LOCALIS

OTHER IDEAS

'Back to the future?'

Lessons we can learn in our quest for local economic growth

David Godfrey, visiting fellow, Localis

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.

Contents

Back to the future?

Lessons we can learn in our quest for local economic growth

With Greater Manchester Mayor, and incoming Prime Minister, Andy Burnham promising a new wave of devolution and local decision-making, Localis Visiting Fellow, **David Godfrey**, takes a personal look at some of the institutions that have been established to shape local growth over the last 25 years, and asks what a new Government may learn from what went before.

David has been adviser on local government and local growth to two secretaries of state and has advised and supported council leaders, both locally and in their national capacities. As director of both a growth board and a local enterprise partnership, he has been at the forefront of spatial growth delivery, working across councils and businesses to deliver investment and economic development at scale. As Visiting Fellow, David has written for Localis on the role of anchor businesses in economic growth, entrepreneurship and inward investment.

1. Introduction

Great Scott! Perhaps not with the dramatic impact of Marty McFly in "Back to the Future", but certain moments have come to define eras of local growth. Think Michael Heseltine and competitive bidding; or Greg Clark and local deals; even Boris and levelling up. But what else is there we can learn from the approaches and interventions of the recent past, that could be applied to the future? In particular, where new agencies or institutions have risen – and fallen – what might we find in their ashes.

As Andy Burnham prepares for a (partial) move into Downing Street, his vision is clear that "growth cannot be ordered from the top down… it can only be nurtured from the bottom up", with No 10 North "the conduit through which we redistribute power and resources across the UK…[coordinating] all parts of government, at national and local level, to agree a long-term economic strategy and help all places set new growth ambitions".[1] Heady stuff! But have we experienced this before, and how might we ensure a commitment to devolution and locally-driven growth will stick.

1 Andy Burnham's speech in full as he promises to give UK 'new direction' – Manchester Evening News

Over the last 25 years, like many of us in and around local and central government, I've seen, and worked in or with, a whole alphabet soup of government-backed agencies established to deliver local growth. From the Training & Enterprise Councils (TECs) of the 90s and the Regional Development Agencies (RDAs) of the noughties, to the Local Enterprise Partnerships (LEPs) of the 2010s and the Pan Regional Partnerships (PRPs) of the twenties, to name just a few. Governments of all colours have created their own agents of growth in their efforts to drive local economies.

And with mayoral devolution now broadly the model of choice, but with differing paces of delivery across the country, an understanding of previous practice could be invaluable if national and local objectives are to be met.

Whatever the protestations of localism, it is understandable too that Government will want to stamp its mark on local growth, both to get the economy moving quickly and to have some control over how this is done.

So, with an incoming Burnham Government publicly committed to local growth, but with a struggling economy and business confidence lacking, what might we learn from these economic relics – if anything?

2. Place-based growth

Let's first take a whistle-stop look at place-based growth. It was the Special Areas Act of 1934 that perhaps heralded the beginning of modern regional growth policy. In a recession-hit country, this Act ushered in support for areas particularly affected by the industrial depression of the time.

Post-war, we then moved into an era of regional planning and new towns, with regional industrial policy directed at places of employment need, before being launched into an era of competitiveness during the 1980s and 1990s. Newly formed Development Corporations attracted private investment and drove new development, as in London's Docklands, while the Single Regeneration Budget consolidated funding streams against which individual areas would compete.

With devolution taking shape in Scotland and Wales, the new millennium brought a greater focus on the cities and regions, with the creation of Regional Development Agencies across England, before an era of City and, later, Local Growth Deals. Levelling up then entered the lexicon, prior to a wider devolutionary move from the most recent Government, combined with local government reorganisation, to create new mayors and Combined Authorities, which are still emerging, at different paces in different places around the country.

What's clear is that each of these phases introduced new and distinctive approaches to local growth, most of which gave birth to specific local agencies to drive them. I want to dwell briefly on several of these by way of example: agencies which, like fireworks, have lit up local economic landscapes, but have since fallen back to earth, many with a bump. All were established by Government and most encouraged to become standalone over time – perhaps the ultimate test of their worth.

We are now in a different devolutionary world, but there are always lessons in what has gone before. Let's then take a look and draw out from these examples what levers the Combined Authorities, or the strategic lead bodies in areas without Combined Authorities or mayors, may wish to pull to accelerate growth in their areas.

