



Ride the wave

BALANCING INVESTMENT RISK AND OPPORTUNITY
TO GUIDE URBAN RENEWAL

By Sandy Forsyth

About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

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Executive summary

The government's Plan for Change identifies "Investment, infrastructure and planning" as crucial for kickstarting economic growth and improving living standards – addressing historic underinvestment that has led to a significant productivity gap, particularly between London and other UK cities. This report examines how responsible local authorities can manage investment risk in this environment – looking at the frameworks for decision-making, models for delivery and institutional partners that might be considered, in the context of the wider devolution ecosystem – to ride the wave of the growth agenda and deliver sustainable, inclusive growth in place.

Policy context and the vision for change

Unlike the policy platform of recent years, which has focused on an array of definitions of 'left behind places', the growth agenda of this government has honed in on city regions, acknowledging that the underperformance of big cities outside London contributes to regional inequalities and that boosting agglomeration economies in these cities is key to widespread productivity gains. The vision for change involves a significant increase in public sector net capital investment, new public financial institutions like the National Wealth Fund, planning reforms to streamline development and a prioritisation of mayoral strategic authorities in England. Strategic mayors have been positioned as catalysts for growth, gaining enhanced powers through statutory local growth plans, spatial development strategies and integrated funding settlements, which offer flexibility to pursue local priorities. The Treasury Green Book, which guides public resource use, is also being reviewed to emphasise place-based impacts and address uneven investment between regions.

The growth agenda heavily relies on attracting and leveraging private sector investment. Catalytic public finance, channelled through the new government institutions, is aimed at crowding in billions of pounds from private sources for capital-intensive projects and infrastructure. The Office for Investment is also tasked with matching private capital to infrastructure opportunities across the country. Furthermore, the Infrastructure Strategy supports Public-Private Partnerships (PPPs), despite past issues with Private Finance Initiatives (PFIs), as a vital mechanism to:

- Share risk,
- Benefit from private sector expertise and funding,
- Extend value for money to investors,
- Deliver public infrastructure, particularly at the local level.

Lessons from the devolved nations

The local policy framework in England could draw several lessons from the devolved nations' approaches to local investment and development. From Scotland, England could learn about the benefits of a strong framework for partnership working and collaboration among local leaders and coordinating organisations, which has functioned effectively without a mayoral system. Scotland's thematic focus on regional opportunities, moving beyond existing local government boundaries, could also be beneficial. Wales's Mutual Investment Model (MIM) offers a valuable blueprint for public-private partnerships, demonstrating how optimum risk allocation and value-for-money can be achieved, with the public sector purchasing equity shares and private partners aligning with long-term sustainability and community benefits. Finally, from Northern Ireland, England could observe the potential in reorienting economic development agencies like Invest NI to focus on sub-regional development and local targets, fostering strong partnership working at this level to promote "regional balance". Overall, the City and Growth Deals have shown how devolved nations leverage these within their existing frameworks, despite ongoing tensions between Westminster and devolved policies.

Identifying and managing investment risk

For local authorities, the task is to deliver investment in place within this new ecosystem of mayoral strategic authorities and national financial institutions, through forging partnerships with the private sector of various kinds. Given recent precedent of localised cases of council financial failure, the task of identifying and managing risk is of paramount importance.

Local authorities operate under the Prudential Framework, which governs borrowing and investment through a strict hierarchy of priorities: security, liquidity, and then yield. Annually, local authorities produce an investment strategy that outlines their approach to assessing the risk of loss and their total risk exposure, using quantitative indicators for clarity. The Chief Financial Officer is responsible for investment risk, budget duty, safeguarding public money, and ensuring value-for-money. Determining investment risk requires a suitable business case, guided by HM Treasury's "Five Case Model" (strategic, economic, commercial, financial, and management dimensions), which includes setting out a risk register and risk management plans.

However, local authorities face significant challenges in risk management:

- **Lack of in-house specialist skills**, especially commercial and financial expertise can contribute to failures in Public-Private Partnerships (PPPs) and hinder robust business case development and complex risk assessment.

- **Policy changes and political short-termism** can prevent long-term risk assessment, and public perceptions can skew value judgments on risk.
- **Governance and accountability gaps** plague the sector, with only one percent of audits completed on time in 2022/23 amid dramatically increased costs. The government plans to introduce a new centralised Local Audit Office to address this, but the backlog is considerable and may vie for prioritisation with the dash for growth.
- **Institutional immaturity** where the creation of new strategic authorities and ongoing local government reorganisation leads to “institutional churn,” where new institutions lack established processes, relationships, and long-term vision, which is detrimental to the investment case for place.
- **The complexity of PPPs** and the need for long-term political commitment present risks. Common contractual risks include negotiation, incompleteness, and design issues. A lack of understanding of best practice for achieving value for money from PPPs, coupled with a historic lack of data, exacerbates these problems.

This is particularly challenging in the context of a drive for strategic authorities and their constituent councils to develop and deliver investment pipelines for growth. From the perspective of financial prudence, and in the context of significant government interventions against councils seen to be in danger of failing to balance their budget sheets, there is a tension between fiscal prudence and the dash for growth. Such an agenda can only be advanced under the aegis of increased local government autonomy, particularly in terms of widened revenue-raising powers and the re-establishment of local government funding in real terms to pre-austerity levels.

While there are no quick fixes, there are routes the government can follow to navigate these deep-seated challenges. A genuine reckoning with the capacity gap in local authorities and accompanying investment in a structured programme of rebuilding will be crucial to making the growth agenda a success. At an institutional level, pathways for collaboration between more established mayoral strategic authorities and their emerging regional neighbours – alongside the formation of pan-regional governance committees drawn from both – can help bridge gaps by sharing expertise and pooling capacity. There is also a need for clearer, more structured guidance regarding models of PPP – with the understanding that above all partnership working with local authorities will only find success in a context of sufficient local government capacity and autonomy – and their suitability for various local applications, potentially leading to contractual frameworks for local authorities to follow.

Evaluating the outcomes of local investment

While identifying the risk of financial failure is of course crucial, another part of the challenge in assessing the case for investment projects aimed at driving growth is understanding what success would look like. Growth as an end in itself is one thing, but the UK government has, through multiple Parliaments and changes in governing party, stressed the importance of inclusive, sustainable growth. It is therefore essential to develop effective evaluation frameworks, to assess both immediate and long-term impacts of investment considering existing socio-economic contexts.

Current evaluation frameworks include the incoming Local Government Outcomes Framework (LGOFF), currently under consultation, which is designed to provide accountability for local authorities by valuing outcomes rather than rigid performance indicators – thereby offering, in theory, greater independence and flexibility. For Mayoral Strategic Authorities, their bespoke Integrated Settlements Outcomes Frameworks (ISOFs) will allow flexibility over the allocation of funding as long as identified outcomes across key policy areas remain feasible. Both of these frameworks might be improved by learning from the sophisticated, multi-layered evaluation strategy of the UK Shared Prosperity Fund, which measures process, impact and value-for-money, focusing on generating robust evidence and learning rather than monitoring or penalising poor performance.

Extending these frameworks to the measurement of ‘good growth’ reveals the persistent challenges in measuring inclusive and sustainable growth. These include:

- **The limitations of economic indicators.** The government’s primary measures, such as Real Household Disposable Income per person and GDP per capita, provide only a limited insight into the quality of growth, including the social and spatial distribution of benefits, future economic capacity, or within-household metrics.
- **Defining inclusion.** Unifying disparate concepts of inclusion (society, wellbeing, community empowerment) with economic growth is difficult, especially for measuring the empowerment of people’s voices. Data gaps for vulnerable and disadvantaged groups further complicate measurement.
- **Defining sustainability.** Measuring sustainable growth requires aggregating actions across sectors and strategies. Frameworks attempt to define sustainable jobs based on criteria like Real Living Wage, GVA, business survival, R&D, and exports. The UN’s Sustainable Development Goals (SDGs), particularly Goals 8 and 9, inherently link inclusivity and sustainability.
- **Delivery capacity.** Local authorities, especially new ones, face challenges in designing and implementing metrics for sustainable growth.

The LGOF and ISOFs are currently misaligned as an operational necessity, with the ISOF focusing more on the development of the settlements over shorter cycles and the LGOF being designed for long-term use. As the integrated settlement model beds in, however, there is no reason that they cannot be brought together in service of the same goal. In seeking to measure success in delivering good quality local growth, the LGOF and ISOFs could be harmonised over time into a single, tiered outcomes framework for local government with lessons from the SPF approach absorbed. Additionally, the English Devolution and Community Empowerment Bill (English Devolution Bill)'s forthcoming neighbourhood area committees could play a role as 'citizen juries' in evaluating whether growth successfully extends opportunity and prosperity to local communities, addressing inclusivity concerns.

Recommendations

Many positive steps have been taken to drive local investment in growth, but in order to properly equip places to deliver, adjustments can be made. The first step is **recognising the tension between mandating local authorities to develop pipelines for growth whilst at the same time discouraging risk in financial management** – this can be done by reckoning with the capacity gap at the local level, building institutional maturity across the governance ecosystem and improving the framework for evaluating local outcomes.

Policy recommendations	Best practice recommendations	
Central government	Strategic authorities	Local authorities
Provide a clear, well-resourced strategy to improve local government in-house commercial skills.	Join up regional offers on a thematic basis for planning and development, avoiding arbitrary geographic limits for Spatial Development Strategies.	Implement comprehensive investment reviews ensuring adherence to the Prudential Framework's hierarchy of Security, Liquidity, and Yield.
Include local government recruitment within the government's capital investment programme.	Develop robust, realistic statutory Local Growth Plans and Spatial Development Strategies to set clear strategic direction and identify optimal investment opportunities.	Clarify and empower neighbourhood governance mechanisms to ensure residents have a genuine say in decisions and to foster inclusivity in growth outcomes.
Provide clear guidance and support for Public-Private Partnerships (PPPs).	Actively engage with the Office for Investment (OfI) to develop and market pragmatic investment proposals.	Explore alternative PPP models like the Welsh Mutual Investment Model.
Develop contractual frameworks for local authority use in structuring PPPs.	Fully utilise powers and mechanisms such as investment zones and Mayoral Development Corporations to provide a long-term vision for investors and accelerate regeneration.	Engage in smaller-scale PPP projects to initially build a more positive and pragmatic environment for public-private collaboration.
Clarify and simplify how public sector organisations can interact with funding and investment expertise supports.	Prioritise investment in building in-house specialist commercial and financial skills.	
Mandate that neighbouring strategic authorities within regions be consultees in the development of local growth plans.	Foster a strong institutional culture of accountability, expert risk management, and objective strategy assessment.	

Provide further clarification on how scrutiny and oversight processes align with the mayoral system.	Focus on institutional maturity.	
Consider developing regional boards to enhance governance and institutional maturity.	Foster genuine partnerships with stakeholders through a collaborative approach to drafting local growth plans and spatial development strategies.	
Support the widespread adoption of structured institutional maturity models.		
Develop a single, tiered outcomes framework for local government by harmonising the LGOF and ISOFs.		
Utilise neighbourhood governance units to ensure that decision-making on regional growth is inclusive and sustainable.		
Clarify how performance based on the new, broader outcomes frameworks will interact with central government's assessment of a local authority's Best Value Duty.		
Support the development of metrics that go beyond the traditional economic indicators to evaluate inclusive and sustainable growth.		

CHAPTER ONE

The policy framework for local investment

The new ecosystem for local and regional investment is being established around a set of ideas relating to why Britain – or specifically England, where local government reforms are concerned – has failed to grow at the rate necessary to maintain improvements in living standards. The vision of change laid out in the government's policy platform is drawn from the need to address these problems. Yet these measures do not arrive into a vacuum, the policy environment for attracting investment and establishing delivery vehicles for local growth is marked by complexity and shaped by years of austerity. This section lays out the new policy framework for local growth and gives an overview of the existing system into which the nascent institutions and structures of the current legislative programme arrive.

Key points

- A central tenet of the UK government's plan for change is that underinvestment in housing, infrastructure and energy has directly contributed to low levels of economic growth and exacerbated several underlying structural issues, including the housing crisis.
- Unlocking investment in urban areas is therefore a key focus of the government, to drive growth and to address regional inequality by boosting agglomeration economies outside of London.
- To achieve this goal, the government has established several new public financial institutions and increased capital investment to de-risk projects, attract private finance and streamline delivery, whilst also extending and empowering the combined authority model of strategic mayors as the focus of devolution in England.
- The devolved nations operate with their own policy frameworks for urban investment. Scotland's multi-layered network of regional partnerships, the Welsh mutual investment model and the Sub-Regional Economic Plan in Northern Ireland provide useful lessons for policy in England.

1.1 The problems identified: infrastructure and agglomeration

The government's Plan for Change identifies "Investment, infrastructure and planning" as one of the seven key foundations, or 'pillars', of its mission for "Kickstarting economic growth"¹. In the Autumn Budget 2024, redressing historic underinvestment was linked to future productivity growth and higher living standards. As such, the government committed to increase public sector net capital investment by £100bn over five years while instituting substantial transformation to the planning system. The UK's Modern Industrial Strategy singles out both infrastructure provision and planning as two of a number of complex issues that are blocking investment in the UK², targeted by a raft of reforms including the Planning and Infrastructure Bill and the English Devolution Bill.

1 HM Government (2024) – Plan for Change: Milestones for mission-led government

2 Department for Business and Trade (2024) – [Invest 2035: the UK's modern industrial strategy](#)

The consequences of this historic underinvestment are extensive and include:

- The UK falling significantly behind its international peers in productivity growth
- An outsized productivity gap between London and the UK's other cities and regions³
- Inordinate costs and frequent delays in efforts to improve transport infrastructure, from roads to rail to trams and metros, which itself is crucial to economic growth
- A lack of reliable connectivity between places, acting as a barrier to growth for businesses and making building new homes more challenging
- Constraints on housebuilding, which serve only to exacerbate an ongoing crisis.

Underlying these problems are challenges related to energy infrastructure. While the UK has made a good deal of progress in the development of renewables, the intermittent nature of our major renewable energy sources and the country's continued reliance on gas, of which the price has increased almost exponentially in recent years, means that there is a long way to go until energy generation is commercially competitive, and therefore no longer hampering economic growth. Energy costs in the UK are much higher than for many of its peers, and as a result its energy use per unit of GDP is the lowest in the G7, with manufacturing industries in particular feeling the strain of uncompetitive pricing. Additionally, as data centres become ever more vital in the infrastructure space, the high costs of energy are presenting an increasingly insurmountable barrier. Other affected sectors include steelmaking and chemicals production – and government subsidies can only go so far⁴.

Attempts to redress this deficit of investment take place in a context of quite extreme regional inequalities when compared with other countries, which has arisen from the overly centralised nature of UK governance⁵. The English Devolution White Paper of December 2024 claimed that if English cities outside the capital were to meet their "productivity potential" when compared to cities of similar status in other countries, then the national economic output could be £34bn-£55bn larger per year⁶. In order to establish this productivity potential, the White Paper primarily revolves around the opportunity that extended devolution offers to cities in terms of local responsibility over

3 Academy of Social Sciences (2025) – [Closing the UK's productivity gap requires targeted investment](#)

4 Ben Southwood, Samuel Hughes and Sam Bowman (2024) – [Foundations: Why Britain has stagnated](#)

5 Philip McCann et al. (2021) – [Rebalancing UK regional and industrial policy post-Brexit and post-COVID-19: lessons learned and priorities for the future](#)

6 MHCLG (2024) – [English Devolution White Paper](#)

growth, collaboration with local businesses, investment opportunities, and control over local labour markets⁷.

The case to be made is, therefore, one in favour of boosting the effects of agglomeration, or the convergence of economic activity in one geographic area, in the UK's big cities so that improvements to productivity are felt not only across these urban centres but into the peripheries of wider regional geographies. The government has defined its mission to "kickstart economic growth" as conditional to the achievement of "more people in good jobs, higher living standards, and productivity growth in every part of the United Kingdom."⁸ Research from the OECD has found that increasing employment density in UK cities has an uncommonly small impact on productivity⁹: it has become quite clear that cities in the UK outside of London have failed to make use of agglomeration economies and that population density has become divorced from productivity¹⁰. Consequently, the government will need to concern itself with the outsize impact that cities could make, but have so far failed to realise, in terms of the accumulation of high-skilled jobs and productivity growth if it is to turn the UK's historic trend of underperformance in cities around and meet its stated targets for growth.

A number of studies have set out to define the policy interventions that will be best placed to making the most of cities in the UK, and a fair few of those have pointed to accessibility between cities and regions as one of the primary characteristics of agglomeration economies that generate widespread productivity gains. The link has been made time and again between transport investment and economic growth¹¹, with evidence showing that the improvement of networks between non-London cities will go far in alleviating disparities in productivity¹². Furthermore, access to higher levels of human capital – or workers with a higher average education level and skills – can also support growth in productivity¹³, with support for skills in specific STEM industries and rejuvenated public spending in R&D likely representing a particular opportunity for UK cities to expand their productivity gains¹⁴.

7 What Works Centre for Local Economic Growth (2025) – [English Devolution: new responsibilities, new challenges](#)

8 10 Downing Street (2024) – [Plan for Change](#)

9 OECD (2020) – [Agglomeration economies in Great Britain](#)

10 Anna Stansbury et al. (2023) – [Tackling the UK's regional economic inequality](#)

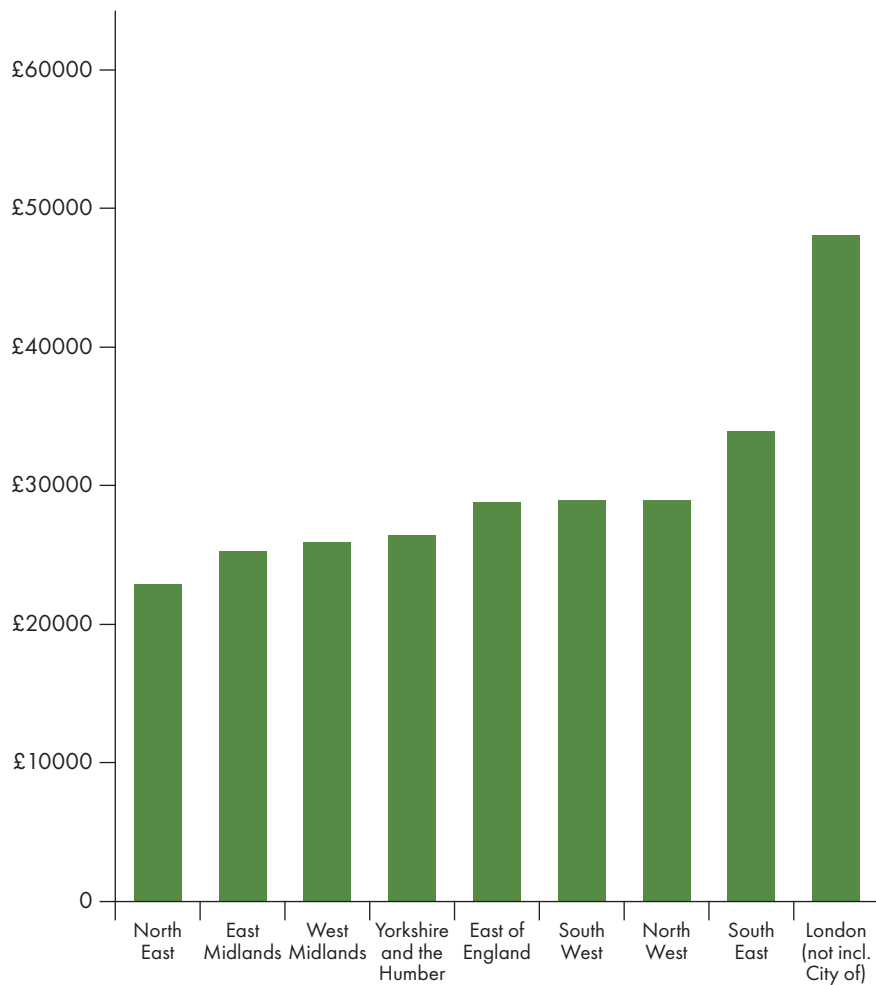
11 Centre for Local Economic Strategies (2008) – [The links between transport investment & economic growth](#)

12 Anna Stansbury et al. (2023) – [Tackling the UK's regional economic inequality](#)

13 Manchester Independent Economic Review (2009) – [The Case for Agglomeration Economies](#)

14 Anna Stansbury et al. (2023) – [Tackling the UK's regional economic inequality](#)

Figure 1. Average local authority GVA per capita, by region



Source: ONS (2025) – Estimates of the population for England and Wales;
ONS (2025) – Regional gross value added (balanced) by industry

1.2 The vision of change

This focus on agglomeration economics has led to a policy programme centred on capital investment in and around urban areas. The approach to raising investment is two-pronged: firstly, to create better national conditions through investment by increasing government spend and by improving the institutional architecture to direct this capital. Secondly, in reform at the local and sub-regional level to deepen and accelerate the national roll-out of the combined authority model first pioneered in Greater Manchester in the 2010s.

