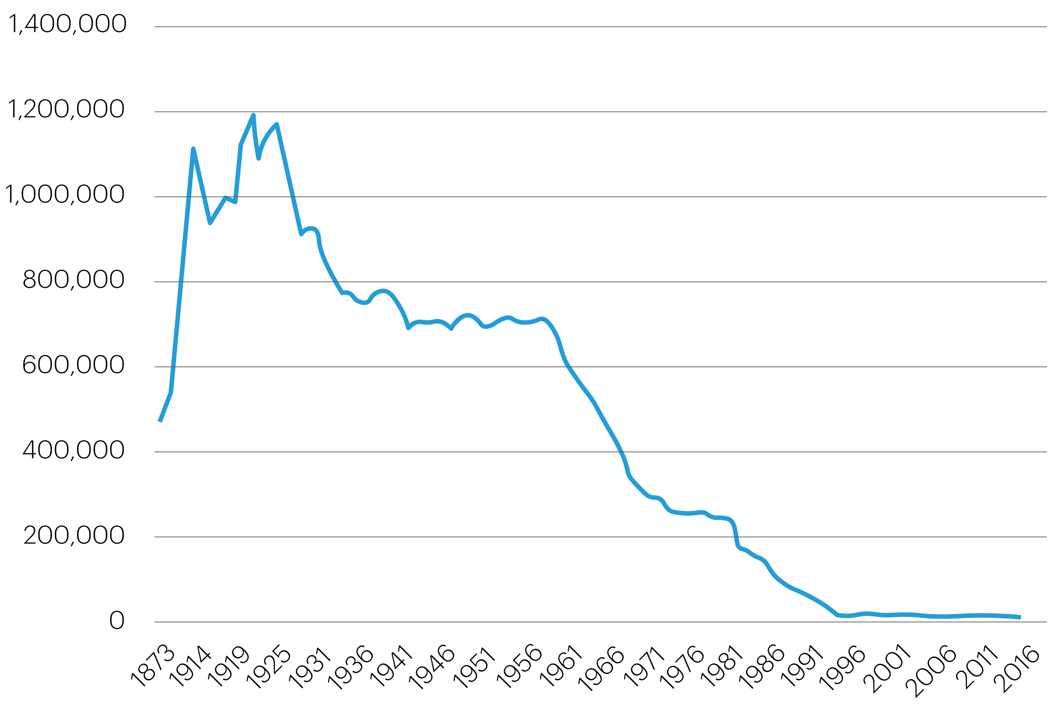
The Demise of the UK Coal Industry

Britain's industrial revolution was fuelled by coal. It powered factories, ships and trains. It heated homes, kept furnaces alight and later generated most of the country's electricity. Before the First World War, coal was also a major export. UK coal production peaked in 1913 when 1.1 million miners produced 292 million tonnes from 3,024 mines, all of which were deep mines (or collieries) rather than opencast operations.[62]

Declining production and employment began in the 1920s when an uncompetitive exchange rate eroded exports and oil started to make in-roads into coal's markets (Figure 1). Even so, when the industry was nationalised in 1947 it still had 718,000 workers and produced 200 million tonnes a year. The 1960s saw the biggest reduction in the workforce – down from more than 600,000 at the start of the decade to 290,000 ten years later. By now, coal was losing many of its UK markets and becoming increasingly dependent on sales to the power stations. By the beginning of the 1980s, output was down to 120 million tonnes a year and the workforce to 240,000.[63]

The decline of the UK coal industry therefore long pre-dates the 1984/5 miners' strike, which in popular memory is often viewed as the beginning of the industry's demise. In the five years following the strike, when the miners lost their fight to stop pit closures, production fell by a fifth but employment fell precipitously to just 50,000 as management gained the upper hand over working practices and as less productive mines were closed and new technology was introduced.

Figure 1: Employment in the UK Coal Industry, 1873-2019



Source: DESNZ

62 Source: Department for Energy Security and Net Zero (DESNZ).
63 Source: DESNZ

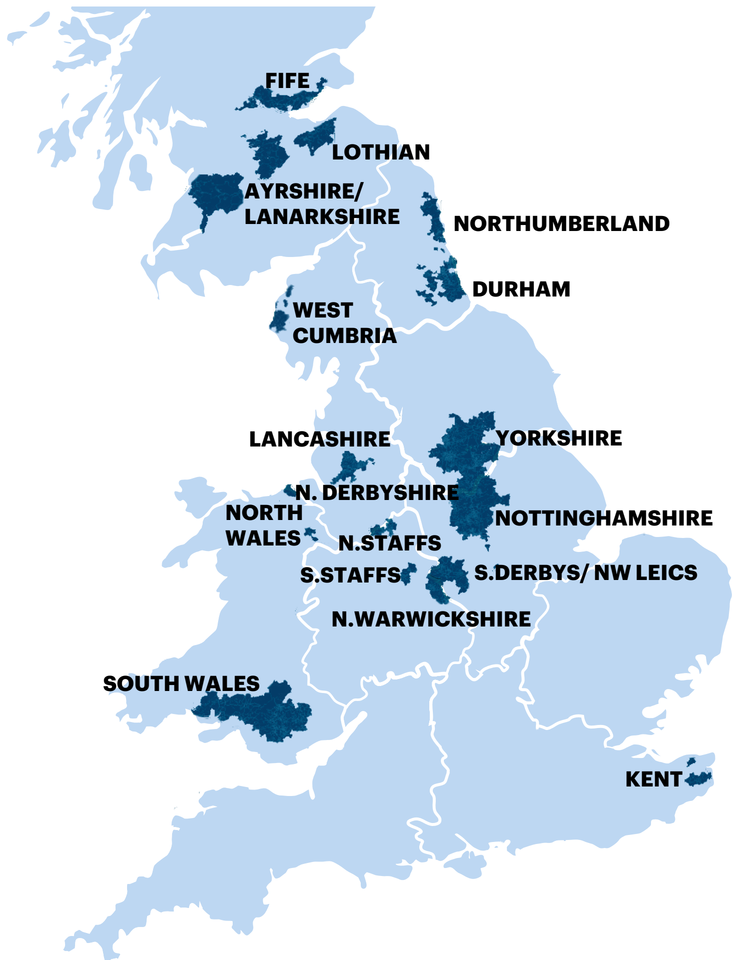
Thereafter it was the unplanned consequences of electricity privatisation, which led to a 'dash for gas' in power generation, that began to dismantle the key market for coal. This was compounded by competition from imports and from the 2010s onwards by carbon taxes that tipped the economics of power generation away from coal. Britain's last substantial deep mine closed in 2015 and the last coal-fired power station is scheduled to close in 2024.

What is notable is that there was never a 'plan', or even a stated political intention, to finally close down the industry. Nor did green policies to cut the UK's CO2 emissions have anything to do with the industry's demise except perhaps in the very last two or three years. From 1995 onwards the coal industry was in private ownership and the decisions on output, employment and closures were taken incrementally by the mine owners on commercial grounds. This was not, of course, a situation that lent itself to pre-planning to deal with the consequences of job loss.

The Coalfields

Coal can only be mined where coal is found, but as befits such an historically large industry it was mined extensively across Britain. Just about all the mines were however in the Midlands, North, Scotland and Wales – a small coalfield in East Kent is the notable exception. In some of these places the development of coalmining and related industries helped underpin the growth of cities. More often mining took place in semi-rural locations where pit villages were developed within walking distance of the mine, or in and around towns that provided local services and grew prosperous alongside the industry.

Figure 2: Location of the Former Coalfields



Data source: Sheffield Hallam University Revised Coalfields Area Definition 2014
Map Source: Download from data.gov.uk

The map of the coalfield used in several recent studies is shown in Figure 2. This was originally developed in the 1990s to help trace the impact of job losses.[64] It shows the neighbourhoods (Lower Super Output Areas in statistical terms) where in 1981 coalmining employed at least 10 per cent of all resident men in employment.[65] On average across these areas, a quarter of all employed men still worked in the coal industry at that point.

On these boundaries the former coalfields have a present-day population of 5.7 million – roughly the same as a typical English region, a little more than the whole of Scotland and far more than the whole of Wales.[66] The largest coalfield, starting just east of Leeds and Sheffield in Yorkshire and running south via Derbyshire to just north of Nottingham, has a population of 2 million. The South Wales coalfield, to the north of Cardiff and Swansea, is home to a further 750,000. By the beginning of the 1980s coalmining had already disappeared from a number of additional areas, such as West Durham.

The point here is that the former coalfields are a significant part of Britain, covering parts of the country that include 9 per cent of the population. Rebuilding their economy in the wake of the loss of a million mining jobs, or even just 240,000 since the start of the 1980s, was always going to be a challenge because the coal industry provided the economic base of numerous communities – indeed, the sole reason why many of them ever came into existence.

Policy Interventions

The first government intervention to address the job losses was the establishment in 1928 of the Industrial Transference Board, which over the next ten years provided financial support to workers to move to other parts of the country where jobs were available. The first attempt to create new jobs in the mining areas themselves came later, in 1934, with the creation of 'Special Areas' in South Wales, North East England, West Cumbria and Clydeside, where the most significant development was the establishment of new trading estates. A number of these – Treforest in South Wales, Team Valley on Tyneside and Hillington near Glasgow – eventually grew to become major centres of employment and remain important in the 21st century.

In the immediate post-war years the Special Areas were replaced by 'Development Areas', again targeting several coalfields, where grants and loans were provided to attract investment. The 1960s and early 1970s marked the heyday of this policy, by which time a hierarchy of 'Assisted Areas' was in place and the geographical coverage was extensive. All the coalfields bar those in the Midlands and Kent had Assisted Area status at this point.

There is no question that by this stage regional development policy was proving effective. This was a period in which the UK economy was growing at a healthy rate and the manufacturing sector remained a large component. Indeed, it was manufacturing jobs above all that were diverted to the Assisted Areas, including the coalfields, and via consumer spending these jobs helped sustain further employment in the local service sector. The successes were clear in major studies of the movement of industry and the impact of regional policy.[67, 68] The coalmining jobs that were disappearing – on a very large scale at this time – were being replaced by new jobs in industry and the result was that unemployment was held down to acceptable levels.

64 C Beatty and S Fothergill (1996) 'Labour market adjustment in areas of chronic industrial decline: the case of the UK coalfields', Regional Studies, vol. 30, pp. 637-650.
65 A slightly lower threshold applied in a number of urban areas where coalmining took place alongside other activities. The map also includes a small number of redundant mine sites in LSOAs that did not meet the statistical threshold.
66 S Fothergill, T Gore and D Leather (2024) State of the Coalfields 2024, Centre for Regional Economic and Social Research, Sheffield Hallam University.
67 R S Howard (1966) The movement of manufacturing industry in the United Kingdom 1945-65, HMSO, London.
68 B Moore, J Rhodes and P Tyler (1986) The effects of government regional economic policy, HMSO, London.

In the early 1980s this success story fell apart. The coal industry continued to shed jobs, especially after the miners' strike, but equally importantly many of the new jobs in manufacturing began to disappear. This was the great era of deindustrialisation in the UK when it was not just jobs in the 'old' industries that disappeared but also many of the factories that had moved into the coalfields over preceding decades. There was a distinctive geography to this job loss too: it was the branch factories in the Assisted Areas that were most likely to close, not because they had proved to be in uneconomic locations but because they had too often been the marginal plants, opened in the good times to undertake additional production of mature products but the first to close when times became hard.[69]

From the 1980s onwards, coalfield regeneration has therefore remained a challenge. And just as there was no plan to close the coal industry there was never an overarching regeneration plan. The nearest to a plan was the 1998 report of the UK government's Coalfield Task Force but this covered only England and essentially set out a wish-list rather than a jointly agreed programme.[70] As a result, policies to regenerate the coalfields have mostly come about either through local initiative or as a result of political pressure, for example from local authorities.[71] The most significant interventions since the 1980s have been:

- *Colliery site reclamation*. This has involved bringing land back into use for housing and industry as well as cleaning up the environment. The key programme in England covered 107 former coal sites, involved more than £800m in public funding up-front (£400m after revenue from sales) and levered-in in excess of £2bn in private sector investment.
- *EU Structural Funds*. The EU part-financed a vast range of regeneration schemes in the former coalfields, including investment in infrastructure, training and business support. The South Wales coalfield, especially, benefitted for many years from top-priority status under EU schemes. Following Brexit, EU-funded spending has come to an end, to be replaced by the UK government's Shared Prosperity Fund.
- *Assisted Area status.* This continued the policy established in the 1960s of providing financial support to companies towards the cost of investments that created or protected jobs in less prosperous areas like the former coalfields. Regulated by EU State Aid rules, it proved a key tool in delivering inward investment. However, following Brexit the UK government has not renewed Assisted Area status as part of its new Subsidy Control regime.
- *Infrastructure investment.* This includes investment by the UK government, devolved administrations, development agencies and local authorities in new roads and in new commercial and industrial sites, and has generally been a pre-condition to new economic development.
- *Enterprise Zones*. These tightly defined local areas have been eligible for additional time-limited incentives such as rate relief and tax allowances for investment in buildings, plant and machinery. The first Enterprise Zones date back to the 1980s and early 90s. A second generation designated in the 2010s offered a weaker package. A third generation, rebranded as Investment Zones, is being introduced.

In addition, since 2020 the former coalfields have been among the places to benefit from a range of UK government programmes including the Towns Fund, Future High Streets Fund and Levelling Up Fund. Their emphasis has been on transport and town centre renewal rather more than economic development.

69 S Fothergill and N Guy (1991) Retreat from the Regions: corporate change and the closure of factories, Jessica Kingsley and Regional Studies Association, London.

70 Coalfields Task Force (1998) Making the Difference: the Coalfields Task Force report, Department for the Environment, Transport and the Regions, London.

71 The Coalfield Communities Campaign, bringing together local authorities across England, Scotland and Wales, was formed in 1985. In 2007 it became the largest component of the Industrial Communities Alliance, which continues to press for regeneration.

Has Coalfield Regeneration Worked?

There is indisputable evidence of progress. Not least, many of the jobs lost from the coal industry have now been replaced by new jobs in other sectors in the same places. This was already clear in the mid-2000s, when the figures showed that across English and Welsh coalfields as a whole around two-thirds of the predominantly male jobs lost from the coal industry since the beginning of the 1980s had been replaced by new male jobs.[72] At the local level the progress was more uneven. In the smaller coalfields of the Midlands the new job growth had more than made up for the job loss but in South Wales, Ayrshire and Northumberland – all more remote – job replacement was less impressive.

What is also clear, however, is that many of the new jobs are less well-paid and sometimes less secure. This is particularly noticeable in the large former coalfield straddling Yorkshire, Nottinghamshire and Derbyshire, where a central location within Britain and easy access to the motorway network has attracted distribution centres and warehouses, many onto former colliery sites. Median earnings in the former coalfields are on average 6-7 per cent lower than the national average, and 20-25 per cent behind the level in London and the South East.[73] Coalmining itself was typically one of the best paid of all manual jobs, so its loss has been felt more acutely than these figures suggest.

What has also happened is that coalfield residents have become more dependent on jobs in neighbouring areas. This was always likely to happen. The UK is a relatively densely populated country with high car ownership and, with a few exceptions, most coalfield communities are not unduly remote or isolated. There has therefore been the opportunity, at least for some people, to commute to nearby towns and cities. The most recent estimate puts net commuting out of the coalfields (the balance between inflows and outflows) at 350,000.[74] Increasingly, the former coalfields are becoming dormitories for men and women who travel to work elsewhere.

It is also the case that to keep a semblance of balance in the coalfield labour market the job growth has had to do more than just offset the last phase of coal job losses. Even before the final run-down of the industry, the coalfields suffered from high unemployment. Additionally, their economies have needed to absorb the extra labour supply arising from an increasing population of working age, rising labour market participation among women and, more recently, international in-migration.

Unemployment rates are a poor guide. When the mines were threatened with closure a common fear was that local unemployment would hit sky-high levels. This didn't happen. In fact, official measures of unemployment – from the government's Labour Force Survey or from benefit data – generally point to lower unemployment now than when the mines were working. What has happened is that large numbers of working age men and women have been diverted out of the labour market into economic inactivity, in particular onto incapacity-related benefits, and in effect become 'hidden unemployed'. These are men and women who could have been expected to be in work in a genuinely fully employed economy.

The scale of the diversion on to incapacity benefits is remarkable and the former coalfields are the epicentre of the phenomenon.[75] Across Britain as a whole in 2022, 2.6m adults of working age were out-of-work on incapacity-related benefits. In several former coalfield areas, particularly in South Wales, the incapacity claimant rate exceeded 10 per cent of all adults between the ages of 16 and 64. This compares with a national average of less than 6 per cent and a claimant rate as low as 3 per cent in the most prosperous parts of the country. The point is that job loss from the UK coal industry did lead to near-permanently higher worklessness in the former coalfields, but mostly not in conventional forms.

72 C Beatty, S Fothergill and R Powell (2007) 'Twenty years on: has the economy of the UK coalfields recovered?', Environment and Planning A, vol.39, pp. 1654-1675.

73 State of the Coalfields 2024, op. cit.

74 State of the Coalfields 2024, op. cit.

75 C Beatty and S Fothergill (2023) 'The persistence of hidden unemployment among incapacity claimants in large parts of Britain', Local Economy.

Lessons

1 Economic regeneration is possible, even in challenging circumstances

Britain's coalfields were never going to be the easiest places to regenerate. They had been dominated by a single industry and in some cases they did not have obvious locational advantages for new businesses. Yet they have not become abandoned places, much reduced not only in jobs but also population. In this respect they differ from deserted mining towns in more remote parts of the United States or elsewhere. Partly this is simply the result of geography – the distances from the British coalfields to other places are not large, so commuting has been possible – but it is also partly because of Britain's long commitment to regional development.

Quite how much of the revival in Britain's coalfields is attributable to public intervention is unclear. In theory there might have been at least some adjustment and recovery through market mechanisms alone. There would have been out-migration and downward pressure on local wages and property values. The low cost of land and labour, plus the ready availability of labour, might then have been expected to attract new investment and jobs. However, these market-driven processes by themselves are unlikely to have resulted in the scale of progress that has taken place.

The restoration and re-use of former colliery sites provides a good example. The private sector would never have done this by itself because in the majority of cases the costs of reclamation exceeded the value of the finished site – as a developer would conclude, the unrestored site had 'negative land value'. This could only be rectified by gap funding from the public sector. This is what the colliery site reclamation programme led by English Partnerships, a government agency, provided from the late 1990s onwards. Its target was to eventually deliver 40,000 new jobs and 10,000 new homes on the sites and the progress has been impressive.

2 Successful regeneration requires long-term intervention

There is no quick fix. In the coalfields, the challenge was to replace the entire economic base of many communities. This was never going to be achieved in just a few years. The regional policy interventions in the coalfields go back to the inter-war years and they have had to address the consequences of successive rounds of coal job losses. The interventions themselves have sometimes been short-term – a funding scheme, say, that has been time-limited, such as most of the post-2020 levelling up funds – but throughout just about all this long period there has nearly always been one if not several measures in place intended to promote regeneration. In the coalfields, the totality of regional development policy has developed gradually, layer upon layer.

Nor is the story all one of forward progress. The deindustrialisation of the early 1980s was a huge set-back. The replacement of older industries such as coalmining by new manufacturing jobs had for many years seemed like a good idea, and one that could be delivered. The collapse of employment in UK manufacturing and the closure of so many branch factories struck a severe blow. At a stroke, many of the achievements of regional policy over the preceding decades were demolished.

Not all was lost during this setback. New infrastructure – sites, buildings and transport links – remained in place and not all the new manufacturing jobs disappeared. Nor did new skills in the local workforce. So there was still a platform on which to build. The point is that to deliver successful local and regional economic regeneration it is often necessary to persist with interventions and support over a long period. It is the cumulative impact that finally makes the big difference.

3 There is no 'silver bullet'

There can be a tendency among commentators to argue that "if only we had done such and such, everything would have been alright". The popular panacea at the moment is probably the devolution of responsibility to local players, who are expected to take better decisions in tune with local circumstances, but at various times high-tech industries, R&D, knowledge exchange and clustering, to mention just a few, are sometimes held to be the key to success. The implicit assumption is that somewhere there is a 'silver bullet' that will solve the outstanding problems.

The long experience of the coalfields suggests otherwise. In fact, it is usually the combined impact of several different initiatives, working together, that makes the difference. Moreover, it is sometimes the impact of these initiatives not only working together but in sequence, over a number of years, that delivers results.

A good example is the regeneration of the Dearne Valley, in the area between Barnsley, Doncaster and Rotherham in South Yorkshire. In the late 1980s this was the archetypal abandoned mining area with vast tracts of derelict land. The first step was to clear the dereliction. The local authorities began the process using government grants and later the English Partnerships site reclamation programme became involved. A new link road to the M1 was planned. In the mid-1990s the key sites were granted Enterprise Zone status just as they were becoming ready for development and the new road was completed. Lured by the financial incentives, property developers built new industrial and office units. Businesses then began to move in, with the help in some cases of the financial support available in an Assisted Area. There are now several thousand new jobs in the Dearne Valley.

4 It's still not been possible to solve all the problems

So the former coalfields have not experienced an unending spiral of decline. Indeed, such is the extent to which the physical scars of the coal industry have been removed that a visitor could easily be unaware of their mining history. That does not mean that the problems arising from the coal industry's demise have all been solved.

On a wide range of social and economic indicators the former coalfields still lag badly behind the more prosperous parts of Britain. Life expectancy is lower and ill-health higher, the employment rate is lower, economic inactivity is higher, wages are lower, there are fewer higher-grade jobs, fewer highly qualified workers, employment is growing more slowly than in the cities, and there is above-average dependency on welfare benefits.[76] In many respects, the demise of the coal industry still casts a long shadow.

Concluding Remarks

The post-mining destination of the coalfields was neither planned nor anticipated, even twenty years ago. In Yorkshire it is now as the capital of warehousing. In South Wales it is commuting down the valleys to Cardiff and the M4 corridor. In the Lothians it is as the location of overspill from Edinburgh. In East Durham it is as the base for a new industrial cluster around the Nissan car plant. In all the former coalfields, retail and leisure, social care and the health service have become major employers and there is now far greater integration with the wider sub-regional economy. These adjustments have not been painless, but many of them could not have happened without the support provided by the regional development policies of the UK government, the EU, the devolved administrations and local authorities.

76 State of the Coalfields 2024, op. cit.

4 Nations as Regions: the Scottish Case

Dr Valerie Wright
Lecturer in Modern Scottish History, University of Edinburgh
Professor Jim Tomlinson
Professor of Economic and Social History, University of Glasgow

Key messages

- A distinct image of a ‘Scottish economy’ emerged in the post-war discourse of regional policy, and supported a push for economic growth in Scotland through the decentralisation of people and industry into ‘New Towns’
- The case of ‘New Towns’ in Scotland has shown the importance of planning not just for private investment and jobs, but in improving the living conditions of households
- The emphasis in Scotland on manufacturing led to an overreliance on foreign investment and made it difficult to disperse investment and jobs into rural and remote areas
- Unemployment data has dominated regional policy decisions, but the link between unemployment and economic prosperity has been weakened by deindustrialisation
- The costs and quality of everyday goods and services in regions – such as housing, transport, healthcare and education - has become a crucial factor in delivering local economic prosperity
- There has long been an ‘ideological mismatch’ between encouraging private sector investment in Scotland, while overlooking the public sector in job creation and ignoring the importance of the quality of jobs and provision of key services which underpin the ‘liveability’ of places

A striking feature of UK regional policy has been its inclusion of four national entities within its scope. Alongside England, policy has embraced Scotland, Wales and Northern Ireland, each with their own distinctive economic histories and evolving systems of administrative and political devolution. Although there are clearly degrees of commonality in their experience, such as high unemployment for extended periods, and which distinguish their histories from say, that of Southeast England, it would be inappropriate to lump those experiences together. Hence, in this chapter we take Scotland as the case study of 'the nation as region'. Scotland has been part of the story of UK regional policy since its origins in the 1920s, and many of the key issues of that policy have emerged in that country as it has developed over the succeeding century. Scottish devolution saw the development of elements of a separate Scottish regional policy, but until recently the previous Conservative UK government has sought to reverse the loss of powers to Edinburgh.

‘Do it at Dundee’

In 1931, in the face of the disastrous collapse of the jute industry, Dundee City Council produced a document entitled ‘Do It at Dundee’. This is characteristic of the origins of regional policy, as a response to high unemployment in a staple industry. The aim was to attract private sector industry by extolling the advantages of Dundee to industrialists—its port facilities, parks and golf courses—and the weather in the 'sunniest city in Scotland'.

This Dundee starting point reflects the paradigm of regional policy in Scotland and the UK as a whole, many elements of which are still common today. Most notably, the central role of stimulating private investment. In the words of the recent Conservative Government's Levelling Up White Paper, the key aim is: 'unleashing the power of the private sector to unlock jobs and opportunity for all'.[77] But, as we discuss below, this ignores the crucial role of public sector employment in post-war job creation in Scotland (and beyond). It also focusses attention away from the quality of jobs, the pattern of households in which the wages from those jobs are combined and spent, and the key role of the provision of both public and private services in determining 'foundational' economic welfare alongside the receipt of money incomes.[78]

The legacy of the focus on industrial employment is also a long one, despite employment deindustrialization profoundly shifting employment structure since the 1950s. Unemployment data has dominated both the formulation and judgement of regional policy through most of its history and the continuing focus on industrial jobs is evident in talk of 'reindustrialization' and the 'green industrial revolution'.[79] But as the foundational economists have emphasized, in the twenty-first century, employment can no longer be seen as the guarantor of a degree of economic prosperity and security in the way that was plausible in the world of Beveridge and Keynes, even as a good job continues to be crucial to most people's self-worth.[80]

Finally, the very limited 'offer' made by the City Council in 'Do it at Dundee' is emblematic of the very limited powers of local authorities in regional policy, which remains the case today. City and Growth (regional) Deals are largely driven by central government (joint London/Edinburgh) agendas, and in most cases involve multiple local authorities in partnerships rather than single authorities.[81] The whole package of such Deals involves an undermining of the 1999 devolution settlement which gave Edinburgh the key role in policy on economic development in Scotland, with the UK Internal Market Act (2021) legislating a post-Brexit clawing back of powers to London. The Scottish government's distinctive regional policy now takes the form of Regional Economic Partnerships, which broadly map on to the City and Growth Deal geographies.[82] The promise of 'bottom-up' policy, is, as the introduction suggests, far from being delivered.

This chapter gives a broadly chronological account of regional policy in Scotland, but with emphasis on the assumptions and limits of policy formulation. It shares with Parsons the view that 'the development of regional policy has been overwhelmingly fashioned by historical perceptions' and that unpicking some of these assumptions is a service historians can usefully deliver to help shape future policy.[83]

A Distinct Scottish Economy?

The idea of a distinct Scottish economic problem emerged in the 1930s, accompanied by significant administrative devolution (the Scottish Office moved to Edinburgh in 1939). But this idea of a distinct Scottish economy was not significant in policy terms until the 1950s.[84]

77 Levelling Up the United Kingdom CP 604 (HMSO, 2022).
78 See discussions in the foundational economy literature, e.g. Luca Calafati, et al., When Nothing Works. From Cost of Living to Foundational Liveability (Manchester, 2023).
79 Ewan Gibbs, Scotland's faltering green industrial revolution' Political Quarterly 92 (2021), 57-65.
80 Calafati, et al., When Nothing Works, 120-138.
81 Scottish Government, Regional Economic Policy Review. Paper 2 The Regional Perspective (Edinburgh, December 2022)
82 Scottish Government, Regional Economic Policy Review. Paper 1 The National Perspective (Edinburgh, December 2022), 8; Regional Perspective.
83 D. W. Parsons, The Political Economy of British Regional Policy (Beckenham, 1986), preface.
84 Alec Cairncross (ed.), The Scottish Economy. A Statistical Account of Scottish Life (Cambridge, 1954).

In the 1960s the idea of 'a Scottish economy' combined with the increasing role of the devolved administrative apparatus to produce the landmark Toothill Report, the Scottish Development Department (1962) and the enhancement of regional planning. This was, in turn, linked to the Scottish growth plan which accompanied the UK 'National Plan' of 1965.[85]

The focus on much of this 'new agenda', in line with the 'growthmania' of the era, was economic growth.[86] There was much debate on how far growth was the appropriate focus, where high unemployment remained the central political motive for the intensification of regional policy. Much of the claim to Scottish distinctiveness rested upon the country's exceptional reliance on a few staple sectors of employment, most notably shipbuilding and marine engineering, and other heavy engineering (e.g locomotives). Also distinctive was the highly concentrated regional pattern within Scotland, with Clydeside overwhelmingly the focus of staple decline and policy responses. (Elsewhere, Dundee jute was an important but isolated parallel case). In addition, Scotland in the 1950s and 1960s faced a distinctive problem of rural depopulation in the highlands and islands of a scale unmatched anywhere else in the UK, and which fitted uneasily into the dominant regional policy paradigm. This problem made slowing or reversing emigration from Scotland an important aim.