2.1 Training & Enterprise Councils

Launching the Training and Enterprise Councils (TECs) in 1989, Margaret Thatcher saw training as a shared responsibility, but "one where business must be in the lead", handing over to them "the main responsibility for training men and women for the tasks of the 21st Century".[2] The ambition was clear, but as we continue to get to grips with providing the skills businesses need – the latest iteration being the Local Skills Improvement Plans (LSIPs) – this is perhaps a marathon rather than a sprint, and a race in which the TECs have long since fallen by the wayside.

But TECs were an innovation. In bringing together enterprise and skills so clearly, we were breaking new ground. As evidenced by the current LSIPs, it is a connection we continue to try to recreate. While it will never be an exact science, the provision of skills for the businesses and industries of the future to fuel local growth, has to be the objective. In devolution deals, and now the establishment of Mayoral Combined Authorities, the control of skills funding remains perhaps the greatest prize.

My experience of TECs was also one of strong leadership and partnership – both critical factors in driving local growth. Undoubtedly the TEC experience varied across the country, but mine was in an area large enough to attract officer talent and was motivated by ambitious leadership. I would also argue that the TEC's economic presence was significant, and it became a leader, or major partner, in the development and delivery of local growth and skills strategies. With senior board membership from the county council (a senior cabinet member acting in his private sector capacity), the relationship with the major strategic authority in the county was also strong.

So, if they were so good, why did they fail? Certainly, the TEC experience was mixed. There were individual failures. The business model was also flawed. While TECs led – and were partners in – major regeneration bids, their core funding was through their control of local training budgets. Their support of economic and business development was funded by

2 Speech launching Training and Enterprise Councils (TECs) | Margaret Thatcher Foundation

the margins they made on commissioning the training programmes that businesses needed. In essence, the bigger the margin, the more the training contracts were squeezed. Local variations of national programmes could also lead to confusion.

But accountability was perhaps their Achilles heel. Yes, they had targets which were regularly reported to Government offices. Later, the operations of some unscrupulous private training providers receiving public funding came to light. But for local communities, their commissioning role and business-led boards could often be considered confusing, conflicted or remote, while successful delivery brands were rarely associated with the TECs which delivered them. At the same time, while intended to be market driven, their structures could be slow to reflect the very markets they operated within. It was a hybrid whose life expectation was soon to be limited.

2.2 Regional Development Agencies (RDAs)

RDAs were a new and different beast. With the arrival of Tony Blair and Gordon Brown in Downing Street, and the combination of John Prescott and David Blunkett overseeing regional growth and skills respectively, the writing was indeed on the wall for TECs. In Labour's Regional Policy Commission, new Regional Development Agencies had been signalled to drive growth, with equally new Regional Assemblies holding them to account.

The death-knell for TECs was rung when David Blunkett addressed the TEC National Conference, announcing their reserves were to be snaffled for new Individual Learning Accounts. For roles not taken by the RDAs, Learning & Skills Councils would become the Government's arms-length alternative to the previously free floating TECs.

RDAs undoubtedly had capacity and capability. As one disapproving local politician confided privately[3], if you put good people into place, they will do good things! RDAs were of sufficient size and scale to

3 In private conversation

bring in specialist expertise, essential for a remit that included regional planning, with budgets to match. Their size and budgets gave them economic heft, with investments that could make a real difference. Their spatial planning enabled them to look beyond individual administrative boundaries for the greater regional good.

But from a local government perspective, RDAs were remote and bureaucratic. Replacing county structure plans, new Regional Plans covered areas too large to be meaningful with housebuilding numbers, in particular, seen to be foisted upon unsuspecting rural areas by distant bureaucrats. At the same time, the Regional Assemblies mirroring the RDAs, drawing together politicians, business and local representatives, were often seen by local councillors as inclusive but ineffectual talking shops.

Unsurprisingly, both RDAs and Regional Assemblies became target quangos for the Conservative opposition, drawing on the mixed experience of them from resurgent Conservative councils, eager for devolution and new powers.

2.3 Local Enterprise Partnerships

Local Enterprise Partnerships (LEPs) were to provide the new model for the Cameron Government of bringing together private sector expertise and drive, with local authority insight and accountability. With coverage of the whole of England, the network ranged from the South East LEP stretching across 3 counties, to the single county-based Buckinghamshire LEP. Together with more local business leaders, they ushered in national business stars like Andy Street in Birmingham.