1.2.1 New institutions and boosted capital investment

A flurry of policy papers from central government have indicated the direction of interventions into the landscape for infrastructure investment and regional growth. The Spending Review, the 10 Year Infrastructure Strategy, and the Industrial Strategy together encapsulate a fairly clear modus operandi of joint-working across levels of government – within the context of a prioritisation of mayoral strategic authorities; across different sectors, and in particular those eight sectors singled-out in the Industrial Strategy; and at the juncture between private and public financing, with the intent to offer “catalytic” levels of public finance that will crowd in billions more from a range of expected private finance sources¹⁵.

Underpinning this trifecta of national strategising is the creation of a newly far-reaching suite of public financial institutions sitting within and across central government departments. The institutions are placed as such in order to leverage the flexibilities offered by the government’s broader definition of debt (as far as it relates to the government’s fiscal rules) into a de-regulated and well-defined investment framework for the orchestration of long-term capital for a wide range of infrastructure projects. Growth, the government argues, will follow – provided all the relevant organisations, including local authorities, have the capacity, skills, funding, and requisite business environments to follow through.

Institution	Purpose	Anchor department
National Wealth Fund	To provide investment in capital-intensive projects and advisory service to local and regional authorities	HM Treasury
National Housing Bank	To deliver additional financial capacity to accelerate the government's housebuilding plans	Homes England
Great British Energy	To develop, build, and operate clean energy projects and support relevant supply chains	Department for Energy Security and Net Zero
British Business Bank	With an increased capacity to target potential, to provide capital support to smaller and innovative businesses	Department for Business and Trade
UK Export Finance	To enjoy an expanded financial portfolio as the UK government's export credit agency	Department for Business and Trade

Together, the government has estimated that the NWF, NHB, GBE, and BBB could represent hundreds of billions of pounds in additional private investment, assuring that their initial capital deployments, set out in the Spending Review and Infrastructure and Industrial Strategies, will serve to attract extensive capital intervention from the private sector.

The government has also rejuvenated the Office for Investment with the announcement that it will work with HM Treasury, the Department for Business and Trade, and Number 10, with each acting as a spoke in the wheel to attract international investment into the UK. The Office for Investment, alongside the government's public finance institutions, will function in tandem with planning reforms and national strategy to establish the UK as a newly attractive investment opportunity, a task that will require collaboration with mayors and local government to contribute a pragmatic investment vision for the country¹⁶. It will also, significantly, work to provide a middle-man service, matching

16 10 Downing Street, Office for Investment (2024) – [New investment minister to spearhead bolstered Office for Investment](#)

private capital with infrastructure opportunities across the country. The overall plan for growth is, in sum, heavily reliant both on the appeal of de-risking of capital products, the willingness of the private sector to invest, and the capacity for infrastructure spend to correlate with productivity growth without further entrenching regional disparities.

The de-risking of capital projects involves not only a supply of public finance, but also the alleviation of development costs in order to assuage viability concerns and the guarantee of project certainty for stakeholders. The Infrastructure Strategy, in alignment with the Planning and Infrastructure Bill, offers planning reform – aiming to streamline the process and add certainty at the planning phase of development – early-stage development financing, and the creation of an infrastructure pipeline, among other mechanisms, to address the risks inherent to development financing. And the Infrastructure Strategy’s tentative support for public-private partnerships (PPPs), while conscious of previous missteps associated with PFIs, offers a further instrument to extend value for money to investors.

Relatedly, the Infrastructure and Industrial Strategies both provide something of an opportunity for investment that targets cities in a manner which should engender the widespread productivity growth that Labour’s Plan for Change envisions. Namely, the Industrial Strategy’s introduction of the “IS-8” growth sectors and the report’s policy focus on city regions and clusters as targets for intervention aligns proactively with rhetoric on agglomeration economies and productivity growth. Research has shown that clusters, as groups specifically of related industries, can have significant positive impacts on industry wages and on job creation¹⁷, putting the Industrial Strategy on track to theoretically deliver some of Labour’s growth objectives. Furthermore, the Industrial Strategy points directly to the conferral of long-term capital settlements to certain mayoral city regions in the North and Midlands as dependent upon their “productivity catch-up and agglomeration potential,” placing urban renewal into the wider context of regional policy initiatives¹⁸. When the city-region directive of the Industrial Strategy is taken in concert with the extensive transport interventions highlighted at every stage of the government’s recent policy drive, the picture becomes one of economic change driven fundamentally by urban transformation.

The majority of the additional capital spend in the Spending Review will go towards maintaining existing budgets, reversing cuts by the previous government and addressing the government’s ringfenced spending on defence. However, new initiatives such as the local growth fund and rejuvenated Affordable Homes Programme should provide some

17 Christian Ketels and Sergiy Protsiv (2020) – [Cluster presence and economic performance: a new look based on European data](#)

18 UK Government (2025) – [The UK’s Modern Industrial Strategy](#)

initial capital boost for development, which, alongside real terms increases to MHCLG and local government core spending power that may expand the capacity of local planning departments, may when taken together provide some of the capacity that will be required to attend to the needs of the government's strategies for growth.

Changing the parameters for investment

The Treasury's Green Book provides guidance for public servants, including those acting at the local government level, to deliver best social value from proposals for the use of public resources. Ahead of the 2025 Spending Review, the Treasury published a review of the Green Book, with the intention of exploring the potential for placing a greater emphasis on how to evaluate the needs and benefits of investing in places to tackle historically uneven levels of investment between regions¹⁹. The review has concluded that the Green Book's previous iterations have been too long and complex, and, significantly, interrogates how the government's investment policies are to function within the context of its Spending Review and its various English devolution policies²⁰.

The previous review of the Green Book, carried out in 2020, touched upon similar themes within the context of the then-Conservative government's levelling up policies, and concluded that there needed to be appropriate emphasis on the analysis of place-based impacts as well as more extensive support for users of the Green Book, including those in local and regional government²¹. Labour's review recognises that the regional equality objectives put forward by previous governments have not always been suitably reflected in business cases, and therefore aims to provide more effective assessment of place-based interventions. Its proposals include:

- HM Treasury will work with relevant central government departments and local and regional government to introduce place-based business cases, assessing the complementarities between different projects in the context of a place's objectives.

19 Hansard House of Commons (2025) – [Green Book Review](#)

20 HM Treasury (2025) – [Green Book Review 2025: Findings and actions](#)

21 HM Treasury (2020) – [Final Report of the 2020 Green Book Review](#)

- The National Wealth Fund will expand its role to provide early-stage development support to local and regional government.

It remains to be seen whether implementation of Labour's new parameters for place-based investment as outlined by the Green Book Review 2025 will have a tangible impact on its ultimate objective of achieving economic growth. Its particular focus on public investment across the country could provide a significant boost to England's regions, particularly those outside the South East and London. However, in the context where the new Fair Funding Review has also been criticised as relegating London's relative needs to the sidelines²², it must be considered whether the government's fiscal trajectory may be as effective as it could be in supporting its own objective of economic growth, given the important role that cities are necessarily to play in terms of future investment and enterprise.

1.2.2 Strategic Mayors as catalysts for reform

The English Devolution Bill and its antecedent white paper evidence the government's strong confidence in the idea that granting additional powers to mayors and mayoral strategic authorities will provide the stimulus that many places' local economies require in order to establish an environment of stable growth. The white paper recognised both that the UK's poor levels of public investment, when compared to the OECD average, is driven by a low level of local government investment and that its poor standing in terms of private investment might be alleviated by a positive environment for local partners within which to convene and collaborate – and it recognises the strong role that the soft power and political capital enjoyed by mayors could have in encouraging this latter issue²³. The new Council of Nations and Regions also provides at the very least a symbolic representation of the new place that mayors are to have in hierarchies of national governance and in the drive for economic growth across the country²⁴.

In addition to the existing and developing soft power of mayors, the English Devolution White Paper highlighted the additional 'hard' advantages that mayors both already enjoy and that they are to gain access to across the board, once the English

22 London Councils (2025) – 'The local government funding system is fundamentally broken' – London Councils responds to new parliamentary report

23 MHCLG (2024) – English Devolution White Paper

24 The Productivity Institute (2025) – *Mayors go global: delivering growth through diplomacy*

Devolution Bill and Planning and Infrastructure Bills pass through parliament. The advantages of the mayoral system and Mayoral Strategic Authorities (MSAs) include:

- **Mayoral Development Corporations (MDCs) and Investment Zones:** The continuation of funding for these mechanisms, which have extensive legal powers over planning, land assembly, and infrastructure delivery, can accelerate regeneration and provide a long-term vision for investors – provided that mayors can ensure strong oversight and accountability mechanisms to avoid allegations of corruption given the size and influence of MDC work²⁵.
- **Statutory Local Growth Plans and Spatial Development Strategies:** These grant mayors the enhanced capability to set the strategic direction of their regions.
- **Close partnership with the National Wealth Fund (NWF):** The NWF is directed to work closely with mayors to build on investment propositions outlined in their Local Growth Plans, identifying the best opportunities for investment in their regions²⁶.
- **Coordination:** A strengthened ability to coordinate across departmental silos such as housing, infrastructure, and economic growth, and across local authority boundaries²⁷.
- **Strategic housing direction:** Mayors will be able to set the strategic direction of future affordable housing programmes in their area²⁸, no doubt supported by the 2025 Spending Review's enlarged funding package for affordable housing²⁹ and by the White Paper's acknowledgement of a more regionalised Homes England to work in stronger partnership with established mayoral authorities.
- **Integrated funding settlements (IS):** These settlements give Mayoral Strategic Authorities the power to control budgets handed down from Whitehall, providing flexibility to pursue local priorities, cross-silo working, and including access to a "recyclable mayoral growth fund"³⁰.
- **Trade and investment:** Mayors are to take on a more integrated role in trade and investment, with the revitalised Office for Investment (OfI) committed to "more focused joint working" with MSAs to develop and market investment proposals³¹.

25 Institute for Government (2024) – [How metro mayors can help get Britain building](#)

26 MHCLG (2024) – [English Devolution White Paper](#)

27 Sean Eke (2025) – [The key role mayors can play to drive housebuilding](#)

28 MHCLG (2024) – [English Devolution White Paper](#)

29 HM Treasury (2025) – [Spending Review 2025](#)

30 MHCLG (2025) – [Integrated Settlement: policy document](#)

31 MHCLG (2024) – [English Devolution White Paper](#)

The Planning and Infrastructure Bill

As well as provisioning for Spatial Development Strategies, the Planning and Infrastructure Bill contains a raft of measures aimed at speeding up planning for infrastructure to accelerate growth. These include the power for the Secretary of State to remove the requirement for development consent in the case of Nationally Significant Infrastructure Projects when considered appropriate, as well as a limitation of the opportunities for legal challenges to be raised against significant infrastructure. In terms of energy specifically, the Bill includes the provision for the Secretary of State or Ofgem to modify the queue for electricity grid connections, prioritising clean energy projects³², with an additional requirement for the National Energy System Operator (NESO) to have regard to strategic energy planning when managing grid connections. Furthermore, the Bill introduces Environmental Delivery Plans and the Nature Restoration Fund as a means for developers to offset the environmental impact on their projects at scale³³, in theory reducing the regulatory burden associated with new developments³⁴.

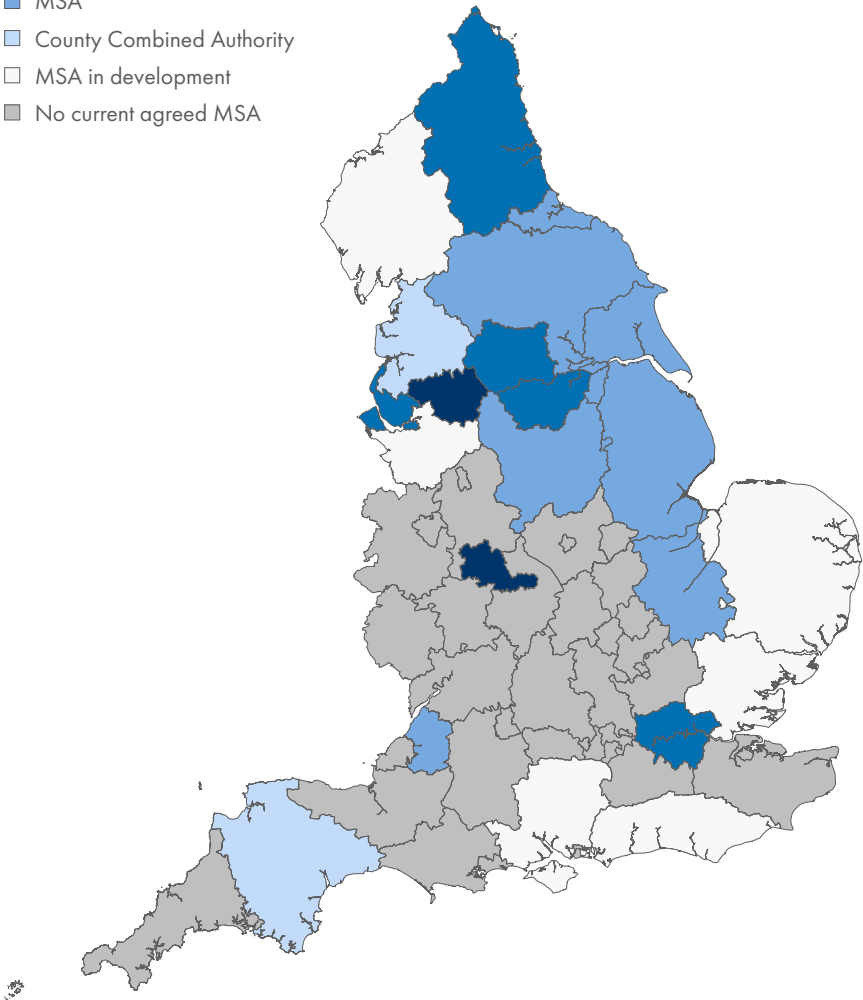
32 MHLGG, DESNZ (2025) – [Planning revolution to fuel growth and make Britain energy secure](#)

33 MHCLG (2025) – [Planning and Infrastructure Bill](#)

34 MHCLG (2025) – [Factsheet: Nature Restoration Fund](#)

Figure 2. Development of Mayoral Strategic Authorities (MSAs) in England

- Established MSA with integrated settlement
- Established MSA
- MSA
- County Combined Authority
- MSA in development
- No current agreed MSA



1.3 Comparing the English framework

Finding best practice for city investment and regional strategy in the UK does not predicate a singular focus on the English system. Rather, comparing the ways in which the governance and the regulatory frameworks of the devolved nations diverge calls attention to some of the real opportunities that are overlooked under the strictures of English local governance and its more single-minded focus on regional progression and reorganisation, as well as highlighting some of the innovative solutions materialising across the panoply of UK-wide devolution.

1.3.1 Scotland: regional and spatial strategy

The Scottish system of local government is, at first glance, more uniform than its counterpart south of the border. The devolved Scottish government has powers over local government, and the nation is divided into 32 local authorities that operate independently to provide public services, both statutory and discretionary. The local authorities vary quite extensively in terms of population size and geographic scale, but there is a good deal of precedent for joint working across local authorities by means of Joint Committees.

The complexity in the system, when considering the challenges and opportunities in development for growth across the devolved nation, arrives from two directions: in part, due to the framework of regional governance in Scotland, and in another part due to the nature of Scottish devolution producing an inherent complexity in the ways in which the differing systems of Westminster and Holyrood address financial intervention. When it comes to planning for and implementing development and delivering growth, this complexity provides a valuable comparator to the English system, with its more diverse system of local government, even accounting for LGR, mitigated by perhaps more and increasingly comprehensive parameters for strategic development and regional governance.

Regional governance in Scotland is defined by a series of interlocking but heterogeneous parts that work across or alongside local authorities to provide inter-authority strategy and delivery across a number of service areas. These parts are united at the local level under the concept of the Place Principle, by means of which stakeholders across the private, public, and third sectors, as well as communities, are to collaborate under a “shared understanding of place” in a way that adheres to individual local contexts³⁵.

At the national level, the Place Principle ensures that the National Performance Framework, which provides a national strategy for wellbeing in Scotland by means

of 11 National Outcomes for its communities measured by a series of 81 indicators, meets the needs of stakeholders and communities across the nation. The Place Principle is underpinned by a series of tools and programmes for supporting and measuring place-based approaches to service delivery and development, including the Place Standard and Scotland's Centre for Regional Inclusive Growth. Also at the national level, the most recent edition of the National Planning Framework, NPF4, provides a national spatial strategy for Scotland running to 2045 that offers 18 national developments, regional spatial priorities for five regions, and six overarching spatial principles to apply at the local level, including local living, compact urban growth, and rebalanced development³⁶.

The NPF acknowledges the specificities of spatial planning across Scotland, from the relative challenges among its five demarcated regions to their capacity for growth, thereby providing a baseline for further strategic development³⁷. It has also provided a strong premise of city-based and consequently city-region-based economic development. Furthermore, the Infrastructure Investment Plan for Scotland adds to the picture a strategic, five-year – and so now shorter-term when stood up against the UK's 10-year infrastructure strategy – route-map for national infrastructure delivery by means of a pipeline of investments that functions within three key themes: net zero emissions, environmental sustainability, and driving inclusive economic growth³⁸.

Although the National Planning Framework has provided a strong spatial and strategic perspective for Scotland since its first iteration in 2004, meaning that Scotland has enjoyed a strong and uninterrupted vision from which its hierarchies of governance and other relevant public and private bodies can work for decades now, there has been a more incremental approach to bridging the gap between the national and the local. The middle, regional layer of the system evidences the necessity of Scotland's more structured national approach to planning and development. Unlike the increasingly uniform, albeit still evolving, system of devolution to strategic authorities in England with its heavy emphasis on the role of regional mayor to connect the various strands of regional governance and development funding opportunities on offer, the Scottish environment for growth, local investment, and regional service provision is multi-layered, defined by conflicting boundaries, and lacking the sole regional representative body that strategic authorities otherwise provide in England.

36 Scottish Government (2024) – National Planning Framework 4

37 Greg Lloyd (2011) – National Spatial Planning and Scotland's cities

38 Scottish Government (2024) – A National Mission with Local Impact: Infrastructure Investment Plan for Scotland 2021-22 to 2025-26

The regional and collaborative system of Scottish governance includes the following:

- Scotland's 14 NHS boards partner with its 32 local authorities to form 31 Health and Social Care Integration Partnerships (HSCPs);
- 12 city region and growth deals offering £5bn of funding aligned across Scottish government, UK government, and local authority funds – reflecting the importance of the city region to the Scottish national spatial planning strategy;
- Eight Regional Economic Partnerships (REPs) that grew out of the governance structures of the city region and growth deals but align more closely with cross-regional local authority links on the basis of their relative economic strengths and barriers³⁹;
- Seven Regional Transport Partnerships (RTPs) that function under the guidance of prepared regional transport strategies and individual delivery plans, with Strathclyde Partnership for Transport taking on the most interventionist approach of them all given its ownership of the Glasgow underground system and a suite of major bus stations across the west⁴⁰;
- Five hub companies, or “hubCos”, which are joint venture companies for areas within which public bodies have together appointed a private sector development partner to provide new infrastructure for communities⁴¹;
- And, at a local rather than regional level, alongside the Local Development Plan produced by local authorities, Community Planning Partnerships provide Plans for each of the 32 local authority areas in an attempt to align all of the services involved in community planning in a way that maximises value for communities with the most efficient use of resources and the work of public bodies⁴².

Of the regional partnerships, HSCPs and RTPs are statutory bodies, whereas REPs and hubCos are voluntary initiatives based on regional infrastructure needs and the integration of funding opportunities that nonetheless cover the totality of Scotland. In fact, the Economic Development Directorate at the Scottish government have argued that the lack of legislation surrounding REPs in particular can encourage a more substantial measure of accountability that is shared horizontally between

39 Scottish Government (2022) – [Regional economic policy review: paper 2 – the regional perspective](#)

40 Transport Scotland (2025) – [Regional Transport Partnerships](#)

41 Scottish Futures Trust (2025) – [hub Programme](#)

42 Scottish Government (2025) – [Improving public services](#)

the government and regional economic actors, rather than the traditional top-down structure of accountability⁴³.

