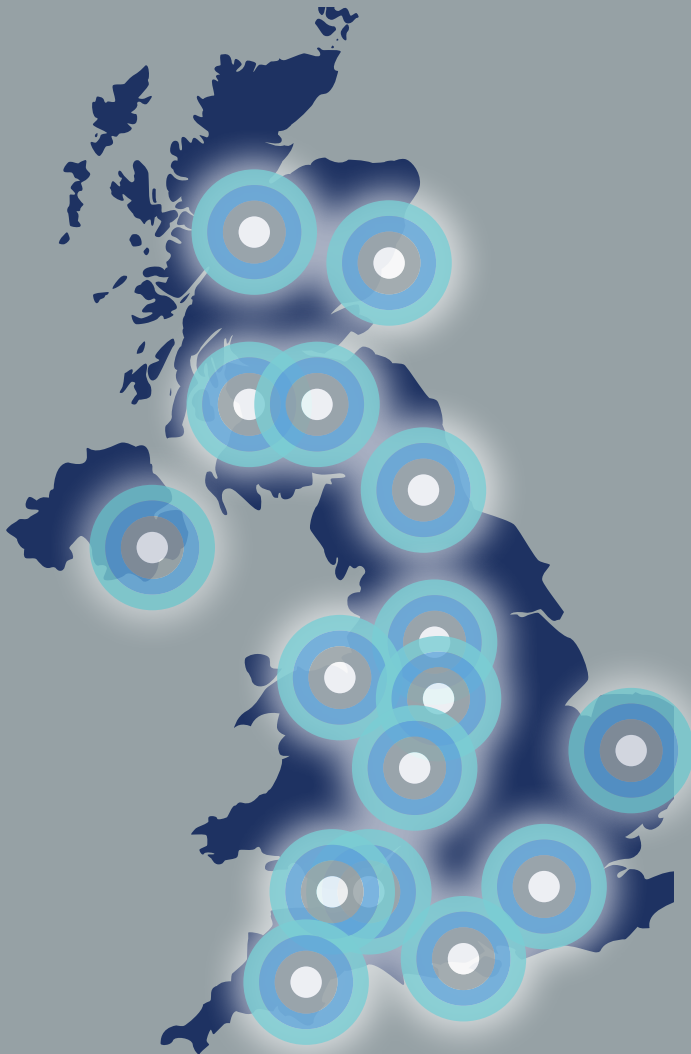




THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

# UK REGIONS AND THEIR PATHWAYS TO PROSPERITY



## Is Fiscal Devolution the Key to Local Success?

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In 2012 the then-Mayor of London, and later Prime Minister, commissioned LSE's Prof Tony Travers to lead innovative work analysing what financial powers the capital needed to thrive. The subsequent report of the London Finance Commission called for a suite of property taxes to be devolved directly to London, rather than being collected and redistributed by the Treasury, freeing the capital to better invest in its own urgent needs. The report was enthusiastically accepted by UK cities from Glasgow to Manchester, and the Commission was revived by the subsequent Mayor of London in 2016, continuing to be the cornerstone of fiscal devolution thinking across the UK.

## What Policies Can Deliver Sustainable Regional Growth?

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In a special report from the LSE Growth Commission, Dr Anna Valero, James Rydge and Dr Ralf Martin make data-driven policy recommendations to catalyse local growth. On clean growth, they recommend bringing together the Industrial Strategy and the Clean Growth Strategy to create a single plan for strengthening the UK's human capital for low-carbon transition and coordinating investment across all levels of government to maximise adaptability and improve skills. They call for targeted employment transition policies in areas at high risk of disruption from change in work needs, as well as further devolution of political and fiscal powers to enable residents to have a greater say in local investment plans. Key to their recommendations are: a new national smart city strategy, supported at the highest level of government; deeper partnerships between universities, business and local policymakers; and greater creativity around productivity and sustainable growth policies.

“ Sheffield's unique economy has been cultivated and developed over the generations. ”

## What Can Regions Learn From Sheffield?

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Sheffield has evolved from an Industrial Revolution producer city to a modern epicentre of advanced manufacturing. Research from LSE's Prof Anne Power, Laura Lane and Ben Grubb charts how Sheffield's unique economy has been cultivated and developed over the generations. It sets out the story behind the explosion of innovative, particularly engineering and technical, SMEs in the city – direct descendants of Sheffield's original skill base, and the skills, educational, recruitment and funding policies that have bolstered Sheffield's success story.