Deal making was the order of the day. Building on the earlier City Deals, LEPs were to develop Strategic Economic Plans on which their flexible Growth Deal funding was to be based. The funding itself was to come from a new Local Growth Fund, implementing a rejuvenated Michael Heseltine's 'No Stone Unturned'[4] report to bring a number of individual

4 No stone unturned: in pursuit of growth – Lord Heseltine review – GOV.UK

growth and transport budgets into one. As with the RDAs, European funding further supplemented their operation and delivery.

With geographies intended to reflect functional economic areas, the LEPs' combined budgets and single focus on growth was certainly a strength, alongside the opportunity to operate at a spatial level across areas smaller than the RDA regions that they had succeeded.

But while the Government's approach to local growth had changed, a tension remained with partners on boards understandably looking at what they might secure for their individual areas. Few would recognise as one local leader did, the priority for a road scheme in a neighbouring county, rather than his own. Equally, government management could be somewhat schizophrenic. Strategic Economic Plans were submitted to Government as the harbingers of deal negotiations and the local operational freedom that would result. But the next day, full business cases were requested of specific schemes to proceed!

That said, Strategic Economic Plans, and critically, the Local Growth Funding that backed them, did move LEPs onto a different operational plane. Previous capital funding, such as the Growing Places Fund, had been important but not a gamechanger in local authority eyes. The potential for a multi-million pound deal through the Local Growth Fund, which included previous transport and other funding streams, was important both in attracting new investment into an area, but also in protecting previous local programmes, a factor which influenced local bids. Even with close civil service oversight, LEPs had considerable flexibility for action. By keeping teams tight, they could move into areas of innovation and entrepreneurship. Some attempted to build investment funds. All worked on close local and national engagement, in keeping politicians onside.

So why their demise? The growth of mayors and Combined Authorities signalled a direction of travel in which LEPs would sit uncomfortably. Business stars like Andy Street had become mayors themselves. Funding streams began to dry up. People left. European funding ceased. LEPs were effectively left by a new Government to whither on the vine.

2.4 Pan Regional Partnerships

Which brings us to Pan Regional Partnerships, a mix of bottom-up and top-down groupings, each distinct from the other, but all working across boundaries in an effort to drive economic growth. Groups like the Northern Powerhouse and Midlands Engine had been inspired by George Osborne, while the Thames Estuary Growth Board owed its own emergence to Michael Heseltine and the Government's response to the Thames Estuary 2050 Growth Commission[5] that he began, and Sir John Armitt completed.

The PRPs were defined as sub-national bodies bringing together the public, private and academic sectors in their regions with cross-government support. Following the Midlands Engine, the first Government-backed PRP, and alongside the Thames Estuary Growth Board, were the Western Gateway, Great South West and the Oxford to Cambridge Partnership, with a further northern-based PRP being developed. Structures varied, but PRPs were essentially voluntary, promoting local priorities across larger geographies, linking across all levels of government.

Government guidance was loose, and powers were limited, but operating at scale across their region to convene and collaborate, each PRP responded in particular to encouragement to grow their global footprint in supporting local trade and investment.

My experience was of considerable flexibility, the PRP building over time giving it the opportunity to innovate around new opportunities such as hydrogen and waterborne light freight. This was underpinned by a drive for investment and international partnership, building on emerging national and regional trade deals and the scale and the potential of an area large enough to attract global investment interest.

5 Microsoft Word – FINAL Thames Estuary Commission Response.docx

But while in many cases enjoying significant private sector support, and providing a welcome profile and strategic focus on a potential area of growth, the PRPs' demise was to come in the Autumn Budget of 2024[6], signalled in the small-print on page 94 and eventually delivered in March 2025.

Not all immediately shut their doors – some had their operations absorbed, while the Thames Estuary Growth Board flipped almost overnight into a business offering tailored services to its local authority and private sector partners until the end of 2025.

2.5 Ingredients of success

So what can be learned? Political backing – essential; private sector engagement – yes, single focus and budget – completely; economic geographies – yes, but let's also take note of administrative boundaries; spatial planning – absolutely; skills and businesses brought together – of course; deal-based – yes; competitive – to an extent; good people – definitely!

With some areas already with mayors, others with elections planned, and others still, balancing a drive for local growth with local government reorganisation, what questions must a new Mayor, Combined Authority, agency, institution or partnership be able to answer? Yes, they will need a local growth plan and alignment to the national opportunities through the renewed Industrial Strategy, but based on the learning of the recent past, what lessons must they, and government, heed for the future – what are the signs of success?