The regional geographies generated by the varieties of the system are both too diverse to map effectively and made all the more complex by the fact that several regions enjoy involvement in more than one respective regional body. To take Fife as an example, the area was included within both the Edinburgh and South East Scotland City Region Deal and the Tay Cities Deal, while it is also involved in both the Edinburgh and South East REP and the Tay Cities REP; the Scottish Borders enjoy a similar overlap. However, what these trickier aspects of the framework symbolise is the ways in which the REPs function on a thematic basis that very much takes account of what the regional opportunities and needs are for each area – and the fact that such opportunities may not be confined to a singular draw of the boundaries. As such, the framework for regional strategy and collaboration captures the multifaceted prospects that Scotland offers.

While the commitment to bespoke interventions by public sector bodies at the regional level seems to provide something of an advantage to, in particular, Scotland's cities and city regions, a real barrier to providing a stable environment for investment in Scottish places – despite the evident opportunities for infrastructure provision and growth that have perhaps never been more apparent as they are in the UK government's new strategies for infrastructure and industry – is the uncertainty inherent to the system of grant funding available for local authorities and other place partners. Funding is funnelled both through UK-wide funding programmes and also to reflect Scottish government priorities. As such, when place-based initiatives and programmes for development require financial support, the offers come in the form of a disparate collection of Holyrood-sourced funding programmes for things like regeneration, net zero initiatives, housing, or culture, while grappling with the potential for Westminster to push forward top-down intervention that does not necessarily align with existing Holyrood policy. Placemaking in this policy environment, in terms particularly of infrastructure provision and economic growth, requires a strong unifying force to recognise, bid for, and make best use of the different sources of funding available.

Overall, Scotland's strategic focus is very much one that takes on a city-region lens, which, while it does deliver a means via which organisations and investors can more easily target specific growth opportunities, has also led to some criticism as

43 Scottish Government (2022) – Regional economic policy review: paper 2 – the regional perspective

to how Scotland's planning policies might overlook the needs of the city-periphery and the nation's extensive rural areas, as well as potentially stymieing other national policy commitments such as reducing inequalities and meeting climate targets⁴⁴. The potential for the city-based approach to entrench inequalities is perhaps ironic to the context that "inclusive growth" has been a consistent pillar of Scotland's economic strategy since 2015⁴⁵. Additionally, particular issues in the network of regional implementation bodies across Scotland may include insufficient cross-organisational coordination, as well as the possibility of duplication given the reliance on such heterogeneous regional frameworks⁴⁶.

Despite the system's apparent faults, however, the constructive characteristics of a framework that has grown around the concept of prioritising places in spite of the challenges of a convoluted national governance context are worth identifying. Namely, the strong system of coordinating bodies and local leadership across Scotland's regions that take on the convening role that would be the responsibility of strategic authorities and, now, the mayoral office in England – although it remains to be seen whether any local government bodies in the non-English devolved nations will covet the potential simplicity and accountability offered by a mayor and an integrated settlement; the thematic focus on regional opportunities rather than a strictly geographic basis for growth strategising; and, additionally, a real effort to support the involvement of communities within a place context that is otherwise defined by a complex web of public sector organisations and partnerships⁴⁷.

1.3.2 Wales: The mutual investment model

"Developed in Wales... designed by the Welsh Government,"⁴⁸ the Mutual Investment Model (MIM) is the Welsh government's response to the public-private partnership, intended to supersede the unpopular PFI approach by taking on "optimum" risk allocation whereby the government itself purchases some shares of the equity investment and therefore takes a share of the profit earned by the project company⁴⁹.

44 E.g. Transform Scotland (2024) – [Dirty Deals: How transport spending in Scotland's city region deals threatens our low-carbon future](#)

45 David Waite and Graeme Roy (2022) – [The promises and pitfalls of operationalizing inclusive growth](#)

46 Andrew Copus et al. (2021) – [City region thinking, a zombie idea in regional and rural development? Scotland and Finland compared](#)

47 Scottish Government (2025) – [Improving public services](#)

48 Welsh Government (2024) – [Mutual investment model for infrastructure investment](#)

49 Mark Moseley (2020) – [Restoring Confidence in Public-Private Partnerships: Reforming Risk Allocation and Creating More Collaborative PPPs](#)

Unlike the PFI model, the MIM also does not provide “soft” services such as cleaning and catering, which were ultimately at the heart of some of the PFI era’s most costly miss-steps⁵⁰. The private partner to the project still takes on building and maintenance of the public asset, but the government pays a fee to the partner to cover the costs of construction, maintenance, and project financing. When the project comes to an end, the asset is transferred into public ownership. Private partners are also under obligation to align their actions with the Welsh Wellbeing of Future Generations Act, which means that they must work to provide wider community benefits, commit to the Welsh government’s ethical employment code, and build “with long-term sustainability and environmental efficiency in mind”.⁵¹

There are two methods for MIM project delivery in use: direct delivery through a single Special Purpose Vehicle (SPV) where the public sector intends to procure a single, high-value asset by means of a “design, build, finance, maintenance and lifecycle” Project Agreement contract; and through strategic partnership where the SPV delivers partnering services to a range of authorities that require the delivery of a pipeline of multiple assets⁵². At present, the Welsh government has three MIM schemes under way: the direct delivery of the New Velindre Cancer Centre and of improvement works to the A465, as well as a series of MIM projects within the Sustainable Communities for Learning Programme. The latter has found support in a new strategic partnership, the Welsh Education Partnership Company (WEPCo), a joint venture between Meridiam Investments as the delivery partner and the Development Bank of Wales as the government’s chosen shareholder. WEPCo takes on the development of each project or group of projects, brought forward by public sector signatories and identified for delivery by the public sector in tandem with the private sector, while the supply chain elements of each project stage are separately competitively tendered⁵³.

When the MIM was introduced, there was much scepticism surrounding its genuine commitment to providing taxpayer value for money in comparison to other, potentially cheaper financing options such as government bonds⁵⁴. Consequently, an inquiry into capital funding was launched by the Welsh Government’s Finance Committee in 2019. The responses to the consultation underlined the most pressing matters for

50 European Investment Bank (2018) – [Wales: Free expertise improves PPPs](#)

51 European Investment Bank (2018) – [Wales: Free expertise improves PPPs](#)

52 Welsh Government (2024) – [Mutual Investment Model Report 2022-2024](#)

53 Welsh Government (2024) – [Mutual Investment Model Report 2022-2024](#)

54 National Assembly for Wales (2018) – [Correspondence on Mutual Investment Model \(MIM\) and Infrastructure Funding in Wales](#)

alternative capital funding models, such as and in particular the MIM: namely, that the value-for-money potential of the model is very much reliant upon the bespoke details of the contracts drawn up for project initiation and management.

The Wales Audit Office, reporting on the use of the MIM in the Sustainable Communities for Learning Programme as an opportunity to overcome councils' lack of capacity for investing in schools, noted "important areas of difference between the Mutual Investment Model and the Private Finance Initiative"⁵⁵: government investment in the project company; the appointment by the government of a director to the Board of the project company – notably, this was also a feature of the Scottish Non-Profit Distributing model when it was in use; and that the service payment, not initiated until the facilities are built and ready for use, is made by a monthly revenue charge over a 25-year period. It also noted that the MIM is not suited for every project (in this case, within the schools' programme), where complexities in individual projects such as land ownership issues or potential concerns around the long-term demand for school places might hinder the potential benefits of the model's use.

The case of the Sustainable Communities for Learning Programme evidences the initial limitations of the MIM as well as the clear opportunities it could offer a local government sector, floundering under years of poor support and minimal resourcing, expanding or improving its capital asset portfolios. While some local authorities have in recent years taken a more risk-forward approach than others, and sometimes, infamously, suffered the repercussions, the sector as a whole is neither defined by an extreme appetite for risk nor does it want to be. As such, the offering of the MIM and its value-for-money focus, its advertised optimum risk allocation, whole-life costing, and performance-based payments⁵⁶, is one that seems highly attractive to public bodies in Wales, and increasingly for those outside Wales as well. The Scottish government has recently adopted an MIM for private financing⁵⁷, following an Options Appraisal from the Scottish Futures Trust that recommended an MIM tailored to the needs of Scottish technical regulations. The Scottish model responds also to the original Scottish Non-Profit-Distributing model, with characteristics that include competitive tender processes, a focus on wider community benefits, and scrutiny of project design and whole-life costing of the asset⁵⁸.

55 Wales Audit Office (2019) – [Finance Committee inquiry: Welsh Government Capital Funding Sources](#)

56 European Investment Bank (2018) – [Wales: Free expertise improves PPPs](#)

57 Audit Scotland (2020) – [Privately financed infrastructure investment: The Non-Profit Distributing \(NPD\) and hub models](#)

58 Scottish Futures Trust (2025) – [Public-Private Partnerships](#)

While it's still too early to truly appraise MIM cases in comparison to the PFI models that went so famously wrong, it is very evident that there is optimism for the success of the model. Local Partnerships, who provide development and implementation support for such infrastructure financing projects in England and Wales, has evaluated that the MIM has provided new facilities for Wales with a capital value of more than £1bn as of 2024 that otherwise would not have been possible given the limited capital capacity of the Welsh public sector⁵⁹, so highlighting the massive potential for infrastructure delivery represented by the MIM and its fairly rapid uptake since the model's introduction in 2017.

1.3.3 Northern Ireland: Invest NI and sub-regional development

Northern Ireland (NI) is the smallest of the devolved nations, with a population of less than two million and a history and geography that has resulted in differences in its economic conditions and trading context. For instance, Brexit has had a significant impact on NI and its investment environment given its land border with the Republic of Ireland. Like the rest of the country, the public sector, including NI's 11 local authorities, has also faced immense budgetary constraints in recent years exacerbated by Brexit, the pandemic, and recent high levels of inflation.

Development in NI is led by the Executive's Department for the Economy and its arm's-length economic development agency, Invest NI. Invest NI is tagged as a catalyst and enabler for innovation, exports, productivity and employment, with the ultimate goal of increasing living standards for all across NI⁶⁰. Recently, an independent review of Invest NI posited a number of issues with the framework behind economic growth in NI, pointing to the absence of monetary powers and overall scarcity of fiscal powers enjoyed by NI, leaving it with limited capacity to respond directly to challenges to economic growth and exacerbated by the context of the NI Executive's constrained budget, which itself creates an environment of uncertainty for both existing businesses and potential investors. Focusing on the work of Invest NI, the review decried the complexity in the offer of programme supports for businesses available and the organisation's consequent inability to identify and manage those programmes; the insufficient resourcing devoted to Invest NI's green economy unit; inefficiency in support to the tourism sector; and, ultimately, a suite of KPIs that may not reflect the full extent of Invest NI's work and its impact.

59 Local Partnerships (2024) – [Impact Report 2023-2024: Mutual investment model](#)

60 Department for the Economy (2023) – [Independent Review of Invest Northern Ireland \(Invest NI\)](#)

Despite the ongoing challenges outlined in the review, there are a number of opportunities that policymakers believe can ensure that Invest NI achieves its mandate. There has been significant interest among NI's 11 councils for greater involvement in the region's economic growth, as well as an existing framework of sub-regional partnerships between anchor-type institutions across the region – partnerships bolstered by the City and Growth deals. It has been suggested that Invest NI should in future take a more established role in ensuring that local and sub-regional stakeholders have the resources and approvals that they need to progress on their to-date successes.

Furthermore, the NI Executive has identified the opportunities offered at the sub-regional level and potential for the Department for the Economy to improve “regional balance” across NI⁶¹. It intends Invest NI's new form to be one that focuses on that balance, working within Local Economic Partnerships and beside Regional Offices to promote an improved environment for economic development across the region. These offices would be working in line with a new Sub-Regional Economic Plan that will function within an already well-established framework for regional development, as set out by the Regional Development Strategy for 2035, which offers a long-term spatial framework dividing NI into five sub-regional components:

- Belfast Metropolitan Area
- Londonderry – principal city of the North West
- Hubs and hub clusters
- The rural area
- Gateways and corridors

The Sub-Regional Economic Plan will look specifically to those areas outside the Belfast Metropolitan Area and focus on the opportunities of partnership working at the sub-regional level. Significantly, it will also enhance Invest NI's work by providing local targets in order that the body's strategic direction turn towards a more local or sub-regional cornerstone⁶². The Plan aims to provide productivity increases, better employment opportunities, and that ‘regional balance’ across NI, and Invest NI will be central to the plan's success, alongside councils in their establishing of Local Economic Partnerships, and naturally those stakeholders involved in new and existing partnerships already working towards programmes for economic development in NI.

61 Less-Cheann Comharile | Minister Verona Murphy (2024) – Sub-Regional Economic Plan

62 Department for the Economy (2024) – Sub-Regional Economic Plan

Key lessons and takeaways from the devolved nations

Scotland	• Despite a complex web of national, regional, and sub-regional delivery bodies, Scotland's system for regional development boasts a strong framework for partnership working and collaboration headed by local leaders and other coordinating organisations, to-date without the need for a mayoral system. • The thematic focus on what regions can offer moves beyond the constrictions of existing local government boundaries without confusing the system. • An emphasis on city regions engages the opportunities offered by Scotland's urban areas, such as Inverness and Aberdeen, in the new national policy context – but also raises concerns about the entrenching of city-rural disparities. • However, funding sources have been fragmented and policy narratives incoherent between Holyrood, Westminster, and the Scottish local government sector.
Wales	• The Mutual Investment Model (MIM) represents a strong opportunity for partnership working between the public and private sectors for infrastructure delivery. • The MIM provides a value-for-money focus, whole-life costing, and performance-based payments as well as an advertised "optimum risk allocation" framework. • In practice, this framework takes the form of bespoke contract agreements with detailed considerations of what is needed for the project to succeed. • Unlike other PPP models, the MIM does not cover "soft services" such as cleaning and catering; the public sector partner purchases shares in the investment; and the private partners must align with the Senedd's code for the Wellbeing of Future Generations. • There is also a strong recognition that MIM does not provide the best solution for every capital project in Wales.

Northern Ireland	• In a context of very constrained public finances, the Northern Ireland Executive has proposed a number of changes to create a better environment for investment. • Invest NI will take on a more established role at the local level, aligning with councils and other sub-regional stakeholders and meeting new local targets. • The new Sub-Regional Economic Plan will encourage strong partnership working, administered by new Regional Offices and an improved “sub-regional balance” that will see a greater emphasis placed on areas outside the Belfast Metropolitan Area.
Overall trends	• The City and Growth Deals, agreed between Westminster and the respective devolved governments, have had a large impact on how the devolved nations have progressed the offers for place in their city regions and leveraged these deals within their existing development frameworks. • Tensions between Westminster policy narratives and funding structures and devolved national governments have produced an environment of some uncertainty, which has proved challenging in terms of the investment offer across the devolved nations.

CHAPTER TWO

The local investment landscape

The new institutions and policy initiatives announced by the government since July 2024 emerged into an already complex system of financing local development, particularly in urban areas. Local and strategic authorities looking to attract investment and move forward with projects are working in a context of many moving parts, even as central government seeks to provide both capacity support and the clarity of policy required for private sector organisations to become involved in local projects. If regional growth is to be achieved, there needs to be a two-sided focus on solutions that can stimulate investment into places: improving the investment offer, simplifying the investment landscape and providing clarity in purpose and outcomes for investors, and stabilising local government capacity to manage risks and to leverage investment to unlock its best possible value.

Key points

- In driving growth by attracting investment, local placemaking relies on a fragmented system of fundraising, combining grants, institutional investors, private sector partnership models and government borrowing, all governed by the prudential framework for financial decision-making.
- The implementation of mayoral strategic authorities and local government reorganisation aims to enhance accountability through clearer governance structures, whilst government also attempts to address the local audit gap through the new Local Audit Office.
- Yet local authorities still face significant challenges in identifying and managing investment risks – the determination of risk is a governance process, reliant on institutional culture and expertise but vulnerable in a political environment to short-termism, frequent policy changes and misjudgements based on public perception.
- Furthermore, there is an inherent tension between the need to drive investment for growth and the hazards faced by finance directors, including the possibility of major government intervention if balance sheets are not in good order.
- The churn of new local government institutions poses a risk to investment appeal due to a lack of established processes, highlighting the need for policy focus on accelerating institutional maturity as well as on dealing with well-rehearsed capacity constraints which prevent the public sector from maximising the value of public-private partnership.

2.1 Finance, decision-making and delivery

Investment in place requires a delicate balancing act between numerous stakeholders with different functions, different objectives, and different risk appetites. Consequently, the actors who take on place investment responsibilities – from the finance and place officers in local authorities to the leaders of anchor institutions central to place-making to potential investors both at home and abroad – seek clarity in guidance, regulation, and financial supports and incentives. Ensuring that growth succeeds in all places is, therefore, to make certain that there is certainty in every axis of variability across investment and governance systems. However, achieving such stability is a complex process that has been hampered by years of what have been at times unsupportive and unsustainable policy decisions – meaning, fundamentally, that there is room for future positive change.

2.1.1 Parameters for investment

The environment for local investment is defined by the relationships between an array of actors working within a hierarchy of strategies aimed at a range of outcomes, set out by a range of policies, over different geo-political boundaries and often with varying socio-economic contexts. Given that local authorities spend the vast majority of their finances, raised via council tax, business rates, and core grants, on statutory services – upper-tier councils in 2024 were spending 78 percent of their net revenue expenditure on social care alone⁶³ – placemaking relies on a fragmented and varied system of fundraising to supplement council budgets. Consequently, there are a number of different models that have arisen for local development that apply in circumstances of different partners and parameters for investment and borrowing, primarily steered by local government decision-makers and following a framework for good practice defined by a suite of regulations.

Since being granted the general power of competence via the Localism Act 2011, local authorities have had the powers to borrow and invest for any purpose relevant to their functions or that might support the prudential management of their financial affairs; to enact local strategies for investment, without having to seek government consent. A number of central partners and local stakeholders contribute towards the outcomes of these strategies by financing local programmes and providing additional expertise and resourcing. Local authorities are therefore concerned with attracting investment and support from a range of actors by means of policy clarity, reliable funding and capacity, and innovative offers for partnership working.

63 CIPFA (2025) – [Financial Resilience Index 2024](#)

Some primary sources of finance for local projects are listed below.

- **Central government.** Grant funding from MHCLG in the form of local growth funds is especially important for those areas that have been identified by government for renewal and Homes England has a pivotal role in terms of its co-investment in local funds, partnerships, and Joint Ventures (JVs) to “stimulate the market and increase delivery” of housing⁶⁴.
- **Institutional investors** such as Local Government Pension Scheme (LGPS) funds, which can devote up to five percent of their investment capacity to local assets, represent large-scale and long-term investment offers well-suited to the scale and needs of urban renewal.
- **Private sector stakeholders** in any model of partnership with a local authority can be a source of significant investment for local projects.
- The primary mechanism for local authority borrowing is the **Public Works Loan Board (PWLB)**, which provides funding with low interest and over the long term for capital projects on the guarantee that the borrowing local authority is able to afford its debt payments from its revenues⁶⁵.
- Local authorities themselves can also raise funds themselves in a number of ways:
 - **S106 agreements and the Community Infrastructure Levy** for local developments can raise money for projects that will contribute social value to communities.
 - In line with the 2003 Act, local authorities can **invest by means of loans to other bodies**, including joint venture vehicles, local authority wholly-owned companies, or third parties⁶⁶.
 - Local authorities can also **issue municipal bonds** to raise money, which may be useful in particular for larger scale and longer term programmes for development, as bonds are listed products that can be very expensive compared to other funding sources.

The issue, however, with any local investment and funding model can occur when the drive to inject funding into local development programmes comes at the expense of risk awareness, and that is where the Prudential Framework comes into force.

