

Growth in England's Towns

Notes from LSE Private Roundtable, June 2025

Overview

LSE and Patrick Hurley MP hosted a roundtable bringing together MPs and academics to discuss policy and proposals to boost investment and growth in England's towns, and how the latest data and research can inform policy and political debate.

LSE academics - Prof Tony Travers, Prof Neil Lee and Prof Riccardo Crescenzi - brought expertise in local growth plans, devolution and innovation policy, both in the UK and internationally, and they were joined by 10 MPs representing key English towns.

The following note sets out key issues discussed, and the **key policy proposals** set out by LSE's academics to support England's towns – and their communities – to thrive.

Introduction

- Prof Travers highlighted the efforts of successive governments to redistribute growth in the UK, noting that policy has shifted in orientation over the years, from cities to towns and, mostly recently, to neighbourhoods. Attendees were invited to consider whether these shifts have been helpful.
- The previous government's Towns Fund and Levelling Up Fund provided cash injections but faced problems with bidding costs and the risks of a lack of success. It was noted that such handouts are rarely enough and still leave some places receiving little to no funding. A large body of research has shown that this approach to funding is unable to channel resources where they are needed the most, leading to a vicious cycle.

The issues facing towns

- It was agreed that many of England's towns have suffered the consequences of de-industrialisation and high street decline; coastal towns have faced particular landward and seaward pressures.
- Other issues raised included the consequences of poverty traps, and the over-reliance on tourism, a sector with poor wages and conditions. Prof Crescenzi noted also that home-based working has not increased economic opportunities in remote areas, despite expectations; labour markets in cities remain more attractive and capable of attracting workers who were previously employed in more peripheral centres – a “shadow effect” of large urban agglomerations at the expense of more remote, local areas. It was agreed however that town centres may play an important role in shaping local identities and character.
- Prof Lee and Prof Crescenzi highlighted that socio-economic stagnation and population change outside of cities is an issue across the UK and also in Europe, where MEPs are having similar discussions with reference to the future of the EU multi-annual financial framework (a 7-year budget mostly for agricultural and regional development policies). It is not, therefore, a distinctly “post-industrial” problem – indeed, towns such as West Bromwich still have a large manufacturing base.

- Despite the redistribution of growth to places like Liverpool and Manchester, this growth is still dwarfed by London's. The provision and quality of public services such as schools continues to draw people to the South East.
- There is broad consensus on the success of mayoralties such as Manchester and West Yorkshire in winning extra investment, however **areas without mayoral representation are not benefitting from devolution in the same way.**
- Devolution deals do not always serve communities well; artificial borders siloing Manchester and Lancashire, for instance, impede the benefits of linking them up further. Other deals have left some towns, like Nuneaton, on the outskirts of their heartlands.
- The UK has strong inter-city transport but it was widely agreed that local transport has not been adequately supported. Successive governments have favoured big-ticket investments such as HS2, while investing far less in local transport, particularly buses. Supply estimate data, highlighted Prof Travers, shows that projected spend on HS2 this year is £7.6bn, dwarfing the roughly £4bn on all local transport. It was noted that despite towns like Congleton having rail links to cities, fares on these journeys can be unaffordable.
- Prof Crescenzi highlighted that macroeconomic issues such as new trade and investment deals with the EU, USA, and other economies have profound impacts on local areas and individual towns – each sector in President Trump's tariff blackboard has a distinctive local geography of local exporters and suppliers, creating (or destroying) hundreds of jobs. These should not be siloed from policy discussions on local growth.

Key takeaways: what is needed?

- Prof Travers noted that **high streets need to be reconfigured, and Compulsory Purchase powers may need to be used to do so.** One MP mentioned the need for business rates reform to support creative industries and small businesses in revitalising the town centre.

Prof Neil Lee emphasised several policy opportunities:

- **Locally led and sustained policy has worked well in places like Austria and Switzerland.**
- The UK's defence sector presents opportunities for local economies.
- Investment in itself is not enough to create growth, and **greater emphasis should be put on how complementary investment can create growth in particular local economies.** Addressing the fragmentary nature of local government would better facilitate this.
- **It is hard to create entirely new industries, so towns should focus on upgrading existing industries.** Belfast has seen success developing its security and tech sector into a cyber security industrial that can support the local economy.

Prof Crescenzi discussed the following recommendations:

- **The UK should take stock of the European experience of success and failure, earmarking large proportions of investment for areas outside of main cities and making budget decisions on a multiannual cycle.** The UK budget is currently only

annual, and the system tends to reward areas already experiencing growth with limited capacity to plan for the long-term needs of less dynamic local areas.

- Given the constraints on public budgets, **private investment (UK and foreign) should be prioritised, and public investment used to attract and multiply this.** There is a growing body of evidence to offer insights on the most effective institutions and governance arrangements to make this possible.
- The harnessing of individual locations' position and connections in **trade, investment and local and global value chains (GVCs)**, can support local businesses to grow and upgrade with more and better jobs generating value in local communities. Appropriate governance arrangements and skills are needed to make this possible.