The problems of Clydeside were seen not only as relating to employment, but also poverty, overcrowding and poor-quality housing—an 'inner city problem' on a vast scale long before that term came into general usage.[87] The solution was the decentralisation of both population and industry, the latter envisaged as simultaneously a restructuring away from the old staples to new manufacturing. The early new towns in Scotland were central to the plan to absorb 'overspill' population from Glasgow, with it being estimated in 1946 that 250,000 people would be relocated.[88] Relative to population, these were arguably much more ambitious schemes than those pursued in England. Employment in the new towns would be provided through the construction of greenfield sites for modern, purpose-built factories, which were successful in attracting inward investment from multinational companies in several waves from the 1950s through to the 1990s. Scotland's five new towns therefore played a crucial role in regional policy in Scotland in driving the modernisation and diversification of the Scottish economy. The first two new towns, East Kilbride, near Glasgow, and Glenrothes in Fife were designated in 1946 and 1948 respectively. Both aimed to move workers from declining industries in Glasgow in the case of East Kilbride and from the failing Ayrshire and Lanarkshire coalfields in the case of Glenrothes where a new, but ill-fated, 'superpit' was established.[89] The primary purpose of the designation in 1955 of Cumbernauld, to the east of Glasgow, was absorbing overspill population, but further industrial diversification was also an important objective. While many families chose to relocate for the hope of a better life in these new towns, many also moved for jobs in large factories as a result of regional policy in towns elsewhere in the central belt in the 1950s and 1960s. New housing estates built to accommodate these workers and their families significantly expanded towns such as Linwood, Uddingston, Bathgate and Cambuslang.[90] These employment opportunities not only benefited those living in these new and expanded towns but sustained the whole region with workers commuting significant distances.

85 Parsons, Political Economy, 149-50; Jim Tomlinson and Ewan Gibbs, 'Planning the new industrial nation: Scotland 1931-1979' Contemporary British History 30 (2017), 584-606.

86 Matthias Schmelzer, The Hegemony of Growth. The OECD and the Making of the Economic Growth Paradigm (Cambridge, 2016).

87 Aaron Andrews, 'Multiple Deprivation, the Inner City, and the Fracturing of the Welfare State: Glasgow, c. 1968–78', Twentieth Century British History, 29 (2018), 605–24.

88 Patrick Abercrombie and Robert H. Matthew, The Clyde Valley Regional Plan, 1946: a report prepared for the Clyde Valley Regional Planning Committee (Edinburgh: H.M.S.O., 1949).

89 See chapter 2 in this volume for discussion of regional policy in relation to Britain's coalfields. S. Fothergill, 'Hard-Won Lessons from the Coalfields x-x'. Roger Smith, East Kilbride: the Biography of a Scottish New Town, 1947-73 (London: HMSO, 1979) and Elspeth Farmer and Roger Smith, "Overspill Theory: a Metropolitan Case Study" Urban Studies12(2) (1975), 151-168.

90 Phillips, Wright and Tomlinson, Deindustrialisation and the Moral Economy, 149-181. See also Ewan Gibbs and Jim Phillips, "Who owns a factory?: Caterpillar tractors in Uddingston, 1956-1987" Historical Studies in Industrial Relations, 39 (2018), 111-137.

91 John Scott and Michael Hughes, The Anatomy of Scottish Capital (London, 1980); Brian Ashcroft and James Love, Takeovers. Mergers and the Regional Economy (Edinburgh, 1993).

The focus on manufacturing in most regional policy raised particular problems in Scotland. First, it came up against the decline in indigenous (ie Scottish) industrial capital, forcing a reliance on inward investment, both from elsewhere in the UK, but especially, initially, from the USA, later from Japan and elsewhere in East Asia.[91] This pattern was the basis for the belief that Scotland, while very successful in attracting MNCs, consequently suffered especially from 'branch plant syndrome'. Inward investment brought mainly assembly and other relatively low value-added jobs, with the higher quality work reserved for the MNCs home country (which often meant London and the Southeast for English companies). In the 1970s, when many MNCs restructured their global operating patterns, such plants were especially liable to closure with high value-added activities sometimes retained in London and the Southeast. Such inward investment was linked to the government's main measures of success which were job creation and unemployment reduction (and low participation rates even when unemployment was low).

Second, the focus on industry was problematic for the vast swathes of Scotland where agriculture and tourism predominated. Attempts were made to bring industries such as papermaking and aluminium smelting to the highlands—'chucking buns across the fence'—but little of this flourished.[92] Only with the coming of North Sea Oil did some parts of this area gain significant benefit from industrial activity. The problem of mismatch between the problems of the highlands and islands and the predominant norms of regional policy were highlighted by the adverse response in Scotland to the Selective Employment Tax, the emblematic pro-manufacturing policy, introduced in 1966. The Highlands and Islands Development Board (it became Highland and Islands Enterprise in 1989) had a wide remit including social and community development, but until the 1970s focused, unsuccessfully, on industrial development. In the long run the repopulation of the highlands and islands evident from the 1990s was largely based on non-industrial activity.

This is not to suggest that regional policy directed at expanding industrial employment in Scotland should be labelled an overall failure. Official calculations suggested that between 1960 and 1971 regional policy generated 70-80,000 new jobs in Scotland, nearly three-quarters from the establishment of new factories.[93] These are not trivial numbers, though insufficient to stem the overall decline in employment and out migration. But such success was only possible in the buoyant days of the 'Golden Age'.

Early questioning of the post-war policy of concentrating attention on unemployment 'black spots' led Scotland to pioneer an economic growth points strategy from the 1960s, which then became influential across the UK.[94] Indeed, the later new towns of Livingston in West Lothian and Irvine in North Ayrshire, both designated in the 1960s were justified as 'regional growth points' to address the long-term effects of loss of industry, unemployment and intergenerational poverty in several towns in their respective regions. The idea was that investing in a new town as the focus of inward investment would provide employment and in turn boost economic growth which would benefit the surrounding towns and region as a whole. 'Growth' (now 'sustainable') has dominated much regional policy discourse ever since, but in practice regional policy has still tended to be promoted and judged in terms of job creation.

92 See chapter 4 in this volume for details of 'work to the workers': A. Green 'Labour Market Policies and the Regions x-x'. Niall MacKenzie, 'Chucking buns across the fence: government-sponsored industrial development in the Scottish Highlands, 1945-1982' Business and Economic History On-Line, 4 (2006).

93 Barry Moore and John Rhodes, 'Regional policy and the Scottish economy' Scottish Journal of Political Economy 21 (1974), 215-235.

94 Gavin McCrone, Regional Policy in Britain (London, 1969), 208-222. See chapter 4 for details of the impact of new towns in relation to regional policy in an English context. A. Green 'Labour Market Policies and the Regions', p7.

94 Jim Phillips, Valerie Wright, Jim Tomlinson, Deindustrialisation and the Moral Economy in Scotland since 1955 (Edinburgh, 2021).

Scottish Trajectories

A key tension in the history of regional policy has been its coincidence with employment deindustrialization. In Scotland, as in the UK generally, overall industrial employment began to fall (absolutely and relatively) from the 1950s, and manufacturing employment in the 1960s, meaning there were declining numbers of industrial jobs to be redistributed.[95] Deindustrialization can be seen as one of the key drivers of the regional problem, given its highly geographically uneven impact, with the polarization of employment quality having distinctive geographical aspects. At the broadest it has meant the general shift of economic activity in Scotland eastwards, especially to Edinburgh and the Lothians, and away from Clydeside. Old industrial towns have been especially hard hit, with Glasgow partly (but only partly) escaping the blight. Note that Edinburgh has also been seriously deindustrialised and suffers from all the well-known consequences of that, even if it has also seen very rapid growth in the 'lovely' jobs, especially in finance, which are the upside of structural change.[96]

Since the 1950s most employment growth in Scotland has been in services (and all net growth). Much of this has been in the public sector (or quasi-public sector ie funded by taxation but delivered via outsourcing). Education and health have grown especially fast, so that Dundee is not untypical in having the NHS and the two universities as the city's largest employers. Thus, there has been an 'ideological mis-match', where the stated basis of much policy has been promoting private sector activity, but much employment growth in the public or quasi-public sectors. One of the merits of the foundational economic literature is that it seeks to bypass the ideological cliches which accompany so much of the discussion in this area, such as that the private sector is 'the real engine of wealth creation'. It emphasizes, for example, how areas such as public sector health provision is a major driver of technical innovation as well as provider of high quality jobs.[97]

The role of North Sea Oil in Scotland since the 1970s has been very large; at its peak in the 1980s Scotland's share would probably have added more than 50 per cent to the country's GVA per head.[98] Around that peak it provide around 250,000 jobs in Scotland, though that has now fallen to around 100,000.[99] While employment effects have been mostly felt within Scotland, their regional distribution has been determined largely by geography rather than policy. Hence Aberdeen, the Northeast and Shetland (Sallum Voe) have seen the biggest effects, with some also around Inverness and the Moray coast. North Sea Oil has not been pure gain. By its impact on the exchange rate and possible 'crowding out' in the labour market it contributed to the decline of tradeable goods and services, especially manufacturing, and so encouraged the regional shift in prosperity from West to East. By contrast, the tax revenues have accrued to the UK Exchequer, and peaked at a time in the 1980s when regional policy expenditures were being cut. Of course, Scotland has benefited from the Barnett formula in terms of current spending (though some of this is needs-led) but devolution came too late to allow the peak of North Sea Oil revenues to be used for major initiatives such as an Oil Fund based on the Norwegian model.

The geographical scope of regional policy in Scotland expanded incrementally, until it embraced the whole country in the 1960s, and the Scottish Development Agency from the 1970s united a significant administrative apparatus with that whole nation focus.[100] (Though

95 Jim Phillips, Valerie Wright, Jim Tomlinson, Deindustrialisation and the Moral Economy in Scotland since 1955 (Edinburgh, 2021).

96 Maarten Goos and Alan Manning, 'Lousy and lovely jobs: The rising polarization of work in Britain' Review of Economics and Statistics 89 (2007), 118-133.

97 Levelling Up the United Kingdom, 9.

98 The official National Accounts treat NSO as a separate 'region' of the UK, rather than allocating it to any geographical areas.

99 Jo Armstrong and John Maclaren, 'The oil and gas sector' in Kenneth Gibb et al, The Scottish Economy. A Living Book (London, 2018), 104-117.

100 See chapter 7 in this volume for discussion of the broader context and political considerations. A. Pike and J. Tomaney 'The Governance of Regional Policy', p4.

the Scottish Office retained considerable economic development powers). The SDA owed something to the ideological thrust towards state enterprise symbolised by the National Enterprise Board, created at the same time, but in practice its activities involved no major extension of state ownership. Apart from the provision of advance factories, in its first decade the SDA's major role was probably as a catalyst for private investments which were eligible for Regional Development Grants (such as the almost £100m given to BP to develop Sullom Voe in 1982). It also played a role in the first attempt at urban renewal in Scotland, the Glasgow Eastern Area Renewal (GEAR) project launched in 1976.[101]

One of the significant consequences of regional and new towns policy in Scotland was that the inner city in Glasgow especially became overly depopulated and arguably vulnerable to the effects of further deindustrialisation, the city's population declining steeply by over 1% each year from the early 1960s. In addition, the new towns in particular were socially selective, especially in the 1950s and 1960s, as were the councils accommodating relocating Glaswegian workers in expanded towns. This involved potential residents being visited in their homes in Glasgow by the receiving council to demonstrate their suitability for residence and often involved securing employment prior to relocation. The provision of opportunities for the skilled economically active working age population to leave therefore had significant long-term implications for those who remained.[102] This arguably can be traced in the persistent health inequalities and entrenched intergenerational poverty evident in some communities in Glasgow.[103]

There are similar patterns of multiple deprivation in other areas of urban Scotland which have resulted from regional policy and the consequences of slum clearance, decentralisation and relocation. The disinvestment of the government from housing, as well as the residualisation of council housing as a form of tenure, exacerbated this further with the new towns in particular leading in experiments with the sale of their rented housing stock prior to the 'right to buy' of 1980. Scotland's final new town, Stonehouse designated in 1972 as another economic growth point in Lanarkshire was the only new town in Britain to be de-designated only four years later as the funds were redirected into GEAR as the scale of the social implications of decentralisation were addressed.[104]

Regional policy expenditure was cut back sharply in the 1980s, with RDGs all but disappearing, and the years of the 'Thatcher slump' in the early 1980s were, of course, disastrous for much of British industry. Scotland was particularly hard hit in terms of loss of industrial employment, and a sharply accelerated deindustrialisation trend.[105] However, despite fiscal austerity, public sector employment continued to grow in the 1980s (providing the underpinning for much of the growth in women's labour market participation which also highlights further growth of dual earning households as a result of economic necessity.)

Inward industrial investment enjoyed a revival in the 1990s with employment growth especially in electronics firms, characterised in the media as 'Silicon Glen'. This cluster of firms mainly in the eastern end of the central belt in Scotland (with the notable exception of IBM in Greenock) originated in the wartime shift of Ferranti to Edinburgh, but eventually encompassed a range of non-British MNCs from both the USA and Asia. But this proved the last hurrah of the branch

101 The SDA was abolished in 1991, when it was amalgamated with Training Agency to become Scottish Enterprise

102 Glasgow, Population Estimates, 'Understanding Glasgow: The Glasgow Indicators Project' https://www.understandingglasgow.com/indicators/population/trends/historic_population_trend [Accessed 16 February 2024]; Chik Collins and Ian Levitt, 'The "modernisation" of Scotland and its impact on Glasgow, 1955-79: "unwanted side effects" and vulnerabilities' Scottish Affairs 25 (2016), 294-316.

103 Regional health inequalities are also evident at a national level with Glasgow's role in Scotland's excess mortality and lower life expectancy discussed in chapter 6 of this volume, C. Bambra, 'The Missing Dimension: Regional Health Inequalities', p8-9.

104 Alistair Fair, 'Stonehouse: Scotland's last new town, c. 1967–1977' Urban History 50 (2023), 818-39.

105 The decade also saw an acceleration of loss of Scottish control, with firms accounting for almost half of total Scottish manufacturing output being taken over by non-Scottish owners: Ashcroft and Love, Takeovers, xiii.

plant phenomena, rather than a new paradigm of development, when the ICT crash of the early 2000s brought a sharp reversal to the glen's output and employment. However, as David McCrone notes, while electronics manufacturing declined, some linked activity in software development and services may be seen as a legacy of this episode.[106]

In the new millennium the creation of a devolved Scottish Executive then Government, opened space for a greater degree of policy differentiation in Scotland, both in policies for Scotland as a whole and the regions within it.[107] The policy trajectory outlined in the introduction only applied with qualification in Scotland, though policy to encourage enterprise by focusing on attracting inward investment continued to be a major feature. The failure to retain branch plants of MNCs perhaps highlights that a different approach to the Scottish economy could have been taken by the devolved administration which would have taken more account of the long-term growth of employment in the public and quasi-public sectors alongside what was happening in private manufacturing and services.

Regional policy took a different form in the context of the ongoing legacy of the economic crisis and austerity politics of the 2010s. Spending cuts in local authority budgets resulted in increased vertical inequality across Britain and while the devolved government attempted to ameliorate some of the effects of Westminster austerity policies, notably the bedroom tax, this was not always possible given that social security remained a retained power at Westminster. It was in this context that the British government announced a programme of 'City Deals' to promote economic growth regionally. The Glasgow City Region was the first in Scotland with the agreement signed in 2014 between the Westminster and Scottish governments and eight participating local authorities.[108] In a similar model to that employed in England[109] , it was envisaged that Glasgow would become the economic driver of the whole region, effectively the opposite of the decentralisation strategy of the immediate post-war years. The Scottish Government pledged to invest £520m with the Westminster government investing the remainder of a £1.2b total to support the region to 'achieve its long term vision for the local economy through projects focusing on infrastructure, skills and employment and business growth and innovation'.[110] Subsequently a further five City Region Deals were established in Scotland, in Aberdeen, Inverness and Highlands, Edinburgh, Stirling and Dundee, all aimed at stimulating the economy of their surrounding regions.

'Levelling Up', the previous Conservative Westminster government's addition to regional policy departed from this model in that it operates separately from the Scottish Government, providing funding directly to local authorities and undermining the role of the Scottish parliament. As a result, at present there remains an especially cluttered landscape of regional policy currently in operation in Scotland with competing jurisdictions, partly for political reasons. Within this, the stated aspiration of the previous Conservative government to give more local input into regional policy has been undercut by the current crisis in local authority funding. One of the problems was the necessity for local authorities to devote more and more of their squeezed budgets to formulating competitive bids to national funding pots. It was also unclear how these projects supported, built upon or supplemented the existing City Region Deals.

106 David McCrone, A New Sociology of Scotland (London, 2017), 215-217.

107 Again, for Scottish development within the broader context see chapter 7. A. Pike and J. Tomaney 'The Governance of Regional Policy', p6.

108 See chapter 5 in this volume for a discussion of innovation within city deals including Glasgow, D. Charles and E. Uyarra, 'Regional Policy and the Promotion of Regional Innovation Systems', p8.

109 Wave 1 city deals included Greater Birmingham, Manchester, Leeds, Liverpool, Nottingham, Newcastle and Sheffield.

110 https://www.gov.scot/policies/cities-regions/city-region-deals/ [accessed 17 February 2024]

Conclusions

- Mass unemployment brought British regional policy into being and sustained it through much of its history. But the problem today is not (mainly) unemployment but 'liveability' which encompasses both the problem of low-income households but also access/ costs to 'everyday' goods provided by both public and private sector. Housing is the most obvious, but it embraces many others—transport (especially buses), GP services etc.
- In Scotland the move to the new towns was not just about securing improved employment opportunities. The quality of design and planning in the new towns and the modern environments created offered an improved living environment, which along with new schools, leisure facilities, community resources and shopping centres, led to the hope of better prospects for subsequent generations. Regional policy therefore encouraged such aspirations for social mobility. While home ownership was traditionally lower in Scotland than in England, the new towns experimented with encouraging home ownership from the 1950s, ahead of the 'Right to Buy' legislation of 1980, through supporting private construction, providing plots for self-building and the sale of their own rented housing stock.
- The shifting and cluttered landscape of regional policy in the UK as a whole, noted in the Introduction, has been exacerbated in Scotland, with competing jurisdictions and struggles between London and Edinburgh over their respective roles.

5 Labour Market Policies and the Regions

Professor Anne Green
Professor of Regional Economic Development, University of Birmingham

Key messages

- Both the quantity and quality of labour supply varies across the country, and the lack of congruity between labour supply and demand effects both local and national economies
- A better allocation of labour across regions leads to higher productivity, so the geographical mobility of labour is an important policy consideration
- Skills policies have been key to past governments' responses to labour supply issues, but they are not sufficient on their own: business support, sectoral and innovation policies should also play a role in tackling low skills supply across regions
- Accelerated digitisation means that workers have increased freedom when choosing where to live and work; place attractiveness is therefore likely to rise up the policy agenda
- As a result of changing structures of employment and skills, policymakers will need to consider regional labour markets and skills demand in a broader policy context than they have done previously
- Past policies have demonstrated that a rise in skills levels does not necessarily lead to increased productivity; policies which focus on driving demand for and utilisation of skills are also needed to tackle this

Why Labour Market Policies for the Regions

As noted in Chapter 1, the 'national economy' is made up of a mosaic of regions, cities and towns with different economic structures, problems and opportunities.[111] This means, as Andy Haldane noted when Chief Economist at the Bank of England: "our economies like our politics are local".[112] Hence, across this mosaic the quantity and quality of employment differs, as measured by numbers of jobs, their sectoral and occupational distribution, the amount that they pay and the prospects that they offer for progression. Likewise, the quantity and quality of labour supply varies, in terms of the numbers of people in employment or seeking work, their experience and their skills profiles.

The degree of (mis)match between labour demand and supply has implications for the functioning of national and local economies and for well-being. Economic theory suggests that the degree to which labour demand and supply match is determined by factor mobility. In the case of labour market policies for the regions, this brings the geographical mobility of labour

111 Martin, R. (2024) 'Introduction: The Political Economy of Regional Policy', this volume
112 Haldane, A. (2019) Is All Economics Local?, Speech given at the Sheffield Political Economy Research Institute (SPERI) Annual Lecture, University of Sheffield, 7 May 2019.

to the forefront of policy consideration, given that a better allocation of labour will yield higher productivity. An alternative approach to achieving a more optimal match is to take jobs to the workers, in order to curtail the erosion of social capital and stem human capital flight from areas with excess labour supply. Hence, at the heart of debates on labour market policies for the regions is the question of whether, and how, to 'take workers to the work' or to 'take work to the workers'. Over the last hundred years regional policies have adopted both approaches, both separately and together, but with varying emphases at different times. This chapter documents some of the main features of these different approaches over the last century, distinguishing three main periods. But in order to learn lessons from past policy it is also important to trace some of the main developments in the labour market over the long-term which have implications for labour market policies for the regions.

The Changing Labour Market

Over a period of a hundred years it is an inevitability that the labour market has changed alongside broader economic and societal developments. Seven broad changes are highlighted in Table 1 since they have shaped the economic geography of the UK and its component parts. They have repercussions for the policy context.

Table 1: Broad trends in the labour demand and supply over the long-term

Trend	Key Features
Changing sectoral structure of employment	Shift towards employment in services at the expense of the primary[113] and secondary (manufacturing) sectors. In 1924 15% of UK employment was in the primary sector, 33% in the secondary sector and 52% in the tertiary sector (services). In 2016 1.3% of employment was in the primary sector, 15.1% in the secondary sector and 83.6% in the tertiary sector.[114]
Changing occupational structure of employment	Occupational change is in part a function of sectoral change in employment. It also arises from changes in the occupational structure within sectors. Since the 1990s, in particular, a key feature of employment change has been the 'hollowing out' of jobs in the middle of the occupational distribution,[115] resulting in a 'professionalisation' and 'polarisation' in employment.[116]
Increasing share of women in the workforce and employment	The position of women in the labour market has changed significantly, having first been transformed by the role of women in employment during World Wars. One hundred years ago, outside of World Wars, women's position in the labour market was more marginal, and the work they were engaged in was often less well paid than that of men. Female economic activity increased by nearly 2.5 times over the period 1951 to 2018.[117] This increase means there has been a growth in dual-earner households, with implications of the geographical mobility of workers when the career of one earner does not dominate.[118]

113 Fothergill, S. (2024) 'Hard-Won Lessons from the Coalfields', this volume.
114 Chiripanhura, B, and Wolf, N. (2019) Long-term trends in UK employment: 1861 to 2018, Office for National Statistics.
115 Xu, X. (2023) The Changing Geography of Jobs, London: The Institute of Fiscal Studies.
116 Goos, M. and Manning, A. (2007) Lousy and lovely jobs: The rising polarization of work in Britain, The Review of Economics and Statistics 89(1), 118-133.
117 Chiripanhura, B, and Wolf, N. (2019) Long-term trends in UK employment: 1861 to 2018, Office for National Statistics.
118 Green, A.E. (2019) A question of compromise? Case study evidence on the location and mobility strategies of dual career households. Regional Studies 31(7), 641-657.

Increasing share of the workforce with formal and higher-level qualifications	Educational opportunities have widened. One hundred years ago the school leaving age was 14 years. The leaving age was increased to 15 in 1947 and 16 in 1972. Subsequently in England it was made compulsory to participate in some form of education and training up to 18 years. Higher education has expanded markedly: in 1950 fewer than 5% of young people entered higher education, but by 1997 the share exceeded 50% (with former polytechnics having been combined in the university sector).
Technological change, digitisation and where work is done	Technological change has always impacted on the nature of employment but the Covid-19 pandemic in 2020-2022 accelerated digitisation and showed how some workers could, and did, work remotely (mainly from home).[119] This has implications for economic geography and the conceptualisation and functioning of local labour markets.
Increasing concern with the quality as well as the quantity of employment	For much of the last hundred years policy focused on the quantity of employment. There has been legislation to further shape the welfare state, improve employment conditions, including the introduction of policies to tackle gender, racial and other forms of discrimination in employment. The National Minimum Wage and National Living Wage were introduced to help mitigate against low pay. Broader 'Good Work' principles have risen up the policy agenda since The Taylor Review of Modern Working Practices.[120]
Enhanced focus on economic inactivity and in-work poverty alongside unemployment	In the 1920s and 1930s the foremost concern of labour market policies for the regions was geographical differentials in unemployment. From the 1980s there have been increasing concerns about 'non-employment' more broadly, including 'hidden unemployment' amongst incapacity benefit claimants.[121] There is a parallel policy concern about in-work poverty.[122] In the 2020s some Universal Credit claimants are supported to increase their earnings through taking on extra work or being paid more.

The Inter-War Years: 'Workers to the Work'

During World War I, Government interventions in the labour market were focused on supporting the war effort and ensuring munitions supplies were in place as required. As the economy adjusted thereafter and was hit by the Great Depression of the 1930s, stark variations in unemployment and long-term unemployment persisted throughout the 1920s and 1930s. The latter was a key feature in northern England, Wales and Scotland but not so in London, the South East and the South West, with the Midlands occupying an intermediate position.[123]

Initially in the 1920s the main policy response to mass unemployment was a focus on 'Industrial Transference'. Employment Exchanges had had a role in facilitating transfers of workers between areas and industries from World War I onwards. From 1928 the Industrial Transference Board took an active role in stimulating, assisting and directing workers in distressed areas to move to openings in other areas and industries, both at home and overseas, as an extension of the work of Employment Exchanges. In summary, the idea was for Exchanges in areas

119 De Fraja, G., Matheson, J. and Rockey, J.C. (2021) Zoomshock: The Geography and Local Labour Market Consequences of Working from Home, Covid Economics 64, 1-41.
120 Taylor, M., Marsh, G., Nicol, D. and Broadbent, P. (2017) Good Work: The Taylor Review of Modern Working Practices. London.
121 Beatty, C. and Fothergill, S. (2023). The persistence of hidden unemployment among incapacity claimants in large parts of Britain. Local Economy, 38(1), 42-60.
122 Innes, D. (2020) What has driven the rise of in-work poverty? York: Joseph Rowntree Foundation.
123 Crafts, N.F.R. (1987) Long-Term Unemployment in Britain in the 1930s, The Economic History Review 40(3), 418-432.

of employment expansion, such as London and Birmingham, to find jobs for unemployed workers from depressed areas, and then for support to be put in place to ease transference (i.e. geographical mobility) to such jobs. This involved payment of a free fare to the new place of work or to a place where it was expected by the Ministry that new work would soon become available. In the case of men (treated as primary breadwinners for households) who did not get a job at once in the new area lodging allowances and pocket money could be paid, while somewhat reduced unemployment allowances were still paid to support any dependants left behind in the origin area. Loans were made in advance of the receipt of the first week's wages. Lodging allowances were also paid as men looked for accommodation for their families in the destination area and subsequently reasonable expenses of household removal, the fares of dependants, and a grant towards the incidental expenses of resettlement were made available. Juveniles (aged 14-18 years) were also included in the transfer scheme, as part of a policy response to combat 'demoralisation' that could occur in the early years of working lives through lack of employment.[124] Here particular importance was placed on the selection of jobs to obviate juveniles getting stuck in blind alley jobs. There was also a precondition that wages paid to transferred juveniles should not be less than for corresponding juveniles undertaking the same work in the destination area.

It has been estimated that nearly a quarter of a million workers were assisted to move between 1928 and June 1937.[125] However, this number does not include the families of married transferees nor the number of transferees who failed to settle in the destination area and moved back to the origin area. Neither does the estimated number of transferees include people who migrated without assistance. Other estimates suggest that between 1921 and 1935, 608,000 people migrated from the distressed areas as a consequence of assisted mobility schemes, with selective out-migration representing one-sixth of the population in Durham, Glamorgan and Monmouthshire.[126]

Building on the experience of training disabled ex-servicemen, Government Training Centres (GTCs) were developed to provide training for young men who, because of World War I and the subsequent economic depression, had not had an opportunity to train for a skilled trade. These GTCs subsequently developed into training centres for transferees, with the vast majority of places reserved for men from depressed areas. Between 1925 and 1936 over 57 thousand men completed courses in GTCs. There was a particular emphasis on training to meet unmet demand for skills in growth sectors in the destination areas, notably in engineering, building and the motor vehicle trades. New GTCs were established in areas that saw rapid industrial expansion in the inter-war period, with Park Royal, Watford, Letchworth, Slough and Waddon to the north, west and south of London accounting for nearly 60% of workers admitted to GTCs in 1936. In this way industrial transference and training, importantly geared to local industrial development, boosted labour supply in growth areas.[127]

Contemporary assessments of the social consequences of industrial transference[128] chime with arguments made subsequently about the merits and disadvantages of moving 'workers to the work'. In relation to the impacts on the origin communities of the transferees, while relieving problems of surplus labour in the short-term, concerns were expressed that the selective process of migration lowered the average quality of the population, which in turn could impede the development of new industries and lead to deterioration of social infrastructure. Turning to the impacts on destination areas in London and parts of southern England and the Midlands,

124 Cooper, M. (2023) 'Blind alley' to 'steppingstone'? Insecure transitions and policy responses in the downturns of the 1930s and post 2008 in the UK, Journal of Youth Studies 26(4), 441-455.
125 *Owen, A.D.K. (1937) The social consequences of industrial transference, The Sociological Review, a29(4), 331-354; Daly, M. (1938) The social consequences of industrial transference: a reply, The Sociological Review, a30(3), 236-261.*
126 *Hannington, W. (1937) The Problems of Distressed Areas. London: Gollancz Press.*
127 *Scott, P. (2000) The state, industrial migration and the growth of new industrial communities in inter-war Britain, English Historical Review 115, 329–353.*
128 *Owen, A.D.K. (1937) op cit.; Daly, M. (1938) op cit.*

it was noted that while transference resulted in growth of the skilled labour pool to service industrial development, the influx of a younger population provided the basis for a higher rate of natural increase in the population in the future which would further accentuate problems of overcrowding and pressures on local government services, an issue subsequently raised in relation to international migration to the UK. Some difficulties of assimilation were noted also. Acknowledging that "it would be a good thing if certain hopelessly derelict communities in the depressed areas were "liquidated" altogether by transferring the entire population to some new area"[129] and that there was some room for 'healthy expansion' of the population in some parts of the south and Midlands, the question was raised as to whether the growing concentration of the population and economic activity in the south-eastern corner of England was in the national interest on economic, social or strategic grounds. The conclusion was that any policy of industrial transference should be controlled and directed as part of an overall national policy of industrial localisation and social development.