64 Homes England (2025) – [Homes England Annual Report 2023 to 2024: Chair’s Forward and Performance Report](#)

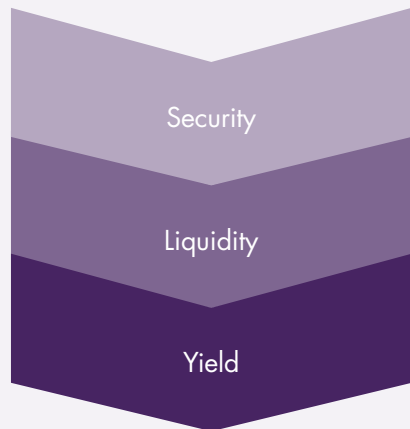
65 UK Debt Management Office (2025) – [PWLB lending facility](#)

66 MHCLG (2018) – [Statutory Guidance on Local Government Investments](#)

All local authority borrowing and investment functions under the mandate of the Framework, which is comprised of four parts: the Treasury Management Code; the Prudential Code; the Statutory Guidance on Local Authority Investments; and the Statutory Guidance on Minimum Revenue Provision. CIPFA publishes the codes, while MHCLG issues the Guidance documents⁶⁷. The key principles for local authority investment and borrowing, as outlined by CIPFA in the Prudential Code, most recently updated as of 2021, are as follows: that capital expenditure and investment plans are affordable and proportionate; that all external borrowing and other long-term liabilities are within prudent and sustainable levels; that the risks of investments for commercial purposes are proportionate to their financial capacity; and that treasury management decisions are taken in accordance with good professional practice⁶⁸. The question, then, is how the framework sets about defining proportionality, prudence, sustainability, and good practice.

The Guidance on Local Authority Investments reveals some insight as to how local authorities are expected to approach risk when taking on investments, emphasising that local authorities should produce at least one investment strategy per financial year. The Prudential Framework operates under a strict hierarchy of priorities to guide the Investment Strategy:

- 1 **Security:** Ensuring that any existing invested capital is protected from loss.
- 2 **Liquidity:** Ensuring invested funds are available for expenditure when needed.
- 3 **Yield:** Being aware of where potential revenues could arise from investment decisions, provided security and liquidity are suitably assured⁶⁹.



⁶⁷ LGA (2021) – [Prudential Code for Capital Finance in Local Authorities: LGA Consultation Response](#)

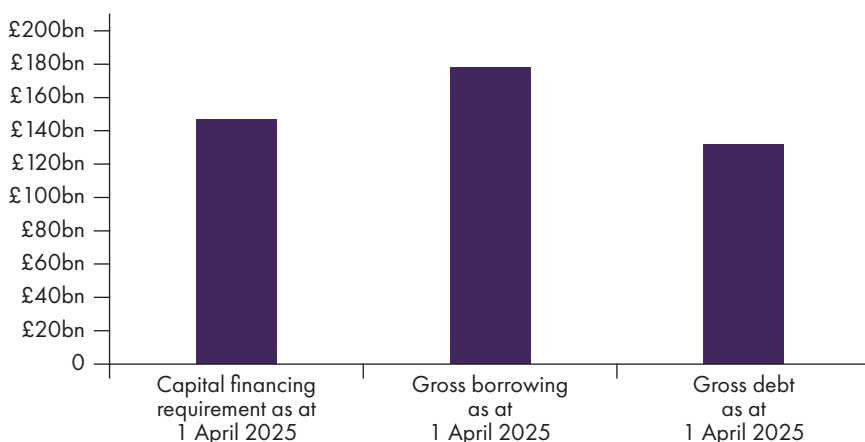
⁶⁸ CIPFA (2024) – [Reinforcing good practice around local authority borrowing](#)

⁶⁹ MHCLG (2018) – [Statutory Guidance on Local Government Investments](#)

Previously, issues have arisen where local authorities have borrowed from the PWLB to buy investment assets primarily for yield, which the most recent Prudential Framework has taken pains to disincentivise⁷⁰. The picture is therefore one of a secure and sustainable investment context that values prudence ahead of yield considerations.

In order for local authorities to make investments with due regard to risk, the guidance highlights that the investment strategy needs to contain the authority's approach to assessing the risk of loss prior to taking on and while holding an investment, and an idea of the total risk exposure consequent to its investments. Significantly, the strategy should make use of quantitative indicators to evaluate this total risk exposure, for ease of understanding and assessment by both decision-makers and the public. The guidance offers recommended indicators that mostly provide a proxy for the size, strength, and ability to deliver services of the local authority as well as target and actual income and returns on investments. Additionally, there is an emphasis on the risk of either becoming too dependent on commercial income and in failing to balance debt against net service expenditure, which the guidance labels as "proportionality". In sum, the Prudential Framework is one that highlights how the risk appetite of local authorities needs to be one that is bolstered by quantifiable analysis and a thorough procedure for risk assessment.

Figure 3. Prudential systems information, all local authorities



Source: MHCLG (2025) – Local authority capital expenditure and financing in England

70 CIPFA (2021) – [Prudential Code](#)

2.1.2 Governance and oversight

The implementation of the English Devolution Bill enshrines two additional layers of governance within the local government system: it progresses the government's agenda for devolution by aiming to introduce strategic authorities in every area in England, with Mayoral Strategic Authorities enjoying greater powers and more flexible governance arrangements than those without and it also places local authorities under the requirement to establish "effective neighbourhood governance"⁷¹. Neighbourhood governance conceptually remains fairly indeterminate, for now, but in theory the legislation will enable residents of local areas to inform the decisions that affect them. Meanwhile, local government reorganisation is to take effect across the board, with the Bill legislating that unitary authorities are to encompass the entirety of England and granting the Secretary of State the ability to direct councils to submit proposals for reorganisation. Although some concerns have arisen that reorganisation will move decision-making away from the local level, the inclusion of obligatory neighbourhood governance units within the Bill suggests an attempt to maintain some level of bottom-up localism.

A significant impetus behind both the implementation of mayoral authorities and local government reorganisation at large is improved 'accountability' driven by outcomes frameworks, fewer but more visible local politicians – particularly the more empowered regional mayors, but also given the restructuring of two-tier areas to single unitaries – and several frameworks to realign how different local stakeholders, from businesses to police and fire services to Homes England, relate to and with each other in the context of delivering for places under the clarified Devolution Framework⁷². Within this new English devolution ecosystem, contextualised as it is within the government's drive for growth, it is also worth indicating where accountability lies for the investment decisions that need to be made.

'Investment decisions' can be categorised as two-fold: the decisions required to establish what investment is needed, oftentimes requiring a strategic plan to develop a pipeline of projects for investment, and the decisions surrounding what that investment will look like. The latter represents the role of the finance officer, which must take account of investment risk, the duty towards the authority's budget and to the safeguarding of public money, the assurance of value-for-money, and the long-term implications of decisions within the authority's financial strategy⁷³. For local authorities, this is the role of the

71 MHCLG (2025) – [English Devolution and Community Empowerment Bill: Guidance](#)

72 MHCLG (2024) – [English Devolution White Paper](#)

73 WECA (2025) – [S73/Chief Financial Officer Protocol](#)

Section 151 Officer; for strategic authorities, the office is led by the Section 73 Officer, whose responsibilities in MSAs with Integrated Settlements (IS) extend to confirming that any investment within the IS complies with the authority's legal duties for "best value, propriety, regularity, and value for money"⁷⁴. The former is represented by the holistic vision for place under the control of the authority, its planning, development, and regeneration officers, in joint partnership with local stakeholders, and is one of the most visible representations of the responsibilities and priorities of both local and strategic authority leadership.

In the new place ecosystem, the vision for place will be supported by statutory Local Growth Plans and at the regional level by Spatial Development Strategies. The implementation of both sets of plans are in their early days, although the government's agenda is very much pushing for rapid implementation, leading to some uncertainty as to how particularly Local Growth Plans are seen as fitting into the wider national picture for growth. Outcomes-led approaches may ensure that, in these early stages, plans for growth do offer a holistic strategy tailored to the needs of place, rather than becoming tied to statutory but impersonal output metrics such as housing targets, but accountability structures also have a significant role in ensuring that local government, both new and old, delivers for place – especially given that successful development is often largely reliant on forms of public sector subsidy.

The evaluation and accountability structures for strategy and financial risk management across local government have been significantly hampered by a lack of sufficient audit capacity in England since the abolition of the Audit Commission in 2010 as part of the Coalition's austerity drive⁷⁵. The removal of the Commission meant that there has been no central government oversight over external auditing services for local authorities for fifteen years, and recent research has shown that this has been immensely detrimental to local authority auditing capacity. Only one percent of audits of English councils in 2022/23 were completed on time and audit costs increased by an average of 238 percent from 2022/23 to 2023/24 – with delays and costs much more controlled across Wales and Scotland, which still enjoy centralised oversight. Consequently, there has been a significant gap in accountability for English councils for a long time, contributing in some high-profile cases to significant financial mismanagement.

⁷⁴ MHCLG (2025) – [Integrated Settlement: policy document](#)

⁷⁵ The Audit Reform Lab (2025) – [Administrative Paralysis: The Marketisation of Local Authority Audits and the Breakdown of Accountability](#)

The government has published, as part of its local government overhaul, a Local Audit Reform Strategy that intends to tackle the deep-rooted issues with the English local audit system, and progress is to include the creation of a new centralised Local Audit Office (LAO). The LAO will be legally established in autumn 2026 and is to have five strategic responsibilities: coordination, contract management, setting the Code of Audit Practice, oversight, and reporting, insights and guidance⁷⁶. Further consultation will determine additional functions, to include the oversight of an enforcement scheme for accounts and audits, and the government will also be working to clear the existing local audit backlog.

As such, the framework for accountability and oversight is evolving, designed to ensure that public subsidy, whether that be through direct grants or accessed by local authorities through any of the number of new public sector financial institutions, angling to reduce investment risk and catalyse growth, is used to its best ability. Merging combined authorities are encouraged to design mechanisms for public inclusion within decision-making processes and to establish a robust scrutiny process for decisions⁷⁷, while the previous government set out an English Devolution Accountability Framework to track the progress and the needs of newly devolved areas⁷⁸.

The government's new plans for local government include the abolition of the committee system in councils, transitioning any using the committee system to a leader, or mayor, and cabinet model. In the cabinet model, it is often the case that the whole cabinet is involved in the voting process for decision-making, and the council is required to have at least one overview and scrutiny committee to ensure the sustainability of decisions, good governance, and that decisions are made in the public interest⁷⁹. With the government abolishing the committee system, and ensuring the standardisation of simple majority voting in both mayoral and non-mayoral strategic authorities, the function of scrutiny committees within local government will be vital to ensuring transparency and accountability across the board, working alongside the external audit framework and financial risk management responsibilities of executive officers. Under the English Devolution Bill, therefore, local authorities will be required to establish audit committees to support the level of scrutiny on local government decision-making.

76 MHCLG (2025) – [Local Audit Reform](#)

77 LGA (2024) – [Good governance for combined authorities](#)

78 MHCLG (2023) – [English Devolution Accountability Framework](#)

79 MHCLG (2024) – [Overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities](#)

Above all, there needs to be a standardised and reliable system to evaluate good governance as the systems of governance that deliver for places across England change, increasingly rely on the actions of individuals, and provide for increasingly scaled-up economies and geographies. While good governance itself has a myriad of definitions and characteristics, which themselves are important to pin down, there are evolving mechanisms for modelling and overseeing good governance and understanding success that should play a significant role in how central and local government progress within the current policy programme for growth.

Leadership and culture

What the evidence from studying public sector institutional maturity reveals is that behind the achievement of good governance is often a well-established culture of discipline and ingrained capabilities, which is underscored in the development context by the relationships and structures that constitute the institution's commercial activities, oftentimes in the form of local authority-controlled companies. What this culture requires, in addition to the evident need for a strong internal skills base, is to be one of accountability, expert risk management, and objective strategy assessment, which therefore depends on a strong foundation of scrutiny and overview⁸⁰. The details of such a scrutiny framework will vary from council to council, depending particularly on the decision-making structure of the authority, whether it be committee-based – for now – or mayor-led. Additionally, a grounded understanding of financial risk, in terms of scrutiny processes, ties actively into the elements of institutional maturity and robust leadership, and will complement national guidance on the processes and operations involved in assessing the financial risks involved in investments.

2.1.3 Determining risk in a political environment

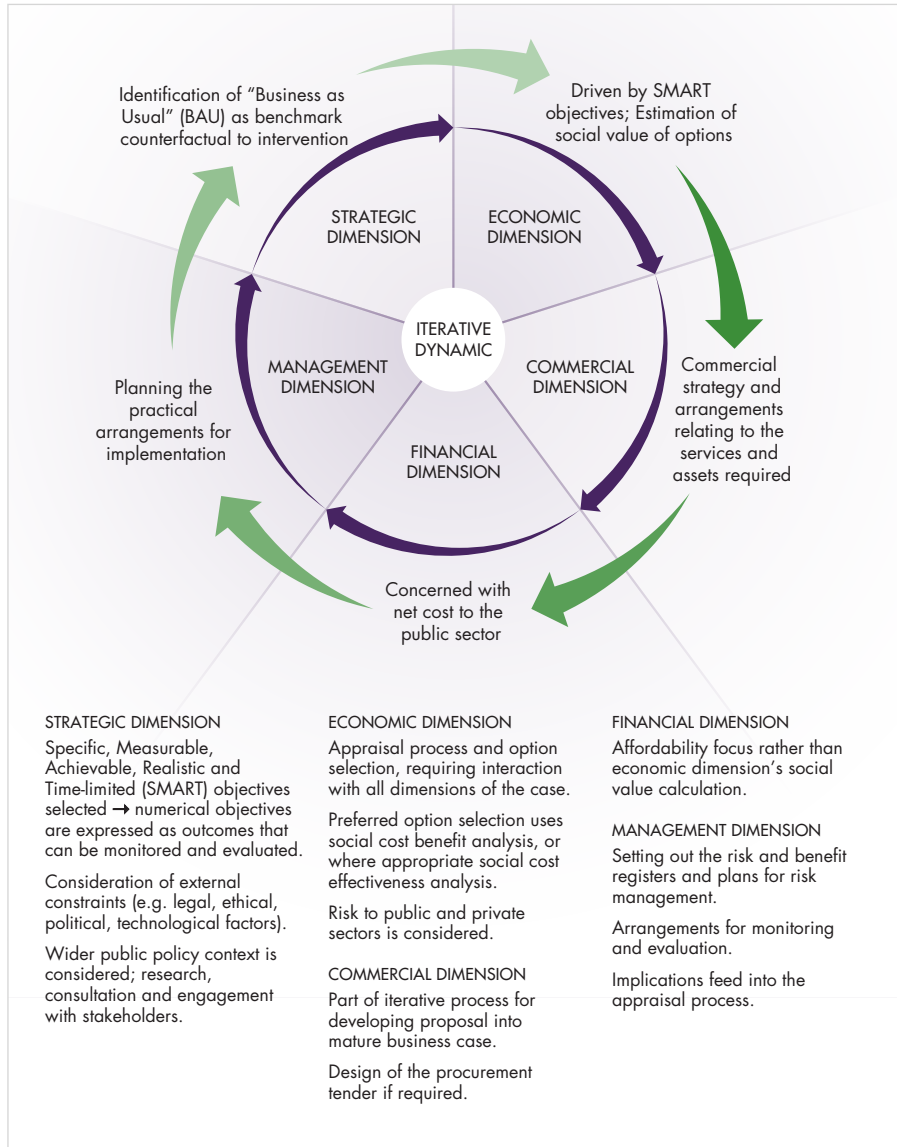
The complexities of place development mean that it can be significantly challenging for local authorities to identify and manage the involved risks. What the Green Book and its supplementary guidance allow is a structured model for those senior leaders who have decision-making and management roles in governing and taking on organisational risk to decide what risks that organisation can adopt, and therefore how much room for failure the local authority can embrace. Decisions made by the public sector are framed by policy objectives and are evaluated on measurements of social and economic value, and their risk level is understood on the basis of public resource use against the costs and other risks associated with intervention.⁸¹

At the local authority level, this issue can become politically and organisationally challenging due to extremely limited resources. Put simply, after an extended period of austerity, for many councils their primary focus is maintaining core service levels and avoiding financial failure. This can make it challenging to commit the necessary resources towards developing cases for investment but at the same time greatly heightens the need for authorities to generate revenue. Given the general governmental backlash against commercialisation in the face of a few high-profile council failures, the atmosphere for innovative solutions is not especially favourable. All of these pressures mean that accurate determination of risk is absolutely paramount for local officers.

The determination of risk in investment terms requires the progression of a suitable business case, which is a process that starts with understanding the context of the investment proposal. Organisations must be clear on how both wider programmes and individual projects fit into their business strategies and match policy targets for the environment within which they are intended to function. Policies lead strategies, which themselves guide interventions that make progress towards outcomes – an outcomes-based approach is therefore at the heart of good practice in both options appraisal and cost-benefit analysis.

81 HM Treasury (2022) – [The Green Book](#)

In order to ensure that the use of public resources is balanced against costs and risks, the Green Book offers a “Five Case Model” for evaluating a proposal:



The business case development cycle requires the alignment of the project with strategic outcomes, complex value for money evaluation, and options appraisal based on risk potential⁸². A good business case, from strategic outline to the creation of a full business case, requires good leadership, proportionality – i.e., that the collation of the business case does not require any more resourcing than it needs – and a realistic expectation of the benefits of intervention⁸³. There are, however, pitfalls including uncertainty, compounded by a lack of evidence or understanding of the likely impact of interventions; the potential for optimism bias; and the challenges of quantifying risk. While the Green Book and related guidance frameworks can help leaders manage these challenges, it remains the case that much of the process requires local leaders to have the requisite expertise, knowledge, and a wide range of skills to ensure the process is successfully completed.

The business case development cycle and the determination of risk are, therefore, processes of governance, and as such are processes that are vulnerable to the political environment and also heavily reliant on institutional culture⁸⁴, internal expertise, and institutional maturity for its success. Vital to establishing a good risk culture in local government is the process of having positive conversations about risk and the encouragement of a strong understanding thereof⁸⁵, while internal expertise and capacity in local government, and its lack, is a well-trodden argument. However, one of the primary challenges to risk management continues to be the political environment: frequent policy changes and political short-termism can prevent local leaders from taking a long-term view of the risks and potential impacts of interventions; and value judgements on risk can be made incorrectly on the basis of public perceptions⁸⁶.

Following the implementation of the English Devolution Bill, the mayors of strategic authorities will have the power to appoint commissioners to head up one of the strategy authority's "areas of competence"⁸⁷. These commissioners are not to be members of the authority, similar in function to the Mayor of London's Deputies, and the portfolios of the commissioners will be set by the Mayor in question. There are seven areas of competence: transport and local infrastructure; skills and employment support; housing and strategic planning; economic development and regeneration; environment and net zero; health, wellbeing and public service reform; and public safety. From a risk

82 West Midland Combined Authority (2024) – [Single Assurance Framework: Business Case Best Practice](#)

83 LocalGov (2021) – [Business cases – A necessary evil?](#)

84 LGA (2025) – [Must know guide: Risk management](#)

85 National Audit Office (2025) – [Overcoming challenges to managing risks in government](#)

86 Terje Aven and Ortwin Renn (2018) – [Improving government policy on risk: Eight key principles](#)

87 MHCLG (2025) – [English Devolution and Community Empowerment Bill: Guidance](#)

management perspective, the issue must be raised of whether the implementation of commissioners might entrench political short-termism into the functions of the strategic authorities and their areas of competence, as the roles will align with the political cycle of the MSAs. Furthermore, the system of scrutiny and oversight as it applies to mayors will need to extend to the mayors' chosen commissioners, as they will become influential decision-makers in their areas. Additionally, it remains to be seen how the work of these commissioners will avoid becoming siloed into their respective functions, and how these roles might sit within the outcomes frameworks that apply to the work of MSAs.

What risk evaluation and management frameworks therefore need is a stable level of good governance, and good governance itself is something that is normatively and variably defined. The Nolan principles, guiding public sector conduct in the UK, of "honesty, integrity, objectivity, accountability, selflessness, openness, and leadership"⁸⁸ offer an example of how good governance might be understood for the purposes of managing risk. Other frameworks offer similar enough proposals, often led by concepts of a broadness of judgement that goes beyond cost-benefit analysis, as well as relying on the strong knowledge of decision-makers, the careful protection of social value, and the appropriate allocation of risk management responsibilities to those who are best placed to deal with them⁸⁹.

The question, therefore, is how to ensure that principles of good governance are practiced by those who are in the best positions to identify and manage risks, and how local authorities can place good governance at the heart of a business strategy that aligns with a vision for place that encourages social value as well as supporting the government's agenda for economic growth. The challenge for officers will be doing so against a backdrop where local financial failure is a very real possibility with serious political and economic consequences.