6 Autumn Budget 2024 – GOV.UK

Let's not forget either, the differing nature and capabilities of these new bodies. The Metro-Mayoral model is now embedded having been developed over successive governments – with early adopters now looking towards integrated settlements and beyond. Other, predominantly non-urban, places are only just joining the devolutionary path and lack the institutional ballast of the metro model. For them, in particular, previous experience can hold considerable value.

Under three broad themes, I would suggest key learning from the good – and bad – of these growth agencies would include the following elements.

3. Get the basics right

3.1 Business relations

The relationship with business, and bigger business in particular, will be fundamental – all previous agencies have attempted this, but with mixed success. Some mayors may have a business background, but there will be no set role on a Combined Authority. This is a major shift. Places will need to capture their biggest economic beasts, essential both in delivering growth and providing a more active sounding board for practical growth plans that will reassure business and attract new investors. This should include anchor institutions where they exist, supporting major growth plans and building relations with local universities to support start-ups and scale-ups in driving new innovation within an integrated local support structure. Businesses must see the value. Where resources allow, a shift to client management to maintain a bespoke and close engagement with the biggest businesses – most likely to expand – and those with most potential, would be a significant move.

Personnel will also be key. Businesses must have confidence in those with whom they are dealing, both in having a commercial understanding and in links to ministers and national government. If these can't be delivered, bigger businesses will simply deal direct. Individuals will make the transition, but Combined Authorities and Foundation Strategic Authorities cannot simply lift and shift council structures and people.

3.2 Economic geographies

Administrative geographies are not always economic geographies. Recognition within local growth plans and a preparedness to work across and beyond regional boundaries will be essential to developing opportunities and investments of scale, necessitating collaboration between regions. The Oxford-Cambridge Growth Corridor and the Thames Estuary are prime examples of the need to work across geographies to release greater growth potential, as identified in the government's recent consultation on spatial planning[7].

Working beyond boundaries will also be of particular importance in non-urban, dispersed, and service or sector driven local economies, without specific economic anchors. Business leaders with the most influence in such cases, may not be those based locally. Rural and suburban areas surrounding cities may provide the workforce to drive the regional economy but the businesses that drive them may be city based. These businesses and business leaders must be embraced and engaged in local growth planning.

The differing levels of devolution across the country must also be recognised and addressed if non-mayoral and non-metropolitan Britain is not to fall behind economically. Where new levers are only available to established Mayors, a routemap to gaining these powers must be made clear and steps taken to ensure economic ambitions are not thwarted. New Localis research further endorses the need for a strategy based "around the real geography of place", reflecting how it functions.[8]

---

7 Areas for producing spatial development strategies – GOV.UK

8 Everything in its right place – establishing strong organisations and practices for successful devolution – Localis

3.3 Local Accountability

Essential – enough said! Mayors will be elected but must be seen to be accountable. In Combined Authorities, local leaders will be closely engaged in the prioritisation and monitoring of delivery. Major growth and innovation may take time to deliver. Communication will be key.

Local accountability and scrutiny through member councils will be important, combined with the critical reporting relationship to Government. The TEC experience highlights the dangers, but devolved budgets must mean devolved delivery. HM Treasury and departmental monitoring must recognise this. If devolution is to work, ultimate accountability must be through the ballot box.

3.4 Investment marketing

New private and international investment will build local economies. Targeted public funding will be required, but the focus must be on leveraging new and sustainable sources of investment, given the strain on public funds. Clear investment pipelines need to be built. Greater integration on investment missions and joint planning with the Office for Investment, the Department for Business and Trade and Trade Envoys would ensure greater coordination, impact and investment, locally and nationally.

The potential for local diplomacy – the way that "innovation between places internationally can be supported to unlock investment"[9] – should also be embraced. This reflects increasing international movement and should be a major consideration in investment marketing and relationship development.

9 Global Works – local growth and local diplomacy in Global Britain – Localis

4. Plan strategically and spatially

4.1 Skills

The Holy Grail for many. TECs led the way and powers are there in mayoral deals, but non-mayoral areas will need to build on existing partnership arrangements. The bringing together of skills and growth into one agency, with colleges and universities and private providers commissioned, or encouraged, to deliver those skills needed by the businesses of the future, will be a major factor in success. Increasingly, through devolved central budgets, greater targeting will mean skills to support employment and progression into work driven locally.