Complementing policies 'taking workers to the work' there was some activity in the interwar years to 'take work to the workers'. The 1934 Special Areas Act encouraged firms and factories for new light industries to set up in the 'distressed' areas characterised by unemployment above the national average, including South Wales, parts of Tyneside, west Cumbria and industrial Scotland, by providing financial aid to do so. The rationale was to diversify the economies of such areas and so avoid the 'excessive specialisation' which had blighted them in the 1920s. This Act set a pattern for regional economic and labour market policy in the period after World War II.

The 1940s to the 1970s: 'Work to the Workers'

During World War II the Government was active in ensuring the workers were available in key sectors of the economy to support the war effort and women's participation in employment increased to help fill the gaps. The experience of Government actively shaping economic policy was continued after World War II in the 1940s. The Government accepted responsibility for maintaining a high and stable level of employment. In what has been described as a 'donor-recipient' model,[130] the major thrust of policy was concerned with reducing the growth of geographical inequalities by restricting economic development initiatives in the South and Midlands through restrictive Industrial Development Certificates and making grants and loans available for firms to establish themselves in 'development areas', as had been set out in the 1940 Barlow Report.[131]

The 1945 Distribution of Industry Act focused on the North East, West Cumbria, south and north-east Lancashire, south Wales, the Scottish coalfields, Dundee and the Scottish Highlands as 'recipient' areas. The detailed geographical coverage of Development Areas changed over time[132] and by the middle of the 1970s they covered 42% of the employed population. This policy marked a shift from 'taking workers to the work' to 'taking work to the workers.'

The establishment of motor manufacturing plants in Merseyside provides one such example of Government initiated direction of the industrial location of private industry in the 1960s. A Ford plant was set up in Halewood and a Vauxhall plant in Ellesmere Port, while there was expansion at a nearby Standard-Triumph plant. 12 thousand workers were required in a small space of time; and an additional 3 thousand jobs were created in ancillary employment.[133]

129 *Owen, A.D.K. (1937) op cit., 352.*
130 Raco, M. (2006) Moving workers with the work: State selection, key workers and spatial development policy in post-war Britain, Geoforum 37 (4), 581-595.
131 Tyler, P. (2024) 'Chronology: a Timeline of Regional Policy in the United Kingdom', this volume
132 Tyler, P. (2024) op cit.
133 Salt, J. (1967) The Impact of the Ford and Vauxhall Plants on the Employment Situation of Merseyside, 1962-1965, Tijdschrift voor Economische en Sociale Geografie 58(5), 255-264.

While most hourly paid workers, many of them unskilled, were recruited locally, the prospects for the youngest workers and particularly older workers, as well as some of the unskilled remained bleak, given that there were some occupations from which the incoming motor firms chose not to recruit and there was an effective lower age limit of 21 years and an upper age limit of 50 years on their recruitment.[134] Recruitment focused on workers (predominantly men) with stable employment backgrounds. Large engineering firms in Liverpool experienced the greatest problems of worker retention. Overall, the establishment of the motor manufacturing plants resulted in a fuller use of pre-existing labour reserves on Merseyside. The arrival of large new employers and the consequent tightening of the labour market also led some local employers to reappraise their employment policies as they recognised the need to provide more secure contracts, better working conditions and fringe benefits to retain and attract workers.[135]

In labour market terms it is notable that alongside the policy of 'taking work to the workers' successive Governments also encouraged key workers to relocate to Development Areas – so 'taking the workers with the work'. Indeed, in the example above, 200 men moved from Luton and Dunstable to the Vauxhall plant at Ellesmere Port. The rationale was that the movement of key workers with the work would encourage firms to relocate and so stimulate the economies of the Development Areas. The policy was couched in terms of persuasion rather than compulsion. The precise form and magnitude of key worker support depended on the degree to which the job was considered 'essential' from a regional development perspective.

From the outset it was clear that a lack of suitable housing for key workers in the Development Areas. Moreover, housing for key workers posed tensions for local housing policies. In the immediate post-War period and into the 1950s there was an undeniable need for housing for local people. Supplementary to this there was additional pressure to use housing as a 'bait' to new employers in a strategy which involved granting houses to key workers in industry and building larger houses for higher income groups.

By the late 1960s the key worker policy had diminished in importance. This may be a function, at least in part, of a conflict with the New Towns policy. The 1946 New Towns Act gave the Government power to designate areas of land for development, with most intended to accommodate overspill from London. The underpinning philosophy of New Towns was to create self-contained growth poles, acting as centres for industry with the provision of good quality housing. Hence the New Towns may be seen as being in competition with regional policy espousing direction of jobs to Development Areas with relatively slack labour markets.

From the 1980s: Creating and Connecting to Local Jobs

The period since the 1980s has witnessed a retreat from 'taking work to the workers'. Instead a focus on improving labour supply to address local inadequacies has been foregrounded as a central element in regional, and increasingly local, policies. Within the era, three phases of policy may be identified: 1979-1997, 1997-2010 and 2010 onwards (as outlined in Chapter 1).

134 Salt, J. (1969) Post-War Unemployment in Britain: Some Basic Considerations, Transactions of the Institute of British Geographers 46(1), 93-103.

135 Salt, J. (1967) op cit.

Until the late 1970s the return of mass unemployment, as witnessed in the interwar years, seemed unthinkable. However, unemployment increased markedly in the recession of the early 1980s. This recession had a distinctive spatial expression, with the industrial heartland areas of the Midlands (where previously some local areas had seen constraints on employment expansion) and the North being particularly hard hit[136] as employment in manufacturing contracted. Given the Thatcher Government's free market ideology, deregulation, and an emphasis on reduction of state intervention and keeping control of public expenditure, the message to the unemployed was to 'get on your bike'[137] and look for work; (nearly 30 years later a similar sentiment was evident in an appeal to 'get on the bus'[138] to travel to available jobs). These messages illustrate the onus placed on the unemployed to look for work beyond their immediate locality and to recognise that jobs would not come to them. This was in the context of a diminished regional policy and a growing prioritisation on urban areas in policy interventions, the abolition of controls on development in more prosperous areas and the promotion of enterprise. To help facilitate the latter, in 1988 Training and Enterprise Councils (TECs) were established in England to promote training, skills and workforce development with employers, alongside broader economic development and business support.[139]

Subsequently, a formal regional architecture was instituted in England by the New Labour Government in the late 1990s. Regional Development Agencies were given responsibility for working with partners and employers to grow the regional economy—by promoting employment, business growth and competitiveness and by enhancing the development and application of skills. With the abolition of TECs responsibilities in relation to skills were passed to local Learning and Skills Councils. A series of New Deal programmes focused on interventions, including training and employment support, for specific sub-groups, including young people, the long-term unemployed, and others. Also during this period initiatives with an area focus also became more prominent, as exemplified by the New Deal for Communities programme[140] aimed at regenerating deprived neighbourhoods through prioritisation of community-led schemes and the City Strategy initiative[141] designed to combat enduring pockets of entrenched worklessness and poverty in urban areas by empowering local institutions to come together in partnerships to develop locally sensitive solutions. Both of these examples are indicative of a growing emphasis on local partnership working to deliver place-sensitive solutions.

Importantly in relation to skills, at the Labour Party Conference in 1999 Tony Blair set a target of 50% of young adults going into higher education. From a regional labour market policy perspective it is notable that higher education is associated with enhanced geographical mobility, which serves to concentrate higher level skills in London and other large cities – both through moves to universities and then from universities to work opportunities.[142] Analysis of

136 Green, A.E., Owen, D.W. and Winnett, C.M. (1994) The Changing Geography of Recession: Analyses of Local Unemployment Time Series, Transactions of the Institute of British Geographers 19(2), 142-162.

137 In October 1981 at the Conservative Party conference Norman Tebbit, Secretary of State for Employment, in reference to inner-city riots that summer, appealed to the memory of his father in exhorting the unemployed to go and find work, saying: "I grew up in the 30s with an unemployed father. He did not riot. He got on his bike and looked for work."

138 In October 2010, Iain Duncan Smith, Work and Pensions Secretary, said: "There was a very good programme the other day that talked about Merthyr Tydfil and the fact there were jobs in Cardiff; But many of them [the unemployed in Merthyr] had become static and didn't know that if they got on a bus for an hour's journey, they'd be in Cardiff and could look for the jobs there."

139 Ramsden, M., Bennett, R.J. and Fuller, C. (2002) The End of TECs: A Challenge for Partners and Successor Bodies to Maintain Discretionary Activity, Policy Studies 23(3/4), 231-246.

140 Batty, E., Beatty, C., Foden, M., Lawless, P., Pearson, S. and Wilson, I. (2010) The New Deal for Communities Experience: A Final Assessment, Department for Communities and Local Government.

141 Green, A.E. and Duncan, A. (2011) City Strategy: Final Evaluation, Department for Work and Pensions Research Report 783.

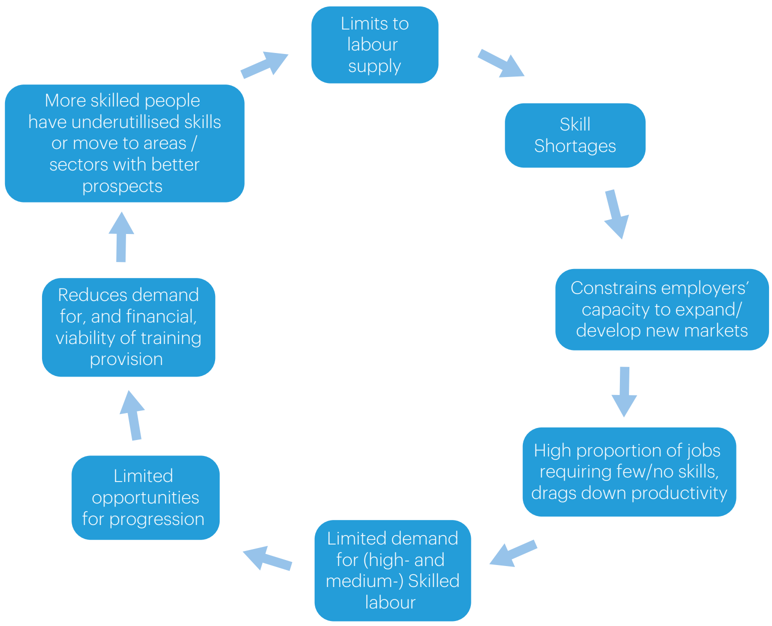
142 Britton, J., van der Erve, L., Waltmann, B and Xu, X. (2021) London Calling? Higher education, geographical mobility and early-career earnings, London: Department for Education and Institute for Fiscal Studies; Champion, T., Green, A. and Kollydas, K. (2024) The gainers and losers from the United Kingdom's university-related-migration: A subregional analysis of Graduate Outcomes Survey data, Population, Space and Place https://doi.org/10.1002/psp.2757

regional inequalities indicates that net graduate out-migration from low-enrolment regions suggests that the dominant problem for most regions is a lack of demand for graduates, more than a lack of supply of graduates.[143]

The expansion of higher education is also indicative of the predominant 'supply-push' policy which has been argued to have been at the centre of much Government skills policy for forty years.[144] The underlying philosophy for this policy is that increases in the supply of skills will, over time, create an increased demand for skills from employers as firms upgrade their productive and product market strategies in response to a more qualified and skilled workforce. This approach has its critics,[145] with an alternative school of thought arguing that while skills are an enabler of economic growth, the relationship between improving skills and indicators of economic performance is complex, conditional and patchy.[146]

Where a low supply of skills is combined with a low demand for skills, as in some peripheral rural, coastal and older industrial areas a 'low skills trap',[147] sometimes coined a 'low skills equilibrium'[148], can exist. In such circumstances employers may face few skill shortages in a predominantly low skilled workforce. But in the context of a high proportion of jobs requiring few skills there is little incentive to participate in education and training and raise qualification levels and aspirations. This, in turn, stifles improvements in skill levels and in productivity. This vicious circle, portrayed in Figure 1, illustrates that a 'supply-side push' alone in areas experiencing a low skills trap is unlikely to be sufficient in effecting an escape from the situation, at least in the absence of policies focusing on promoting the demand for, and utilisation of skills. Hence, while skills are 'part of the mix' they are not the 'fix'. Rather, business support, sectoral and innovation policies, alongside skills policy, have a role to play, with responsibilities for each of these domains resting across different geographical scales.

Figure 1: The low skills trap and implications for local economic development[149]



143 Stansbury, A., Turner, D. and Balls, E. (2023) Tackling the UK's regional economic inequality: binding constraints and avenues for policy intervention, Contemporary Social Science 18(3/4), 318-356.
144 Keep, E. (2022) What is the role of skills and the skills system in promoting productivity growth in areas of the country that are poorer performing economically? Paper for the Skills and Productivity Board.
145 Lauder, H., Brown, P. and Cheung, S.Y. (2020) The Death of Human Capital? Its Failed Promise and How to Renew It in an Age of Disruption, New York: Oxford University Press.
146 Zymek, R. and Jones, B. (2020) UK Regional Productivity Differences: An Evidence Review, Industrial Strategy Council Research Paper, London: Industrial Strategy Council.
147 Green, A. (2016) Low Skill Traps in Sectors and Geographies: Underlying Factors and Means of Escape. London: Foresight, Government Office for Science.
148 Wilson R., Hogarth T. et al. (2003) Tackling the low skills equilibrium: A review of issues and some new evidence. London: DTI; Sissons, P. (2021). The local low skills equilibrium: Moving from concept to policy utility, Urban Studies, 58(8), 1543-1560.
149 Green, A. (2016) op cit., Figure 2.

Following the change in Government in 2010, the Regional Development Agencies were abolished and were replaced by business-led Local Enterprise Partnerships in England[150], also involving local authorities and academic and voluntary institutions, with responsibilities for local economic development, including working with employers and raising skills levels. Under devolution deals, Mayoral Combined Authorities (where they exist) have taken an increasingly active role in local skills planning, commissioning and funding. The emphasis on partnership working with local employers and skills providers has been accompanied by work to promote the use of local skills information and intelligence through Skills Advisory Panels.

In 2022 the Levelling Up White Paper[151] placed skills at the heart of the policy agenda, reflecting the importance of improving human capital in addressing the 'productivity problem'.[152] It also underscored the issue of skills utilisation, as well as improving the matching of skills and jobs. The development of Local Skills Improvement Plans, centred on the local skills priorities, places employers at the heart of local skills systems, while also helping learners to get the skills they need to get good jobs and progress in employment. Although the emphasis is on the 'local', some of the skills highlighted in the plans are cross-cutting in nature across sectors and local areas, including digital skills and leadership and management capabilities.

The direction in regional labour market policy in recent years has been towards devolution to the sub-regional level – and this is set to be accelerated by the Labour Government elected in July 2024,[153] with growing recognition of the importance of labour demand considerations alongside the primacy traditionally afforded to upgrading the supply of skills. However, churn in the institutional architecture for skills policy has hampered progress. At the national level between the early 1980s and 2017 there were 28 major pieces of legislation related to vocational further education and skills training, 48 secretaries of state with responsibility for these issues and no single organisation lasted for longer than a decade.[154] At the sub-regional level Government funding for Local Enterprise Partnerships ceased in March 2024. Their responsibilities moved to Mayoral Combined Authorities and upper tier local authorities. Such instability has created a complex and changing landscape for individuals and employers.[155] The King's Speech in July 2024 set out plans for the creation of Skills England to support economic growth by bringing greater coherence to the skills and training landscape wth the aim of ensuring that regional and national skills systems provide the skilled workforce that businesses need.[156]

Key Learning from Past Policy and Future Considerations

Regional labour market policy is often couched as in adversarial terms as 'taking workers to the work' or 'taking work to the workers'. While in the immediate pre-World War II period the former policy approach predominated and then in immediate post-World War II period the latter prevailed, in each period it is notable that the two policy approaches co-existed – albeit with different relative emphases.

Policies 'taking workers to the work' can facilitate spatial adjustment of labour supply to new economic geographies of labour demand. In so doing, they can contribute to enhanced economic fortunes of individual workers and to aggregate national growth. 'Taking work to the workers' can obviate geographical barriers to employment which are greatest for those with

150 Pike, A. and Tomaney, J. (2024) 'The Governance of Regional Policy' this volume
151 HM Government (2022) Levelling Up the United Kingdom, CP 604. London: HMSO.
152 Pope, T., Shearer, E. and Hourston, P. (2022) Levelling up and skills policy. London: Institute for Government.
153 Prime Minister's Office (2024) The King's Speech 2024. London: Prime Minister's Office
154 Norris, E. and Adam, R. (2017) All Change. London: Institute for Government.
155 Grimshaw, D., O'Mahony, M. and Westwood, A. (2023) Skills for productivity growth, Productivity Insights Paper 023, Manchester: The Productivity Institute.
156 Prime Minister's Office (2024) op cit.

lower skills and most at risk from labour market disadvantage, at the same time as potentially alleviating overheating in more prosperous areas. Labour market tightening as a result of 'taking work to the workers' may nudge some pre-existing local employers to enhance job quality to retain their workforce. However, constraining the establishment or expansion of employment in preferred areas may lead to sub-optimal growth nationally. Moving from the broad regional level to the urban scale and considering how urban labour markets operate, the simultaneous presence of spatially seamless and segmented markets[157] suggests that whether a 'workers to the work' or a 'work to the workers' approach is appropriate varies from place to place and between different types of worker.[158]

Similarly, the experience of the shift in recent years to greater local partnership working also points to a need for a full armoury of policies rather than reliance on a single approach. It is clear that reliance on a 'supply-side push' is insufficient to 'convert' raised skills levels into improved productivity: policies to enhance skills demand and utilisation are crucial too. The institutional architecture for policy and multi-level governance is important here, as is local partnership working across related policy domains.

Looking ahead, accelerated digitisation which means more jobs and more workers are geographically footloose. This is likely to lead to place attractiveness rising up the policy agenda to occupy a more significant position than in the past. Policy will need to consider skills and regional labour markets in a broader context than in former times.

157 Morrison P. (2005) Unemployment and urban labour markets, Urban Studies 42(12), 2261–2288.
158 Shuttleworth, I. and Green, A. (2009) Spatial Mobility, Workers and Jobs: Perspectives from the Northern Ireland Experience, Regional Studies 43(8), 1105–1115.

6 Regional Policy and the Promotion of Regional Innovation Systems

Professor Elvira Uyarra
Professor of Innovation Studies, University of Manchester
Professor David Charles
Professor of Enterprise and Innovation, Northumbria University

Key messages

- Countries in the EU and OECD have successfully developed place-based approaches to innovation
- Previous UK policies aimed at connecting innovation with regional development objectives have been inconsistent and often contradictory
- Past innovation policies have tended to be spatially blind leading to exacerbation of existing regional inequalities
- Refocusing regional development policy on innovation could help to harness the strengths of different regions across the UK
- Policy that promotes regional innovation systems could both strengthen the national economy and create opportunity for growth in so-called 'left behind' places, particularly in the north and west of the country

Why a Focus on Innovation in Regional Policy?

In countries across the EU and OECD, place-based approaches to innovation, including regional innovation strategies, clusters, and smart specialization, have become increasingly mainstream over the last decades. This differs notably from the UK, where regional innovation policy efforts have been much more modest, and set against highly centralised, top-down and space-blind systems governing decision-making for science, technology, and innovation policy. This has not only limited the ability of national policies to fully harness the strengths of different UK regions but also contributed to widening spatial inequalities.

Throughout the post-war period, UK policy connecting innovation and regional development objectives can be characterized as following one of three main approaches to policy: pro-regional, anti-regional, and spatially blind. These approaches have often been pursued simultaneously by different government departments, leading to contradictory objectives and outcomes. Pro-regional policies, such as those supported by the European Regional Development Fund and the Regional Development Agencies, actively sought to promote innovation in lagging regions. In contrast, anti-regional policies actively favoured investment in innovation in core regions, even when peripheral regions might have been more appropriate locations. Finally, spatially blind policies, which focused on supporting excellence without considering location, reinforced existing inequalities by favouring core regions with established innovative capabilities. The interplay of these three policy tendencies has shaped the uneven geography of innovation in the UK over time.

A Century of Innovation in Regional Policy: A Very Brief History

Regional policy in the UK was not born out of a desire to tackle innovation-related challenges. Instead, it was a response to the need to replace jobs that had been lost in industries such as mining and shipbuilding, essentially manual jobs. Although there was some emphasis on attracting new and growing industries, the focus was on production activities. Even in the initial assisted areas there were still dynamic and growing industries at the time: in the North East and the North West of England there were growing innovative firms in electrical engineering and chemicals. However, the main focus in the 1930s was to stimulate employment to compensate for those sectors which had been badly hit by the depression. As noted in Chapter 1 there was a tension between moving workers from the assisted areas to opportunities elsewhere, and attracting new jobs to the assisted areas. Neither of these approaches really addressed the question of building innovative capacities in the regions. Instead, a key part of the solution was a physical one of replacing lost jobs in, for example, mines and shipyards with factory work in new industrial estates. These new industrial estates were attractive for growing industries after the war, especially when coupled with Industrial Development Controls on the 'overgrowth' areas of the South and Midlands.

Post-war R&D investment

In the aftermath of World War II, a new dynamic emerged as innovation in weapons and systems had proven to be a key factor in the Allied victory. Consequently, governments sought to increase investment in R&D, especially during the Cold War era. A significant component of this investment was the new defence research establishments, which came to account for a big share of government R&D spend. Support for innovation also came in the form of industrial research associations and departmental R&D, presenting an opportunity for regional policy to influence the location of these new activities. Carol Heim examined the public records office material relating to new R&D establishments in the 1950s.[159] She found that the Board of Trade recognised the importance for regions and suggested that these new establishments should be located in the peripheral regions. However, other government departments resisted this idea on the assumption that R&D needed to be close to London. One example was the Royal Aircraft Establishment at Farnborough, which the Board of Trade suggested could have been established in Wales to help promote an aircraft industry there. However, the Ministry of Defence refused to consider this option. Similarly, the Coal Board refused to have a coal research establishment in Peterlee, a new town based on a modern mine in the North East arguing it would be a scientific desert. At that time, regional policy focused on production rather than R&D and hence the emphasis was on relocating mature production activities to the regions rather than more innovative activities. This pattern of R&D investment, particularly in defence, would also influence regional innovation disparities in other ways, for instance through spatial distribution of defence procurement contracts.

By the 1960s, the argument for greater support for innovation was being articulated more clearly. The Northern Economic Planning Council for example, emphasised support for technological development and R&D as the first of its recommendations for addressing the region's problems.[160] At this time, the government had begun placing some public R&D in the regions: the National Engineering Laboratory in East Kilbride, the British Gas Engineering Research Station in Killingworth, and significant nuclear engineering research in the North West, but the effects of industrial reorganisation under the Industrial Reorganisation Corporation (IRC) as argued by Massey and Meegan[161] was to emphasise a spatial division of labour with mature and declining technologies being located in the periphery.

159 Carol E. Heim (1988) Government Research Establishments, State Capacity and Distribution of Industry Policy in Britain, Regional Studies, 22:5, 375-386, DOI: 10.1080/00343408812331345060.

160 Northern Economic Planning Council, (1966) Challenge of a Changing North, HMSO, London.

161 Massey, D. and Meegan, R. (1979) The geography of industrial reorganisation: The spatial effects of the restructuring of the electrical engineering sector under the industrial reorganisation corporation, Progress in Planning, Volume 10, Part 3, 155-237.

Mobile investment versus bottom up development

During the 1970s, support for regions continued to be focused on mobile factories and, often by default, on mature technologies, although a sectoral focus on FDI in electronics became a feature of competition between regions, particularly Scotland, Wales, and to a lesser extent, the North East. UK-owned electronics firms had been very heavily sustained by defence contracts, which they focused on in the 1970s and 1980s at the time that global competition in consumer electronics and components was rapidly increasing. The crisis of 1980 saw massive job losses among new and old branch plants as much of the regional policy-assisted industry was shut down alongside the losses in traditional industries. Meanwhile the Thatcher government scaled back regional policy both geographically and financially although with a renewed rhetoric focused on using Japanese investment to bring in modern industry and new working practices, emphasizing organisational innovations such as just-in-time manufacturing and quality circles, with Nissan as the archetype. However, beyond a few notable examples, the new branch plants still brought routine and low-skill assembly work to the regions.

The 1980s saw a significant shift in regional policy with the emergence of bottom-up initiatives, as local authorities began to take a more active role following the Inner Urban Areas Act 1978. Whilst national government developed a property-led approach to urban regeneration after the 1981 Toxteth riots, many cities also launched small-scale creative projects to stimulate innovation, with innovation centres being one prominent example.[162] Coinciding with this was the growing popularity of science parks in the early 1980s, supported by universities, property developers and local authorities.[163] The number of science parks grew in 30 years from just two in 1982 (Cambridge and Heriot-Watt Parks) to over 100. At a national level, English Estates, a government-owned developer, invested in science parks in a number of more peripheral urban areas such as Sunderland, Hull and Bradford, although with limited long-term success. Nevertheless, this marked the beginnings of a national support for regional innovation. Meanwhile science and technology policy focused on a national approach based on excellence, continuing a concentration of science funding in the 'golden triangle'. In fact, concentration of research funding was a key aim of the research assessment exercise since its introduction in 1986.[164]

The end of the 1980s saw increasing interest in regional innovation policy within the European Commission, leading to the development of an experimental initiative called STRIDE, which aimed to fund innovation actions through the structural funds. In the UK, the Department of Trade and Industry (DTI) was initially unconvinced of the need for regional innovation policies, but in the late 1980s launched a regional technology centre programme, providing start up-funds for innovation support units in the regions as part of a national network. Unfortunately, the programme only received 2-3 years of funding, and most centres closed down quickly once the money ran out. The North East centre is the only one that has survived to the present day by harnessing ERDF and other funds. The 1989-93 structural funds programmes started to introduce some support for local innovation activities, which was significantly increased from 1994 onwards.

There was particular interest in innovation in Wales, Scotland and Northern Ireland where the development agencies took an active role in the development of innovation strategies. Wales was a pioneer in the European Commission Regional Technology Plans, as a precursor to their Regional Innovation Strategies. Scotland developed a focus on technology commercialisation, and Northern Ireland had its Industrial Research and Technology Unit using ERDF to support

162 Leigh, R., & North, D. (1986). Innovation centres: The policy options for local authorities. Local Economy, 1(2), 45-56.
163 Massey, D. & Wield, D. (1992) Evaluating science parks, Local Economy, 7:1, 10-25.
164 Flanagan K and Keenan MP, 1998, "Trends in UK Science Policy" in Cunningham, PN (ed.) Science and Technology in the United Kingdom. Cartermill, UK.

research centres in universities and the private sector. In contrast, the English regions lacked an institutional focus for innovation support at this time, having to rely on voluntaristic efforts in support of the Structural Funds programmes and their ambitions on innovation spending.

By the late 1990s, regional policy support for innovation had two distinct aspects. National funding through selective regional assistance targeted foreign direct investment (FDI), often focused on high tech sectors, although many FDI investments closed a few years later as investment shifted towards Eastern Europe. At a regional scale, innovative actions funded by the ERDF were being implemented, often drawing on universities as well as a range of locally-initiated agencies, and sometimes sectoral research organisations. Despite the emerging European focus on regional innovation strategies, the UK government did not particularly buy into this approach. As a result, the dialogue on regional innovation strategies primarily took place between the European Commission and the regions, with relatively inactive national policy.

Privatisation

A hidden negative effect of UK policy during the 1980s and 1990s was the impact of privatisation, as the government sought to privatise some of its own R&D activities alongside the privatisation of public corporations, leading to a loss of regional research capacity and investment.[165] The privatisation of research establishments placed their control in the private sector, often as part of bigger organisations, and some saw disinvestment from the regions, whilst the government obviously lost the capability to influence their future locations. At the same time the privatisation of utilities such as electricity and gas led to overseas ownership, the scaling down of their R&D activities (often based in the regions) and a reduced support for UK equipment suppliers which in turn diminished their own innovation activities. This can be seen in microcosm in the North East where British Gas relocated its engineering research from Killingworth to Loughborough, removing 500 R&D jobs. At the same time the lack of orders for power station equipment for NEI Parsons and Reyrolle on Tyneside led to significant job losses, including the eventual closure of International R&D, an energy-focused research centre employing 500 people at its peak.