2.2 Partnerships and the private sector

Public Private Partnership models serve as increasingly popular vehicles for delivering public infrastructure assets, particularly at the local level, allowing local government actors to share risk and benefit from private sector expertise and funding for capital costs associated with large-scale projects. However, the history of the Private Finance Initiative (PFI) has left scars on UK public opinion, as the public sector frequently took on large amounts of risk leading to inadequate infrastructure. Consequently, it is important to understand the current and accepted models of PPPs to assess how risk

88 Committee on Standards in Public Life (2024) – [The Nolan Principles – keeping the public front of mind](#)

89 Terje Aven and Ortwin Renn (2018) – [Improving government policy on risk: Eight key principles](#)

can be effectively shared in allowing local authorities to access a reliable mechanism for delivery despite ongoing capacity constraints in terms of resourcing and expertise.

2.2.1 Partnership models and delivery vehicles

The current landscape for local investment cannot be properly understood without factoring in the role of public-private partnership (PPP). The PPP model has become an increasingly popular vehicle for the delivery of public infrastructure assets, particularly those at the local level, in order that local government actors can share risk with partners and benefit from private sector expertise and often funding for the capital costs of large-scale projects for purposes including transport, housing, education, energy, healthcare, and other utility provision. However, in the UK, the Private Finance Initiative (PFI) model has left scars on the public opinion of PPP ventures, as the public sector took on large amounts of risk through long-term lease contracts with private sector operators for new infrastructure that squeezed the budgets of public authorities and resulted only in inadequate infrastructure⁹⁰. Consequently, an examination of the current and accepted models of PPP is necessary to assess how risk can be shared effectively between sectors and, ultimately, so that local authorities in the UK have a reliable mechanism for the delivery of public infrastructure in a wider context of constrained local government capacity, both in terms of resourcing and expertise.

The model of PPP in use will often depend on the type of project, with contracts needing to be established with early alignment of goals and strategies for development between partners. Much of the established literature on PPP models has been informed by the World Bank's classifications of private sector participation in public infrastructure⁹¹, or similar forms of classification, which tend to divide the models into several kinds of agreement: management contracts and lease contracts; concessions; affermage; divestiture; Operations and Maintenance (O&M); franchise⁹². Some also refer to hybrid PPPs, which take on unique characteristics from other models tailored to the needs of the partners involved⁹³. It is important to note that precise definitions and classifications of PPPs can differ between sources.

Each of these classifications can be analysed in terms of the functions taken on by the private and public sector parties involved in the project. These functions involve a

90 Queen's University Belfast (2022) – [Why Private Finance Initiatives were a Deeply Flawed Financing Model](#)

91 The World Bank (2020) – [PPP Contract Types and Terminology](#)

92 Oksana V. Zakharina et al. (2020) – [Effective Public-Private Partnership Models and their Application in Public Policy Implementation](#)

93 Atkin Chambers Barristers (2021) – [“Forms of Public Private Partnerships”](#)

choice of project Design, Build, Finance, Maintenance, Ownership, Operation, and Transfer, again dependent on the needs of the project and the risk appetite of involved parties. Furthermore, PPP models are also defined by the payment mechanism involved and can be split thereon into “user-pays”, where the private partner raises revenues by charging users of the asset, and “government-pays”, which is fully funded by government entities. PFIs are, for instance, government-pays PPPs.

At the end of the scale with full private sector involvement, and therefore not considered PPP, divestiture is otherwise considered privatisation, where ownership of the public asset is transferred to the private partner often through the selling of shares, enabling the government to maintain a veto interest in the utility – as the UK government initially did when it privatised the water and sewerage industry, albeit soon relinquishing its shares.

Types of PPP Models

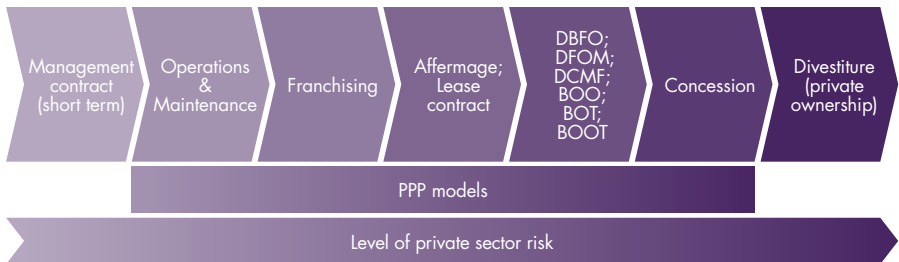
Concession models, concerned as PPPs both with the build and operation of assets, are those where the public sector body awards a concession, or right, to the private sector operator, to build, operate, and maintain the asset for a specified term. These include a high level of private sector participation, can be used for new or existing infrastructure, and are usually user-pays. Other models of PPP for new infrastructure with high levels of private sector involvement include **Build-Own-Operate** (BOO) models, which are retained by the private partner while the public sector buys its services, as well as **Build-Operate-Transfer** (BOT) and Build-Own-Operate-Transfer (BOOT) models, which differ in that BOOT models see the private partner maintaining ownership of the asset for a specified number of years before transfer to the public sector.

Similar are **DBFO(M)** models where the private partner takes on Design, Build, and Financing for the capital cost during construction, as well as Operation and sometimes Maintenance, otherwise referred to as **Design-Construct-Manage-Finance** (DCMF), followed by models at slightly less risk for the private partner, those where the private partner takes on build and finance, but where the state operates the asset. The **Joint Venture** for public infrastructure offers a middle-ground between public and private sector partners in terms of both having control of the asset and in terms of the management of the assets⁹⁴, with the public entity holding a share of ownership in the JV company – the level of which would be dependent on the purpose of the JV.

⁹⁴ Jeffrey Delmon (2010) – Understanding Options for Public-Private Partnerships in Infrastructure; Sorting out the forest from the trees: BOT, DBFO, DCMF, concession, lease...

Projects that use the **lease contract** model involve the public partner leasing the asset to the private partner to operate for a defined period, paying a fixed rent. The **franchise** model can refer to lease, concession, or affermage contracts, but is typically considered to refer to settings in which the public organisation gives rights to the private partner to operate the asset or service for a defined period. Additionally, **affermage** sits somewhere between the concession and lease contract models, when the public sector retains ownership and often takes on responsibility for capital expenditures.

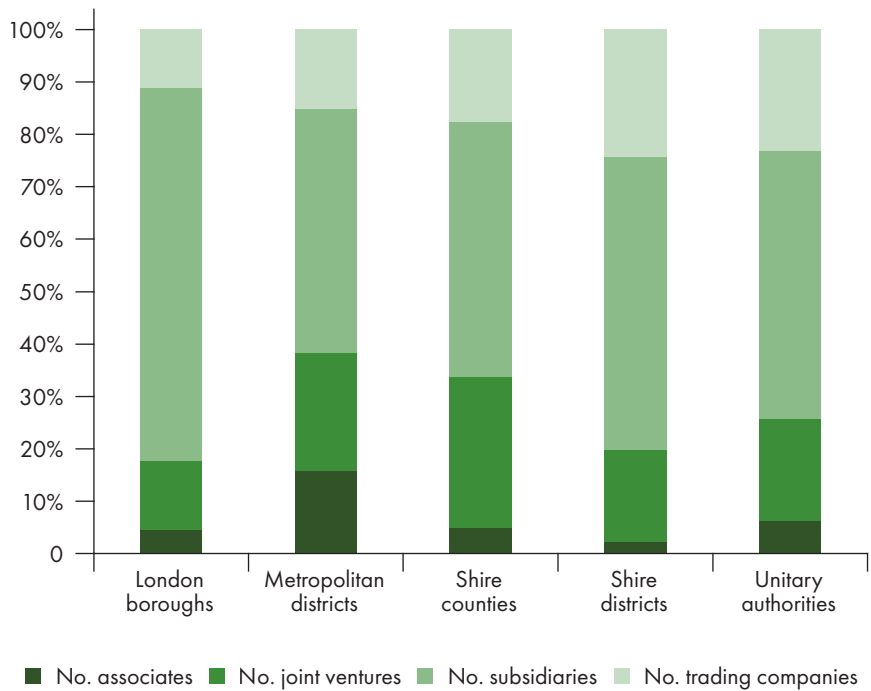
At the lowest level of risk for the private sector are contractual models where the public sector continually holds ownership of the project and the private sector only engages in operation and maintenance. Management contracts are often shorter-term than traditional PPPs, from 3-5 years, and are applied to existing infrastructure where the state owns the asset and takes on capital expenditure, but contracts the private sector for operation and maintenance. When this structure is considered over the longer term, it is referred to as an **Operations & Maintenance PPP**, and can be referred to as a performance-based maintenance contract when remuneration for the private sector partner is reliant on the achievement of agreed-upon outcomes for users.



In many cases, and particularly for larger infrastructure projects, the private partner will create a Special Purpose Vehicle (SPV) in order to create a separate legal entity to take on the raising of finance for the project, by means of which multiple investors and lenders can pool capital while allowing the partner to segregate the financial risks involved in the PPP. Ultimately, the formulation of the PPP model is exactly about the balancing and leveraging of risk in relation to incentivising the private partner's performance – with the infamous example of the PFI both exemplifying the risk on the public sector when failures occur and proving that financial incentives based on key performance indicators cannot guarantee success⁹⁵. It is up to local authorities to

decide how they choose to engage with the private sector to achieve a balance that ensures both the development of infrastructure and its maintenance without lumping extensive and long-term payment requirements onto the public sector.

Figure 4. Distribution of local authority delivery vehicles by local authority type



Source: MHCLG (2025) – Local authority capital expenditure and receipts in England: 2023 to 2024

2.2.2 Strategic Authorities and partnership models

The government’s inclination towards a strategic-authority-led model in its push for growth is one that begs the question of how and why mayoral combined authorities might be the best kind of local government structure to deliver on the government’s commitments and align with central strategies to do so. In the context of a national

picture that sees the private sector providing funds, skills, and resources for much of the public sector's major development opportunities, as is supported by the rhetoric of the government's budget and policy reports, there needs to be a clear image of how and why combined authorities must support the desired collaborative approach.

There is precedent. Established strategic authorities have a storied history and ongoing tradition of collaboration with the private sector for a number of large and ambitious ventures. To name but a few examples:

- The West Yorkshire Strategic Climate and Environment Partnership sees four private firms – Centrica, Daikin, SSE, and Sustainable Building Services – partnering with the Mayor, Tracy Brabin, to “deliver green skills, decarbonise homes and businesses, and put the region on the path to net zero carbon by 2038.”⁹⁶
- The Greater Manchester Combined Authority (GMCA) procured the services of Virgin Media O2 Business to “deliver and support fibre optic infrastructure to more than 1,550 public service sites for a 30 year period” in 2020⁹⁷.
- The Liverpool City Region Combined Authority (LCRCA) has partnered with the Local Low Carbon Accelerator – a body established by Lloyds Banking Group, Octopus Energy, National Grid, and Shell to work with local and combined authorities to accelerate local infrastructure deployment, at the time of its creation supporting the National Wealth Fund's predecessor, the UK Infrastructure Bank⁹⁸ – to develop new delivery models and solutions for the deployment of zero emission buses and vehicle infrastructure as well as energy efficiency home retrofits⁹⁹.
- Eight Strategic Place Partnerships have been formed between Homes England and mayoral authorities for the delivery of housing and regeneration tailored to the priorities of their regions¹⁰⁰.

96 West Yorkshire Combined Authority (2024) – [Mayor partners with private firms to accelerate transition to net zero](#)

97 iNetwork (2025) – [Greater Manchester Local Full Fibre Network Programme](#)

98 Lloyds Banking Group (2022) – [Delivering jobs and growth through local green infrastructure](#)

99 Local Low Carbon Accelerator (2023) – [Delivering jobs and growth through local green infrastructure projects](#)

100 Liverpool City Region (2024) – [Report of the Executive Director – Investment and Delivery and the Cabinet Member for Housing & Regeneration: Strategic Partnership with Homes England](#)

There are some common denominators that connect the cases where combined authorities have made best use of their inherent characteristics when it comes to private sector collaboration. First is that these cases all represent capital projects that function over the large scale. Each sees collaboration between not only the strategic authority and the private sector, but also between its constituent authorities and other regional and local stakeholders. The GMCA's fibre optic infrastructure initiative, for instance, is part-funded by central government and involved Bury, Bolton, Oldham, Rochdale, Stockport, Trafford, and Wigan councils in addition to GM Fire & Rescue and Transport for Greater Manchester, while the West Yorkshire Strategic Climate and Environment Partnership benefits from the advisory services of the Green Finance Institute, Leeds Building Society, and the Energy Saving Trust.

Strategic authorities also benefit from a flexibility within their prerogative to deliver regional economic growth – many representing the same areas as now-defunct Local Enterprise Partnerships¹⁰¹ – and cater their investment offers towards the opportunities advanced at the regional level. Such regional flexibility will, in theory, be identified most cohesively within the statutory Local Growth Plans, which are to include 'shared priorities' to act as a 'focal point' for collaboration between all relevant bodies at both national and local levels that is entirely bespoke to each place¹⁰². In the context of collaborating with the private sector, it is clear that the government hopes that shared priorities will set the direction of travel for investment and for partnerships. Notably, and understandably, a number of combined authorities have shared priorities that are similar if not identical, as these priorities are wide enough to account for diversity in the approaches to solving issues – for example, the adoption and diffusion of innovation or new technologies across a region's businesses.

Furthermore, the Northern Powerhouse Partnership, although an initiative of a different era, evidences that, particularly in the case of transport infrastructure, larger geographies are sometimes needed, or perceived to be needed, for success, particularly when success is defined as greater autonomy for mayoral authorities to drive forward infrastructure commitments¹⁰³. The conclusion can therefore be drawn that what could make strategic authorities, and, in particular, mayoral strategic authorities such a boon for England's places is that they offer a place-based brand for investors to support, even when working across multiple strategic geographies. There is, on the other hand, a potential drawback to such an approach, wherein the

101 Grant Thornton (2017) – [Combined Authorities: signs of success](#)

102 MHCLG (2025) – [Agreed shared Local Growth Plan priorities](#)

103 Centre for Cities (2019) – [Has the Northern Powerhouse been a success?](#)

regional focus co-opts the national picture – funding structures and investment priorities set up in a way that values the regional in terms of distribution naturally engender an “us or them” mindset among those pushing for investment and partnership opportunities for their own region(s)¹⁰⁴.

Mayoral Development Corporations

One of the most significant resources available to the mayoral strategic authority in the space of urban development is without doubt the Mayoral Development Corporation (MDC). An MDC can be established when a mayor has identified a mayoral development area, and the powers of the MDC, defined in the Localism Act 2011, are notably flexible: it may do anything it “considers appropriate for the purposes of its object” to secure the regeneration of its area¹⁰⁵. The mayor can also decide for the MDC to take on the powers of the local planning authority for some or all of the development area. This means that the planning committees of MDCs can make decisions concerning the approval of planning applications.

That is not to say that MDCs are all-powerful. Before requesting to establish an MDC, mayors first have a duty to consult with relevant stakeholders – local authorities, local MPs, and members of the public – and the handover of planning functions to the MDC, which can become a point of contention, requires consent from the affected local planning authorities¹⁰⁶. Consequently, local support and the expected or perceived political risk associated with forming an MDC are at the heart of the process¹⁰⁷. What MDCs also offer is a structure that supports collaboration, as MDC boards and planning committees can benefit from expertise from both the public and private sectors, as well as cross-party representation across local authorities overall resulting in MDCs being relatively unaffected by political cycles¹⁰⁸ – a boon for the long-term needs of large regeneration projects.

As of January 2025, there were six MDCs across three authorities: the Greater London Authority, via which the MDC format was established to implement the London Legacy Development Corporation after the 2012 Summer Olympics, Tees

104 See: IPPR (2025) – [If the North had seen the same transport investment as London under the previous government, it would have received £140bn more](#)

105 [Legislation.gov.uk \(2011\) – Localism Act 2011](#)

106 MHCLG (2025) – [Mayoral Development Corporations in combined authorities and combined county authorities: Guidance on legislation and scrutiny](#)

107 Institute for Government (2024) – [Devolution and urban regeneration: How can metro mayors transform England’s towns and cities?](#)

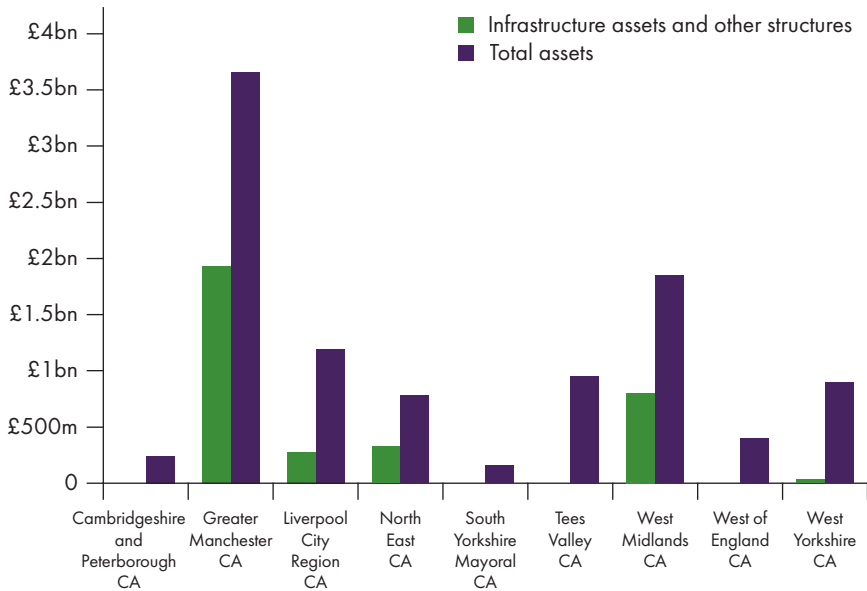
108 Ibid.

Valley Combined Authority, and the Greater Manchester Combined Authority. More recently, the North East Combined Authority has announced the creation of a Mayoral Development Zone for Newcastle and Gateshead. Ten mayoral authorities have had the statutory instruments for MDCs conferred upon them, leaving Cambridgeshire and Peterborough, at the time, as the only mayoral authority without the power to establish an MDC. As most the authorities that have established an MDC have gone on to plan or already established more, it could be suggested that the model is a popular one once it gets off the ground. According to research from the Institute for Government¹⁰⁹, interest in the model continues to grow, although some potential barriers arise due to the flexibility in the legislative terminology surrounding “regeneration”, leaving some authorities unsure as to how they might be able to apply the powers of an MDC. MDCs do need a strong level of oversight and scrutiny, particularly given their status as a collaborative model with broad powers, but the coming wave of integrated settlements for mayoral authorities should serve to support the model given their longer term and flexible qualities.

Although not applicable to every opportunity for urban development, under the expanded devolution of powers to mayoral authorities, the MDC does offer a good opportunity for the leveraging of the opportunities offered by England’s urban regions within the context especially of the government’s policies surrounding economic growth. For instance, the South Tees Development Corporation has been working specifically to regenerate its development area into a “world class employment-generating zone and economic growth enabler for the Tees Valley” – making use of the area’s existing industrial enablers to stimulate investment, support local growth and specifically to contribute to the UK’s then-Industrial Strategy¹¹⁰. Evidently, the MDC model can work well within the current government’s plans for growth by means of a strong industrial strategy, infrastructure provision, and investment that thinks over the long term. Ultimately, whether more MDCs come to fruition will be down to the initiative and the inclination of mayors as they reckon with the opportunities offered by their more expansive devolution packages.

109 Ibid.

110 South Tees Development Corporation (2019) – [South Tees Regeneration Master Plan](#)

Figure 5. Assets, of which infrastructure assets, of combined authorities 2023-24

Source: MHCLG (2025) – Local authority capital expenditure and receipts in England: 2023 to 2024

2.2.3 Capacity and PPPs

An action of significant note by the newly formed NISTA has been to produce guidance for public sector organisations concerning contract management, with one small caveat given by the Committee of Public Accounts (PAC): that the complexities of leveraging private finance into public sector functions and the abundance of information required to set out and follow through on an achievable infrastructure pipeline are in excess of what many authorities can operate and understand, particularly given the fact that many authorities, according to the PAC’s report, lack skilled contract managers¹¹¹.