## How Can We Help the Places that “Don’t Matter”?

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Why do some people feel the places they live in “don’t matter”, and how can policy help change this perception? Research by Prof Andrés Rodríguez-Pose finds that, in places where residents feel a lack of prospects, they want opportunities rather than centralised assistance and long-term support. To promote inclusive growth and change perceptions, institutional inefficiencies and bottlenecks must be tackled, and local policies must focus on portable skills, boosting training, promoting entrepreneurship, and facilitating knowledge and innovation. There is no “one size fits all” policy.

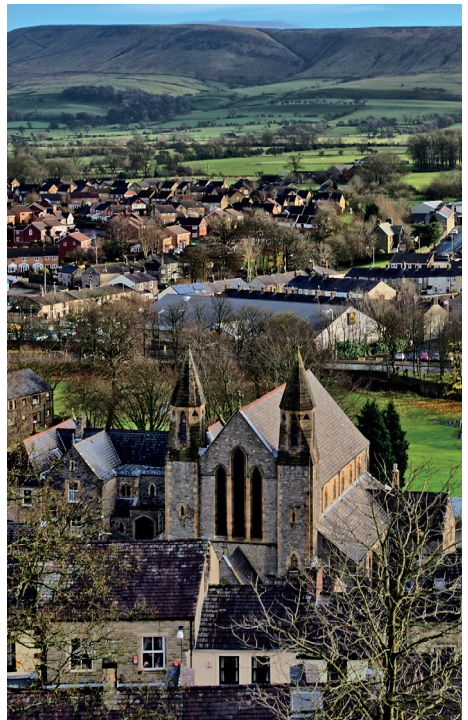


“ To promote inclusive growth... local policies must focus on portable skills, boosting training, promoting entrepreneurship, and facilitating knowledge and innovation. ”

## What is UK’s “Geography of Discontent”?

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A diverse selection of UK areas were studied to explore why they voted the way they did on Brexit, finding that specific local features have contributed to a nationwide “geography of discontent”. The research, coordinated by Dr Jose Olivas Osuna, finds that concerns around globalisation, migration, and identity are grounded in local, structural, socio-economic trends, shaped by geography. Areas studied were a mix of urban (such as Southampton), rural or mixed (such as Pendle), and with varied historic and current economies (such as Barnet and Mansfield). The study found that parts of the UK have become increasingly dependent on low-skill and low-paid jobs, with business practices instilling labour market precariousness and limited social mobility. This has been stimulated and reinforced by geographic insulation, with towns struggling to compete with bigger cities to attract talent and investment.





## Where Should Government Policy be Focused to Best Help Local People Post-Brexit?

Recent work by LSE's Centre for Analysis of Social Exclusion (CASE) explores the likely impact of Brexit on domestic social policy, and includes a review of evidence on the way Brexit effects are likely to be felt across regions, sectors and skill-levels. Dr Kitty Stewart, Dr Kerris Cooper and Dr Isabel Shutes conclude that a more distant trading relationship with the EU could increase regional inequalities in the medium-term. They argue that a major strategy for regional and industrial investment is essential, with local investment also needed in education and training to help UK youngsters fill gaps in health care and other public services as migration from the EU falls.

## Create Jobs and People Will Come

Successive governments have prioritised tackling differences in unemployment across regions, but how much does local employment effect people coming to, and leaving, areas? Research by Dr Monica Langella and Prof Alan Manning shows that it has a significant impact, and people will move away from areas of high unemployment and towards areas of lower unemployment. A 1% increase in unemployment in one area decreases the inflow from 1.5 to 4% while it increases outflow by about 1.6%. The research further shows that there are differences in the reaction to local employment, based on the distance between areas and ethnic compositions, and the high "cost of distance" that can prevent families with children, older people and others from moving far.

## LSE PUBLIC AFFAIRS

For more information on any of the work in this booklet, or to link up with world-leading researchers across areas from economics to law, sustainable growth to health policy, please get in touch.

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