Other areas of government spending also had very uneven regional impacts. For instance, Martin notes how in 1985/86 the South East received half of total spending in national defence procurement, far exceeding the total amount of regional preferential assistance in Britain and more than four times the defence procurement spending going to the North, Wales and Scotland.[166] This concentration is important given the impact of defence contracts on R&D, high-skilled jobs and supply chains.

Regional Development Agencies

The Labour Government experiment with the English regional development agencies (RDAs) at the end of the 1990s changed this dynamic, as regional policy became in England focused on delivery at a regional scale. The UK government tasked RDAs with developing regional strategies that included an innovation dimension, such as a focus on clusters. During this period, there was also an increase in incentives and funding for the regional engagement of universities. Following the expansion of universities in the UK in the 1960s after the Robbins Report, the Further and Higher Education Act 1992 abolished the binary divide between universities and polytechnics, nearly doubling the number of universities in the country. The late 1990s saw a push for more active and systematic local and regional engagement

165 Agar, J. (2019) Science Policy Under Thatcher, UCL Press, London.
166 Martin, R. (2002) Reviving the economic case for regional policy, in Harrison, R. T., & Hart, M. (Eds.) Spatial policy in a divided nation (No. 2). Jessica Kingsley Publishers.
167 Dearing, R. 1997. Higher Education in the Learning Society. London: HMSO.

of universities (see the 1997 Dearing Report[167]), which catalyzed the introduction of 'third stream' funding for the higher education sector. In England, this began with the Higher Education Reach-Out to Business and the Community programme (HEROBC), and later evolved into the Higher Education Innovation Fund (HEIF). Government support and access to ERDF funds led to an expansion of the technology commercialisation landscape in universities, including the establishment of Technology Transfer Offices and Business Development Offices in most institutions. Simultaneously, the Higher Education Funding Council for England (HEFCE) supported the formation of regional associations or consortia of HEIs in English regions where they did not already exist, based in part on a model developed in the North East in the 1980s to support local business.

However, the regions also over-reached themselves by investing in centres of excellence and, for example, arguing against government over the decision to locate the Diamond synchrotron in Oxfordshire rather than at Daresbury. The Daresbury debacle triggered a debate about the unequal distribution of science funding across England, leading to a consolation prize in the North of England in the form of a regional science and innovation fund top-sliced from the science budget, and the creation of a North West Science Council. The Daresbury decision galvanised not only the North West region but also other English regions into action, catalysing the development of regional science policies in English regions, with some RDAs seeking to leverage scientific assets for greater economic benefit.

In parallel, these years witnessed a shift in focus towards city regions. Chancellor Gordon Brown was interested in the potential for localised innovation-led development and launched the science cities initiative in 2006 with the idea that each region should have a pole for innovative activity. Yet even then it was a policy of giving regions some leeway to develop their own initiative, but with no resources and with little direct central support. Meanwhile, science policy continued to operate in a spatially blind manner. As a result of the selectivity in quality-related (QR) funding allocation through the Research Assessment Exercise (now REF), the share of research funding going to universities in the 'golden triangle' has continued to increase over time.[168]

Localism and recentralisation

Following the 2010 general election, the coalition government introduced a localist agenda (see Chapter 7) which meant the abolition of the RDAs and, with it, a decade of accumulated regional knowhow and partnerships. The loss of the RDAs in England and their replacement with local enterprise partnerships (LEPs) weakened bottom-up initiatives, although they were still partly supported by the ERDF and the lower levels of funding provided through the LEPs. LEPs were still expected to develop innovation strategies, such as the European Commission's "smart specialisation strategies" needed for the ERDF post-2014, and the later local industrial strategies, but with fewer direct resources and with much of the LEP funds being targeted on direct support for businesses. The localist agenda was, in fact, an exercise in centralisation, with many policy levers previously available at the regional level in England either removed or rescaled upwards to the national level, including the centralisation of the management of EU regional policy. The approach to smart specialisation in England implied largely inconsistent efforts to coordinate 39 LEPs with hugely different scales and capacities, and an insufficient evidence base for effective prioritisation.

168 Flanagan, K., & Wilsdon, J. (2017). Powerhouse of science? Prospects and pitfalls of place-based science and innovation policies in northern England. In C. Berry, & A. Giovanni (Eds.), Developing England's North: The Political Economy of the Northern Powerhouse (Building a Sustainable Recovery: SPERI Research and Policy Series). Palgrave Macmillan Ltd.https://doi.org/10.1007/978-3-319-62560-7_5

Linked to this, the Coalition's 2014 science strategy (HMT/BIS, 2014) emphasized the role of science and technology in 'place-making' and subsequently the government invited universities, cities, LEPs, and businesses to undertake Science and Innovation Audits to identify regional strengths and strategic areas for science and innovation. However, the Science and Innovation Audits were short-lived and interpreted as a mere inventory of scientific and technology assets, having little impact on directing investments in science and innovation.[169]

In terms of regional innovation infrastructure, the government did support the development of the Catapult centres, which enabled the survival of some of the regional technology initiatives developed by the RDAs. Beyond this, there were a series of ad hoc initiatives and investments (most visibly the £235 million commitment to the Manchester-based Royce Institute for Advanced Materials Research and Innovation), often for political reasons, toothless PR exercises such as the Northern Powerhouse, and an endless round of reports on university innovation activity.

The Catapult network of technology and innovation centres was established by the Coalition government in late 2010, following a report by Hermann Hauser for the previous Business Secretary, Peter Mandelson.[170] The proposal was for something similar to the German Fraunhofer network,[171] but built on a mix of existing and new centres covering a variety of technologies and industries. Although the network was national in scope, and without a specific regional orientation, a number of the Catapults were multi-locational and drew together centres that had been initiated through regional actions. Some £439 million was committed over the first four years to establishing the network.[172] Despite criteria that stressed the importance of proximity to excellent research and business markets, the network has a reasonably balanced national distribution, although several are headquartered in London and the South East. The Offshore Renewable Energy catapult is based in Glasgow and Northumberland, in the latter case drawing on a former RDA investment, whilst the Medicines Discovery catapult is based in Cheshire and Manchester. Some catapults have set up satellite operations in the regions often in partnership with LEPs and universities, contributing to the emergence of a genuine national network despite the absence of a clear national spatial steer.

While the Catapult network aimed to bridge the gap between research and industry, the UK government also introduced measures to encourage universities to increase their engagement with businesses and society more broadly. The 2014 Research Excellence Framework (REF) introduced impact as a new component of assessment, alongside outputs and environment, which accounted for 20% of the overall quality profile. The trend towards decreasing the weight of research outputs and increasing the importance of research impact in the allocation of QR funding, was further evidenced in the REF 2021 and in recent proposals for the REF 2029. This shift in weighting reflects a growing emphasis on the need for universities to demonstrate the tangible benefits of their research beyond academia. It also reflects an evolving perception of universities as active intermediaries in knowledge networks and as "anchor organizations" with significant local economic and social impact. However the longer-term spatial effect of these changes in terms of the subsequent distribution of block research funding remains to be seen.

169 ibid.

170 Hauser, H (2010) The Current and Future Role of Technology and Innovation Centres in the UK: A Report by Dr. Hermann Hauser for Lord Mandelson, Secretary of State Department for Business Innovation & Skills, BIS, London

171 The German Fraunhofer Gesellschaft is a national network of applied research institutes focused on developing technologies and transferring knowledge to industry. It has 30,000 employees in 76 institutes which are located across all the German regions and funded through a mix of core funding from federal and state governments (roughly 1/3) and (2/3) competitively won contract research from public and industry sources (with an aspiration for these to be in roughly equal proportion).

172 Hauser, H (2014) Review of the Catapult network Recommendations on the future shape, scope and ambition of the programme, BIS, London

Post-Brexit industrial strategy

Against the backdrop of the Brexit vote, Prime Minister May's UK Industrial Strategy (HMG, 2017) marked a turn towards an explicit industrial policy and included place as one of its five foundations (alongside ideas, people, infrastructure, business and environment). Commentators however noted the diminished reference to place in the final white paper compared to the earlier green paper, and how the strategy lacked clarity about the place-innovation nexus and failed to acknowledge the impacts of Brexit on place.[173] The strategy also announced the development of Local Industrial Strategies (LIS), which were intended to be bilateral exercises between the UK government and Mayoral Combined Authorities or Local Enterprise Partnerships. The aim was to "promote the coordination of local economic policy and national funding streams and establish new ways of working between national and local government, and the public and private sectors". However, given that the institutional framework for place-based territorial development remained unchanged, the delivery of this agenda was uneven and piecemeal. There were also tensions between the top-down and spatially-blind sectoral focus of the industrial strategy and the aspiration to capitalise on local strengths through the LIS.[174]

However, Prime Minister Johnson's government scrapped the Industrial Strategy (alongside its public bodies such as the Industrial Strategy Council), and announced proposals to create several new government bodies, ARIA, modelled after the US DARPA, and the UK Infrastructure Bank. In 2021, the Industrial strategy was replaced with the 'Plan for Growth' based around three 'pillars', namely: infrastructure, skills and innovation, with place now as a cross-cutting theme (including proposals around the Oxford-Cambridge Arc and Freeports). The plan included a commitment to redressing the imbalance in R&D and the creation of an R&D Places Strategy (which never materialised).

Levelling up

The pandemic revived enduring debates over the regional allocation of government R&D spending, specifically whether R&D investments are excessively focused on certain areas of the UK.[175] Most recently, R&D and innovation have been identified as one of the twelve 'missions' in the Levelling Up White Paper (2021). However, there was little clarity on how this was to be achieved apart from some fairly modest targets for UKRI[176] to spread its funding "a bit more evenly" and the announcement of "Innovation Accelerators" in three pilot areas, Greater Manchester, the West Midlands, and the Glasgow City-Region. There was no discussion in the White Paper on the location of government R&D, or new research centres, no policy on the location of corporate R&D, and no serious debate about the pattern of HE R&D. Meanwhile there has been tacit support for the development of the Oxford-Cambridge corridor, which has expressed an aim to be the fastest growing region in the UK. Levelling up, however, cannot be achieved when the most successful regions continue to grow faster than the weakest, unless levelling up can somehow be reconciled with growing regional inequalities. A policy to support a Silicon Valley in Cambridge is predicated on the idea of some regions being much more innovative and having stronger growth.[177] A levelling up agenda argues that such inequalities have restricted wider UK growth, and therefore by implication that some convergence is needed – that means the weaker regions need to grow faster than the richer ones.

173 McCann, P., Ortega-Argilés, R., Sevinc, D. & Cepeda-Zorrilla, M (2023) 'Rebalancing UK regional and industrial policy post-Brexit and post-Covid-19: lessons learned and priorities for the future', Regional Studies, 57(6), pp. 1113–1125

174 Fai, F., (2018) Place-based perspectives on the UK industrial strategy . University of Bath.

175 Forth, T. and Jones, R.A,L, (2020) The Missing £4 Billion: Making R&D work for the whole UK, London: Nesta; Stansbury, A., Turner D & Balls, E. (2023) Tackling the UK's regional economic inequality: binding constraints and avenues for policy intervention, Contemporary Social Science, 18:3-4, 318-356.

176 UKRI had been created in 2018 as a result of the Higher Education and Research Act 2017, bringing together the seven research councils, Innovate UK, and the research and knowledge exchange functions of the Higher Education Funding Council for England (HEFCE). The creation of UKRI represented a significant shift towards a more centralized and strategic approach to research and innovation funding in the UK.

177 An additional point is that the potential for growth in a small city such as Cambridge, even if it doubles or triples in size is insignificant in national terms. Silicon Valley and Boston by comparison are closer in scale to London.

In response to the levelling up agenda, UKRI has sought to take on a greater focus on place-based investment, although tending to be ad hoc in nature. The Strength in Places Fund was launched by UKRI with £316 million to support new research investments that would benefit their local economies. With only twelve projects funded the geography was driven by the commissioning panel's perception of excellence. The South East was generally excluded, although one project was in Kent, but other notable absences on the map were the South West apart from Bristol, most of Yorkshire and North East England, rural Wales, and Scotland north of the central belt. This fits the usual model of UKRI regional investment in that they ask for regional proposals, but within a competitive process that takes no account of regional equity, and is driven by the interests of individual universities. There seems to be no capacity for proactive engagement between UKRI, regional stakeholders and universities to identify regional priorities and opportunities.

With the UK having left the EU, the regions have lost access to the ERDF which has been an important source of funding for innovation initiatives, up until the end of 2023. To replace this the UK government launched the Shared Prosperity Fund, but the guidance on eligible activities is broad and has less emphasis on innovation than the ERDF. Also, the SPF operates on a shorter timescale and so is less useful for developing innovation projects which tend to have a longer time horizon. It seems that the fund "seizes the opportunities of leaving the European Union, by investing in domestic priorities"[178] which means a greater focus on community and place, community development, transport and culture, especially with a focus on local government delivery. In spite of this, there have been some innovation oriented projects, so for example in Glasgow "£1.08 million in UKSPF support will be given to the University of Glasgow and the University of Strathclyde in 2024/25 for their work in the Glasgow Riverside Innovation District and the Glasgow City Innovation District, in addition to the core funding the council already provides for these districts".[179] However, this is is relatively small in scale when compared with other funding sources, and when compared with ERDF where the innovation component accounted for 20% or more of total expenditure in some regions.

An interest in cluster policy in one form or another has been a recurring feature of national policy, dating back to the RDAs. Subsequent place-based innovation policy has tended to focus on identifying and supporting innovation clusters. For instance, Science and Innovation Audits sought to identify localised strengths around key technologies, the Strength in Places Fund supports localised sectorally-focused consortia, and the Department for Science Innovation and Technology has recently developed a cluster-based approach to support innovation policy. The new DSIT cluster tool identifies cluster agglomerations both by sector and R&D collaborations.

Overall, we can argue that the UK has never really been serious or consistent about supporting innovation as part of regional policy. National regional policy has never focused heavily on support for innovation, and science policy has often had a thinly veiled bias towards the South East, justified under the Haldane Principle[180] and a focus on excellence. The combination of local initiative and ERDF has provided the main support for innovation in the regions (in terms of funding and a stable framework for long term decision making), although that model has now been broken and it is left to the new devolved authorities to try to maintain this focus on limited resources.

178 https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus

179 https://glasgow.gov.uk/index.aspx?articleid=30442#:~:text=This%20funding%20will%20support%20innovation,and%20place%2Dbased%20housing%20retrofit

180 The Haldane principle states that decisions on research proposals should be taken by researchers through a process of peer review rather than being subject to political influence

Some Lessons from Past Policy

Throughout the post-war period, there has been no consistent, positive support for building innovation capabilities in the regions. At the same time, other science, technology, higher education, and industrial policies have often had unintended consequences, consciously or unconsciously reinforcing existing disparities and the concentration of resources in already prosperous areas. Being often spatially blind, innovation policy has ended up supporting already leading, science and technology places over others, exacerbating regional inequalities.

Specifically, policy connecting innovation and regional policy objectives over the long term has been an aggregate of three main tendencies which have waxed and waned at different times, sometimes with different government departments pursuing contradictory objectives at the same time.

A first tendency has been anti-regional policies, where investment in innovation has deliberately sought to go against the needs of the regions, such as investment in R&D in core regions when a peripheral region location might have been more appropriate. This might include classic regional policy which has focused on short term mature production activities in the regions whilst failing to act on the rising concentration of innovative activities in the core. As we have argued in this chapter, technology and industrial policy in the UK in the early days (up to the shift away from supporting near-market R&D in the 1980s) deliberately went against regional development, focusing on relocation of mature production activities to the regions rather than R&D. Large-scale expenditure by departments, such as defence, also had, and continues to have, 'counter-regional' effects on regions, working to reinforce rather than ameliorate spatial inequalities in innovation capacity.[181]

Secondly, spatially blind policies have focused on supporting excellence with no consideration of location, but in doing so often favouring core regions where innovative capabilities are more established. Some peripheral regions have been able to benefit from these policies where excellence existed but the balance of impact has tended to reinforce existing inequalities. Policies and funding for science in the UK have been spatially blind, focusing public investment on "excellence" as defined through peer review of proposals and outputs rather than location. The expansion of the higher education sector has brought new opportunities for regional engagement and knowledge transfer, but the concentration of research funding in a small number of top-tier universities has also exacerbated spatial imbalances. Similarly, innovation policies have often focused on supporting pe-existing high-tech clusters and sectors, which are predominantly located in the most prosperous regions of the country. Overall, the spatial impact of these various policy domains has been to reinforce the existing concentration of economic activity and innovation in London and the South East, while leaving many other regions struggling to keep pace.

Against this backdrop, pro-regional policies have sought to promote innovation in those regions which are lagging, with a greater application of resources in the poorer regions. While initiatives such as the Regional Development Agencies and the European Regional Development Fund have sought to promote innovation-led growth in lagging regions, their impact has been limited by the scale and duration of funding, as well as by the centralized and top-down nature of decision-making. Pro-regional policy intervention from the 1990s was too small and short-lived to significantly influence the entrenched economic geography or to address enduring inequities in innovation capacity and productivity across the country. In the end, it amounted to another

181 Martin, R., Gardiner, B., Pike, A., Sunley, P., & Tyler, P. (2021). Levelling up left behind places: The scale and nature of the economic and policy challenge. Routledge.

missed opportunity to constructively improve England's regional development landscape. Subsequent policy directions have instead doubled down on the status quo, doing little to actively promote more geographically balanced innovation. While recent governments have taken some steps to promote place-based innovation and regional development, these efforts have again been piecemeal and limited in scope, failing to address the underlying structural issues that have led to such stark disparities. As stressed in Chapter 2, regional policy since 2010 has been characterised by institutional and policy churn and a shift from long-term, well-funded initiatives to numerous short-term, under-resourced, and centrally controlled competitive allocation of resources. The consequence is a weakened national economy, firing on only two cylinders, with lost opportunities for growth in the north and west of the country.

7 A Missing Dimension: Regional Health Inequalities

Professor Clare Bambra
Professor of Public Health, Newcastle University

Key messages

- The UK now has the widest health inequalities in Western Europe, posing significant costs to the economy through lower productivity and increased health and welfare costs
- Regional concentration of deprivation is a key factor in health inequalities
- In order to tackle health inequalities across the country, regional health improvement should play a central role in future regional development policy
- Long-term and short-term policy solutions are required to tackle the UK's widening health inequalities
- Tackling our entrenched regional health inequalities will require sustained and multi-faceted action across economic investment and renewal, improvements in health prevention, promotion and treatment; industrial strategy; and social policies
- Any strategy aimed at improving health outcomes will need to be regionally targeted, long-term and commensurate with the scale of the task

Introduction

There are significant regional health inequalities across the UK with morbidity and mortality worse in northern England, south Wales, Northern Ireland and the West of Scotland.[182] As this chapter will show, these health divides have a long history and the UK now has the largest regional health inequalities in Western Europe. Health inequalities have significant costs to the individuals who suffer from chronic illnesses or die prematurely and to their families who lose loved ones early. They also entail large costs to the UK economy through lower productivity and higher healthcare and welfare costs.[183] Better health and lower health inequalities lead to higher labour market participation, working hours, consumption, and efficiency.[184] The excess poor health in the north of England, for example, costs the UK economy over £13 billion per year.[185] Similarly, over 250,000 excess hospitalisations every year are associated with health inequalities in England - costing the NHS £5 billion annually.[186, 187] Our regional health

182 Bambra, C. (2016) Health Divides: where you live can kill you, Bristol: Policy Press
183 Mackenbach, J.P. et al (2011) Economic costs of health inequalities in the European Union. Journal of Epidemiology and Community Health, 2011. 65(5): p. 412-419.
184 Bambra, C. et al (2018) Health for Wealth: Building a Healthier Northern Powerhouse for UK Productivity. http://www.thenhsa.co.uk/app/uploads/2018/11/NHSA-REPORT-FINAL.pdf
185 Ibid.
186 Cookson, R., (2018) et al., Health equity monitoring for healthcare quality assurance. Social Science & Medicine. 198: p. 148-156
187 Asaria, M. et al (2016) The costs of inequality: whole-population modelling study of lifetime inpatient hospital costs in the English National Health Service by level of neighbourhood deprivation. Journal of Epidemiology and Community Health, 70: 990.

inequalities are driven by the uneven socio-spatial distribution of economic, social and environmental conditions.[188] Key though is the concentrated and entrenched nature of deprivation in those regions that are now 'falling further behind'.[189] The regional development policies examined in other chapters in this volume are therefore highly relevant in explaining – and potentially reducing - our health divides. However, across the 20th and 21st centuries, UK regional development policy has largely ignored our unequal health landscape. Whilst the devolution settlements for Scotland, Wales and Northern Ireland– and to a lesser extent the English devolution deals - have regionalised control of the NHS and some public health functions, the main economic and social policy levers shaping the socio-spatial determinants of health have remained firmly within the control of Westminster.[190]

The 2022 Conservative government's Levelling Up White Paper contained a health focused 'mission': "By 2030, the gap in Healthy Life Expectancy between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years."[191] The opposition also produced an 'NHS mission' which committed the new Labour governmen to "Improve healthy life expectancy for all and halve the gap in healthy life expectancy between different regions of England."[192] These represent the first ever regional health targets and suggest an emergent consensus. This chapter sets out why this is timely and how they could be achieved.

The chapter starts by providing an overview of our understanding of how place shapes health. It then summarises historical trends in regional inequalities in health - focusing on the North-South health divide in England and Scotland's excess mortality. The impact on regional health inequalities of recent trends in economic and social policies is then discussed: deindustrialisation in the 1980s; the national health inequalities strategy of the 2000s; austerity in the 2010s; and 'levelling-up' in the 2020s. It concludes by considering the policy lessons that can be drawn from past UK experiences and from Germany's successful 'levelling up' of its regional health inequalities.

Ultimately, this chapter aims to establish why regional health improvement should be a fundamental part of regional development policy in the 21st century.

People and Places: How Place Shapes Health Inequalities

Geographical inequalities in health are differences in health outcomes between different areas. Commonly when people refer to health inequalities, they mean health care but there is a reasonable consensus that health inequalities in the UK are not primarily the result of NHS inequalities but of other factors. This section sets out how the characteristics of places shape population health, outlining how the interaction of composition factors (who lives in a place), local context (what a place is like) and macro conditions (what shapes a place) all combine to influence place-based health inequalities.[193]

188 Whitehead, M. et al (2014) Due North: report of the inquiry on health equity for the North http://www.cles.org.uk/publications/due-north-report-of-the-inquiry-on-health-equity-for-the-north/
189 Ibid.
190 Bambra, C., Marmot, M. (2023) Health Inequalities: Expert Report for the UK COVID-19 Public Inquiry, https://covid19.public-inquiry.uk/wp-content/uploads/2023/06/16183457/INQ000195843.pdf
191 Department for Levelling Up, Housing and Communities (2022). Levelling Up the United Kingdom, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052708/Levelling_up_the_UK_white_paper.pdf
192 The Labour Party (2023), NHS Mission: Building a NHS fit for the future, https://labour.org.uk/wp-content/uploads/2023/05/Mission-Public-Services.pdf
193 Bambra (2016)

Who Lives Here: Population Composition

'Who lives here' or the population composition of a place (region) is a multidimensional notion, comprising the socio-demographic (age, sex, ethnicity), health-related practices (smoking, alcohol, physical activity, diet, drugs, gambling), and socio-economic characteristics (income, education, occupation, unemployment) of the people living within a particular place.[194] Health-related practices all influence health significantly. For example, smoking remains the most important preventable cause of mortality in the wealthy world and is causally linked to most major diseases such as cancer and cardiovascular disease. The socio-economic status of people living in an area is also vital given the social gradient in health.[195] People in professional jobs have better health outcomes than those in non-professional jobs; there is a positive association between income and health; and people with less education have worse health. So, on average, places with higher rates of unhealthy practices or higher proportions of people from lower socio-economic groups have worse health than other places.

What a Place is Like: Local Context

The context of a place - 'what is this place like' – matters because places can have health promoting or health damaging environments. There are three types of contextual factors: economic, socio-cultural and physical. The economic context includes area poverty rates, unemployment rates, wages, types and quality of work, and job availability and training in the area. Area-level economic factors are a key predictor of health including infant mortality, all-cause mortality, limiting long-term illness, and health-related practices. Places also have social characteristics which impact health including the services provided, publicly or privately, to support people in their daily lives such as childcare, food, housing, education or healthcare. Social practices such as high levels of social cohesion, community control over their living environment, place attachment, or social capital can be beneficial for health whist place stigma can be harmful. Local cultural attitudes (e.g., the acceptability of smoking), crime levels and neighbourhood safety can also influence health. The physical environment (e.g. air pollution, brownfield land, green spaces, noise) also contributes to area-level health and health inequalities between areas.

Macro Conditions: What shapes this Place?

Wider policies and political decisions (e.g., national NHS funding, welfare provision), the economic system (e.g., national tax rates, deindustrialisation, recessions), and environmental factors (e.g., the climate crisis) also influence the health of areas by shaping contextual and compositional factors. These macro factors are outside the control of the individuals or the local areas they affect, they consolidate over time, and have distinct spatial expressions. In this way, the relationship between health and place - and the health inequalities between places - are shaped by public policies: place matters for health, but policy, politics, and the economy all matter for place.[196]

194 Bambra (2016)
195 Marmot, M. (2004) Status Syndrome, Bloomsbury London
196 Bambra C. et al (2019) Scaling up: the politics of health and place, Social Science and Medicine. Social Science & Medicine, 232:36-42.
196 Some commentators divide the north and the south of England long the Wash-Severn line, others along the Humber-Mersey line.

From Chadwick to COVID: The Persistence of Regional Health Inequalities

There are striking regional inequalities in health across the UK today – on average there is almost a two-year life expectancy gap between the Northern regions of England[197] and the rest of the country, and Scotland's life expectancy is two and a half years less than England's and four years less than the South of England. Wales and Northern Ireland also have lower life expectancies than England. This is shown in Figures 1 and 2.

Figure 1: Male life expectancy at birth by UK countries and regions, 2001/03-2018/20[198]

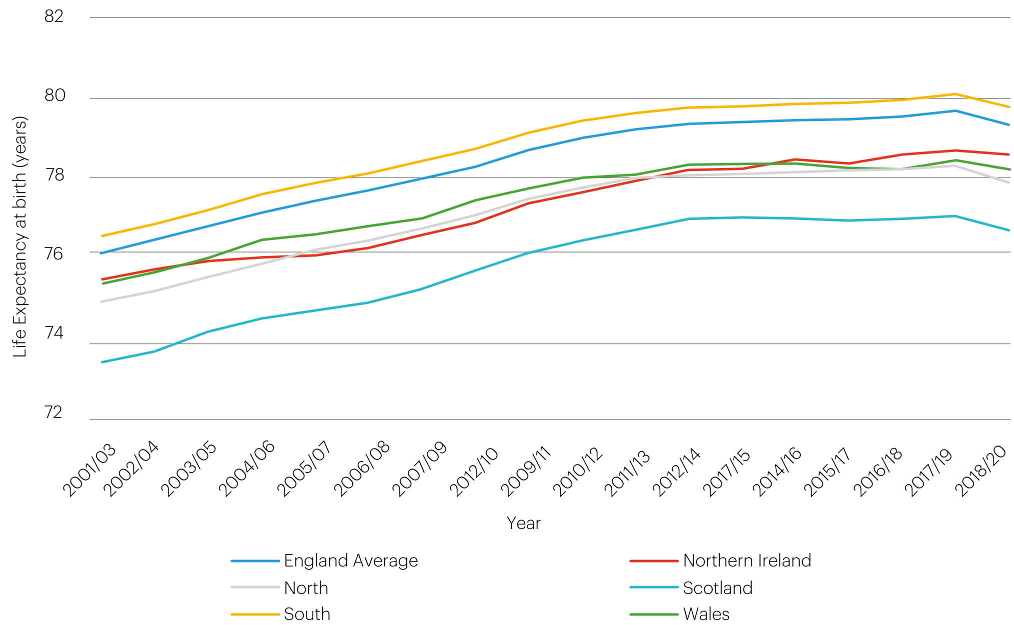
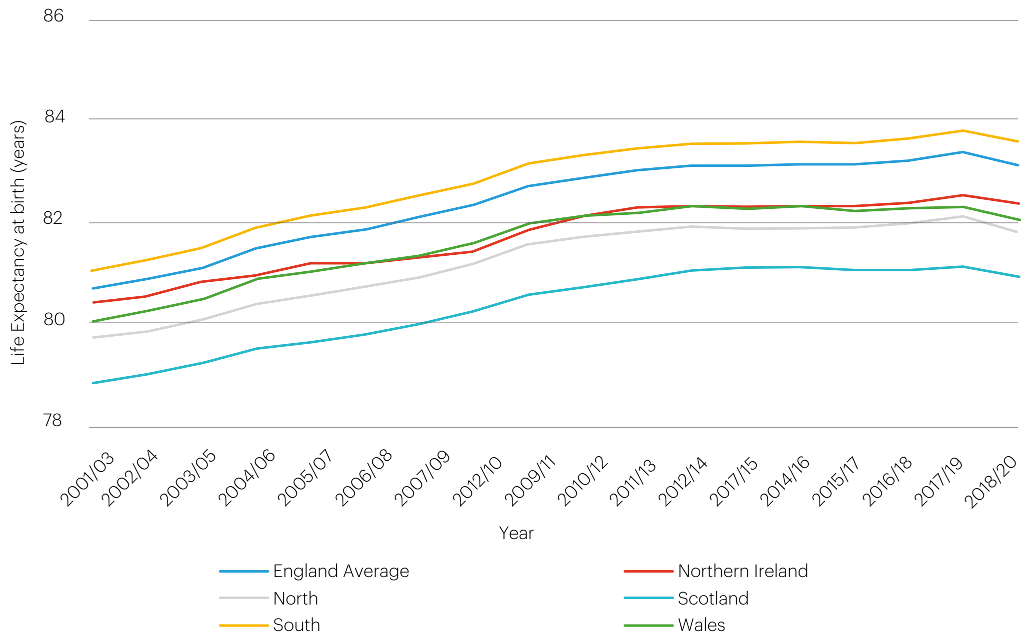


Figure 2: Female life expectancy at birth by UK countries and regions, 2001/03-2018/20[199]



197 Some commentators divide the north and the south of England long the Wash-Severn line, others along the Humber-Mersey line.