A major issue for local authorities is a lack of in-house specialist skills, such as commercial and financial skills. Although the government’s infrastructure strategy commits to investment in and knowledge of the skills environment and NISTA offers

111 Committee of Public Accounts (2025) – [Government’s use of private finance for infrastructure](#)

training programmes and advisory services, there are issues in contract management, including the return of PFI assets to the public sector, that require immediate attention and expertise, and there also very much remain disparities in capacity across the local government sector that are further entrenched by the lack of a strong framework for risk allocation in partnerships with the private sector.

PPPs are time-consuming and complex when compared with traditional forms of procurement, require long-term political commitment as well as appropriate legal and institutional frameworks, and can struggle to achieve public consensus¹¹². Many consider PPPs to be an imprudent option given their history of enshrining high costs of debt for the public sector to the private sector and the potential for corruption hiding behind the complexities of joint contracts¹¹³. However, one of the primary challenges indicated by both public and private organisations that contributes to the failure of PPPs is the weakness in the capacity of the public sector. Institutional and administrative supports from central government – and in particular an avoidance of relying on external consultancy, ensuring a well-established environment of expertise within the public sector and arm’s-length agencies – as well as a high level of transparency regarding costs may therefore help to shield against the pitfalls of PPPs¹¹⁴.

At the more granular level, contracts have been identified as the most common risk factor for PPPs¹¹⁵. Research highlights the contractual risks primarily stem from three areas:

- **Negotiation:** Negotiations can be protracted, insufficient, or falter in the face of asymmetric information flow;
- **Incompleteness:** This is a particularly tricky aspect of PPPs because of their long-term nature and the potential for unforeseen risks;
- **Contractual design:** Can be hampered by ambiguities and a lack of flexibility, details, or transparency.

112 European PPP Expertise Centre (2015) – [PPP Motivations and Challenges for the Public Sector: Why \(not\) and how](#)

113 EPSU and Eurodad (2020) – [Why public-private partnerships \(PPPs\) are still not delivering](#)

114 Gail Sheppard and Matthias P. Beck (2025) – [Divergent pathways: PPP developments in the United Kingdom and the Republic of Ireland](#)

115 Robert Rybníček et al. (2020) – [Risk in Public-Private Partnerships: A Systematic Literature Review of Risk Factors, Their Impact and Risk Mitigation Strategies](#)

Again, it becomes fairly clear that expertise, requiring training and resourcing, and transparency are characteristics to be sought after when it comes to establishing a positive environment for PPPs.

Furthermore, a real obstacle to the use of innovative financing models for infrastructure in the UK is that there is a lack of understanding of best practice in terms of achieving value for money from public-private partnerships, which itself is an issue compounded by a historic lack of data surrounding the use of private finance for public infrastructure in the UK¹¹⁶. Consequently, there is a limited ability for public organisations to appeal to investors in terms of value-for-money when constructing business cases. And ultimately, the lack of financial capacity among local government organisations compounds the issue. While local authorities do have recourse to lower-interest loans for capital projects, as primarily provided by the PWLB, or to finance raised through the issuance of bonds, when considering their prudential responsibilities to their budgets and to the taxpayer, it remains the case that loans should not and cannot be the fail-safe for local authority financing. Cases such as Woking well evidence the risks of over-reliance on debt financing.

As such, grants represent the most useful and appropriate source of financing to bolster local authority capacity and embolden private sector inclusion within public sector programmes. However, despite consistent calls for greater central government financial support, it remains that both historic underfunding and ongoing pressures on local government capacity – exacerbated to some extent by institutional churn in the midst of ongoing local government reorganisation – mean that the average funding position of local authorities across the UK has been and continues to be insufficient¹¹⁷. In the face of limited financial capacity, the use of primarily “low-key and less high-stakes” PPP projects can also build up a more PPP-positive and pragmatic environment, softening the political landscape so that the institutional one can have greater capacity for innovation and learning¹¹⁸. Furthermore, suitable outcomes-based accountability frameworks and a recalibration of funding distribution may prove beneficial to the local government funding landscape. On the other hand, constrained government finances remain influential when it comes to local government capacity and, therefore, provide little in the way of financial risk mitigation in support of collaboration with private sector partners.

116 Committee of Public Accounts (2025) – [Government’s use of private finance for infrastructure](#)

117 Housing, Communities and Local Government Committee (2025) – [The Funding and Sustainability of Local Government Finance](#)

118 Gail Sheppard and Matthias P. Beck (2025) – [Divergent pathways: PPP developments in the United Kingdom and the Republic of Ireland](#)

PPPs in the Australian System

PPPs have been used for infrastructure delivery in Australia under the direction of the National Public Private Partnership Guidelines since 2008, with policies and frameworks functioning at both the federal and state levels¹¹⁹. The National PPP Policy Framework, last updated in 2015, offers guidance on best practice and recommendations for the procurement of infrastructure, with the aim of encouraging private sector investment in public infrastructure and related services “where value for money for government can be clearly demonstrated.” The Framework highlights the importance of clarifying partnership risk accountability in contracts, and of demonstrating value for money in procurement strategies and over the full life-cycle of PPP contracts. It also provides a definition of PPPs, outlining the scope of both the physical assets and the related services that PPPs can deliver¹²⁰. It underlines all infrastructure development decisions made by the public sector in Australia.

Significantly, the Framework suggests that any capital expenditure at or above the level of 50m AUD should trigger the evaluation of a PPP as a potential procurement method¹²¹, indicating a status quo in favour of PPPs that assumes some larger projects are likely to benefit in terms of value for money through PPP delivery. This follows a 2010 study comparing PPPs against traditional procurement methods in Australia that found PPPs enjoy greater cost efficiency, significant advantage in terms of net costs, a reduced likelihood of time overruns in the case of larger projects, and that PPPs were found to be more transparent than traditional projects based on the availability of public data for the study in question. The study therefore suggested a greater proportion of Australia’s infrastructure needs should be met by PPPs¹²².

119 Godfrey Charles Mwakabole et al. (2019) – [Investigation of the challenges facing public-private partnership projects in Australia](#)

120 Department of Infrastructure and Regional Development (2015) – [National Public Private Partnership Policy Framework](#)

121 Ibid.

122 Infrastructure Partnerships Australia (2010) – [Performance of PPPs and Traditional Procurement in Australia](#)

2.3 Challenges and complexity

In recent years, attempts to address funding shortfalls through commercialisation have, in some instances, led to riskier financial behaviour and subsequent central government intervention, as evidenced by the issuing of Section 114 (s.114) notices in a handful of authorities. This environment presents a challenge to a growth agenda focused on the development of investable prospectuses and pipelines, adding new dimensions to financial scrutiny in local authorities at the very same time as the increased use of Best Value Notices and capitalisation directions calls for heightened caution in decision-making. These factors have the potential to be exacerbated by the ongoing institutional and policy churn at sub-national level.

2.3.1 Tensions in the growth agenda

The local investment landscape within the context of a more financialised local government sector is somewhat torn by the natural tension that arises between the concerns of local authorities as investors, guided by the prudential framework, and the concerns of local authorities as service providers, driven by the requirement to implement both their statutory and their place-shaping obligations. Any and all local investment decisions also happen under the steering hand of central government policy, which further confuses the matter. Often, central government's funding will be tied to specific national priorities, leaving local authorities constrained to the government's preferences when it comes to the "when" and "what" of local investment and growth programmes.

In the years of increasing commercialisation in local authorities, the prudential framework has influenced the risk profile of many investment decisions. However, as became clear towards the end of the 2010s with increasing numbers of local authorities investing in out-of-area commercial property, the financial pressures driven by the era of austerity were severe enough to significantly change how some local authorities were thinking about their investment strategies¹²³. While central government encouraged local authority entrepreneurialism, it remains the case that the alternative sources of revenue offered by commercial property investment are not sufficient in the wider picture of the local government funding crisis. This insufficiency has its own complexities, given that high-value investment opportunities are not available in every location¹²⁴. Furthermore, out-of-area investing does little to serve a local authority's own communities and may

123 Public Accounts Committee (2020) – *Inquiry: Local authority commercial investment*

124 Kevin Muldoon-Smith and Mark Sandford (2021) – *Grasping the nettle: the central-local constraints on local government funding in England*

only expose the authority to more extreme risk at the expense of their local taxpayers¹²⁵. Consistently risky behaviour within the sector led to the PWLB in 2020 revising its lending terms specifically to prevent local authorities borrowing primarily for yield¹²⁶. Consequently, if some authorities are to continue to engage in riskier or yield-first investment decisions in a sticking-plaster approach to funding troubles against the guidance of the prudential code, the outlook for the sector is a poor one.

Some authorities have historically been pushed into risk-taking behaviour because of its perceived potential to alleviate funding pressures. But local authorities, and more specifically those officers in charge of financial decisions, find themselves between a rock and a hard place: don't commercialise enough, don't raise council taxes enough, and suffer the consequences of very and increasingly constrained spending power; take on too much commercial risk, get it wrong, and suffer the consequences of the section 114 (s.114) notice and all that comes with it. A council under dire financial straits has minimal recourse to supports. Under a s.114 they might reduce spending on services, reallocate budgets, raise council tax by an exceptional amount, or, if the government sees fit, the council will see direct government intervention in its management.

Intervention will occur if the government feels that the local authority is not fulfilling its Best Value Duty. A council might receive a best value notice under any circumstance within which government decides that the Duty is going unfulfilled, driven by seven guiding themes of best value: continuous improvement, leadership, governance, culture, use of resources, service delivery, and partnerships and community engagement¹²⁷. Intervention can include the takeover by government of any local function following a formal direction notice to the local authority. The Secretary of State also has the power to "direct" a local authority without formal intervention on the basis of evidence that a best value failure has occurred¹²⁸. After an s.114 notice, government may appoint a commissioner to the relevant council to support the council's improvements or even temporarily run certain council services.

Some councils facing down a potential s.114 notice may also request Exceptional Financial Support (EFS) to balance their budgets. For the financial year 2025-26, 30 councils were provided with in-principle capitalisation support. EFS often takes the form

125 Public Accounts Committee (2020) – [Government “blind” to “extreme risks” of investment by cash-strapped councils](#)

126 Housing, Communities, and Local Government Committee (2021) – [Local authority commercial investment](#)

127 MHCLG (2024) – [Best value standards and intervention: a statutory guide for best value authorities](#)

128 MHCLG (2024) – [Best value standards and intervention: a statutory guide for best value authorities](#)

of a Capitalisation Direction, which allows a council under the permission of MHCLG to reclassify some of its revenue expenditure as capital, meaning that it can use borrowing or capital receipts to fund the expenditure. The government has stated that with EFS there are now the expectations that a council using capital receipts for capitalisation support not dispose of community and heritage assets¹²⁹. However, the bottom line is that the disposal of assets remains a go-to option for councils in financial distress.

This scenario reinforces the objective necessity of appropriate support for investment in place, particularly from a preventive policy perspective – prevention itself being one of the directing principles of the Best Value Duty. The current government’s policy narrative has indeed picked up on the importance of capital investment as a preventive measure, made evident in the policy documents published surrounding the 2025 Spending Review. What many have, however, argued is that such an agenda can only be furthered under the context of increased local government autonomy, particularly in terms of widened revenue-raising powers and the re-establishment of local government funding in real terms to pre-austerity levels¹³⁰. The existence of strategic authorities is, at least, somewhat of a boon in this context, especially given the flexibility that the Integrated Settlement for Mayoral Strategic Authorities will give in terms of building their own growth programmes. However, for any certainty in the realm of regional growth and equality of growth across the country, it remains both that the government should not rely on the financialisation of the local government sector to support its funding needs, and that local authorities need the agency and the capacity to direct and deliver the prudent investment that their localities require to enjoy economic growth.

2.3.2 The role of the CFO in a changing climate

Given that local government in England has had over a decade to uphold government policy encouraging commercialisation and that a number of authorities have had the time, consequently, to fall afoul of the risks of commercial venture, the trend within the culture of local authority financial planning has in more recent years begun to complete a full circle and return to a focus on compliance and monitoring. This cultural shift is perhaps most evident in the advice that has appeared from CIPFA and the National Audit Office, respectively reinforcing existing prudential guidance surrounding borrowing¹³¹, and encouraging MHCLG to develop a “whole-system approach to local government financial sustainability” while HM Treasury explores options for the

129 Jim McMahon (2025) – [Local Government Finance](#)

130 London Councils (2025) – [Spending Review 2025: Key Priorities](#)

131 CIPFA (2024) – [Reinforcing good practice around local authority borrowing](#)

government provision of preventative investment and to provide a spending framework to support the government's plans for local government funding and service reform¹³².

As CIPFA notes, the foundational principles for prudential borrowing practice have not changed since the Prudential Framework was first introduced, but what has changed is the willingness of local authorities to engage in riskier borrowing practices to finance their capital programmes in a context of the local government funding crisis. As a result, government has also inflated the cost of borrowing from the PWLB, combatting what it referred to as substantial increases in the use of the PWLB in 2019¹³³. The introduction of national-level financial institutions, since the establishment of the UK Infrastructure Bank (now the National Wealth Fund), also implies something of a desire for greater central inclusion within and support for the vehicles of local government financialisation, complementary to the wider national policy trend towards an investment-first approach to service delivery.

Within this shifting context, and especially relevant at a time when the structures of local government are changing so significantly, the role of the statutory Chief Financial Officer (CFO) for local authorities and for combined authorities, or Section 151 (s.151) and Section 73 (s.73) officers respectively, is important to clarify. The CFO is one of the 'Golden Triangle' of local authority key statutory officers, alongside the Chief Executive, or the Head of Paid Service, and the Monitoring Officer, who is in charge of legal governance of the local authority.

Significantly, the role of the CFO is one of budgetary responsibility rather than placemaking. A CFO is in charge of the council's finances in the sense not that they are in charge of the capital assets of the authority, but rather that they ensure those officers in charge of making the decisions surrounding economic growth and regeneration are doing so with the council finances' best interests at heart. They are to advise on every substantive decision made by the authority from a financial sustainability and risk perspective, and must also ensure that there is a "culture of financial literacy across the authority"¹³⁴.

The role of the CFO therefore at times sits at odds with the objectives of a council's economic growth or development team, who are responsible for the council's 'sales pitch' to investors and who must be cognizant of the opportunities offered by their places – and often will be making decisions surrounding asset management, service

132 NAO (2025) – [Local government financial sustainability](#)

133 House of Commons Library (2023) – [Local government in England: capital finance](#)

134 CIPFA (2024) – [The role of the chief financial officer in combined authorities](#)

provision, and future investment opportunities. CFOs must be the ones to ensure those decisions are made with prudential risk management in mind and that financial management tools such as business cases and scenario planning are understood and used¹³⁵. Ultimately the council's audit committee will ensure effective risk management from a monitoring perspective. Likewise, CFOs must tackle the tensions that exist between a council's political priorities and its risk management¹³⁶, while also ensuring that the council is offering the "best value" that it is legally obligated to deliver in building local economic growth.

The role of the s.151 differs from that of the s.73 in the sense that the former works within a context of the operational focus of local authorities, who must prioritise their core services, and the latter takes on the balancing act of ensuring financial sustainability for organisations structured around investment and growth at the strategic level. While some CFOs have in the past taken on the responsibility of operating within the duties of an economic growth officer in the context of larger regeneration schemes, it should be argued that there needs to be a considerable attention paid to the wider investment expertise within strategic authorities, which have responsibilities centred on the delivery of long-term growth strategies. The case for a careful structuring around the responsibilities of CFOs, growth leaders, and investment specialists becomes ever more important when considering the government's stipulation for strategic authorities to take a very active role in setting out an investment pipeline for local growth¹³⁷.

2.3.3 Institutional maturity

The context of this government's policy agenda – and the policy programmes of several governments since at least the 1960s – necessitates that there are, and have been consistently for decades, a good number of institutions across the local government sector that have existed for very little time at all. The newest strategic authorities are months old, while the instigation of the Devolution Priority Programme means that a swathe of areas will soon be working within unitary structures by next year, or 2027 at the latest¹³⁸.

This institutional churn runs the risk of being significantly detrimental to the investment case for place. This is for two primary reasons: first, because new institutions are, by definition, not yet established in terms of processes, relationships, and expectations;

135 Ibid.

136 LGIU (2025) – [Navigating risk in local government: challenge, change and capacity](#)

137 MHCLG (2025) – [Guidance for Mayoral Strategic Authorities on developing Local Growth Plans](#)

138 LGA (2025) – [Devolution deals](#)

second, because new governance in strategic authorities, while it is ideally placed to seize the opportunity for innovation and reform, may also be beset by an inability to perceive how the authority can and will function over the longer term.

For investment in particular, institutional maturity is key. Evidence from the uptake of public-private partnerships for infrastructure delivery in the US indicates that institutional maturity itself is what appeals to private involvement in infrastructure delivery, revealing a kind of self-propelling paradox: infrastructure needs investment, and investors need the security of an existing positive environment for infrastructure investment¹³⁹. The study does, at least, reveal that such an environment can be achieved not just via investment but through a cohesive set of standards, legislation, and project prioritisation frameworks and pipelines, as well as, in the case at least of PPPs, the existence of organisations that can offer expertise and manage the complexities of the overlapping responsibilities that PPP contracts represent. The UK could, perhaps, learn from this evidence, if it is to grapple with its large number of governance structures of mixed maturity levels that must meet the government's calls for infrastructure-backed growth.

As such, when defining best practices for investment in a context of widespread uncertainty and a swathe of infant institutions, it becomes paramount that policymakers have recourse to a framework that can identify levels of institutional maturity across local government, in order to evaluate priorities for growth and identify where value can best be added. A suitable model for measuring local government maturity can, to such ends, provide a benchmark for horizontal comparison, for making the case for more (or less) support, and for engaging with stakeholders.

A strong model for institutional maturity accounts for a number of elements, including the functions of the institution, the paths via which it could reach maturity, the defined indicators of its maturity, and the exogenous elements in the context of the institution that explain its progress, or lack thereof¹⁴⁰. Several indices for measuring maturity in the public sector, particularly in the context of project management and operational capabilities, exist and variably attempt to provide frameworks that value and assess institutional knowledge both to benchmark an authority's comparative strengths and weaknesses¹⁴¹, but also to provide a gap analysis that can enable the public sector

139 Carter B. Casady et al. (2019) – [\(Re\)assessing public-private partnership governance challenges: an institutional maturity perspective](#)

140 Witold Szumowski and Szymon Cyfert (2018) – [A Model for evaluating strategic maturity of the local government](#)

141 Nathan Koenig (2015) – [Project Management Maturity in Local Government](#)

to identify where it needs to implement change or, indeed, develop insights into its growth and development¹⁴².

What many maturity models share, whether they are descriptive, prescriptive or comparative¹⁴³, is a basic formula for evolution moving from:

- **Initial stage:** A stage of awareness, vision-setting, or language-sharing.
- **Managed and defined stages:** The initial process is repeated, managed, and defined, making complex operations easier to achieve with increasingly knowledgeable officers and established methods.
- **Optimising stage:** Processes become optimised, or more often, continuously undergo optimisation¹⁴⁴.

Models that follow this rough formula provide a strong framework to measure the evolution of institutions, not only on an overarching basis, but also looking to specific and vital components of local government achievement, such as good governance, risk management, planning, outcomes management, and stakeholder engagement¹⁴⁵ – all of which are integral to creating a positive environment for local and place-based investment. While it may be the case that local government institutions must organically come by integral expertise, reliable partnerships, and good governance through the building of a strong culture and related measures of scrutiny and accountability, it is also the case that substantial resourcing, as in the case of many new strategic authorities, can rapidly progress organisations through the stages of evolution exemplified by an apt model of maturity.

142 Jost-Henrik Morgenstern-Pomorski (2024) – [Reaching for the threshold?: Assessing institutional maturity in EU foreign policy](#)

143 Witold Szumowski and Szymon Cyfert (2018) – [A Model for evaluating strategic maturity of the local government](#)

144 Nathan Koenig (2015) – [Project Management Maturity in Local Government](#); Witold Szumowski and Szymon Cyfert (2018) – [A Model for evaluating strategic maturity of the local government](#)

145 NSW Government Premier & Cabinet Division of Local Government (2013) – [Strengthening councils and communities: Building a new framework for measuring performance in Local Government](#)

CHAPTER THREE

Delivering on the ground

Some of the most prevalent barriers to local investment, such as inconsistent policy, issues with determining risk in a political environment, institutional churn and depleted commercial capacity, are those not easily addressed by changes in policy, legislation or structure. Rather, these issues must be addressed through the practical process of delivery in the new ecosystem. This section looks at how government at all levels can best facilitate the development of a strong, networked system of local investment – and what frameworks and practices might best be adopted to ensure that ‘success’ can be clearly defined and that interventions are properly evaluated.