The urgency for the right employment skills means that devolved powers should flow to all areas, not simply to those with mayors.

4.2 Spatial planning

It's another big one. Strategic planning powers would enable spatial infrastructure and funding solutions to be developed, working closely with local planning authorities to deliver, balancing growth across a region.

Spatial Development Strategies must be spatial investment frameworks that give confidence to business to invest. They must clearly define areas of growth making the case for new infrastructure and must be able to vary housing and delivery, providing that overall need is met.

The introduction of Spatial Development Strategies promises this. Let's see how they develop. And let's see how they connect across regions to give scale for investors.

4.3 Infrastructure first

The most fundamental challenge when sites are small is infrastructure. Regional growth cannot be funded through individual (s106) agreements – and certainly not by squeezing affordable housing out of developer contributions. A spatial approach is required to deliver an "infrastructure first" requirement to support local people, with funding models linked to the spatial plan and the planning certainty this would provide to investors and developers.

A significant blockage to many growth sites is utility infrastructure: water, energy, communications. In many cases, a lack of national planning and local co-ordination delays connections and appropriate investment, while putting pressure on local communities, building resentment and opposition to new growth and housing. Effective spatial planning would provide evidence of future demand, supporting utility planning and enabling early investment with the requirement to deliver.

5. Delivery, delivery, delivery

5.1 Single focus

Mayors, or leaders working together in non-mayoral areas, need to deliver a clearly focussed planning direction, with an imperative to deliver to time, as with a Development Corporation. This would give private sector confidence, release new sources of infrastructure funding and speed decision-making. Support around the mayor must also be strong to ensure delivery.

While council leaders will have a very clear vision for their areas, they are also conscious of the need to manage critical demand services, such as adult social care, or homelessness. Council officers are rightly concerned to ensure funding of new and increased service pressures from new developments and the bigger picture can sometimes be obscured. Specific planning vehicles, targeted to areas of greatest economic potential, would address this.

5.2 Major opportunities

Many major growth opportunities and excellent sites are stalled due to a range of specific, individual issues. Their solutions will be different in different places, with for example, the potential to recoup funding for site assembly in say Surrey, a different proposition in areas with more challenging viability.

Additionally, many of these opportunities do not sit neatly in a single local planning authority area. Being able to drill down to provide support, leverage or capacity on specific sites would support councils to kickstart or accelerate delivery.

We know planning capacity is a national issue. Councils are struggling and development for local people is suffering. The ability to broker wider planning resource, drawing in capacity and expertise as required would speed the planning and development process.

And where spatial solutions are appropriate, desired and locally supported, both mayoral and non-mayoral areas must be allowed to lead bids and deliver appropriate funding programmes.

5.3 Backing beauty, innovation and quality in design

Finally, it must not be development at all costs. We are leaving a legacy for future generations. We know agreed design codes can cut potential planning delays. They can enhance local capacity and allow for greater certainty and confidence in decision making and planning, while at the same time providing comfort to councils in retaining sovereignty and driving high quality growth at pace. Backing good design and beauty will support quality, energy efficiency and streamlined planning – and must be encouraged.

6. Lessons and learning

So, we stand at a critical moment. A new Prime Minister is imminent. Integrated settlements are here for some, more are coming. Wider devolution through the Devolution Priority Programme is beginning. Local Government Reorganisation is occupying councils across the land. Solutions in rural areas may be different from those that work in the Mets, but local growth will be critical to local and national productivity, building homes and paying for the high-quality public services we increasingly demand.

Whether Mayoral Strategic Authorities (MSAs), or partnerships of leaders in non-mayoral areas, a new generation of growth bodies will soon be upon us, joining those already in place. They will take a leading role in driving local economies. Our new Prime Minister will demand this.

So, let's learn from experience – the TECs, the RDAs, the LEPs and the PRPs – and while not going back to the future, learning what we can from it: budgets, business, skills, planning and people. Let's learn from what worked and what did not, the successes and failings. Not least, let's learn that whatever the new local growth acronym may be, Andy Burnham should ensure it does not spell DeLorean!

David Godfrey
July, 2026

Localis

Vox Studios, V.311
1-45 Durham St
London, SE11 5JH

0870 448 1530
info@localis.org.uk

localis.org.uk