198 Data from Office for National Statistics (2021), Life expectancy for local areas of the UK, https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/lifeexpectancyforlocalareasoftheuk/between2001to2003and2017to2019#life-expectancy-at-a-local-level-in-the-uk

199 Data from Office for National Statistics (2021), Life expectancy for local areas of the UK, https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/lifeexpectancyforlocalareasoftheuk/between2001to2003and2017to2019#life-expectancy-at-a-local-level-in-the-uk

These health divides have a long history, which is briefly summarised in this section by focusing on trends in excess ill health and mortality in the North of England and in Scotland. There are common reasons why these regions are particularly adversely affected by the geographical drivers of poor health. Firstly, regional variations in 'sickness and health' are profoundly shaped by inequalities in 'poverty and wealth'.[200] Due to the historical growth and decline of heavy industry in the North and in Scotland, the composition of the populations there differ from the rest of England – with a higher proportion of lower socio-economic groups: "the concentration of relative socioeconomic deprivation and disadvantage is significantly greater", more concentrated and endemic.[201] For example, whilst the North represents 30% of the population of England it includes 50% of the most deprived areas.[202] So, these regions will be disproportionately impacted by any negative trends in the social, economic and health of deprived areas. Secondly, Scotland and the North suffer from persistent, entrenched deprivation that has lasted for generations - leaving a legacy of chronic disease, disability, and excess mortality.[203, 204] This has meant that deprived areas in these regions tend to have worse health even than similarly deprived areas in the south of England – the adverse impacts of deprivation are amplified in Scotland and the North.[205] Thirdly, intra-regional inequalities in health are greater. Scotland and the North are not uniformly less affluent, nor is the rest of England all more affluent. There are significant within region inequalities across the UK. However, socio-economic inequalities in health have a clear spatial expression: the health of every socio-economic group is worse in Scotland and the North than for their equivalents in the South of England.[206] There is also a greater gap in health between lower and higher socio-economic groups and areas in Scotland and the North than in the rest of the UK: inter-regional health inequalities are starker. This has been a common feature over at least the last five decades.[207]

Two Nations: The North South Health Divide

The North South health divide and other geographical inequalities in health have been documented since the commencement of vital statistics reports.[208] For example, in 1841 mortality rates were highest in the North West, Yorkshire, West Midlands, North East and London, and lowest in the South East, South West and Eastern regions.[209] Further, in the 1842 Chadwick report to Parliament, it was noted that life expectancy in the Northern industrial cities (e.g. Sheffield, Leeds, Newcastle, Manchester and Liverpool) was lower than in Southern industrial cities (e.g. Bristol or Birmingham).[210]

200 Green (1988)
201 Martin, RL. (1987) Mrs Thatcher's Britain: a tale of two nations, Environment and Planning A, 19: 571-4
202 Whitehead et al (2014)
203 Ibid.
204 Walsh, D. et al (2016) History, politics and vulnerability: explaining excess mortality, https://www.gcph.co.uk/assets/0000/5988/Excess_mortality_final_report_with_appendices.pdf
205 Bambra et al. (2023)
206 E.g., in 2018 life expectancy was lower across all deciles of deprivation in the North East of England than in similar areas in London, Bambra and Marmot (2023
207 Noted for example in analysis of how occupational inequalities in mortality were greater in the North and Scotland in the 1980s - Townsend, P. at al (1988) Health and Deprivation, Routledge.
208 Britton, M. (1990) Mortality and geography : a review in the mid-1980s, https://wellcomecollection.org/works/f4ban68c
209 Registrar General's Supplement to the 35th Annual Report (1875: p38) http://www.histpop.org/ohpr/servlet/Show?page=Home
210 Chadwick, E. (1842) Report on the Sanitary Conditions of the Labouring Population in Great Britain

Figure 3: Regional inequalities in standardised mortality ratios, males 1921 to 2019[211]

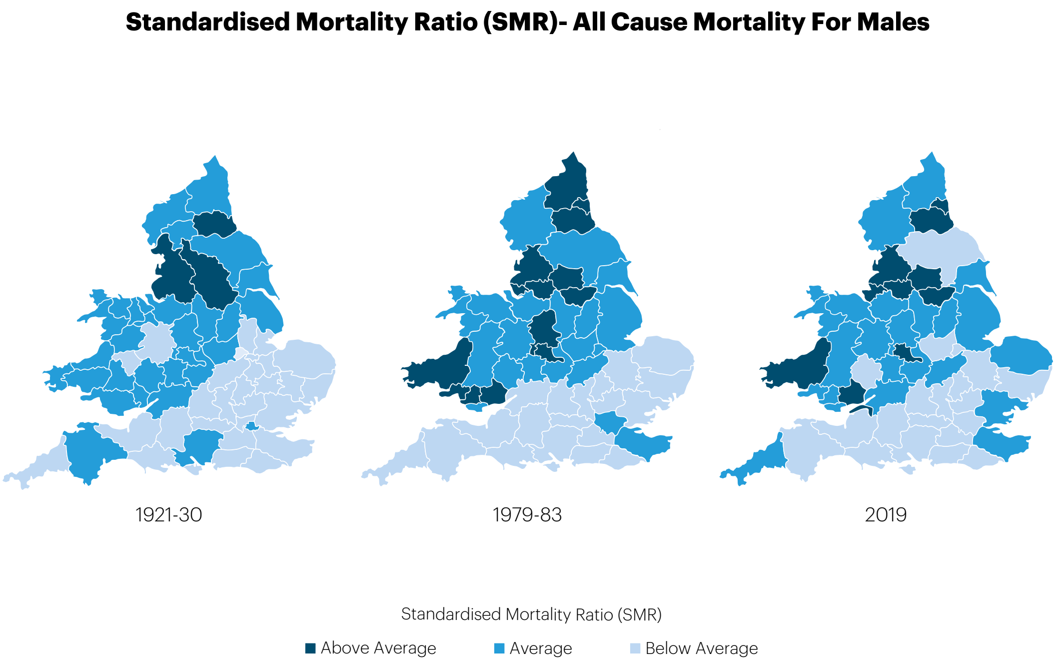
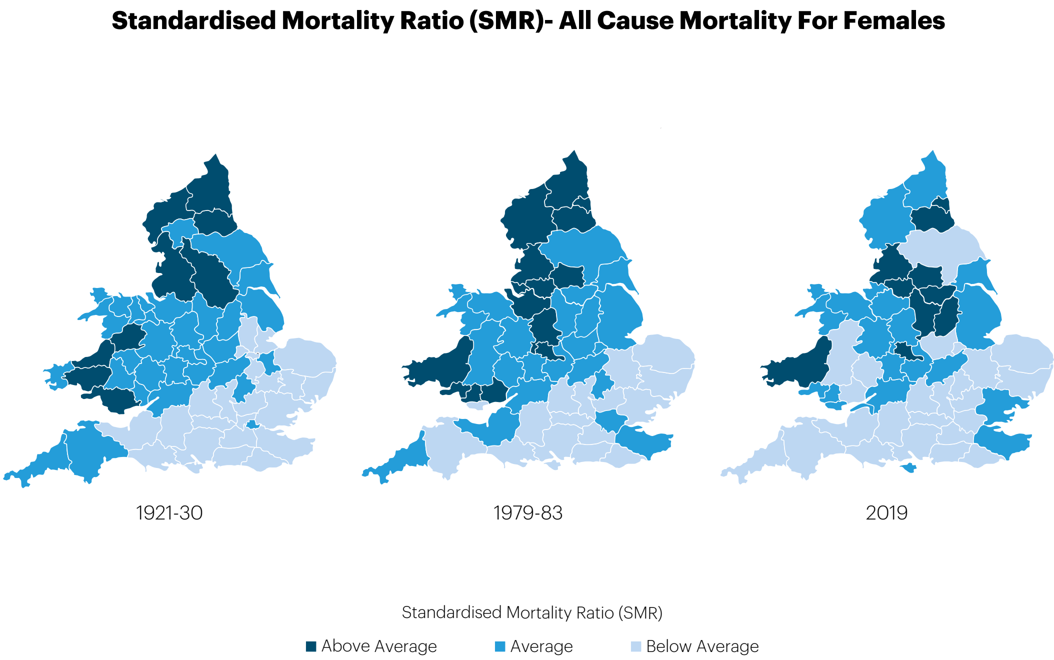


Figure 4: Regional inequalities in standardised mortality ratios, females 1921 to 2019[212]



211 1921-30 maps: Redrawn from Britton, 1990 using basemap from Great Britain Historical GIS Project (2009) Administrative Counties of England and Wales, 1921. University of Portsmouth, http://purl.stanford.edu/fr509mt1087. 1979 maps: redrawn from Britton, 1990 using basemap from Counties and Unitary Authorities (December 2022) Boundaries UK BFC, Office for National Statistics. 2019 maps: created using Standardised Mortality Ratios (SMRs) from Deaths registered in England and Wales 2019, Office for National Statistics using basemap: Counties and Unitary Authorities (December 2022) Boundaries UK BFC, Office for National Statistics.

212 Ibid.

Moving into the 20th and 21st centuries, the Northern health penalty has persisted since the 1920s onwards (as shown in terms of Standardised Mortality Ratios [SMRs] in Figures 3 and 4)[213] - despite increases in the average age of death[214] and changes in the main causes of death.[215] This mirrors the persistence over time of individual level socio-economic inequalities in health. Whilst mortality has declined in all regions and population groups, inequalities across the North-South divide have continued to be severe and persistent, with northern excess mortality averaging around 14% for men and 13% for women since the 1960s.[216] This equates to over 1.5 million excess premature deaths in the North compared with the rest of the country.[217] Since the mid-1990s, a new mortality divide has also emerged amongst those aged 20-44 years, with an excess northern mortality in this age group of over 22% since 1995.[218] This is associated with above average increases in 'deaths of despair'.[219]

More recent trends in regional life expectancies since 2003 (Figures 1 and 2) show that the North South health divide remained fairly stable since 2001 although there are some signs of a recent increase.[220] This may be driven by the fact that, on average, deprived areas in the North (and particularly the North East) have experienced smaller increases in life expectancy – and recently some Northern areas have even experienced decreases in life expectancy - than areas with similar levels of deprivation in the rest of England: deprived areas in the North are being left behind. [221, 222] The North was also more adversely affected by the COVID-19 pandemic – mortality was 17% higher in the North of England and the most deprived areas in the north also fared worse than similarly deprived areas in the South.[223]

The Sick (Wo)Man of Europe: Scotland's Excess Mortality

Scotland has been called the 'sick (wo)man' of Europe because it has higher mortality and relatedly lower life expectancies than the other nations of the UK as well as other comparable European countries (Figures 1 and 2).[224] Mortality in its largest city – Glasgow – is 15% higher than in similar English cities such as Liverpool or Manchester and mortality rates in Glasgow have been improving more slowly than in similarly post-industrial European cities.[225]

This excess mortality is observed to a greater or lesser extent across all parts of Scotland compared with the rest of England and Wales; across all levels of deprivation and socio-economic status; amongst both men and women; and across most age groups (most pronounced amongst working age and younger adults and those living in the most deprived neighbourhoods).[226] This excess is evident even after adjusting for differences with England and Wales in terms of deprivation and risk factors such as smoking, physical activity, diet, and alcohol consumption.[227]

213 SMRs are a measure of age-adjusted relative mortality used to compare different areas at one time point with a standard population (England and Wales average) which is set to 100. So, an SMR of 130 means that an area has a 30% higher death rate than the national average.

214 There were substantial reductions in the UK in under-5 years childhood mortality (from 230 per 1000 to 7 per 1000 in 2000) and all cause morality with a corresponding increase in life expectancy from 46 years for men and 50 years for women in 1900 to 77 years and 81 years respectively in 2000.

215 The main causes of death shifted over the 20th century shifted from communicable and occupational diseases to diseases of consumption.

216 Hacking, J., et al (2011). Trends in mortality from 1965 to 2008 across the English north-south divide: comparative observational study. BMJ, 342

217 Buchan IE et al (2017) North-South disparities in English mortality1965–2015: longitudinal population study Journal of Epidemiology and Community Health, 71: 928-936.

218 Kontopantelis, E. et al (2018) Disparities in mortality among 25–44-year-olds in England: a longitudinal, population-based study, Lancet Public Health, 3:e567–75

219 Deaths of despair include alcohol and drug-related mortality, suicide, and violence.

220 Bambra and Marmot (2023)

221 Whitehead et al (2014)

222 Bambra and Marmot (2023)

223 Bambra et al (2023) .

224 McCartney, G. et al (2011) Has Scotland always been the 'sick man' of Europe? An observational study from 1855 to 2006, European Journal of Public Health, 22: 756-760.

225 Walsh et al (2016)

226 Walsh et al (2016)

227 Walsh et al (2016)

This has not always been the case though. From the 1850s until around 1920, Scotland had comparable mortality to England and Wales. Until 1950, it was still around average for Western European countries. However, since the 1950s, Scotland has failed to keep up with the pace of health improvement in the rest of Europe and since 1980 this situation has worsened to the extent that Scottish life expectancy now sits below that of all other Western Europe countries and lies just above the average for Eastern European countries.[228]

The 'falling behind' of Scottish life expectancy in the 1950s was driven by above average morality rates from cardiovascular disease, cancer, respiratory disease and stroke. Since 1980, Scotland's relative excess mortality has been compounded by higher increases in alcohol-related deaths, violent deaths, drug-related deaths and suicides than the rest of Western Europe.[229] Indeed, over half of working age deaths in Scotland are from these 'deaths of despair.'[230] Scotland had lower standardised mortality rates from COVID-19 than England in waves one and two but higher rates in wave three. [231, 232]

Money Talks: Explaining Regional Health Inequalities since the 1980s

A key point emphasised throughout this chapter, and in the wider health inequalities scientific literature, is that economic and social policies matter for population health. This section provides an analysis of the role of these policies in terms of contributing to trends in regional health inequalities from the 1980s to date.

'Shock Therapy': Deindustrialisation in the 1980s

In the 1980s, the UK experienced an acceleration of the deindustrialisation that had started in the 1960s. Whilst deindustrialisation was common across high-income countries, in the UK it was implemented by successive UK Conservative governments as a 'shock therapy' - rapidly and intensely and with a refusal by the Thatcher governments to slow it down or mitigate its effects. Manufacturing was largely abandoned. This adversely affected health improvement in the most impacted areas through large increases in unemployment (e.g. from around 1 million in 1980 to circa 3 million in 1983), poverty (which doubled in the 1980s), alienation, and in harmful health-related practices.[233] It was also accompanied by financial deregulation; trade liberalisation; the privatisation of public industries, services and housing; the abandonment of the post-war Keynesian consensus (around full employment, the corporatist state and the size and role of the public sector); the curtailing of trade union rights; reductions in welfare benefits and pensions; under-funding health care services, and tax cuts for businesses and high earners.[234, 235]

This disproportionality impacted deprived urban areas, Scotland, South Wales, Northern Ireland and the North of England with, for example, almost five times as many jobs lost in the North as in the South.[236] The new UK economy of the 1980s was regionally unbalanced with the manufacturing and extraction industries of the industrial regions of England displaced by finance, banking and services –which were primarily located in the South of England.[237]

228 McCartney et al (2011)
229 McCartney et al (2011)
230 Walsh et al (2016)
231 Wave 1 was January–August 2020, wave 2 was September 2020–May 2021, wave 3 was June 2021–March 2022.
232 Mikolai, J. et al (2023) Spatial patterns of COVID-19 and non-COVID-19 mortality across waves of infection in England, Wales, and Scotland, Social Science & Medicine, 338.
233 Collins, C., McCartney, G. (2011) The impact of neoliberal political attack on health: the case of the Scottish effect, International Journal of Health Services, 41: 22-30.
234 For example, the NHS in England, received a historical average budget real terms increase of 3.7% per annum between since it was established in 1948, but it only grew at 2% per capita per year from 1979 to 1997 (The Kings Fund, 2022, The NHS budget and how it has changed. https://www.kingsfund.org.uk/projects/nhs-in-a-nutshell/nhs-budget2022).
235 Bambra (2016)
236 Green, A. (1988) The North South divide in Great Britain: an examination of the evidence, Transactions, 13: 179-98
237 Ibid.

The effects of this on health were stark with alcohol-related mortality, drug-related mortality, suicide, and violence ('deaths of despair') increasing dramatically during the late 1980s and early 1990s – particularly in deindustrialised areas.[238] Mortality rates and life expectancy improved much more slowly in these areas than in the rest of the country so that inequalities in health increased.[239] The Scottish health effect became more pronounced from the 1980s due to higher rates than England and other Western European countries of alcohol and drug-related deaths, suicide, violent deaths and road traffic accidents.[240] However, the North-South health divide in England remained stable – although the North East replaced the North West as the worst performing region.[241]

'Things Can Only Get Better': The National Health Inequalities Strategy of the 2000s

By the late 1990s, social inequality had become a pressing policy concern, and in 1997 the incoming UK Labour government (1997-2010) commissioned the Acheson Inquiry to investigate what could be done to reduce socio-economic inequalities in health.[242] This report resulted in a 'national health inequalities strategy' which included a wide range of activities: a significant increase in NHS budgets – particularly in more deprived areas;[243] establishment of Sure Start Children's Centres; the New Deal for Communities; Health Action Zones; making work pay through the introduction of the National Minimum Wage and tax credits; as well as increases in social security, particularly for the poorest families and pensioners. In this period, child and pensioner poverty decreased from 33% to 29% and from 26% to 17% respectively.[244]

The Labour government also set targets for tackling health inequalities: to reduce the life expectancy and infant mortality gaps between the 20% most deprived local authorities and the English average by 10%. Despite being considered ambitious at the time, these targets were largely met by 2010. For example, in the years before the strategy, the gap in life expectancy between the most deprived 20% of local authorities and the rest grew.[245] From 2000 to 2010, the gap narrowed as health inequalities reduced. Inequalities in infant mortality rates – which had been increasing in the 1980s and 1990s - also fell between 2000 and 2010 (before increasing again from 2011).[246] However, there was no regional element to the strategy and deprived areas in the North experienced smaller increases in life expectancy than areas with similar levels of deprivation in the rest of England.[247] So, as shown earlier (Figures 1 and 2), the North South health divide in England remained stable. However, Scotland's health continued to lag England's.

239 Hacking et al (2011)
240 Walsh et al (2016)
241 Drever, F. and Whitehead, M. (1995) Mortality in the regions and local authority districts in the 1990s: exploring the relationship with deprivation, Population Trends, 82: 19-26
242 Acheson, D. (1998) Independent inquiry into inequalities in health: report. London: Stationery Office. Regional health inequalities were not an explicit focus of the report.
243 For example, the NHS in England, grew at 5.7% a year from 1997 to 2010 – compared to only 2% per year from 1979 to 1997 (The Kings Fund, 2022).
244 Loughborough University (2022) Child Poverty Data, https://endchildpoverty.org.uk/child-poverty/
245 Marmot, M. (2020) Health Equity in England: The Marmot Review 10 years on. https://www.health.org.uk/publications/reports/the-marmot-review-10-years-on
246 Robinson, T. et al. (2019) The impact of New Labour's English health inequalities strategy on geographical inequalities in infant mortality: a time-trend analysis, Journal of Epidemiology and Community Health, 73: 564-568.
247 For Example, as noted by Whitehead et al (2014), deprived boroughs in London experienced large increases in life expectancy in the 2000s which were not mirrored elsewhere.

The Harrowing of the North: Austerity in the 2010s

The Conservatives regained power in 2010 and in their response to the financial crisis of 2007/8, they enacted large scale cuts to public expenditure: austerity.[248] Since 2010, the NHS has been awarded below historical average budget increases – despite rising demand.[249] Local authority spending power, impacting social care, fell by almost 30% in real terms and the public health grant was reduced by around a quarter. There were significant changes in welfare services and benefits leading to substantial reductions in per capita spend. Most of the schemes - noted above - that had started to improve health inequalities under the previous Labour government were also axed.

Austerity disproportionately impacted on the most deprived local authorities and regions. For example, in England, the most deprived 20% of local authorities had to make cuts to adult social care of 17% per person compared to only 3% per person for councils in the least deprived fifth of areas. The welfare changes disproportionately impacted older industrial and coastal areas with losses largest in the North East and North West regions of England, Scotland, South Wales and Northern Ireland.[250] In little over a decade since 2011, child and pensioner poverty rates increased by a fifth.[251]

Health inequalities also increased. In 2011, the gap in life expectancy at birth between men living in the most and least deprived neighbourhoods in England was 9 years and for women it was 6.9 years. By 2019, this had risen amongst men to 9.4 years and to 7.6 years for women.[252] Indeed, life expectancy started an unprecedented decline amongst women in some of the most deprived areas.[253] There are signs that the North South divide may be slightly increasing especially post-COVID-19. The health gap between Scotland and England has also increased a little in the last few years.[254]

'Levelling-Up': Regional Renewal in the 2020s?

England therefore entered the pandemic with "stalling life expectancy, increased regional and deprivation-based health inequalities, and worsening health for the poorest in society".[255] As noted earlier, there were significant regional inequalities in the impacts of the pandemic – arguably exacerbated by austerity.[256] Immediately post-pandemic, the UK experienced a cost-of-living crisis with a volatile economy, high inflation, and interest rate hikes. Resultingly, in the UK, in 2022, 2.8 million adults and 1 million children were in a state of destitution, highest in London, the North East and the North West of England.[257] With so many people unable to meet their basic needs, the public health risks of poverty – including malnutrition, depression, hypertension, diabetes, cardiovascular disease, respiratory and circulatory conditions, excess winter deaths, suicide – are more widespread. Again, this is particularly impacting more deprived areas and regions.[258]

248 Bambra and Marmot (2023)
249 In real terms, the NHS budget for England shrunk by 0.07% from 2010 to 2015; and fell by 0.03% from 2015 to 2021 (The Kings Fund, 2022).
250 Beatty, C., Fothergill, S. (2016) The Uneven Impact of Welfare Reform, https://policy-practice.oxfam.org/resources/the-uneven-impact-of-welfare-reform-the-financial-losses-to-places-and-people-604630/
251 From 2011, child poverty rates increased in the North East of England from 31% in 2011 to 38% in 2021 and pensioner poverty grew to 19%, Loughborough University (2022).
252 Office for National Statistics (2021) Health state life expectancies by Index of Multiple Deprivation, England, https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthinequalities/datasets/healthstatelifeexpectanciesbyindexofmultipledeprivationengland
253 Ibid.
254 Finch, D. et al (2023) Leave no one behind. The state of health and health inequalities in Scotland, https://doi.org/10.37829/HF-2023-HL01
255 Bambra and Marmot (2023) p.22
256 Ibid.
257 Destitution is 'in the last month going without at least two of: adequate shelter, heat, light, food, appropriate clothing for the conditions, and toiletries for personal hygiene' Joseph Rowntree Foundation (2023) The geography of destitution, https://www.jrf.org.uk/report/geography-destitution-2023
258 Marmot, M., Bambra, C. (2024) Social and health inequalities, in Seldon, A. (ed) The Conservative Effect, 2010-2024: 14 Wasted Years? CUP.

In the face of this growing storm of rising regional inequality, the UK government published the 2022 Levelling Up White Paper.[259] This set out a strategy to reduce regional inequalities – including health inequalities – through boosting economic growth; improving public services; restoring community pride; and empowering leaders and communities to act locally. The strategy was accompanied by a series of new funding streams (e.g the Levelling Up Fund and Shared Prosperity Fund) alongside changes to existing funding to focus more on areas outside of London and the Southeast. The levelling-up budget was £4.8billion over four years. This post-Brexit commitment to 'levelling up' the regions was echoed by the opposition Labour Party who made similar commitments – suggesting an emerging consensus on the matter.[260] But with the election of a new Labour Government in 2024, just what form its policy approach to levelling up actually takes remains to be seen.

Conclusion: Lessons Learned

The entrenched nature of regional health inequalities in the UK is such that long-term as well as short-term solutions will be required. The scale of the task should not be underestimated – but nor should the potential benefits including higher UK productivity.[261] There are lessons that can be drawn from the multifaceted and multisectoral national health inequalities strategy in the 2000s. This was targeted at England's most deprived local authorities across the country and, although it ended up being short term – due to changing electoral fortunes, it delivered above average improvements in life expectancy and other health outcomes. A regionally targeted, updated and longer-term version of this could potentially deliver too.

An example of a long-term approach comes from post-reunification Germany.[262] In 1990, the life expectancy gap between the former East and the former West of Germany was almost three years for women and three and a half years for men. Despite rapid deindustrialisation in the East, this gap rapidly narrowed in the following decades so that by 2010 it had largely disappeared for women and was less than one year for men. East Germany now has better health and living standards than many UK regions.[263] This unprecedented health improvement was achieved through improving living standards in the East via higher productivity, better wages, pensions and access to better quality food and consumer goods; and modernising hospitals and health care equipment in the East and increasing nursing care, public health, and pharmaceuticals. These were made possible by the deep and sustained cross-party political commitment to reunify Germany as fully as possible: £70 billion a year for 25 years was invested in 'levelling up' East Germany, funded by a special solidarity surcharge.[264]

The emerging 'levelling up' cross party consensus in Westminster could provide a similar once in a generation moment whereby regional health inequalities in the UK can finally be tackled. However, this requires health to remain at the forefront of thinking and to be a vital component of how regional policy is developed, delivered, valued and measured. Reducing our entrenched regional health inequalities will require sustained and multi-faceted action across economic investment and renewal, improvements in health prevention, promotion and treatment; industrial strategy; and social policies.[265] The investment also needs to be commensurate with the scale of the task – the UK's levelling up funds were £4.8 billion over four years – in contrast, Germany invested £70 billion per year for 25 years.

Acknowledgements

With thanks to Dr Eman Zied, Newcastle University for preparing Figures 1-4.

259 Department for Levelling Up, Housing and Communities (2022)
260 Labour Party (2023).
261 Bambra et al (2018)
262 Bambra (2016)
263 Centre for Cities (2021) What can German reunification teach the UK about levelling up? https://www.centreforcities.org/blog/what-can-german-reunification-teach-the-uk-about-levelling-up/
264 Centre for Cities (2021)
265 A full list of evidence based recommendations for the North was presented in Whitehead et al (2014) and for Scotland in Walsh et al (2016).

8 Lessons from Past Policy, the New Agenda of 'Levelling Up', and Beyond

Professor Ron Martin
Emeritus Professor of Economic Geography, University of Cambridge

Key messages

- While UK regional policy had some positive impact in stemming regional economic inequalities in the 1960s, overall, from its very beginning in the 1920s, it has suffered from numerous weaknesses and limitations
- These include: lack of sufficient recognition of the scale of the 'regional problem'; lack of a holistic spatial vision of the national economy; inadequate resources devoted to regional policy; an overly top-down approach; a proliferation and churn of policies and institutions; neglect of the uneven regional impact of 'non-spatial' economic policies; and a failure to address the over-centralisation of economic, financial and political power in London
- Future regional policy must rectify all of these limitations
- In fact, a radical reset of regional policy is needed
- The new 'levelling up' agenda introduced in 2022 is a step in the right direction, but still limited in specific aims, scope and resourcing; impact thus far has been highly limited
- And with election of new Labour Government in 2024, the future of 'levelling up' is in some doubt, with changes in priority already evident
- The UK needs a regional policy that decentres the economy through a nation-wide system of devolution, but which also integrates and embeds regional policy into mainstream policymaking
- And which uses regional policy to achieve nation-wide economic and social goals (eg. the green transition; securing the potential benefits of AI) in an inclusive way
- But while a move to a more polycentric political economy is necessary, of itself it may not be sufficient to achieve a spatially balanced economy; a devolved 'place-based' form of regional policy still needs full policy support and consistency from the political centre

Main Limitations and Weaknesses of Past Policies

It would be incorrect to suggest that past regional policies have had no impact on addressing the problem of regional economic inequalities in the UK. There is certainly evidence that regional policies helped to create significant numbers of jobs in the designated Development Areas during the 1960s, and to that extent they served at least to prevent the economic prospects and performance in those areas from being worse than would otherwise have been the case.[266] But the fact that over the past four decades or so spatial inequalities have widened significantly, and weaker places have been ill-equipped to cope with and bounce back from major economic shocks, suggests that past policies have not succeeded in forging the economic transformation of the country's lagging cities, towns and localities on a scale sufficient or permanent enough to secure their long-term economic prospects, adaptability and competitiveness.