Key points

- Navigating the new ecosystem of economic governance requires clearly defined priorities, strategic planning and genuine partnerships to ensure effective development – and scrutiny – of investment decisions.
- Measures such as Regional Public Accounts Committees and neighbourhood committees can provide accountability, foster regional collaboration and ensure local communities have a say in decisions.
- The development of statutory Local Growth Plans and Spatial Development Strategies is crucial for aligning local investment with national ambitions, requiring meaningful engagement with stakeholders and the formation of formalized inter-regional collaboration to ensure coherent economic visions.
- An effective framework for evaluating decisions is crucial to assess both immediate and long-term impacts on local economies, taking into account socio-economic contexts and ensuring that interventions do not entrench existing inequalities. This situation calls for a unified outcomes framework for combined and local authorities with a multi-layered approach to evaluation and incorporation of citizen input.

3.1 Navigating complexity

For local and combined authority leadership, the growth agenda and the accompanying slew of reforms present opportunities, yet delivery will depend on navigating a complex system which is far from entirely within the control of the local state. Ensuring good governance and deploying all possible tools to drive institutional maturity in service of ensuring a stable environment for investment will be crucial to success.

3.1.1 Good governance in the new ecosystem

In the run-up to the 2024 general election, the then opposition party suggested that it would initiate, upon coming to power, the long-running Labour proposition of local Public Accounts Committees. The suggested purpose of the LPACs was to tackle the increasingly insufficient audit and management of public spending at the local level and to soften the arduous complexities of local governance using the well-established concept of Value for Money as a point of leverage – a fulcrum – from which to do so¹⁴⁶. LPACs

would be a catalyst for accountability, taking on an audit function as well as potentially enjoying the support of sanctions for non-compliance. The details of LPACs were never ironed out while Labour was in opposition, but during the current parliament, not only has the government's new Local Audit Office been introduced to potentially meet some of their proposed functions, but the government has also consulted on the introduction of LPACs for strategic authority areas. Responses to the consultation were fairly positive. Significantly, some respondents supported the standardisation of scrutiny while others pointed to the potential for LPACs at the strategic level to improve regional collaboration and oversight of funding and services. A potential alternative to the LPACs was suggested to be a single national PAC for local government¹⁴⁷.

What individual PACs at the strategic, or even the regional, level could represent would be the opportunity to provide a bridge between competencies of more established authorities and those that are much newer to the field. In this vein, the Centre for Governance and Scrutiny has proposed the creation of Regional Public Accounts Committees to support a 'culture of collaboration' at the local level¹⁴⁸. The purpose of PACs would be to provide a framework for relationships between organisations involved in service delivery, systemising not only the process of decision-making across partnerships but also providing a buttress to support joined-up spending, service design and delivery, and a shared understanding of value for money across partners. Value for money is defined holistically to encompass social and environmental value. In sum, RPACs could hold something of the key to the issue of widespread institutional immaturity at the regional level, given that they would not only provide clarity in terms of accountability mechanisms, but also offer an avenue for newer authorities to build and to learn from the values and expertise of their collaborators and peers.

At the other end of the spectrum of localism, there may be some opportunity for the neighbourhood governance approach in the English Devolution Bill to ensure that decision-making and governance at the newly expanded regional level will provide for genuinely local needs. The present state of strategic authority governance and especially the turn to the leader-cabinet structure for local authorities means that there may be fewer opportunities for residents' involvement in governance and decision-making processes. As such, progress towards inclusivity in growth may suffer. However, despite the conceptual ambiguity of neighbourhood governance as it appears in the first drafts of the English Devolution Bill, it may be that enshrining the

147 MHCLG (2025) – [Local audit reform: Government response to the consultation to overhaul local audit in England](#)

148 Centre for Governance and Scrutiny (2024) – [Regional public accounts committees](#)

obligation for delineated units of neighbourhood governance for every local authority will provide an opportunity for residents to implement an ‘emergency brake’ and to have a say on decisions surrounding their areas of residence – especially in regard to inclusivity of outcomes. It will perhaps, then, be vital that “effective neighbourhood governance” includes clarity on the powers aligned with such governance, and how, or whether, they might have genuine influence on decision-making and ensure that governance in the new ecosystem is inclusive as well as aligned with value for money.

Ultimately, as the structures of local government re-align and institutions seek to mature into harmony with their collaborators and with other levels of governance, it is beyond doubt that there needs to be certain qualities among those leaders, particularly the leaders of city regions, to smooth the transition, maintain sustainable governance, and remain open to accountability especially where risk is concerned. There is a point to be made concerning the internal culture of institutions, often defined and even established by those at the top of their organisations, that needs to include the importance of vigilance and discipline in managing risk, in service design and delivery, and in managing partnerships. And although to some extent such a culture can be encouraged by means of appropriate skills development, capacity, and, in some cases, progression in terms of institutional maturity, it remains that there is some responsibility on the individual to apply the strictures of good governance in these areas. The Nolan principles provide a good framework from which leaders can work, encouraging a level of interpersonal mutual respect and, consequently, the positive and professional characteristics that must provide the undercurrent to all aspects of governance.

3.1.2 Strategies and partnerships

Scrutiny of decisions on investment made by local and combined authorities in the new ecosystem of economic governance must be carried out in an environment of clearly defined priorities and responsibilities. The role of strategy as a tool for sense-making in a complex and layered policy area is crucial, particularly in the context of nascent institutions with developing internal and external relationships. The development of institutional maturity in new strategic authorities will be dependent on interactions with constituent authorities and external stakeholders – likewise, the mandates and culture of the new central government agencies for driving growth will be guided by their interactions with the emergent system of local, subregional and regional institutions. The process of creating statutory local growth plans and spatial development strategies must therefore be viewed as absolutely pivotal in delivering on the government’s ambitions to increase urban investment.

Genuine partnership with stakeholders from the private and third sectors, as well as anchor institutions like universities and hospitals, can be fostered through a

collaborative approach to producing the new plan and strategy documents. Local and combined authority leadership recognise the importance of the consultation element of drafting these strategies in developing external and internal relationships of strategic authorities, and central government have been clear in the guidance that such an approach is required. What will be determined over the course of the first wave of growth plans and spatial development strategies is whether all strategic authorities have the necessary time and capacity to meaningfully engage local leadership and external stakeholders. This is a particularly pertinent question when it comes to consulting local communities, especially in lieu of or eventually accounting for incoming neighbourhood governance arrangements, a task which requires time and resource investment if it is to be done meaningfully.

One model for partnership and co-design that is not currently present in the guidance for local growth plans is the consultation of neighbouring regional strategic authorities on plans. Embedding this approach into guidance would help to ensure that strategies across a region produce a broadly coherent economic vision – something which would be useful for investors in navigating the local landscape as well as being in accordance with the push for regional growth. Many of the priority areas for strategic authorities have an inherently pan-regional aspect, particularly those concerning transport infrastructure, and as a result there is already collaboration between mayoral strategic authorities in sharing priorities and spreading best practice. Formalising this in guidance would also help to develop institutional maturity, as expertise and capacity could be shared between more and less established authorities.

With coherence at the strategic level also comes the necessity of coherence across partnerships, which is a concept that requires sound guidance somewhat lacking across the UK. Public-private collaboration in particular, as the use of PPP models requires, is mostly contingent on the Green Book's guidance material concerning training and risk transfer¹⁴⁹. However, existing guidance lacks consistent reflection on best practice, and the environment surrounding PPP adoption in England in particular suffers somewhat from a lack of learning capacity, while Green Book advice may not support the prioritisation of local needs in comparison to national policy agenda. Additionally, the government's 10-Year Infrastructure Strategy has confirmed that PPPs are to be considered for projects that will support a revenue stream and where value for money and risk transfer are deemed to be at an acceptable level¹⁵⁰. What this suggests is that

149 Gail Sheppard and Matthias P. Beck (2025) – [Divergent pathways: PPP developments in the United Kingdom and the Republic of Ireland](#)

150 HM Treasury (2025) – [UK Infrastructure: A 10 Year Strategy](#)

there is a significant need for strong guidance surrounding both the economic – and social – value cases for partnerships as well as concerning the procurement and contract management stages of PPPs, in order that local government leaders have the capacity and knowledge to evaluate VfM and risk to build successful PPPs.

3.2 Evaluating outcomes

The government's agenda for growth encompasses the national-level machinations of the Industrial and Infrastructure Strategies – among other interventions – as well as the traditionally and increasingly volatile environment of local government organisation, resourcing, and function. The absolute crux of the matter when it comes to assessing investment risk in alignment with this agenda is that there needs to be an effective way to evaluate not only the immediate and discrete impacts of its changes, but also the long-term and holistic transformations that might, or might not, come about.

An effective framework for evaluating change must also be taken in consideration of the existing socioeconomic and demographic context that define the places and the people to which the intervention has been directed. Such a framework is generally used in service of funding allocation considerations and value-for-money calculation to ensure that further intervention does nothing to entrench any existing or arising concerns with the public sector's methods for delivery. As such, if the country is to benefit from this government's policy regime, there needs to be effective and consistent long-term outcomes-rather-than-outputs frameworks in place that extend beyond the national mission for growth's national metrics and ensure that every new or renewed structure across the public sector is achieving what it has been designed to achieve.

3.2.1 The current frameworks for evaluation

Given the constraints and focal points of the government's agenda for growth, it is worth assessing the current and progressing state of how public sector outcomes are evaluated, particularly in the areas where the government has delivered its most zealous programmes of renewal or reorganisation for the sake of economic growth: namely, industry and business, place development – including sustainable development – and people and skills. The chosen metrics for measuring progress within these areas can be found in a number of frameworks: for instance, the new Local Government Outcomes Framework, the Outcomes Frameworks for strategic authority Integrated Settlements, and in the study groups aligned with the application of the UK Shared Prosperity Fund. Further frameworks that evaluate the success of national strategy are to be found in individual policy documents, such as the Industrial Strategy's Impact Pathway model.

Strategic authority policy areas	Integrated Settlements Outcomes Frameworks (Indicative: dependent on CA)¹⁵¹	Local Government Outcomes Framework¹⁵²
Economic development and regeneration	Improve business productivity to support local growth / Boost local economic prosperity and living standards through improved business productivity	Economic prosperity and regeneration: Foster local economic growth and prosperity
	Deliver the infrastructure needed to support place-based growth	
Transport and local infrastructure	Improved public transport (/ especially bus services) in the CA area	Transport and local infrastructure: Communities are connected with improved, health and greener public transport, enabled by well maintained, enhanced and delivered transport infrastructure
	Healthier and greener transport in the CA area	
	Maintaining, enhancing and delivering transport infrastructure in the CA area	

¹⁵¹ MHCLG (2025) – Integrated Settlements Outcomes Frameworks for 2025 to 2026

¹⁵² MHCLG (2025) – [Local Government Outcomes Framework: Priority outcomes and draft metrics](#)

Adult skills	Reduce the number/ proportion of residents with no qualifications	
	Increase the number/ proportion of working-age residents qualified Level 3 or above	
	More residents with the skills and learning they need for life, further learning, and good work	
Employment support	Disabled residents, residents with long-term health conditions, and other agreed disadvantaged groups with complex barriers are supported to sustain work through delivery of supported employment	
	More residents moving towards, into and progressing within, good work	
Housing and strategic planning	Everyone has access to a decent, safe, secure, and affordable home	
	Increased supply of the infrastructure and quality housing needed by communities	

Environment and climate change	Reduction in direct carbon emissions from domestic buildings, with reduced fuel poverty gaps for treated households in, or at risk of, fuel poverty	Environment, Circular Economy and climate change: Support a healthier, more resilient natural and built environment, including responding to the risks and impact of climate change to the benefit of communities
	Reduction in direct carbon emissions from public sector buildings	
Health, wellbeing and public service reform	Prevent and reduce homelessness and rough sleeping	Health and Wellbeing: People live healthier lives for longer and health inequalities are reduced
		Multiple disadvantage: Improve the lives of adults experiencing multiple disadvantages
		Neighbourhoods: People feel safe and included in their local community and are satisfied with their local area as a place to live
		Plus additional metrics concerned with adult and children's social care and education unrelated to strategic authority priority areas.

Each of these frameworks provides more information about the structures to which they are attached and evidences what government wants to see each structure achieve. However, there are some nuances to draw from their implementation that suggest some potential areas for improvement, or perhaps alignment, in how each can ensure that communities across England benefit from their use and that each structure aligns to the most beneficial extent with the national policy programme.

Local Government Outcomes Framework

The Local Government Outcomes Framework has been developed to provide a level of accountability for local authorities using a method that values outcomes rather than the more stringent performance indicators that have in the past served only to hold authorities hostage to their reporting requirements, tied to ringfenced grants and representative of central government's tendencies towards micromanagement. To make the framework easier to digest, the LGOF's chosen metrics mostly already exist amongst publicly available data sources, although some of the "priority outcome" metrics, such as biodiversity and flood protection, are currently placeholders, suggesting some additional work still to be done to finalise the framework.

Therefore, some details to be hammered out in the fine print remain, including the finalisation of selected metrics, as well as concerns that the inclusion of the LGOF within the assessment of local authorities' Best Value Duty may mean that performance based on LGOF metrics could still lead to central government intervention¹⁵³, thus undermining the assurances of greater independence offered by the framework. However, the additional flexibility offered by the LGOF's composition may well prove, as MHCLG suggests¹⁵⁴, to enable more innovative practices, integration of front-line services and encourage more upstream prevention among local authorities. At least in theory, the LGOF represents a shift in the landscape of local government evaluation towards a world more aligned with the concept of integrated settlements – i.e., one that offers a less rigid landscape and more clarity concerning grants, greater decision-making powers for local authorities, and fewer inefficient burdens on the backs of local authority officers.

153 MHCLG (2025) – Local Government Outcomes Framework feedback document: July – September 2025

154 Ibid.

Integrated Settlements Outcomes Frameworks

The Integrated Settlements themselves each benefit from a bespoke set of outcomes intended to identify how Established Mayoral Authorities – at present, the West Midlands Combined Authority and Greater Manchester Combined Authority – are making use of their flexible funding contexts within Phase 1 of the Spending Review for 2025/26. Strategic Authorities have a growth-led combination of policy areas that define where IS funding is to be directed, aligning across both local and national priorities¹⁵⁵. These policy areas are:

- Economic development and regeneration
- Transport and local infrastructure
- Adult skills
- Employment support
- Housing and strategic planning
- Environment and climate change
- Health, wellbeing and public service reform¹⁵⁶

Significantly, those Established MSAs with the Integrated Settlement have the capacity to move a limited amount of funding between policy areas under the prerequisite that the delivery of the outcomes that they have identified, in agreement with the government, remain feasible. Those outcomes are outlined in the table above, amalgamated from the work of the GMCA and WMCA both. In practice, individual frameworks are tailored to the needs of the combined authority, leading to some natural disparities. Although, when it comes to comparing the combined authorities' respective frameworks, it becomes clear that the defined goals are really fairly similar across the board. It is also, however, worth noting that at the more granular level, a close comparison of the ISOs evidences small discrepancy between what the authors of the frameworks consider to be "output" indicators and "outcome" indicators in terms of transport provision. Although a fairly inconsequential observation, the discrepancy still reveals something of the subjectivity in the practice of defining outputs against outcomes. Outputs are the short-term results of project implementation, and outcomes consider longer-term impacts of change; as such, when it comes to defining outcomes with discrete data there are always going to be decisions to be made in terms of evaluation timelines and the setting of metrics.

¹⁵⁵ MHCLG (2025) – [Integrated Settlements Outcomes Frameworks for 2025 to 2026](#)

¹⁵⁶ MHCLG (2025) – [Integrated Settlement: policy document](#)

UK Shared Prosperity Fund: Evaluation strategy

The structure of the UK SPF's evaluation strategy creates an incremental and recursive process through the completion of three levels of evaluation: programme, place, and intervention. Within these levels are five evaluation components, where "place" is represented by place level case studies, "intervention" by intervention-level evaluation and randomised controlled trials, and "programme" by programme level impact evaluation and evaluation of the programme 'Multiply'; across each of these components, process, impact, and value for money are measured, the latter in line with the principles set out in the Green Book. The evaluation strategy has been designed to examine "what works, in what context, and by what means in support of delivering the plan for change and the government's Missions," among the projects enabled by the fund's allocation¹⁵⁷. What government additionally makes clear is that the evaluation strategy is divorced from scrutiny of the decisions of lead local authorities and will not be used as a mechanism to monitor or penalise on account of poor performance, instead focussing on the projects for which the funding is used.

The evaluation strategy remains a mechanism to ensure that government funding is used effectively, particularly in terms of value-for-money, which the strategy emphasises, but the "study groups" outlined in the intervention level evaluation themselves, Communities & Place, People & Skills, and Business Support, align to some extent with the parameters of the other outcomes frameworks addressed in this section, and certainly to a greater extent than the more constrained particularities of the Industrial Strategy and its IS-8 sectors and city region focus. It offers a mechanism that marries financial concerns with a more holistic, outcomes-based approach in a way that can align both with the demands of central government's policy agenda – i.e., enabling development for growth without placing too many demands on local government, and complementing the government's five 'missions' – and embeds any transformation enabled by the fund into the outcomes frameworks now being initiated at the local level. Its three-pronged process also ensures that there is a positive and continual self-reflection of the impact of the evaluation itself, including concerns surrounding feasibility, the processes and strategy of the evaluation, and the mechanisms of its delivery.

157 MHCLG (2025) – UK Shared Prosperity Fund: evaluation strategy

3.2.2 Measuring sustainable and inclusive growth

Labour's "first mission" is to kickstart economic growth. Its measure of success in doing so will be the provision of higher living standards across every part of the UK, measured by a higher Real Household Disposable Income per person and GDP per capita, tracked both regionally and nationally. Nominally, these metrics are quite sufficient, implying that the government's policy agenda will leave people better off in every nation and region, and therefore transition smoothly into the rhetoric surrounding the provisioning of a strong business case for growth, to be tapped into by regional leaders and strategic authorities.

A problem, however, lies in the fact that indicators such as RHDI and GDP offer only a single insight into the health of the economy, and are oftentimes insufficient in terms of gaining insight into the "quality" of growth, when that is defined as the social and spatial distribution of people's ability to contribute to and benefit from growth¹⁵⁸, or when it is concerned with the future capacity for the economy to continue to grow. Furthermore, there is little that indicators such as these can do to infer how groups of certain characteristics are performing – for instance, a better measure to evaluate gender-based income or expenditure is to examine within-household metrics¹⁵⁹. And, to go even further, although such metrics for measuring inequality across various demographic characteristics exist, it has historically been much harder for statisticians and policymakers to define measures for inclusivity that account for definitions of inclusion that relate to empowering peoples' voices and their own influence over the processes that affect them¹⁶⁰.

There have been a number of attempts to produce metrics for sustainable growth, defined as growth that can be maintained over the long term, and for inclusive growth, often in such cases concerning the narrowing of inequalities and the distribution of growth. Defining inclusion has consistently been a point of scrutiny in government policy across a number of sectors, including education and skills¹⁶¹, health and social care¹⁶², and economic development¹⁶³. Definitions of inclusion often involve equality of access and empowerment, and although there are examples of outcomes-first frameworks that make an attempt at expounding on measures

158 Centre for Progressive Policy (2019) – [Inclusive Growth: it's time to measure what we value](#)

159 IFS (2025) – [Gender inequality in expenditure: Great Britain 1978 to 2019](#)

160 OECD (2020) – [What does "inclusive governance" mean? Clarifying theory and practice](#)

161 Select Committee on Education and Skills (2006) – [Third Report: Clarification of inclusion policy](#)

162 Public Health England (2021) – [Inclusion Health: applying All Our Health](#)

163 Future of London (2025) – [Future of London calls for "inclusion-first" economic growth](#)

of barriers to access and inequality¹⁶⁴, or metrics that deal with social impact, particularly from an investment stand-point¹⁶⁵, it remains that current public sector outcomes frameworks for growth have the potential to offer better mechanisms for evaluating inclusivity or sustainability than they presently provide.