Standing on the pinnacle of the present and looking back, past regional policy in the UK has been bedevilled by several recurrent issues that have constrained progress and overall impact. Not all of these can be discussed in detail here, but as identified in the foregoing contributions to this policy history study, some of the more prominent, and the inter-related lessons they embody, can be summarised as follows.[267]

- **Limited appreciation of the scale and seriousness of the problem.** The UK government has never fully grasped nor sufficiently prioritised the magnitude and importance of geographical inequalities as a national problem. All too often regional policy has been treated as separate from, as a marginal 'adjunct' to, rather than being integrated into, mainstream economic policy and as a means of achieving national economic goals. The fact that over recent decades the UK has acquired the dubious status of having some of the widest spatial disparities in economic prosperity among OECD nations not only points to the seriousness of the problem relative to many of the country's main competitors, but also testifies to the historic lack of sufficient policy action to prevent many towns, cities and regions across the country from failing to keep pace with, and adapt to, the structural, technological and competitive shifts and opportunities that have transformed the nature of economic growth and development over recent decades. As Jane Jacobs once put it, nations are the economic dependents of their towns, cities and regions: if the latter thrive and prosper, so does the 'national' economy, but if some of those towns, cities and regions lose their economic vitality, then so does the nation.[268] Regional policies therefore have an intrinsic dual role: of not only ensuring that every town, city and locality realises its economic potential and shares equitably in prosperity, but also, thereby, as a means of improving the economic performance and prosperity of the nation as a whole.

- **Lack of strategic 'spatial vision'**. Alongside the lack of sufficient seriousness given to regional inequalities and the role of regional policy, there has also been a lack of a strategic vision of a geographically balanced national economy, what that should look like, and why such balance is important, not just economically but also socially and politically. The geography of the economy fundamentally influences how that economy functions and performs. The growth in regional imbalance in the UK's economic geography over recent decades points to the need for a different, more spatially equitable configuration. In the past, regional policy has tended to be viewed as a form of 'geographical firefighting', as a response to the economic problems of particular areas, rather than as a means of ensuring the economic vitality of all areas of the country.

- **Lack of holistic approach**. Historically, most often both the nature of the 'regional problem' and the policy response to it has been cast in rather narrow terms, for example, as one of localised high unemployment, of a lack of employment opportunities, or as low productivity. In reality, the challenges facing lagging regions and 'left behind places' are typically multifaceted, complex and historically constituted, as well as varying from

266 A key difficulty in assessing the impact of past policies is that of specifying a realistic and meaningful 'counterfactual' position, that is an estimate of what would happened in the assisted areas in the absence of regional aid.

267 More detailed discussion of these issues can be found, for example, in Martin, R.L., Gardiner, B., Pike, A., Sunley,, P. and Tyler, P. (2021) Levelling Up Left Behind Places: The Scale and Nature of the Economic and Policy Challenge, London: Taylor and Francis.

268 Jane Jacobs (1984) Cities and the Wealth of Nations: Principles of Economic Life, New York: Random House.

one ‘problem region’ to another, and require integrated policies that address several interrelated issues simultaneously (economic, social, cultural, infrastructural, institutional, environmental). The new ‘levelling up’ policy model (see below) does now at least recognise the importance of different types of ‘capital’ (human, financial, social, physical, intangible, institutional) and their interrelationships, although the assumption that it is only through ‘spatial agglomeration’ that their interactions are best realised is too narrow.

- **Under-resourced.** Funding for regional policy has always been inadequate in relation to the scale of geographical inequalities across the UK and the size of the national economy. One estimate puts average yearly regional policy spending over the past 60 years at around £2.9 billion (2020 prices) or 0.15% of GNI, with another £2.3 billion (0.13%) per year of EU regional development funds.[269] This compares, for example, to the £30 billion per annum that Germany has spent under its legally-based Aufbau Ost programme to level up per capita incomes in East Germany following reunification in 1990. It also compares to the £14.5 billion (0.7% of GNI) spent in 2020 on international aid. The three main current ‘levelling up’ programmes (Levelling Up Fund, Shared Prosperity Fund, and Town Fund), together only amount to around £11 billion over five years, and their disbursement seems to be very slow.[270] The problem has been that regional policy spending, given its marginal political importance, has been, and remains, an easy target for Treasury financial restraint. Instead, every major form of national spending, including on infrastructure, innovation support, education, health services provision, and public procurement, should be used to ensure very region and subregion of the UK realises it potential and shares equally in economic wealth creation and distribution.

- **Overly top-down policy design and delivery**. Throughout much of its near-century history, regional policy has been dominated by a politically centralised, ‘top-down’ approach. Only in the past three decades have there been moves to a more spatially devolved, ‘bottom-up’ framework, with the former RDAs, then the LEPs, various City Deals, and now a number of Mayoral Combined Authorities and the new Levelling Up funds. But even this shift to a more ‘place-based’ approach contains a ‘competitive bidding’ element in the local allocation of funding. Greater devolution would have the value of allowing local bodies, such as the Combined Authorities, to develop policies that more closely address the problems and potentialities in their areas. However, while greater devolution of fiscal and policy powers down to local and regional bodies is necessary it is not sufficient of itself to ensure a spatially balanced economy. To be successful as the basis for regional policy, a ‘bottom up’ place-based approach still requires consistent support from and integration with central macro-economic and related policies.

- **Proliferation and churn of policies.** Looking back, a key problem has been the proliferation and churn of numerous regional policy schemes and initiatives, many of which have lasted only a few years before being replaced by other schemes. The National Audit Office has identified no fewer than 52 regional and urban schemes over the 1978-2018 period.[271] Many have had limited life spans, so there has also been a lack of continuity: churn does not make for strategic long-term planning, nor certainty as far as business

269 See Chapter 5 in Martin, R., Gardiner, B., Pike, A., Sunley, P. and Tyler, P. (2021) Levelling Up Left Behind Places: The Scale and Nature of the Economic and Policy Challenge, London: Taylor and Francis.

270 Pickard, J., Borrett, A. and Foster, P. (2024) Big ambitions for levelling up the UK show only partial progress, Financial Times, 28 April, 2024 (https://www.ft.com/content/b95087e0-1771-4223-a8d4-f27a3e66e710?desktop=true&segmentId=d8d3e364-5197-20eb-17cf-2437841d178a#myft:notification:instant-email:content); Public Accounts Committee (2024) Levelling Up Funding to Local Government, HC424, House of Commons (https://committees.parliament.uk/publications/43820/documents/217384/default/). And at the time of writing, the Conservative Government, if re-elected in the 2024 General Election, has indicated that around £1.5billion per annum of the Shared Prosperity Fund will be used instead to help finance a new National Service policy for young adults. This ‘raiding’ of regional policy once again indicates the fragile commitment of Government to a properly resourced approach to reducing regional and local economic inequalities. .

271 National Audit Office (2019) Local Enterprise Partnerships: An Update on Progress, London: NAO

investment decisions are concerned. A broad shift has been evident over the past forty years from fewer, longer-term and better- resourced initiatives to multiple, shorter-term and less well-resourced interventions. The UK's 'regional problem' has been long in the making, and for its resolution requires policies and measures that do not change at whim, with ideology, or with the political cycle. There is nothing worse than policy based on fads rather than on fundamentals.

- **Neglect of the spatial impact of 'non-spatial' policies.** Too little consideration has been made of how various ostensibly 'non-spatial' or 'spatially blind' national policies (fiscal, monetary, public investment, technology, business, trade and related policies) actually impact on regions and cities, and whether and to what extent these in fact reinforce regional inequalities or even work counter to regional policy. Likewise, national economic policies have not been properly interrogated or assessed as to their likely spatially differentiated impacts. Only in recent years have there been some moves in that direction, with appraisal of policies for their possible spatial implications now at least recognised in the Green Book.[272] But there is still little explicit indication that the varying needs and conditions in the different regions of the country should play a key role in the very design of national policies at the outset.

- **Failure to decentre the UK's political economy away from London.** As early as the 1920s there was concern that the UK's political economy was dominated (or monopolised, as Lord Heseltine once put it) by London.[273] And the over-concentration and centralisation of the national economy in London has increased in recent decades. This contrasts, for example, with Germany, with its regional federal structure and more even geographical distribution of economic activity. The 'elephant in the room' of regional policy has long been the institutionalised over-concentration of the UK political economy - of business, financial and political power - in London, and the consequential championing of London as the nation's 'growth engine'. The relative costs as well as benefits of this 'growth engine' for the other cities and regions of the UK have never been adequately investigated. Assumptions that growth and prosperity will 'trickle down' (or more precisely, 'trickle out') from London to other regions have little empirical support. Marked regional inequalities in prosperity and opportunity are likely to persist unless and until the overly London centric nature of the national political economy is replaced by a spatially balanced polycentric landscape of economic, financial and political governance.

The conclusion from the history of regional policy can be simply stated: the scale and entrenched nature of the UK's problem of regional economic inequality – or as it has now been relabelled, the problem of 'left behind places' – is such that only an historic reconfiguration of policy will suffice. Whether the latest regional policy programme of 'levelling up'[274] marks such a reconfiguration is, at present, an open question.

272 See Section 10.2 in https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020#introduction.

273 In 1919, Sir Halford Mackinder expressed concern about London being a 'giant sucking machine', pulling in talent from the rest of the UK and how national interests were becoming defined by London's interests (see his The Democratic Ideal, 1919). The Barlow Commission on The Distribution of the Industrial Population (1940) likewise expressed a similar sentiment. Lord Heseltine has worried about London's monopolisation of political power, and the overbearing influence of the City of London (1987, interview in Marxism Today, p. 17); and Paul Collier has argued that the UK's regional problem cannot be properly understood apart from how British capitalism is overwhelmingly centred in and controlled by London (P. Collier, 2018, How to Save Britain from London, Prospect, 12 October). See also Martin, R. and Sunley, P. (2023) Capitalism Divided? London, Financialisation and the UK's Spatially Unbalanced Economy, Contemporary Social Science, https://www.tandfonline.com/doi/full/10.1080/21582041.2023.2217655.

274 H.M. Government (2022) Levelling Up the United Kingdom, CP 604, London: HMSO.

The New 'Levelling Up' Agenda: An Historical Turning Point in Regional Policy?

The 'levelling up' agenda, as set out in the Levelling Up the UK White Paper (2022) and Levelling Up and Regeneration Act (2023), arguably represents the most significant statement on regional policy since the famous Barlow Commission Report of more than eighty years ago. It is useful, therefore, to briefly consider whether and in what ways it improves on past policies and promises a new approach to tackling regional economic inequalities across the UK.

There is much to welcome in the new levelling up agenda. For one thing, there appears to be a more holistic approach to the problem of economically lagging 'left behind places'. Thus the interpretation of geographical inequalities in terms of inequalities of six different types of capital, including cultural and institutional capital as well as physical and human capital, is an important step forward. For another, the specification of some twelve levelling up 'missions' suggests a more determined commitment to the task. And it takes on board, to a certain extent, the issue of London's overwhelming domination of the country's political economy, at least as far as England is concerned.

This is not to say, however, that the 'levelling up' agenda goes far enough, nor that it will be followed through on a scale necessary for success. There have been numerous critical assessments of the Levelling Up White Paper, by think tanks, research institutes, local government bodies and academic observers alike.[275] It has been widely argued that the very notion of 'levelling up' has been left vague for the sake of political expediency. And while the idea of 'missions' to achieve levelling up suggests a degree of strategic purpose, the stated missions lack the precision required to enable their achievements to be rigorously assessed; missions require clear plans, policies, and targets, otherwise they remain mere ambitions. The claim is repeatedly made in the White Paper that by 2030 productivity, pay, education, skills, transport connectivity, etc, will have "improved everywhere", "with the gap between the top performing and other areas closing"[276]. Not only are most of the 'improvements' left unspecified, just how far the "gaps between the top performing and other areas" are intended to narrow by 2030 is also unclear. Given that the geographical gaps across the UK in productivity, pay, education, skills, well-being, health and a host of other socio-economic inequalities, are substantial, having cumulated over several decades, and having become systemically entrenched in the very working and organisation of the UK economy, the hope of narrowing such disparities by 2030, in less than a decade, is highly optimistic, to say the least, and hardly represents the 'long term commitment' referred to in the White Paper. And how far should the socio-economic gaps between areas be narrowed in order to be able to declare that 'levelling up' has been accomplished? Where is the vision of what sort of spatially balanced economy is being sought?

The 'six capitals' interpretation of regional and local economic development, while not new, is welcome because it recognises the importance of cultural, institutional and social assets as fundamental drivers of economic development as well as more conventional drivers such as physical, human and knowledge capital. However, in terms of a policy guide, why these

275 See, for example: Arnold, T. and Hickson, J. (2022) The Levelling Up White Paper: Real change or more of the same? Heseltine Institute for Public Policy, Practice and Place, Policy Briefing 2(07); Connolly, J., Pyper, R, and Van der Zwet, A. (2021) Governing 'levelling-up' in the UK: challenges and prospects, Contemporary Social Science, 16, 5, pp 523-537; Hudson, R. (2022) Levelling up in post-Brexit United Kingdom: Economic realism or political opportunism, Local Economy, https://doi.org/10.1177/02690942221099480; Newman, J., Driffield, N. Gilbert, N. and Collinson, S. (2022) Levelling up: four problems with Boris Johnson's flagship project, The Conversation, February 4, https://theconversation.com/levelling-up-four-problems-with-boris-johnsons-flagship-project-176386; Shearer, E. (2022) Will the Levelling Up Missions Help Reduce Regional Inequality? London: Institute for Government, www.instituteforgovernment.org.uk/publications/levelling-up-missions; Telford, L. and Wistow, KJ. (2022) Levelling Up the UK Economy: The Need for Transformative Change, London: Palgrave Pivot; Shearer, E. (2022) Will the Levelling Up Missions help reduce Regional Inequality? Institute for Government, London; Martin, R.L., Pike, A., Sunley, P., Tyler, P. and Gardiner, B. (2022)'Levelling up' the UK: Reinforcing the Policy Agenda, Regional Studies, Regional Science, 9, pp. 794-817; Collier, P. (2024) Left Behind: A New Economics for Neglected Places, London: Allen Lane.

276 H.M. Government (2022) Levelling Up the United Kingdom, CP 604, London: HMSO, pp. 120-121

'capitals' have come to vary between different localities (the historical processes involved), and exactly how they interact locally to produce growth and development, are key issues not well articulated in the White Paper. It is simply implied that agglomeration is the means for synchronising and building all six capitals. Over recent decades, the agglomeration argument has become something of a sacred grail in the spatial economics and urban economics literatures, within think-tanks, and amongst central Government policymakers. Agglomeration is typically invoked to explain London's economic success, while it is argued that second order cities in the UK (such as Birmingham, Manchester, Sheffield, Leeds, Liverpool, and Newcastle) are underperforming, particularly in productivity, because they are 'too small'. They are deemed, as a result, to lack the external economies that agglomeration is claimed to confer. Of course agglomeration, the spatial localisation of economic activity, is important (otherwise there would be no cities or towns!). But we need to know more about the actual scale at which agglomeration becomes most productive. This is important because agglomeration effects operate at different scales. And as the White Paper acknowledges, too much agglomeration in 'steaming ahead' places has negative consequences for housing costs, public services, environmental resources (such as water supply), living standards, and life satisfaction: bigger, or denser, is not necessarily better.

These various limitations of the 'levelling up' agenda are underpinned by the absence of a clear, bold and unambiguous vision of what, precisely, is meant by a 'levelled up' spatial socio-economy. Such a vision must include a levelling up' of political power and economic governance, of a de-centred economy less dependent on and monopolised by London. There have undoubtedly been various policy developments in recent years, following the financial crisis of 2008-9, that have marked the first steps towards a more decentred political economy: for example, the promotion of a 'Northern Powerhouse' and a 'Midlands Engine', City Deals, the devolved Mayoral Combined Authorities, and the establishment of an 'economic campus' (of branches of certain Government Departments) at Darlington. The Levelling Up White Paper promises to build upon these initiatives. However, thus far, these and related initiatives have, typically, tended to be piecemeal and lacking in overall strategic cohesion. But now the newly elected Labour Government in 2024 has announced that it intends to extend the devolution model of the Mayoral Combined Authorities to every part of the country, while other parts of the 2023 Levelling Up Act may well be changed or their prioritisation altered.[277] The Mayoral Combined Authorities certainly bring the advantage of a more devolved model of economic governance, more responsive to local needs and opportunities. But they add yet another 'patchwork' layer to an already complex structure of local government, and an additional layer of local taxation. The need for an overall vision of spatial economic governance remains.

From Levelling Up to Transformational Regional Policy

The UK economy stands at a critical moment in its developmental history. A series of historical shocks – the global financial crisis, Brexit, the COVID pandemic, and the (energy) cost-of-living crisis – have caused major upheavals in the economy and seriously challenged its resilience. These shocks have compounded what was already a secular slowdown in the UK's rate of economic and productivity growth,[278] and a simultaneous widening of regional and local economic and social inequalities. To add to the problem, the need to transition to a net zero carbon economic system, and to harness the opportunities and benefits whilst avoiding the negative threats of the AI revolution, will confront the economy with major challenges in the

277 The very term 'levelling up - regarded by the Labour Government as 'gimmicky' - has been removed from that Department's title, which has now reverted back to its historic name of Ministry of Housing, Communities and Local Government (see: https://www.theguardian.com/politics/article/2024/jul/16/labour-to-invite-englands-devolution-deserts-to-take-on-more-power).

278 See Jackson, T. (2018) Understanding the New Normal: The Challenge of Secular Stagnation, APPG Limits to Growth (www.limits2growth.org.uk)

coming decades, including how the creative and destructive effects of these two transformative developments will be distributed across the UK's regions, cities and localities. Further, a low growth economy seriously hinders the state's ability to invest in high quality public services and infrastructures, also needed to tackle the deeply-embedded spatial and social inequalities that characterise the UK.

Not surprisingly, there is growing talk of the need for securing a transformation of the UK economy and the policies by which it is managed.[279] This requires a radical assessment of what is meant by such key economic notions as 'growth', 'prosperity', and 'value', how these can be attained in a more sustainable and inclusive manner, and what sort of policies are required to achieve those goals. Integral to such policies must be a real commitment to reduce the spatial imbalances and disparities that have plagued the UK economy for a century and more. And that requires a much bolder, more incisive and far more strategic form and use of regional policy than has been the case over its long history, and a much more purposive approach to 'levelling up' and 'rebalancing' the UK's economic geography.

Among the fundamental elements that such a 'version 2' of 'levelling up' should address, the following are but some:

- Integrating regional policy, and regional potentials, needs and priorities explicitly into, and using such policy as a means of achieving, national economic policy goals and management (such as growth, sustainability, skills development productivity, the net zero carbon transition, and the new AI-based technological revolution). Regional policy has a dual simultaneous function: to help those regions, cities, towns and areas that have fallen behind, economic and socially, to catch up, but also in so doing help to achieve national economic and social objectives and missions.

- Decentring and devolving the national political economy, to rebalance the over concentration of economic, fiscal and public policy in London. Notwithstanding the devolved nations in Scotland, Wales and Northern Ireland, unless and until there is a substantial decentring of this unbalanced configuration, and a shift to a spatially polycentric economic governance system, with, for example, a nation-wide arrangement of elected and accountable (city)region authorities, to which there is substantial devolution of fiscal, public spending and other such powers, past regional policy suggests that progress towards a much more spatially balanced economy will remain limited. This of course raises the difficult issue of the political-institutional architecture of the UK.

- Explicitly regionalising the main types and categories of public spending to ensure an equitable distribution. A polycentric governance system of 'quasi-federalised' regional bodies must be properly resourced. Most types of central state spending (on economic support, infrastructure, skills, technology promotion, etc) could be much more devolved to the regions and used to promote the industries and services of those regions economically left behind. Public procurement alone, for example, amounts to £400 billion annually, utterly dwarfing current 'levelling up' funds, and is significantly skewed towards London and the South East; a substantial proportion of this could be regionally devolved and targeted in a much more spatially balanced way.

279 See for example: Sandbu, M. (2020) The Economics of Belonging: A Radical Plan to Win Back the Left Behind and Achieve Prosperity for All, Princeton: Princeton University Press; R. Bootle , R. and Vitali, J. (2024) Economic Transformation: Lessons from History, Policy Exchange, London; Martin Wolf (2024) The Elusive Search for Economic Transformation, Financial Times, March 18 (https://www.ft.com/content/ac3932ff-9b7c-4bff-b003-af a0ebbaddf5?desktop=true&segmentId=d8d3e364-5197-20eb-17cf-2437841d178a#myft:notification:instant-email:content); Hutton, W. (2024) This Time no Mistakes: How to Remake Britain, London: Head of Zeus Press; Bell, T. (2024) Great Britain? How We Get Our Future Back, London: Bodley Head.

- Setting legally binding and measurable targets and milestones for achieving a spatially balanced economy in terms of wealth creation and distribution. Grand missions for 'levelling up' collapse into mere political tropes unless the objectives of such missions, and the policies by which these objectives are to be achieved, are clearly specified and progress closely monitored and measured.

Other foundational requirements for an historic 'reset' of regional policy could be listed. The key point is that just as the UK economy stands at an historic cross-roads, so too does regional policy. How well each responds to the challenges posed by the current conjuncture will be for future historians to judge.

9 Chronology: A Timeline of Regional Policy in the United Kingdom

Professor Peter Tyler
Emeritus Professor of Regional and Urban Economics, University of Cambridge

Summary

This chapter shows the development of regional economic policy in the United Kingdom over the last hundred years. The objective has been to provide a timeline and indicate the main thrust that policy has taken. Reference is made to key sources where the reader can obtain further, more detailed, insight.

The Chronology considers the evolving spatial context of the policy response and the changing geography of targeted spatial interventions; the evolution of inner city and urban policy; and it shows, broadly, the changing theoretical basis for specific types of interventions.

The chronology does not indicate the extent of government funding committed but evidence on this is available.[280] The evidence suggests that over the period 1961-2020 this was approx. £3.5 billion per annum (0.15% GNI). EU funds added another 0.12% from around the mid-1970s making the total with this included to be around £4.9 billion per annum (0.27% GNI 2021 prices).

Overall, the following key broad milestones and periods of activity have been identified:

1928-1939

The period in which regional policy was born. In these early years, policy focused on 'taking workers to the work' and included initiatives such as the creation of the Industrial Transference Board and the Special Areas Act.

1945-1950

Following the Barlow Commission (1940), after the end of WWII policy inverted to focus on 'taking work to the workers', featuring the 'stick and carrot' Industrial Development Building Control (IDC) in the South and government factory building and grants in Development Areas to stimulate industrial employment in certain regions.

1951-1962

The early half of the 1950s was a period of more passive regional policy, with the IDC and factory building largely in abeyance. By the latter half of the decade, policy was transitioning to more active policy.

280 See, for instance, B Moore, J Rhodes and P Tyler (1986) The effects of government regional economic policy, HMSO, London.; Martin, R., Pike, A., Sunley, P., Tyler, P. and Gardiner, B., 2022. 'Levelling up' the UK: reinforcing the policy agenda. Regional Studies Regional Science, 9:1, p.794-817.

1963-1979

Regional policy became more active in the 1960s, adopting a form of spatial Keynesianism. IDC policy continued up to 1970. Generous building grants and investment incentives were offered for plant and machinery, and there was a geographical extension of Development Areas (1966) and the creation of the Regional Employment Premium (1967).

1979-1997

The incoming Conservative government shifted emphasis onto the supply side and the period saw a reduction in traditional regional policy. This included the de-scheduling of assisted areas, a focus on localities, labour market reform, and strong encouragement of enterprise.

1997-2010

New Labour took a more bottom-up approach to regional policy, focused on specific drivers of local economic growth, improving knowledge, skills and employability while continuing to support innovation and enterprise. The main emphasis was on macro-economic stability. Institutional reform with the creation of the Regional Development Agencies.

2010-2015

The Coalition Government period marked a move to localism. Regional Development Agencies were abolished and replaced with Local Enterprise Partnerships and support for business through the Regional Growth Fund.

2015-2019

A period marked by greater devolution of powers to city-regions with elected metro-mayors and increased powers in cities over housing, transport and strategic planning. The creation of the Northern Powerhouse and ‘city clustering’ saw greater importance placed on connectivity and agglomeration in lager spatial units.

2021-2024

Launch of the ‘levelling up’ agenda and the ‘build back better’ plan for growth under the Conservatives, a central pillar of this approach being the Shared Prosperity Fund followed by the Levelling-Up and Regeneration Act.

2024

Labour Government elected as new government on 5th July. The Department for Levelling Up, Housing & Communities renamed as the Ministry of Housing, Communities & Local Government (MHCLG). Key features of the proposed approach are to secure increased living standards in all nations and regions in the United Kingdom through planning reform to accelerate the delivery of high-quality infrastructure and housing (through a Planning and Infrastructure Bill), encouragement of investment in industry, skills and new technologies and the establishment of an Industrial Strategy Council. Greater devolution is seen to be fundamental to achieve local economic growth.

Chronology: A Timeline of Regional Policy in the United Kingdom

1928	**The Birth of Regional Policy in the United Kingdom.** Towards the end of the 1920s major industries like coalmining and shipbuilding in the UK were struggling to maintain their international competitiveness. The problems they faced were suggestive of longer term decline. As a consequence, those parts of the country where these industries were heavily represented (South Wales and the North-East of England) began to experience significant increases in unemployment, often a rate of over 20%. The UK Government recognised the need to act and regional policy owes its origins to the establishment of the Industrial Transference Board by the Ministry of Labour in 1928[281] for: 'the purpose of facilitating the transfer of workers, and in particular miners, for whom opportunities of employment in their own district or occupation are no longer available' (Great Britain, 1928, p.1). The emphasis was thus on encouraging workers in areas affected by industrial decline to move to where there were more jobs. This policy was not without success. Over the next ten years some 200, 000 workers were relocated through this measure.[282] However, the policy was relatively weak in the face of further substantial economic decline, particularly in heavy engineering sectors.
1934	**Reports of Investigations into the Industrial Conditions in Certain Depressed Areas (Great Britain, 1934).** In the face of concern about the adverse spatial consequences of industrial decline the Government undertook 'Reports of Investigations into the Industrial Conditions in Certain Depressed Areas' (Great Britain, 1934).[283] The studies focused on Central Scotland, South Wales, North-East and North-West England (West Cumberland). There was evidence that industrial decline in these areas was beginning to increase significantly and new job opportunities were not being generated. This provoked further government intervention. The result was the Special Areas (Development and Improvement) Act 1934. Four Special Areas were designated. Two Commissioners were appointed (one for Scotland and one for England and Wales). They had relatively little resources.
1936	**Special Areas Reconstruction Association Created.** The Bank of England provided modest amounts of loan capital to small businesses in the Special Areas through the Special Areas Reconstruction Association (Bank of England).[284]

281 Great Britain (1928) Ministry of Labour. Report of the Industrial Transference Board Cmd.3156. London: HMSO.
282 McCallum, J.D., (1979). The Development of British Regional Policy. In: Maclennan, D and Parr, J. Regional Policy. Past Experience and New Directions. (1979). Glasgow Social and Economic Research Studies 6. Martin Robertson.
283 Great Britain (1934) Ministry of Labour. Reports of Investigations into the Industrial Conditions in Certain Depressed Areas. Cmd. 4728. London: HMSO.
284 Great Britain (1934) Ministry of Labour. Reports of Investigations into the Industrial Conditions in Certain Depressed Areas. Cmd. 4728. London: HMSO.

1937	**Royal Commission on the Distribution of the Industrial Population.**[285] The Royal Commission on the Distribution of the Industrial Population (later referred to as the Barlow Commission)[286] was tasked to investigate the distribution of industry and to propose remedies to overcome the urban deprivation. Its remit was: 'to inquire into the causes which have influenced the present geographical distribution of the industrial population of Great Britain and the probable direction of change in that distribution in the future; to consider what social, economic or strategic disadvantages arise from the concentration of industries or of the industrial population in large towns or in particular areas of the country; and to report what remedial measures if any should be taken in the national interest'.
1940	**Barlow Report.** The Barlow Report presented the findings of the Royal Commission. It commented: "The concentration in one area of such a large proportion of the national population as is contained in Greater London, and the attraction to the Metropolis of the best industrial, financial, commercial and general ability, represents a serious drain on the rest of the country" (Barlow Commission, 1940, para. 171). The Commission's Report (1939-40 iv 263; Cmd. 6153) recommended the decentrali-sation of industry from congested urban areas and indicated that the problems were of national urgency and proposed a central national authority, a board for industrial location responsible to the Board of Trade, to deal with them.[287]
1943	**Ministry of Town and Country Planning Created.** [288] Established to ensure: "consistency and continuity in the framing and execution of a national policy with respect to the use and development of land throughout England and Wales"
1944	**White Paper on Employment Policy.** The Minister of Labour (Mr. Ernest Bevin) stated: 'I beg to move, That this House takes note of Command Paper No. 6527 on Employment Policy and welcomes the declaration of His Majesty's Government accepting as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war (HC Dec 21 June 1944 vol 401 cc211-310). One of its chapters considered the 'Balanced Distribution of Industry and Labour'.[289]
1945	**Distribution of Industry Act.** 'An Act to provide for the development of certain areas: for controlling the provision of industrial premises with a view to securing the proper distribution of industry; and for purposes connected with the matters aforesaid' (The Distribution of Industry Act 1945 (8 & 9 Geo. 6. c. 36).[290] The Act determined the shape and form of British regional policy until 1960. It introduced Development Areas, instead of Special Areas, with an expanded geography that included Newcastle, Glasgow, Dundee, Teesside, Dundee, Swansea and Cardiff. The Board of Trade was given powers to build factories, reclaim land and provide serviced sites Grants or loans to firms.[291]

285 Great Britain (1940) Royal Commission on the Distribution of the Industrial Population. Report. Cmd. 6153. London: HMSO

286 Great Britain (1940) Royal Commission on the Distribution of the Industrial Population. Report. Cmd. 6153. London: HMSO.

287 (https://discovery.nationalarchives.gov.uk/details/r/C8722).

288 https://api.parliament.uk/historic-hansard/acts/minister-of-town-and-country-planning-act-1943

289 Great Britain. (1944) Ministry of Labour. Employment Policy. Cmd. 6527.London: HMSO.

290 https://api.parliament.uk/historic-hansard/acts/distribution-of-industry-act-1945

291 McCallum, J.D., (1979). The Development of British Regional Policy. In: Maclennan, D and Parr, J. Regional Policy. Past Experience and New Directions. (1979). Glasgow Social and Economic Research Studies 6. Martin Robertson.

1946	**New Towns Act.** 'The 1946 New Towns Act established an ambitious programme for building new towns. It gave the government power to designate areas of land for new town development. A series of 'Development Corporations' set up under the Act were each responsible for one of the projected towns. Stevenage, in Hertfordshire, was the first new town created under the Act, with ten others following by 1955. Most were intended to accommodate the overspill of population from London. Since the 1950s, Parliament has authorised further developments in England, Scotland and Wales'.[292]
1947	**Town and Country Planning Act.** 'Parliament saw it as essential to restrict the growth of large cities. The Town and Country Planning Act of 1947 laid down procedures to control urban sprawl into the countryside. All planning was to be subject to planning permission by local councils. Most importantly, every area of the country was to have a 'Development Plan' showing how each area was either to be developed or preserved (Parliament)'.[293] The Act also introduced Industrial Development Certificate control. The control was such that any industrial Development over 5000 sq. ft required an IDC to ensure consistent with HM Government views on the distribution of industry. If it met this requirement then it could seek planning permission. As McCallum (1979) commented, the Act thus formalised 'the relationship between distribution policy and town and country planning'.[294]
1949	**National Parks and Access to the Countryside Act.**[295] **Creation of National Parks and Areas of Outstanding Beauty**
1950	**Distribution of Industry Act.** An Act to: "make further provision for the acquisition of land, creation of easements and carrying out of work in development areas; to authorise the Board of Trade to make grants in exceptional cases in connection with the establishment in, or transfer to, development areas of industrial undertakings, and to make grants or loans to housing associations for the provision of dwellings in development areas; and to extend section five of the Employment and Training Act, 1948, in relation to persons transferred for employment in industrial undertakings established in, or transferred to, development areas'.[296]
1958	**Distribution of Industry (Industrial Finance) Act.** 'An Act to enable the Treasury to give assistance under Section Four of the Distribution of Industry Act, 1945, for reducing unemployment in localities suffering from a high rate of unemployment.[297] Some places outside Development Areas could benefit from loan and grant assistance.

291 https://www.parliament.uk/about/living-heritage/transformingsociety/towncountry/towns/overview/newtowns/#:~:text=The%20Town%20and%20Country%20Planning%20Act%20of%201947%20laid%20down,planning%20permission%20by%20local%20councils.

292 https://www.parliament.uk/about/living-heritage/transformingsociety/towncountry/towns/overview/newtowns/#:~:text=The%20Town%20and%20Country%20Planning%20Act%20of%201947%20laid%20down,planning%20permission%20by%20local%20councils.

293 McCallum, J.D., (1979). The Development of British Regional Policy. In: Maclennan, D and Parr, J. Regional Policy. Past Experience and New Directions. (1979). Glasgow Social and Economic Research Studies 6. Martin Robertson.

294 https://www.legislation.gov.uk/ukpga/Geo6/12-13-14/97

295 https://api.parliament.uk/historic-hansard/commons/1950/mar/22/distribution-of-industry-bill

296 https://api.parliament.uk/historic-hansard/acts/distribution-of-industry-industrial-finance-act-1958 https://www.google.com/search?q=Distribution+of+Industry+(Industrial+Finance)+Act+1958&rlz=1C5CHFA_enGB930GB930&oq=Distribution+of+Industry+(Industrial+Finance)+Act+1958&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIKCAEQABiABBiiBNIBCTQ1MTdqMGoxNagCALACAA&sourceid=chrome&ie=UTF-8#ip=1

1960	**Local Employment Act.** In this Act Development Areas were replaced by Development Districts (based on local employment exchanges) designated by the Board of Trade (influenced by unemployment conditions). Worsening regional problems led to the publication of White Papers for Scotland and for the North East. The White Paper for the North-East placed particular emphasis on enhancing road infrastructure. Discussion on regional issues also appeared in a Report from the National Economic Development Council ('Conditions Favourable to Faster Growth') in which there was the recognition that assisting economic development in high unemployment areas would bring into use labour resources that could help national growth.[298]
1963	**Finance and Local Employment Acts.**[299] Enhanced Financial assistance incentives were provided with grants for plant and machinery and a building grant at a 25% standard rate. All manufacturing sectors were eligible. Businesses in Development Districts were entitled to accelerated depreciation allowances on plant and machinery investment.
1963	**Creation of the Location of Offices Bureau (LOB).** Concerned with increasing congestion in London, the Government announced the creation of the Location of Offices Bureau in accordance with the intentions expressed in paragraphs 28 to 31 of the White Paper on London. The activities of the Bureau took two main forms. The first was to make businesses already established in Central London, or considering opening offices there, to consider the advantages of decentralising office employment. The second was to act as an information centre for firms thinking of moving out of London. 'It will collect information about possible destinations, and conditions there' along with 'the availability of office space and staff, communications, housing, costs, and so on.[300] The aim will be to give employers easy access to all the information they need to reach a decision about a move and to enable them to plan it'.[301]
1964	**Department of Economic Affairs (DEA) Created.** A Regional Planning Group was part of the Department of Economic Affairs established in 1964. Economic Planning Regions were established (eight for England), Scotland, Wales and Northern Ireland. The Councils had an advisory role and helped with the development of regional plans.
1965	**Control of Office and Industrial Development Act.** An Office Development Permit (ODP) was required in designated areas before office development could take place.[302]

298 McCallum, D (1979). The Development of British Regional Policy, pg. 14 in Maclennan, D and Parr, J. B, (1979), 14. Regional Policy: Past Directions and New Directions. Glasgow Social and Economic Research Studies. Martin Roberston.

299 https://www.jstor.org/stable/2520827. The Impact of the British Local Employment Acts of 1960 and 1963. A. P. Thirlwall. ILR Review. Vol. 20, No. 4 (Jul. 1967), pp. 667-670. Published By: Sage Publications, Inc.

300 (The Joint Parliamentary Secretary, Ministry of Housing and Local Government, (Lord Hastings). Cond. 1952, entitled London: Employment: Housing: Land.

301 https://api.parliament.uk/historic-hansard/lords/1963/apr/03/location-of-offices-bureau-order-1963

302 Rhodes, J: and Kan, A. (1971) Office Dispersal and Regional Policy. Department of Applied Economics, University of Cambridge, Occasional Papers No. 30. Cambridge: Cambridge University Press.

1965	**National Plan Published.**[303] Regional Planning recognised as important and regional policy was required on the grounds of national efficiency and equity
1965	**Creation of the Highlands and Islands Development Board.** Powers to bring together planning with regional development and finance to assist the economic development of the Highlands and Islands
1966	**Industrial Development Act.**[304] The map of geographical assistance changed. Development Districts were replaced by Development Areas. Development Areas covered Scotland (not Edinburgh), the North, Wales (except coastal strips in South, Cardiff-Swansea, and North), Cornwall and West Devon and Merseyside. Equivalent to around 20% of GB population. This Act provided a considerable strengthening of regional policy incentives. A 20% grant for investment available to manufacturing everywhere in the UK was increased to 40% in the Development Areas. This was subsequently increased to 45% (25% in UK).
1967	**Introduction of Regional Employment Premium (REP).** The Regional Employment Premium was introduced as a labour subsidy to manufacturing business in the assisted areas. It was inspired by Lord Kaldor, the eminent Cambridge Economist, as a way of providing a competitive boost to Assisted Areas, analogous to a national devaluation, HM Treasury authorised a payment of £1.50 per week per adult male employees to manufacturing industry in Development Areas. There was also some added benefit from the rebate of Selective Employment Tax (SET).[305]
1967	**Hunt Committee Established and the Committee of Inquiry into the Intermediate Areas.** In the face of increased concerns that some areas were facing severe economic challenges but were not eligible for regional assistance, the Government asked the Hunt Committee to examine the specific problems of these areas and the result was the Committee of Inquiry into the Intermediate Areas whose remit was: '.. examine in relation to the economic welfare of the country as a whole and the needs of the development areas, the situation in other areas where the rate of economic growth gives cause (or may give cause) for concerns, and to suggest whether revised policies to influence economic growth in such areas are desirable and, if so, what measures should be adopted'.[306]
1967	**Designation of Special Development Areas.** A strengthening of support for some areas mainly in coalmining districts within existing Development Areas.
1968	**Creation of the Countryside Commission for England and Wales.** Formed from the National Parks Commission for England and Wales under the Countryside Act 1968 (extended functions and scope of Commission).[307]

303 https://www.nationalarchives.gov.uk/education/resources/sixties-britain/national-plan/
304 https://www.legislation.gov.uk/ukpga/1966/34/contents
305 https://api.parliament.uk/historic-hansard/commons/1967/jun/14/new-clause-67-regional-employment-premium
306 Committee of Inquiry into the Intermediate Areas (Great Britain, 1969b,p 1)
307 https://www.legislation.gov.uk/ukpga/1968/41/enacted?view=extenthttps://discovery.nationalarchives.gov.uk/details/r/C60#:~:text=In%20August%201968%2C%20the%20Countryside,commission%20and%20enlarged%20its%20scope.

1969	**The Task Ahead: Economic Assessment to 1972.**[308] This Report reinforced the national advantages of greater regional balance in the United Kingdom.
1969	**Hunt Committee Report.**[309] The recommendations of the Committee of Inquiry into the Intermediate Areas were published and suggested a package of incentives.
1969	**Urban Programme of Urban Aid under the Local Government Grants (Social Need) Act 1969.**[310] For much of the post-war period urban policy in Britain was mainly concerned with the physical environment of cities. Legislation in the 1940s paved the way for a substantial package of measures designed to reduce congestion and improve living conditions in cities through the designation of New Towns and Overspill Areas. Alongside measures to decentralise people from cities into planned settlements, government also invested heavily in a sustained and extensive programme of house building and renewal in cities alongside major investment in associated infrastructure, particularly transport related. Central government provided substantial funding to local authorities to engage in the renewal of the urban fabric. However, during the 1960s it became clear that major economic problems were emerging in many cities, particularly the inner-city areas in the large conurbations. In 1969, the Home Office introduced the Urban Programme that allocated funding largely to local authorities to 'assist in the completion of urban and social service programmes. The arrangement stipulated that State funding was expected to cover 75% of the total project costs, the remainder was to be matched by the local authorities'.[311]
1970	**Local Employment Act 1970.**[312] This Act formally introduced Intermediate Areas as a new category of assistance area. Businesses in these areas were eligible for a 25% building grant and extension of the Development area training and industrial estate activities to them. A 75% grant for derelict land clearance was also available in certain areas.[313] The Department of Economic Affairs was formally wound up bringing together the Ministry of Housing and Local Government, the Ministry of Transport-Department of Local Government and Regional Planning.
1970	**White Paper.**[314] This White Paper ended Investment Grants (introduced in 1966) and were replaced by depreciation allowances.

308 Great Britain (1969a) Department of Economic Affairs. The Task Ahead: Economic Assessment to 1972. London, HMSO.

309 Great Britain (1969b) Department of Economic Affairs. The Intermediate Areas: Report of a Committee of Inquiry under the Chairmanship of Sir Joseph Hunt. Cmnd. 3998. London: HMSO.

310 https://discovery.nationalarchives.gov.uk/details/r/68aca1fe-6498-4029-a87a-f245788e5cce

311 https://api.parliament.uk/historic-hansard/commons/1968/jul/22/urban-programmes-government-aid

312 https://www.legislation.gov.uk/ukpga/1970/7/contents

313 McCallum, J.D., (1979). The Development of British Regional Policy. In: Maclennan, D and Parr, J. Regional Policy. Past Experience and New Directions. (1979). Glasgow Social and Economic Research Studies 6. Martin Robertson.

314 Great Britain (1970) Department of Trade and Industry. Investment Incentives. Cmnd. 4516.

1972	**White Paper Industrial and Regional Development (Great Britain, 1972a).** This legislation brought a return to the standard grant-based system introduced in 1966. There was a Regional Development Grant of 20% in Development Areas and 22% in Special Development Areas. Intermediate Areas qualified only for the 20% Industrial Building grant. The 1972 Industry Act introduced Regional Development Grants and Selective Assistance and an increase in the financial value of the Regional Employment Premium in 1974.
1973	**The United Kingdom joins the European Union.** This was an important time in the development of EU regional policy. The Directorate General for Regional Policy was established in 1968 following the First Communication on Regional Policy in 1965. Jean Rey (Then President of the European Union) stated: "Regional Policy in the Community should be as the heart is in the human body…and should aim to reanimate human life in the regions which have been denied it" (1968).[315] In 1973,Thompson Report stated: "…although the objective of continuous expansion (…) has been achieved, its balanced and harmonious nature has not…".[316] The European Regional Development Fund was established in 1975 representing a significant move by the Union to address regional disparities.
1973	**Trade and Industry Sub-Committee of the House of Commons Expenditure Committee Report – (Established in October 1972).**[317] "Much has been spent and much may well have been wasted. Regional policy has been empiricism run mad, a game of hit-and-miss, played with more enthusiasm than success." (Great Britain, 1973, p73). The impact of the Committees Report was substantial and suggested the need for new approaches to job creation in the assisted regions that were more cost effective.
1975	**National Enterprise Board Created.**
1975	**Scottish and Welsh Development Agencies Created.** Department of Industry Section 7 powers in Scotland and Wales were handed over to the Scottish and Welsh Secretaries as an-extension of administrative devolution.
1975	**Establishment of the European Development Fund.**
1976	**Abolition of the Regional Employment Premiums (REP) (Termination of Payment and Consequential Provisions) Order 1976. No. 2192.** The Act removed the REP labour subsidy that had been available in the Development Areas for ten years.
1976	**Location of Office Bureau Remit Changed.** The remit of the Location of the Office Bureau was changed to promote the better distribution of office employment in England and Wales and to "attract international concerns to the location of offices in Great Britain, including London; and, secondly, to give particularly attention to the promotion of office employment in inner urban areas, again including London".[318]

315 https://www.slideserve.com/asonya/history-and-evolution-of-eu-regional-and-cohesion-policy-powerpoint-ppt-presentation

316 CEC (Commission of the European Communities) 1973 . Report on the Regional Problems in the Enlarged ed Community. Brussels: European Community.

317 Department of Industry (1973). Regional Development Incentives. Minutes of Evidence, Expenditure Committee (Trade and Industry Sub-Committee) Session 1972-73, Paper 327. HMSO. London.

318 https://hansard.parliament.uk/Lords/1977-07-14/debates/1c7579f5-4eb0-4592-b914-b18cd26357a8/LocationOfOfficesBureau(Amendment)Order1977.

1977	**White Paper 'Policy for the Inner Cities'.** By the late 1970s it was becoming clear that the economic problems of the United Kingdom's inner city areas were increasing. Relatively small, piecemeal funding from the 1969 Urban Programme was wholly inadequate in light of the scale of the prob-lems faced. In 1977, the Government recognised this and produced the Inner City White Paper based on research in Birmingham, Lambeth and Liverpool. Peter Shore, the Secretary for State, announced: 'During the post-war period policies have concentrated on encouraging the export of inner city populations and on large-scale, comprehensive redevelopment to provide new homes. But too little attention has been paid to the economic health and to the community interests of the inner areas'.[319] The White Paper argued for a new direction, claiming that government spatial policy was increasingly conflicted in the sense that its New Town/Overspill and Regional policies were working to take economic activity out of cities whilst new policies were now required to get it back in. Shore argued that if the decline of the inner cities was to be arrested then it would require central and local governments prioritising the needs of inner cities across all of their departments. It was felt that the Department of Environment in England should act as a unifying agency to coordinate activity and an immediate priority was to strengthen the economies of the inner cities. It recommended that the resources available to local authorities with serious inner area problems should be enhanced to enable them to assist industry and to designate industrial improvement areas (encourage local authorities to give more consideration to the needs of industry, particularly of small firms, in their planning policies). Policies on population movement, nationally and locally, should be reviewed and the Urban Programme should be recast to cover economic and environmental as well as social projects, and to increase the resources available. Local Authorities Special Partnerships should be established to secure a coherent across-the-board approach to their problems. Urban grants were paid and related to these new inner area programmes. Partnerships were subsequently offered to Liverpool, Birmingham, Manchester-Salford, London to Lambeth and to the Docklands authorities.
1978	**Inner Urban Areas Act.** The Inner Urban Areas Act received Royal Assent on 31 July 1978. It fulfilled the undertaking in paragraph 54 of the White Paper "Policy for the Inner Cities" to give additional powers to local authorities with serious inner area problems so that they may participate more effectively in the economic development of their areas'.[320] Full implementation of the proposals contained in the White Paper did not occur because a new Conservative Government was elected in 1979 which had its own views on how urban decline should be addressed. The Inner City Partnerships were implemented, but their funding was relatively modest and the coordinated approach that was such a powerful feature of the White Paper recommendations did not happen.

319 https://api.parliament.uk/historic-hansard/commons/1977/apr/06/inner-cities-government-proposals
320 (https://www.gov.wales/sites/default/files/publications/2018-11/circular-13678-inner-urban-areas-act.pdf).

1980	**Local Government, Planning and Land Act, 1980.**[321] The Thatcher Government elected in 1979 brought its own market orientated approach to addressing the problems of urban areas. The emphasis was on policy addressing market failures that were felt to be preventing urban land and property markets adjusting to economic realities they faced. Key flagship examples were Enterprise Zones and Urban Development Corporations. Enterprise Zones were the idea of the British planner and geographer Sir Peter Hall who suggested that some areas in the United Kingdom, and particularly in the inner cities, had become so run-down and derelict that they had been forsaken by the market. He therefore suggested that in such circumstances central government might wish to reduce planning and other statutory requirements on new development a sort of last-ditch attempt to revive market interest. The policy proved to be very attractive to the Thatcher Government with its strong neoliberal ideology and in a government consultation paper circulated in 1980 it stated:"The Government has announced its intention to legislate for the creation of Enterprise Zones. The purpose of these Zones is to test as an experiment, and on a few sites, how far industrial and commercial activity can be encouraged by the removal of certain fiscal burdens, and by the removal or streamlined administration of certain statutory or administrative controls. Some of the measures to be applied in Enterprise Zones will be discriminatory and will not necessarily be suitable for wider application". Ref 322 There is an extensive discussion on the relative effectiveness of British Enterprise Zones in Hooton and Tyler(2018).[322] In a similar vein to the thinking behind the Enterprise Zones, in 1980 the Secretary of State for the Environment, Michael Heseltine, decided to adopt a radically different approach to regenerating run-down and derelict areas through the use of Urban Development Corporations.[323] This policy enabled the Secretary of State for the Environment to assume the responsibility for the economic development of an area from the local authority. The Secretary of State set-up a Development Corporation Board tasked with the regeneration of the area. Whilst the local authorities had representatives on the Board the Chairman was from the private sector. It was argued that a positive feature of this model was that it enabled a strategic approach to the attraction of investment supported by significant funding from central government to reclaim land and invest in new infrastructure. A more negative view was that by taking power away from local authorities there was a loss to local democracy and local people had less say in what was built in the area. The lead Department for Enterprise Zones and Urban Development Corporations was firmly the then Department of the Environment (DOE). Other Government Departments addressed particular aspects of urban regeneration and renewal that were under their remit. Examples included the Home Office responsible a Business Initiative, the Department of Employment initiating Compacts, Employment Action, Job Clubs and the Department of Education responsible for Inner City Open Learning Centres for the Safer Cities Initiative, Section 11 (a programme to support those with English s a second language), and the Ethnic Minority.

321 https://www.legislation.gov.uk/ukpga/1980/65/contents

322 Tyler, P with Hooton CA (2019). Do Enterprise Zones have a role to play in delivering a place-based industrial Strategy? Cambridge Journal of Regions, Society and Economy. Volume 12, Issue 3, November 2019, Pages 423–443, https://doi.org/10.1093/cjres/rsz015

323 Local Government, Planning and Land Act 1980. https://www.legislation.gov.uk/ukpga/1980/65/contents

1983 **Regional Industrial Development.**[324]

Regional Policy in the Thatcher Years represented a considerable change from the approach that had largely underpinned policy throughout much of the 1960s and 1970s. Page 4 of the 1983 White Policy stated: "Although an economic case for regional policy may still be made, it is not self-evident. The Government believe that the case for continuing the policy is now principally a social one with the aim of reducing, on a long-term basis, regional imbalances in employment opportunities".

The thrust of policy thus switched from a broadly Keynesian approach to one that was decidedly more market orientated. There were a number of elements to this. One focused on overcoming market imperfections in capital, land and labour markets. There was a particular emphasis on labour markets. Thus; "Imbalances between areas in employment opportunities should be in principle corrected by the natural adjustment of labour markets. In the first place, this should be through lower wages and unit costs than comparable work commands elsewhere. Wage flexibility, combined with a reputation for good work and constructive attitude to productivity and industrial relations would increase the attractiveness to industry of areas with high unemployment. There is, however, little evidence that regional wage rates respond readily to variations in regional unemployment. The Government believe that wage bargaining must become more response to the circumstances of the individual enterprise, including its location." (HM Government, 1983, paras 9-11) And, An efficient and effective labour market would respond with differential; rates of pay for companies, industries and geographical areas. Greater variation in pay rates will help reduce differences in regional unemployment rates. Lower wage costs in the regions may encourage firms to move there". (Kenneth Clarke, Employment Minister, Employment Gazette, 1987).

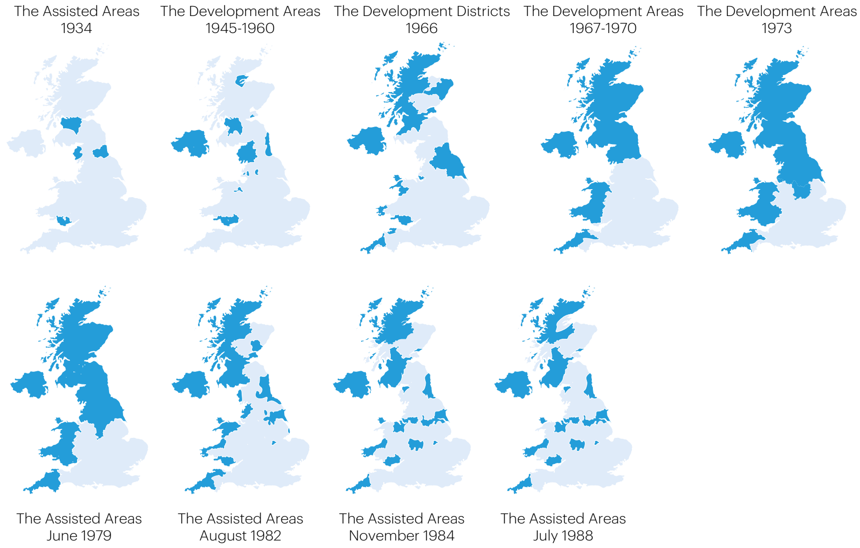
Thus, in its simplest form, the answer to the regional labour market 'problem' was to promote greater wage flexibility by removing what were seen to be impediments like Wage Councils and Trade Unions and, in a very general sense, privatising industry so that local wages responded to local supply and demand conditions rather than national wage bargaining.

A second element was to stimulate enterprise and particularly new firm formation. A third element was to target policy expenditure, particularly that involving subsidies to industry, in a more discretionary manner with the focus on getting more benefit for each £ of public subsidy.

One of the outcomes of greater targeting was that the areas able to receive British Regional Policy were dramatically reduced through the Thatcher years compared to the position in the late 1960s and 1970s (See Figure below). Besides dramatically altering the map of regional assistance, there were also substantial changes to the assistance available. The rate of grant payable in the Development Areas was reduced from 20% to 15%, although it remained at 22% in Special Development Areas. The Building Grant available in Intermediate Areas was removed and Regional Selective Assistance was given in a more selective way given only when it was necessary to enable an investment project to go ahead with a particular focus on the creation of more productive and secure jobs. One other very significant change implemented in 1982 was the suspension of the Industrial Development Certificate policy.

324 https://api.parliament.uk/historic-hansard/written-answers/1983/dec/16/regional-industrial-development

Figure 1: The Changing Map of Regional Policy Assistance in the United Kingdom; 1934-1986



(Source: Moore, Rhodes and Tyler)[325].

1984 **Further Changes to the Regional Policy Package.**

In 1984, the Conservative Government made further changes to the package of regional policy incentives. The three tiers of assistance, (Special Development Areas, Development Areas and Intermediate Areas) were reduced to two (Development Areas and Intermediate Areas). The Development Areas covered 15% of British working population including Birmingham and other parts of the West Midlands for the first time in the post war period.

The value of Regional Development Grants (RDGs) was reduced and made payable at a uniform rate of 15% in the Development Areas and excluded replacement investment subject to a firm size rule. Investment projects were made subject to a cost per job limit of £3000 for each new job created. There was the alternative offered instead of the capital grant whereby a job grant of £3000 was available for each new job created. Some service sectors were now eligible for RDG. Regional Selective Assistance remained available in both Development and Intermediate Areas.[326]

325 Moore, M, Rhodes, J and Tyler, P (1986). The Effects of Government Regional Economic Policy. HMSO
326 Moore, M, Rhodes, J and Tyler, P (1986). The Effects of Government Regional Economic Policy. HMSO

1988	**The Department of Enterprise White Paper.** In 1988, the Department of Enterprise stated: 'The central theme for our policies remains the belief that sensible economic decisions are best taken by those competing in the marketplace. The responsibility of Government is to create the right climate so that markets work better and to encourage enterprise. The aim of our policy is thus to encourage the process of wealth creation by stimulating individual initiative and enterprise and by promoting an understanding of market opportunities combined with the ability to exploit them' (Department of Enterprise White Paper, 1988).[327] Specifically in relation to Inner City and Regional Policy the White Paper made provision for easier access to consultancy services for small and medium sized businesses in Development Areas and Urban Programme Areas, Investment and innovation grants were made available to small firms in Development Areas, the Regional Development Grant scheme was ended and the English Industrial Estates Corporation was empowered to substantially increase its provision of managed workspace, mainly in inner cities areas.
1994	**Government Offices for the Regions Created**
1995	**White Paper on Regional Industrial Policy.** In the 1995 White Paper the Government announced that: 'The Government recognises the importance of enhancing the competitiveness of the Assisted Areas. There has been a refocusing of regional industrial policy to reflect its role in achieving both economic and social objectives' (Department of Trade and Industry, 1995: p6).
1995	**White Paper Rural England: A Nation Committed to a Living Countryside.**
1997	**Social Exclusion Unit Created.** The New Labour Government elected in 1997 brought a new approach to local economic development with respect to deprived neighbourhoods. The Social Exclusion Unit was created based in the Cabinet Office to understand and come up with policies to reduce social exclusion across England. A new programme for local area regeneration called the New Deal for Communities (NDC) was launched in 1997. NDC was designed to address aspects of multiple deprivation in some of the most deprived areas in England, with a key emphasis on overcoming problems associated with high levels of crime, poor health, below national average educational attainment and generally low levels of economic activity in the local labour markets concerned. The scheme targeted 39 severely deprived areas across the country with neighbourhoods that usually contain up to 4,000 households. They received £40 million rolling out their local regeneration schemes over some ten years.
1997	**White Paper Building Partnerships for Prosperity.** In December 1997, the Labour Deputy Prime Minister, John Prescott, released the Building Partnerships White Paper that outlined the Government's plans to address regional disparities. In England New Labour proposed Regional Development Agencies: 'National government does not have all the answers– it never could. We need strategic decision – making and accountability at the regional and local level. That is why the government has also put in place a network of Regional Development Agencies to play a strategic and coordinating role…'.[328]

327 https://api.parliament.uk/historic-hansard/lords/1988/feb/19/dti-the-department-for-enterprise

328 (Britain's New Regional Policy: Sustainable Growth and Full Employment for Britain's Regions-Ed Balls, Chief Economic Advisor to the Treasury. In Ed Balls and John Healey (eds) Towards a New Regional Policy, The Smith Institute. London). White Paper (DETR 1997) and then Regional Development Agencies Bill (December 1997).