Inclusive growth

When it comes to defining *inclusive growth*, the challenge lies in unifying the disparate concepts of inclusion – concerned with society, wellbeing, and community empowerment – and growth, a fundamentally economic concept. Governmental metrics for measuring growth and inequalities have historically taken on holistic, discrete frameworks for measurement:

2022 – six “capitals” of Levelling Up:

- Physical
- Intangible
- Human
- Financial
- Social
- Institutional

2005 – Sustainable development strategy’s “shared UK principles”:

- Living Within Environmental Limits
- Ensuring a Strong, Healthy and Just Society
- Achieving a Sustainable Economy
- Promoting Good Governance and Using Sound Science Responsibly¹⁶⁶

However, it remains that the central approach to inclusivity in growth is still divorced from definitions of inclusion that place value on bottom-up, joined-up and place-based development. In fact, some have even concluded that inclusive development is inherently at odds with growth and must rather be progressed by means of resource re-allocation¹⁶⁷.

¹⁶⁴ E.g. Better Society Capital (2021) – [Applying an equality and equity lens to measuring social impact outcomes](#)

¹⁶⁵ Impact Investing Institute (2025) – [Impact measurement, management and reporting](#)

¹⁶⁶ HM Government (2005) – [Securing the future: delivering UK sustainable development strategy](#)

¹⁶⁷ Crelis F. Rammelt and Joyeeta Gupta (2021) – [Inclusive is not an adjective, it transforms development: A post-growth interpretation of Inclusive Development](#)

The ONS in 2018 produced analysis on inclusive growth in the UK to match a flurry of similar research coming from the OECD and the RSA's Inclusive Growth Commission. Its analysis, working from the basis of the ONS' Measuring National Well-being programme, launched in 2010, adopted a perspective that focused on regional income disparities, gross household disposable income per head, and average employment growth. The outcomes of the report evidenced stark regional disparities and a growing net financial wealth inequality as well as more stable levels of income inequality¹⁶⁸. The report also assured that the ONS would in future aim to develop statistics that could contribute to inclusive growth analysis in a way that extended beyond per capita measures, "placing more focus on the equity of overall progress." In 2020, the ONS' Centre for Equalities and Inclusion began supporting the Inclusive Data Taskforce, which produced a report summarizing the most pressing challenges for the UK's data infrastructure in delivering statistics to minimise the data gaps where groups or characteristics are reported to have missing or insufficient data to ensure especially that the most vulnerable and disadvantaged people are included within data for policy¹⁶⁹. The presence of data gaps evidences the real challenges of not only defining inclusive growth, but also in quantifying and evaluating inclusivity from a data collection perspective, even when solely considering measures of economic disparities.

The OECD's Inclusive Growth Measurement Framework, finalised in 2015, offers perhaps a more rounded approach that considers how inclusivity can be measured on a basis of change over time, in order to evaluate growth¹⁷⁰. The framework first identifies income-based standards and then moves to non-income measures that include health, participation in productive activities, education, and social relations. The final piece of the puzzle comes in the creation of an "equivalent income" that values the non-income dimensions of the framework by calculating the income that would be required to move an individual towards a best-possible or best-observed benchmark situation of the non-income measures. This equivalent income can then be measured over time, thus enabling a practicable measure of the "growth" of non-income based values.

168 ONS (2018) – [Inclusive growth: measures and trends](#)

169 UK Statistics Authority (2022) – [Inclusive Data Taskforce recommendations report: Leaving no one behind – How can we be more inclusive in our data?](#)

170 OECD (2015) – [Inclusive Growth: The OECD Measurement Framework](#)

More recently, the Scottish Futures Trust commissioned economic and social research consultancy Ekos to produce a report on *Measuring and Valuing the Inclusive Growth Impact from Infrastructure Investment*¹⁷¹. The emphasis of the report aligns infrastructure with growth and therefore the metrics for performance that it posits are concerned with the impact of future infrastructure. However, the framework that it settles on stands apart from other measures for growth in that, to some extent, it more mirrors the outcomes-based frameworks for evaluation such as the LGOF in its chosen metrics. Its four pillars for wellbeing mirror the Levelling Up agenda's capitals, ranging through natural, social, economic, and human capital, and significantly, its measure of social capital enablers includes the creation of "good communities". While the framework, alike to others that attempt to evaluate inclusive growth, still prioritises measures of economic output, the way that public services, housing, and communities are framed as enablers suggests a recognition of the nuances behind inclusivity when it comes to evaluating it in the context of growth. The question does remain, however, as to whether concepts of joined-up governance and place-based delivery are suitably evaluated by any existing governmental metric for success, despite the real necessity of their incorporation into a framework for inclusive growth.

Sustainable growth

The policy definition of sustainability is one that has been curated over time within a number of public policy contexts; for instance, encapsulated in 2015 by Defra as "the state towards which the UK Government's vision for sustainable development aspires", sustainable development being "making the necessary decisions now to realise [the government's] vision of stimulating economic growth and tackling the deficit, maximising wellbeing and protecting our environment; without negatively impacting on the ability of future generations to do the same,"¹⁷². However, in practice there are always judgements that have to be made about what makes development, growth, or even the individual stages of project implementation, sustainable themselves. Defining sustainability therefore comes down to the realities of practice¹⁷³, and therefore the achievement and measurement of sustainable growth requires public sector organisations to devote time and effort to setting priorities, collecting and reviewing data, and creating practicable goals aligned with the government's terminologies of sustainability.

171 Ekos (2022) – *Measuring and Valuing the Inclusive Growth Impact from Infrastructure Investment*

172 Department for Environment, Food & Rural Affairs (2015) – *Government definitions of sustainability*

173 Jeffrey L. Ramsey (2015) – *On Not Defining Sustainability*

When Ekos' framework, for example, in its metrics for economic capital enablers for inclusive growth, values the creation of 'sustainable' jobs¹⁷⁴, it applies a normative framing to the jobs created or maintained by government policy. It asks what kind of jobs are "sustainable", and directs leaders to value these kinds of jobs in order to prioritise an overarching sustainable agenda. For the Ekos framework, a sustainable job is one which:

- Pays the Real Living Wage;
- Contributes an output, measured in GVA, higher than the national average;
- Exists in a context of high business survival rates, a good number of R&D jobs, and a high number of businesses exporting directly or benefitting via supply chain linkages.

As the Ekos framework exemplifies, much like when it comes to measuring inclusivity in growth, measuring sustainability often requires a framework that works across multiple criteria and aggregates indicators to create an overarching sense of a level of sustainability¹⁷⁵.

At the national level, the ONS has measured the UK's progress in sustainable development – not growth – in alignment with the government's continued commitments to the UN's 17 global Sustainable Development Goals (SDGs)¹⁷⁶. The UK's progress towards the SDGs is primarily a concern of the country's international development strategy, but it is worth looking to Goals 8 and 9 in the context of national sustainable growth: promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and building resilient infrastructure, promoting inclusive and sustainable industrialisation, and fostering innovation¹⁷⁷. What these goals reveal is that issues of inclusivity and sustainably are inherently linked, and therefore that issues of inclusive growth are not to be divorced from the preparation and achievement of sustainable growth.

174 Ekos (2022) – [Measuring and Valuing the Inclusive Growth Impact from Infrastructure Investment](#)

175 Giuseppe Munda (2005) – [“Measuring Sustainability”: A Multi-Criterion Framework](#)

176 ONS (2021) – [Sustainable Development Goals data update, UK: December 2021](#)

177 Cabinet Office; Department for International Development; Foreign, Commonwealth & Development Office (2021) – [Implementing the Sustainable Development Goals](#)

Consequent to ideas of framing sustainability within measures of employment or economic growth, the issue arises of delivery: how are local authorities with constrained capacity, or working within brand new institutional structures, going to design and follow through on metrics for sustainable growth? How will national policy changes and the implications thereof, particularly when it comes to those areas that are overlooked by the national strategies that focus so much on the strategic authority level, city regions, and clusters, support the implementation of sustainable growth, and how will national policy deal with any failures to manage, maintain or progress growth in a sustainable manner?

From, at least, an investment perspective, sustainability acts as an anchor for drawing in stakeholders¹⁷⁸, meaning that sustainable growth is to some extent self-propelling. However, regardless of the definitions and the frameworks used to measure sustainable growth, the nature of sustainability requiring as it does the aggregation of various actions across different sectors, departments, and strategies, means that any framework to measure sustainable growth requires strongly joined-up working and for the actors involved in growth – namely, local and strategic authorities – to have the capacity and resourcing to make the decisions required to evaluate sustainability within their existing and future frameworks for growth.

3.2.3 Harmonising evaluation frameworks

The new LGOF and the emerging outcomes frameworks for integrated settlements are, generally speaking, well aligned and have been drawn from the same set of national priorities in an internally coherent manner. However, the overlaps between the frameworks, particularly given the broad array of local government responsibilities and its limited capacity, create potential for harmonisation by better separating the individual responsibilities of councils and the collective responsibility of combined authorities.

Both the Greater Manchester and West Midlands Integrated Settlement Outcomes Frameworks are drawn directly from the government's priorities, whereas the LGOF takes a more broad approach to capturing the same themes from a local lens. This is due to the difference in scope and focus of the documents – the combined authority framework is focused on the functional responsibilities and funds in scope for phase one of the Spending Review period (2025/26) whereas the LGOF considers a longer time frame and presents a broader set of priority outcomes for the local

government sector as a whole. As such, areas of specific local authority jurisdiction such as adult social care are included in the LGOF but not considered directly in the integrated settlement frameworks. On the other side of the equation, specific metrics for combined authority performance such as “number of businesses supported” are specifically targeted at the development of combined authority capacity in the context of direct government departmental funding.

Differences in scope aside, there are clear overlaps between the local and subregional frameworks. Both integrated settlement frameworks aim to improve business productivity and raise skill levels across the resident population, measures which directly support the LGOF’s “economic prosperity and regeneration” outcome. The combined authority frameworks both emphasise improving public transport as well as providing greener, healthier transport infrastructure, aligning with the LGOF’s priority of “transport and local infrastructure”. Furthermore, both approaches naturally consider the respective roles of the local and subregional levels of governance in reaching important government targets such as net zero by 2050, with perhaps the clearest overlap being on increasing housing supply to meet targeted levels.

That the combined authority frameworks align with and contribute to national priorities is also reflected in the LGOF indicates a complementary relationship. It is important, however, in an environment of extremely constrained capacity, that this complementarity does not extend to duplication. Moving forward, as the integrated settlement frameworks develop and the LGOF metrics are determined, central government should aim for these frameworks to align into a single, tiered outcomes framework for local government from mayoral strategic authorities down to the local level. Areas of focus such as unlocking land for development, providing new homes and developing active travel networks are inherently collaborative efforts involving the powers and leadership of both tiers of government. Their outcomes should be evaluated accordingly.

In moving towards a harmonised framework, much can be learned from the evaluation process and methodology of the Shared Prosperity Fund. The UKSPF is notable for its sophisticated, multi-layered evaluation strategy, which goes beyond simply monitoring performance and aims to generate robust evidence and learning for future policymaking. The frameworks for the integrated settlement and the LGOF, while moving in the right direction of outcomes-based accountability, do not currently articulate the same depth of analysis or breadth of evaluation components which can be found in the UKSPF approach. The focus on learning and “what works” found in the UKSPF evaluation framework, as well its explicit methodology – for example, splitting evaluation into process analysis, impact assessment and value-for-money

audit – should provide lessons for the further development of a unified local outcomes framework. An approach which builds in a commitment to learning and development of best practice alongside the crucial task of monitoring progress against broad outcomes is essential in the context of brand new institutions carrying out newly designed policy interventions in a complex and fiscally constrained landscape.

A challenge likely to be present in any quantitative evaluation framework, regardless of its rigour, is the difficulty in sufficiently measuring inclusive, 'good' growth. Given the challenges that public sector outcomes frameworks face in defining, measuring and evaluating these complex concepts, it is also important that there is a feedback loop for decisions on local investment for growth that goes beyond the cycle of elections and traditional means of resident input. As with governance and scrutiny, there is real potential for the forthcoming neighbourhood area committees to play a role in evaluating decisions, functioning as a 'citizen jury' to provide views on whether or not growth measures are successfully extending opportunity and prosperity to local communities.

CHAPTER FOUR

Recommendations and best practice

The challenges outlined in this report do not lend themselves easily to ‘quick fix’ policy solutions – grounded as they are in deep-seated, structural issues of capacity and institutional maturity which by their very nature will take time and patient resourcing to address. Nevertheless, there are some immediate steps which can be taken by central government to accelerate progress, and some best practice considerations for local authorities to help deliver local growth in a new and shifting ecosystem.

The first step is recognising the tension between mandating local authorities to develop pipelines for growth whilst at the same time discouraging risk in financial management – this can be done by reckoning with the capacity gap at the local level, building institutional maturity across the governance ecosystem and improving the framework for evaluating local outcomes.

4.1 Central government recommendations

While some positive steps have been made in establishing a framework for local investment for growth, central government must not shy away from dealing with elements which so far have not been as comprehensively addressed – such as local authority resourcing, institutional maturity and the evaluation of growth outcomes. The recommendations below would help to redress this imbalance and provide a more holistic plan for growth.

Reckoning with the capacity gap

- Central government should **provide structural and institutional supports to local authorities to manage the time-consuming and complex nature of Public-Private Partnerships and the use of private finance**. A weakness in public sector capacity is a primary factor contributing to PPP failures, often leading to reliance on external consultancy. Policy must focus on developing and supporting internal institutional expertise and administrative capacity to mitigate these risks.
 - There should be a clear and well-resourced government strategy to improve in-house commercial skills in local government. This strategy should be a focus of the government's working group on local authority skills and be developed alongside stakeholders such as the LGA and CIPFA, receiving capital allocation as an investment in national growth.
 - Rather than being seen as ongoing revenue pressure, local government recruitment must be seen as part-and-parcel with the capital investment programme of this government, alongside national measures like the establishment of the National Wealth Fund.
 - In the long run, policy should move beyond simply encouraging the acquisition of commercial skills. Central government needs to provide structural and institutional supports to local authorities to manage the time-consuming and complex nature of PPPs. A weakness in public sector capacity is a primary factor contributing to PPP failures, often leading to reliance on external consultancy. Policy must focus on developing and supporting internal institutional expertise and administrative capacity to mitigate these risks.
- Government should **provide contractual frameworks for local authorities to use in structuring PPPs for local investment and regeneration**, drawing lessons from past issues. This should focus on optimal risk allocation, transparency, and the exclusion of "soft" services, as demonstrated by the Welsh Mutual Investment Model.

- In the whole, any future development of PPPs needs to benefit from a careful initiation and contract phase, focusing on whole-life costing, value for money, and reaching the best possible risk allocation between partners.
- Policy should actively encourage and incentivise local authorities to engage in smaller-scale PPP projects initially. This approach can build a more pragmatic and positive environment for public-private collaboration, helping local institutions overcome the political caution and lack of learning capacity associated with the history of the Private Finance Initiative (PFI) regime.
- There needs to be a clarification and simplification in how public sector organisations can interact with and seek help from the range of potential supports, both new and old, in terms of both funding and investment expertise, potentially in the **development of a single front door service for matching local investment prospectuses to public financial institutions**.

Building institutional maturity and governance

- Government should **include neighbouring strategic authorities within regions as mandatory consultees for statutory local growth plans**, to ensure coherence across England's regions and to help bridge gaps in institutional maturity between authorities.
 - Planning and development strategies can also benefit from cross-regional collaboration; in order to avoid arbitrary limits being set on Spatial Development Strategies based on geographic boundaries, regions that identify similar opportunities should be encouraged to join-up their offers for those specific opportunities on a thematic basis.
- Government must provide **further clarification of how scrutiny and oversight processes are going to align with the mayoral system**, both in terms of scrutinising the individual and their cabinets, as well as how they will account for the scale involved with the functions of strategic authorities.
 - The development of regional boards drawn from the scrutiny committees of constituent strategic authorities should be considered as a way to both enhance governance and develop institutional maturity through shared learning.
 - Accountability frameworks must incorporate an understanding of institutional maturity and guard against policy churn, helping to identify areas where interventions are working and specialist skills are being acquired. This type of review can help to provide a stable policy framework, which is conducive to investment.

- Policy should support the widespread adoption and implementation of structured **institutional maturity models** (which progress through initial, managed, defined, and optimising stages). These models, applied to functions like governance, risk management, and planning, can serve as a gap analysis tool to help new organisations rapidly progress their capabilities and acquire the cohesion and expertise necessary to attract and secure private investment.

Evaluating outcomes

- Government should **develop a single, tiered outcomes framework for local government**, harmonising the Local Government Outcomes Framework (LGOFF) and the Integrated Settlements Outcomes Frameworks. This framework should be robust, multi-layered, and learning-focused, drawing on the methodologies of the UK Shared Prosperity Fund evaluation strategy to measure “quality” growth, which includes social, environmental, and inclusive outcomes.
 - The policy direction must support the creation of a system that allows for the positive and continual self-reflection on the impact, processes, and strategy of evaluation itself. This aligns evaluation with developing the institutional maturity required for effective long-term governance and risk management.
- The **forthcoming neighbourhood governance units of the English Devolution and Community Empowerment Bill** should be given a role in **policy scrutiny** to function as ‘citizen juries’, especially concerning whether growth successfully extends opportunity and prosperity will have genuine influence on decision-making at the regional level.
- There is also a need for **clarification on how performance based on the new, broader outcomes frameworks will interact with central government’s assessment of a local authority’s Best Value Duty**. Policy should assure local leaders that adopting innovative, outcomes-led approaches will not expose them to undue risk of intervention based on short-term or narrow measures.
- Government should also **support the development of metrics that go beyond traditional economic indicators** like GDP and Real Household Disposable Income to evaluate inclusive and sustainable growth, considering factors like equality of access, empowerment, and long-term environmental capacity.
 - Policy should support the creation of national guidelines or toolkits that help local authorities and strategic bodies consistently define complex, aggregated concepts like “sustainable jobs” across sectors and departments.

4.2 Best practice for local and strategic authorities

While the fiscal environment is undeniably challenging, the rapidly-evolving political landscape provides real opportunities for strategic and local authorities, as well as risk. Below are some best practice considerations for authorities of both tiers based on the research for this project.

Strategic authorities should:

- Leverage enhanced powers and strategic planning:
 - **Develop robust, realistic statutory Local Growth Plans and Spatial Development Strategies** to set clear strategic directions for regions and identify optimal investment opportunities, working closely with the National Wealth Fund and other central institutions.
 - **Actively engage with the rejuvenated Office for Investment** to develop and market pragmatic investment proposals and attract international capital into their regions.
 - **Formalise inter-regional collaboration** by consulting neighbouring strategic authorities on growth plans, especially for pan-regional efforts like transport infrastructure, to ensure a coherent economic vision and share expertise.
 - **Fully utilise powers and mechanisms** such as investment zones and Mayoral Development Corporations to provide a long-term vision for investors and accelerate regeneration.
- Build internal capacity and expertise:
 - **Prioritise investment in building in-house specialist commercial and financial skills** to effectively manage Public-Private Partnerships (PPPs), procurement processes, and complex contracts. A lack of such skills is a significant barrier to effective project delivery and risk management.
 - Foster a strong institutional culture of accountability, expert risk management, and objective strategy assessment within the authority. This requires strong leadership, continuous learning, and robust scrutiny.
 - **Focus on institutional maturity**, understanding that well-established processes, relationships, and clear standards are crucial for attracting and securing private investment in infrastructure. Ringfencing resources for internal development can help new organisations progress rapidly through stages of evolution.

Local authorities should:

- Ensure robust governance and risk management:
 - **Implement comprehensive investment reviews** to ensure adherence to the Prudential Framework's hierarchy of Security, Liquidity, and then Yield. These strategies should include quantifiable risk assessments and robust procedures for risk management, avoiding over-reliance on debt financing for commercial yield.
 - **Clarify and empower effective neighbourhood governance mechanisms** to ensure residents have a genuine say in decisions affecting their areas and to foster inclusivity in growth outcomes.
- Secure strategic partnerships and encourage collaboration:
 - **Explore alternative PPP models like the Welsh Mutual Investment Model (MIM)**, which involves public sector equity shares, excludes "soft" services, aligns with broader wellbeing objectives, and has proven effective for infrastructure delivery where capital capacity is limited.
 - **Engage in smaller-scale PPP projects initially** to build a more positive and pragmatic environment for public-private collaboration, helping to overcome historical caution related to PFIs.
 - **Foster genuine partnerships with stakeholders** from the private and third sectors, as well as anchor institutions like universities and hospitals, through a collaborative approach to drafting local growth plans and spatial development strategies.

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