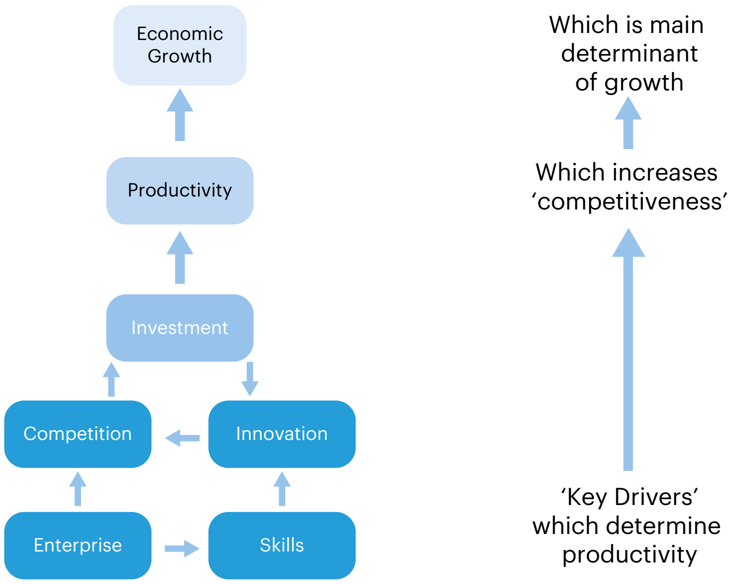
1997	**Referendums vote for Establishment of Scottish Parliament and a National Assembly for Wales.** In September 1997, referendums were held in Scotland and Wales, and a majority of voters chose to establish a Scottish Parliament and a National Assembly for Wales.
1998	**Belfast (Good Friday) Agreement supported by voters in a refer-endum in May 1998.**
1998	**Devolution Acts: the Scotland Act 1998, the Northern Ireland Act 1998, and the Government of Wales Act 1998 (which was later effectively superseded by the Government of Wales Act 2006).** These acts established the three devolved legislatures, which were given some powers previously held at Westminster. Further powers have been devolved since these original acts, most recently through the Scotland Act 2016 and Wales Act 2017.[329]
1998	**Regional Development Agencies Act 1998.** New Labour legislated for the creation of Regional Development Agencies.
1999	**RDAs Established in England** RDAs were formally launched in eight English regions on 1 April 1999. Department of Communities and Local Government stated that the aims of the RDAs were to 'coordinate regional economic development and regeneration, enable the English regions to improve their competitiveness and reduce the imbalances that exist within and between the regions'.[330] RDAs operated through Boards made up of representatives from a diverse range of constituencies in the region. RDAs had five statutory objectives: to further economic development and regeneration, promote business efficiency and competitiveness, promote employment, enhance the development and application of skills relevant to employment and to contribute to sustainable development. Each RDA produced a Regional Economic Strategy with partners from all relevant sectors. It was proposed that they should be responsible to Regional Assemblies.
1999	**Coalfields Regeneration Trust.** In the light of the recommendations of the Coalfields Regeneration Taskforce the Coalfield Regeneration Trust was established as a charity funded by the then Department of Communities, the Welsh and Scottish Governments. It provides for community-based projects in former coalfield areas.
1999	**Creation of the Countryside Agency.** Merger of Countryside Commission with the national functions of the Rural Development Agency. The socio-economic functions were transferred to the Regional Development Agencies (House of Lords, 2019).[331]
2000	**Greater London Authority and Greater London Development Agency Created.**

329 https://www.gov.uk/guidance/devolution-of-powers-to-scotland-wales-and-northern-ireland#devolved-legislatures.
330 https://www.nationalarchives.gov.uk/documents/information-management/osp50.pdf
331 https://publications.parliament.uk/pa/ld201719/ldselect/ldrurecon/330/33015.htm

2000	**Prominent Government Ministers and advisers outlined the broad thrust of the New Labour approach to Regional Policy.** Chief Economic Advisor to the Treasury, Ed Balls stated:[332] 'The first generation of regional policy, before the war, was essentially ambulance work getting help to high unemployment areas. The second generation in the 1960s and 1970s was based on large capital and tax incentives delivered by the then Department of Industry, almost certainly opposed by the Treasury. It was inflexible but it was also top-down. And it did not work. Our new regional policy is based on two principles – it aims to strengthen the essential building blocks of growth – innovation, skills, the development of enterprise – by exploiting the indigenous strengths in each region and city. And it is bottom-up not top-down, with national government enabling powerful regional and local initiatives to work by providing the necessary flexibility and resources. National government does not have all the answers – it never could. We need strategic decision-making and accountability at the regional and local level. That is why the government has also put in place a network of regional development agencies to play a strategic and co-ordinating role; and why there is a much greater role for local strategic partnerships, with local government at their centre, to co-ordinate local economic development and regeneration and tackle deprivation and exclusion'.[333] Minister for Industry, Stephen Byers stated: 'Past policies have failed to resolve the underlying weakness of the least successful regions' and 'we can't return to the failed approach of regional policy' (Stephen Byers, 15 November 2000).
2000	**Our Countryside: The Future-A Fair Deal for Rural England.** Committed substantial further funding on rural programmes.
2001	**Creation of the Department for Environment, Food and Rural DEFRA** Modernizing Rural Delivery Review by Lord Haskins, led to replacement of the Countryside Agency by the smaller Commission for Rural Communities.[334]
2001	**Publication of Productivity in the United Kingdom, No 3 The Regional Dimension. HM Treasury and DTI.** New Labour argued that differences in productivity and employment markets were the main factors behind differences in regional economic performance. It pointed to five key 'drivers of productivity'; innovation, skills, competition, investment and innovation, together with employment and macroeconomic stability. These are summarised in Figure 2.[335] Successful regional policy intervention required microeconomic reforms and an integrated approach at the national, regional and local level focused on the five drivers of productivity as a priority.

332 https://www.smith-institute.org.uk/wp-contentTuploads/2015/11TowardsaNewRegionalPolicyDeliveringGrowthandFullEmployment.pdf
333 https://www.smith-institute.org.uk/wpcontent/uploads/2015/11TowardsaNewRegionalPolicyDelivering GrowthandFullEmployment.pdf
334 https://publications.parliament.uk/pa/ld201719/ldselect/ldrurecon/330/33015.htm
335 Modern Regional Policy, March 2003

Figure 2. New Labour's 'Explanation of the Determinants of Regional Growth (HM Treasury).



2001	**The National Strategy for Neighbourhood Renewal (NSNR) launched in England.** The NSNR was introduced with the vision that "within 10 to 20 years no-one should be seriously disadvantaged by where they live".[336] As part of the National Strategy Action Plan the Government established the Neighbourhood Renewal Unit (NRU). The National Strategy Action Plan also contained details of the Neighbourhood Renewal Fund (NRF) designed as a top-up to local authorities in eighty-eight eligible areas and was seen as a mechanism by which local authorities and others could improve core public services in the most deprived neighbourhoods. Many other initiatives were tried including Neighbourhood Management, local 'Community Chests' which provide small grants for community organisations in the 88 Neighbourhood Renewal Fund districts. Virtually all arms of Government implemented some initiative designed to address issues around neighbourhood renewal and remove deprivation including Employment Zones, Action Teams for Jobs, Education and Health Action Zones, City Academies and Sure Start as examples. These programmes had the objective of sensitising mainstream service providers to the problems that relate to their particular domains and then bend, if possible, their funding to address the specific needs of the individuals and communities concerned.
2002	**Your Region, Your Choice: Revitalising the English Regions.** The Government sets-out plans for decentralising power to English regions to strengthen regional policy.

336 https://dera.ioe.ac.uk/id/eprint/3661/1/A_new_commitment_to_neighbourhood_renewal_-_national_strategy_action_plan.pdf. Social Exclusion Unit (2001) A New Commitment to Neighbourhood Renewal: National Strategy Action Plan. London: SEU www.neighbourhood.gov.uk

2003	**A Modern Regional Policy for the United Kingdom. HM Treasury, March 2003.** HM Government approach to regional policy: 'The Government's central economic objective is to achieve high and stable levels of growth and employment. To meet this challenge, it is essential that every nation and region of the United Kingdom is able to perform to its full economic performance. That is why a modern regional policy must focus not just on the poorest areas of the UK, but on improving the economic performance of every nation and region.' (A Modern Regional Policy for the United Kingdom, March 2003). HM Government approach to regional policy 'Regional policy is a key element of the Government's economic and social strategy. The Government has set-out a clear framework for regional development, based on devolution and decentralization so that nations and regions have the resources and flexibility to deliver locally led solutions, within a context that ensures proper accountability' (A Modern Regional Policy for the United Kingdom, March 2003).
2004	**Referendum in Northeast of England for implementation of Elected Regional Assembly to which Regional Development Agency would be the Economic Secretariats.** Referendum rejected Assembly decisively.
2004	**Coalfields Enterprise Fund Created.** HM Government provided support to establish the Coalfields Enterprise Fund as a venture capital fund aimed at investing in small and mediumsized companies with growth potential in the former coalfields.
2007	**The 'Sub-National Review' (HM Treasury, Department for Business, Enterprise and Regulatory Reform).** In 2007 New Labour moved away from its core focus on social exclusion and the neighbourhood level. The Sub-National Review was published in July 2007 by the Treasury and the Departments for Business, Enterprise and Regulatory Reform. The Government proposed that "regions and localities need greater flexibilities, powers and incentives to respond to economic change, and to ensure that all areas, including the most deprived, are able to contribute to and benefit from economic growth (Treasury and the Departments for BERR and CLG, Sub-National Review, Pg 7).[337] The SNR argued that reform was required to empower local authorities to promote economic development and neighbourhood renewal, with greater flexibility, stronger partnership working and cooperation and coordination with other agencies, including the departments of central government. Importantly, it considered that better incentives were needed to encourage local economic growth, particularly involving the most disadvantaged areas.[338]

337 https://publications.parliament.uk/pa/cm200809/cmselect/cmberr/89/8907.htm
338 https://publications.parliament.uk/pa/cm200809/cmselect/cmberr/89/8907.htm

2010	**The Move to Localism.** A move to a more locally focused approach to economic development was emphasised by the then Prime Minster, David Cameron: 'Following the General Election, the Government is committed to building a new economic model. This includes the creation of Local Enterprise Partnerships – joint local authority-business bodies brought forward by local authorities themselves to pro-mote local economic development – to replace RDAs. In taking this work forward the Government wishes to ensure an orderly transition which maintains focus on delivery. Detailed proposals will follow in due course'. In relation to his new vision for Britain based on the concept of the Big Society he argued that: 'Our Conservative - Liberal Democrat Government has come together with a driving ambition: to put more power and opportunity into people's hands. We want to give citizens, communities and local government the power and information they need to come together, solve the problems they face and build the Britain they want. We want society – the families, networks, neighbourhoods and communities that form the fabric of so much of our everyday lives – to be bigger and stronger than ever before. Only when people and communities are given more power and take more responsibility can we achieve fairness and opportunity for all' (Cameron, July 2010).
2010	**Abolition of the Commission for Rural Communities** Commission for Rural Communities absorbed into DEFRA's Rural Communities Policy Unit, which was then abolished in 2015.[339]
2011	**Government Offices for the Regions Abolished.**
2011	**Regeneration to Enable Growth' (DCLG, 2011a, b and the 2011 Localism Act).** The Coalition elected in 2010 adopted a 'Local Growth' agenda as set out in 'Regener-ation to Enable Growth' (DCLG, 2011a, b). Initiatives included the launch of Local Enterprise Partnerships (LEPs). These were partnerships of private sector representatives and local government tasked with promoting economic growth in the functional eco-nomic areas they covered. They were given access to resources to invest in local pro-jects relating to transport, housing and skills through a Local Growth Fund (the 'Single Pot'). The Growing Places Fund also provided resources to overcome constraints on local economic growth. Other parts of the Local Growth agenda included a new round of Enterprise Zones, augmented with the use of Tax Incremental Financing (based on local business rate retention) and the New Homes Bonus. Other elements included the Community Infrastructure Levy and the adoption of City Deals (bespoke funding agreements between central and local government to facilitate local economic development).[340]

339 https://publications.parliament.uk/pa/ld201719/ldselect/ldrurecon/330/33015.htm

340 The Government estimated that LEPs and City Deals would be given around £20bn of resources over the period 2012/13-2020/21 through a range of funding streams including the Local Growth Fund, Growing Places Fund, City Deals and European Union Structural and Investment Funds (HM Treasury, 2013).

	The only regional support available from central government was from a Regional Growth Fund. The Department for Business, Innovation and Skills stated: 'The Regional Growth Fund is a discretionary £1.4bn Fund that will operate for 3 years between 2011 and 2014 to stimulate enterprise by providing support for projects and programmes with significant potential for creating long term private sector led economic growth and employment. In particular it will help those areas and communities that are currently dependent on the public sector make the transition to sustainable private sectorled growth and prosperity. Bids for funding from private bodies and public private partnerships across England on a challenge basis will be accepted. We envisage bidding partnerships coming together that include a combination of large private sector players, SMEs and social enterprises working together with public partners. In particular it is expected that Local Enterprise Partnerships will play a role in coordinating across areas and communities, and in bidding for the Fund' (The Department of Business, Innovation and Skills).
2012	**No Stone Unturned.** The 2012 report 'No Stone Unturned: in Pursuit of Growth ('the Heseltine Report') recommended the merging of various national funding streams to provide a single devolved funding to local authorities.
2012	**Coastal Communities Fund Created.** Government provided funding to help with the economic revival of British seaside coastal areas.
2014	**Scottish Independence Referendum.** No Vote
2014	**Moves to Devolution in England: The Northern Powerhouse.** Following the 'no' vote in the September 2014 Scottish independence referendum, the British Prime Minister, David Cameron, announced that there he would build on the progress made by New Labour in devolving power to Scotland, Wales and Northern Ireland and extend the approach to England linking it with its localism agenda. The Chancellor, George Osborne announced: 'The cities of the north are individually strong, but collectively not strong enough… So, the powerhouse of London dominates more and more. And that's not healthy for our economy… We need a Northern Powerhouse too. Not one city, but a collection of northern cities - sufficiently close to each other that combined can take on the world. (George Osborne, 2014)'. Emphasis was given to 'City Clustering'; to bring core cities together to form a new 'spatial unit' to produce economic and social benefits that are greater than the 'sum of the individual parts'; 'A regional network of cities working together to take responsibility for their own prosperity, will underpin a thriving Northern Powerhouse and growth across all of the country's regions' (HM, Treasury, 2015) In November 2014, the Chancellor and Greater Manchester civic leaders signed an agreement for Greater Manchester to create the first directly elected metro-wide major outside of London, with powers over transport, housing, planning, policing and health. The British Chancellor, George Osbourne, introduced the concept of the 'Northern Powerhouse' based on the 'super metro-region' of Liverpool-Manchester-Leeds-Sheffield as a way of addressing the rebalancing agenda. Authorities that 'combined' and elected a major were expected to adopt better models of governance in delivering the funds they received from central government.

2015	**Devolution and Growth Deals.** In return for cities adopting better models of governance including an elected Mayor, the Chancellor and Greater Manchester civic leaders signed a ground-breaking agreement for Greater Manchester to create the first directly elected metro-wide Mayor outside of London, with powers over transport, housing, planning, policing and healthcare. Since 2015 City and Growth Deals have evolved through a number of phases.
2015	**Abolition of Commission for Rural Communities in DEFRA**
2016	**The Cities and Local Government Devolution Act 2016.** An Act to make provision for the election of mayors for the areas of, and for conferring additional functions on, combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009[341] This Act provided the enabling legislation to 'transfer budgets and/or powers from central government to local authorities (including groups of local authorities i.e. combined authorities) based on individual negotiations and agreement between the two levels of government over a deal – a bespoke devolution deal. In order for a CA to be transferred powers, a metro-mayor must be elected for the area' (BEIS,2021)[342, 343, 344]
2016	**The Brexit Referendum.** Following a referendum on 23 June 2016, Brexit officially took place at 23:00 GMT on 31 January 2020 (00:00 1 February 2020 CET). The UK is the only sovereign country to have left the EU. The UK had been a member state of the EU or its predecessor, the European Communities (EC), since 1 January 1973.
2016	**HM Government confirmed that no future rounds of the Regional Growth Fund were planned.**
2019	**Towns Fund Launched.** 'In recent years, our towns and high streets have faced a number of significant challenges to growth. Our town centres and high streets are a crucial part of our communities and local economies that create jobs, nurture small businesses and inject billions of pounds into our economy. The Towns Fund has two major components: Town Deals and the Future High Streets Fund Competition. The Town Deals programme aims to regenerate towns and deliver long-term economic and productivity growth. This is through investments in urban regeneration, digital and physical connectivity, skills, heritage and enterprise infrastructure. The Future High Streets Fund Competition aims to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability' (DULHC, 2021).[345] DLUHC committed over £2.35bn worth of Town Deals and over £830m of Future High Streets Funding across 170 high streets, town centres and local communities in England.

341 https://www.legislation.gov.uk/ukpga/2016/1/enacted
342 Evaluation of Devolved Institutions. BEIS Research paper number: 2021/024
343 Government of the United Kingdom (2016a), "City Deals and Growth Deals", updated 26 May 2016, Government of the United Kingdom website, London, www.gov.uk/government/policies/city-deals-and-growth-deals?page=1 (accessed 21 June 2016).
344 Government of the United Kingdom (2016b), Cities and Local Government Devolution Act 2016, 28 January 2016, Act of Parliament, Government of the United Kingdom, London, www.legislation.gov.uk/ukpga/2016/1/contents/enacted/data.htm (accessed 21 June 2016).
House of Commons Library (2016a), "City Deals", Briefing Paper, No. 7158 (2016), 24 August 2016, http://researchbriefings.files.parliament.uk/documents/SN07158/SN07158.pdf.
345 https://townsfund.org.uk/

2021	**Build Back Better: Our Plan for Growth.** 'Our plan to build back better takes a transformational approach, tackling long-term problems to deliver growth that creates high-quality jobs across the UK and makes the most of the strengths of the Union. We must retain our guiding focus on achieving the people's priorities: levelling up the whole of the UK, supporting our transition to net zero, and supporting our vision for Global Britain' (Boris Johnson, HM Treasury, 2021).[346]
2021	**The Ministry of Housing, Communities and Local Government** Renamed the Department for Levelling Up, Housing and Communities. Jeremy Pocklington, the permanent secretary at MHCLG, stated "this department is leading the way in championing levelling up…And our recently unveiled second headquarters in the city of Wolverhampton reflects our commitment to driving growth across the UK."[347]
2022	**Publication of the Levelling-Up White Paper.** The Levelling-Up Secretary, Michael Gove, announced: "The United Kingdom is an unparalleled success story. We have one of the world's biggest and most dynamic economies. Ours is the world's most spoken language. We have produced more Nobel Prize winners than any other country other than America. But not everyone shares equally in the UK's success. For decades, too many communities have been overlooked and undervalued. As some areas have flourished, others have been left in a cycle of decline. The UK has been like a jet firing on only one engine-Levelling Up and this White Paper is about ending this historic injustice and calling time on the postcode lottery. This will not be an easy task, and it won't happen overnight, but our 12 new national levelling up missions will drive real change in towns and cities across the UK, so that where you live will no longer determine how far you can go." (Gov, UK)[348] The White paper set 12 targets, or "missions" linked to policy objectives. The targets have a 2030 end date, "setting the medium-term ambition" of the Government.
2022	**Shared Prosperity Fund Launched.** 'The UK Shared Prosperity Fund (UKSPF) was launched by the UK government in April 2022 and is a central pillar of the government's Levelling Up agenda. It provides £2.6 billion of funding for local investment by March 2025, with all areas of the UK receiving an allocation from the fund via a funding formula rather than a competition. UKSPF funding is allocated straight to local areas to invest in 3 priorities: People & Skills; Business Support; and Communities and Place . UKSPF provides an opportunity to learn about the contribution local interventions make to Levelling Up, with a particular focus on: Pride in place: local perspectives about high streets and regeneration; culture, heritage and sport; community and society; and safety and security; and Life chances: education and skills; local economic and social environment; health and wellbeing; childhood and family; and crime and anti-social behaviour outcomes.[349]

346 https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth/build-back-better-our-plan-for-growth-html
347 https://www.lgcplus.com/politics/mhclg-to-be-renamed-department-for-levelling-up-housing-and-communities-20-09-2021/
348 https://www.gov.uk/government/news/government-unveils-levelling-up-plan-that-will-transform-uk
349 https://www.gov.uk/government/publications/uk-shared-prosperity-fund-evaluation/ukspf-intervention-level-evaluation-feasibility-report-executive-summary. Prospectus at https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus

2023	**Levelling-up and Regeneration Act.** 'A Bill to make provision for the setting of levelling-up missions and reporting on progress in delivering them; about local democracy; about town and country planning; about Community Infrastructure Levy; about the imposition of Infrastructure Levy; about environmental outcome reports for certain consents and plans; about regeneration' (UK Parliament, 2023)[350]
2024	**Labour Government elected as new government on 5th July.**
2024	**The Department for Levelling Up, Housing & Communities re-named as the Ministry of Housing, Communities & Local Government (MHCLG).** Government Minister Jim McMahon told BBC Breakfast the phrase was "only ever a slogan" and was now being "firmly Tippexed out of the department."[351]
2024	**Labour Government King's Speech[352] outlines Growth Agenda.** The new Labour Government stated in the Kings speech that 'securing economic growth will be a fundamental mission' to secure increased living standards in all nations and regions in the United Kingdom'. Key features of the proposed approach are planning reform to accelerate the delivery of high quality infrastructure and housing (through a Planning and Infrastructure Bill), encouragement in investment in industry, skills and new technologies and the establishment of an Industrial Strategy Council. Greater devolution is seen to be fundamental to achieving local economic growth. It is seen to be 'at the heart of a modern dynamic economy and is a key driver of economic growth'. An English Devolution Bill will provide new powers to metro mayors and combined authorities that will enable them to bring economic benefits to their communities. A Better Buses Bill will allow local leaders to take control of their local bus services. A Passenger Railway Services (Public Ownership) Bill, will reform regional rail franchising bringing train operators into public ownership.

350 https://bills.parliament.uk/bills/3155#:~:text=A%20Bill%20to%20make%20provision,for%20certain%20consents%20and%20plans%3B

351 https://www.bbc.co.uk/news/articles/c0veqgr7lw4o

352 https://www.gov.uk/government/speeches/the-kings-speech-2024?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=e94390e7-0ebd-49f5-8469-77a52a4375e8&utm_content=immediately

Chronology: A Timeline of Regional Policy in the United Kingdom

1928	The Birth of Regional Policy in the United Kingdom.
1934	Reports of Investigations into the Industrial Conditions in Certain Depressed Areas (Great Britain, 1934).
1936	Special Areas Reconstruction Association Created.
1937	Royal Commission on the Distribution of the Industrial Population.
1940	Barlow Report.
1943	Ministry of Town and Country Planning Created .
1944	White Paper on Employment Policy.
1945	Distribution of Industry Act.
1946	New Towns Act.
1947	Town and Country Planning Act.
1949	National Parks and Access to the Countryside Act. Creation of National Parks and Areas of Outstanding Beauty
1950	Distribution of Industry Act.
1958	Distribution of Industry (Industrial Finance) Act.
1960	Local Employment Act.
1963	Finance and Local Employment Acts.
1963	Creation of the Location of Offices Bureau (LOB).
1964	Department of Economic Affairs (DEA) Created.
1965	Control of Office and Industrial Development Act.
1965	National Plan Published.
1965	Creation of the Highlands and Islands Development Board.
1966	Industrial Development Act.
1967	Introduction of Regional Employment Premium (REP).
1967	Hunt Committee Established and the Committee of Inquiry into the Intermediate Areas.
1967	Designation of Special Development Areas.
1968	Creation of the Countryside Commission for England and Wales.
1969	The Task Ahead: Economic Assessment to 1972 (Great Britain, 1969a).
1969	Hunt Committee Report (Great Britain, 1969b).
1969	Urban Programme of Urban Aid under the Local Government Grants (Social Need) Act 1969.
1970	Local Employment Act 1970.
1970	White Paper. (Great Britain, 1970).
1972	White Paper Industrial and Regional Development (Great Britain, 1972a).
1973	The United Kingdom joins the European Union.

1973	Trade and Industry Sub-Committee of the House of Commons Expenditure Committee Report – (Established in October 1972).
1975	National Enterprise Board Created.
1975	Scottish and Welsh Development Agencies Created.
1975	Establishment of the European Development Fund.
1976	Abolition of the Regional Employment Premiums (REP) (Termination of Payment and Consequential Provisions) Order 1976. No. 2192.
1976	Location of Office Bureau Remit Changed.
1977	White Paper 'Policy for the Inner Cities'.
1978	Inner Urban Areas Act.
1980	Local Government, Planning and Land Act, 1980.[353]
1983	Regional Industrial Development.
1984	Further Changes to the Regional Policy Package.
1988	The Department of Enterprise White Paper.
1994	Government Offices for the Regions Created.
1995	White Paper on Regional Industrial Policy.
1995	White Paper Rural England: A Nation Committed to a Living Countryside.
1997	Social Exclusion Unit Created.
1997	White Paper Building Partnerships for Prosperity.
1997	Referendums vote for Establishment of Scottish Parliament and a National Assembly for Wales.
1998	Belfast (Good Friday) Agreement supported by voters in a refer-endum in May 1998.
1998	UK Parliament passed three devolution Acts: Scotland Act 1998, Northern Ireland Act 1998, and Government of Wales Act 1998 (which was later effectively superseded by the Government of Wales Act 2006).
1998	Regional Development Agencies Act 1998.
1999	RDAs Established in England.
1999	Coalfields Regeneration Trust.
1999	Creation of the Countryside Agency.
2000	Greater London Authority and Greater London Development Agency Created.
2000	Prominent Government Ministers and advisers outlined the broad thrust of the New Labour approach to Regional Policy.
2000	Our Countryside: The Future-A Fair Deal for Rural England.
2001	Creation of the Department for Environment, Food and Rural DE-FRA.
2001	Publication of Productivity in the United Kingdom, No 3 The Re-gional Dimension. HM Treasury and DTI.
2001	The National Strategy for Neighbourhood Renewal (NSNR) launched in England.
2002	Your Region, Your Choice: Revitalising the English Regions.

353 https://www.legislation.gov.uk/ukpga/1980/65/contents

2003	A Modern Regional Policy for the United Kingdom. HM Treasury, March 2003. Productivity in the UK, No 4 The Local Dimension. HM Treasury, July 2003
2004	Referendum in Northeast of England for implementation of Elected Regional Assembly to which Regional Development Agency would be the Economic Secretariats.
2004	Coalfields Enterprise Fund Created.
2007	The 'Sub-National Review' (HM Treasury, Department for Busi-ness, Enterprise and Regulatory Reform).
2010	The Move to Localism.
2010	Abolition of the Commission for Rural Communities
2011	Government Offices for the Regions Abolished.
2011	Regeneration to Enable Growth' (DCLG, 2011a, b and the 2011 Localism Act).
2012	No Stone Unturned.
2012	Coastal Communities Fund Created.
2014	Scottish Independence Referendum.
2014	Moves to Devolution in England: The Northern Powerhouse.
2015	Devolution and Growth Deals.
2015	Abolition of Commission for Rural Communities in DEFRA
2016	The Cities and Local Government Devolution Act 2016.
2016	The Brexit Referendum.
2016	HM Government confirmed that no future rounds of the Regional Growth Fund were planned.
2019	Towns Fund Launched.
2021	Build Back Better: Our Plan for Growth.
2022	Publication of the Levelling-Up White Paper.
2022	Shared Prosperity Fund Launched.
2023	Levelling-up and Regeneration Act.
2024	Labour Government elected as new government on 5th July.
2024	The Department for Levelling Up, Housing & Communities re-named as the Ministry of Housing, Communities & Local Govern-ment (MHCLG).
2024	Labour Government King's Speech outlines Growth Agenda.

Acknowledgments

The British Academy would like to thank the authors of the papers in this report: Professor Ron Martin FBA, Professor Andy Pike, Professor John Tomaney, Professor Steven Fothergill, Dr Valerie Wright, Professor Jim Tomlinson, Professor Anne Green, Professor Elvira Uyarra, Professor David Charles, Professor Clare Bambra and Professor Peter Tyler.

We would like to express our gratitude to the Policy Histories Working Group who reviewed and provided valuable feedback on this report: Professor Patricia Clavin FBA, Professor David Edgerton FBA, Professor John Haldon FBA, Professor Philip Murphy and Professor Pat Thane FBA.

Finally, we would like to thanks the British Academy team that coordinated and compiled this report: Dr George Evans, Dr Adam Wright, Dr Harriet Thompson, and Isabelle Taylor.

The British Academy
10–11 Carlton House Terrace
London SW1Y 5AH

Registered charity no. 233176

thebritishacademy.ac.uk
Twitter: @BritishAcademy_
Facebook: TheBritishAcademy

Published October 2024

ISBN 978-0-85672-685-9

doi.org/10.5871/bapolhist/
9780856726859.001

The
British
Academy