



The Seven Essentials of Effective Place-Based Growth

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THE SEVEN ESSENTIALS OF EFFECTIVE PLACE-BASED GROWTH

WHAT CAN THE GOVERNMENT LEARN FROM CITY-
REGION MAYORS AND DEVOLVED NATIONS?

September 2025

LOCAL POLICY INNOVATION PARTNERSHIP (LPIP) HUB
AND THE HESELTINE INSTITUTE



UNIVERSITY OF
LIVERPOOL

Heseltine Institute for Public
Policy, Practice and Place



Delivered by
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Introduction

As the UK faces persistent regional inequalities, economic uncertainty, and the urgent need for a just transition to net zero, the case for a more empowered, locally driven approach to growth has never been stronger. This briefing sets out **seven essential principles** for effective place-based growth, drawing on the lived experience and emerging evidence from city-region mayors, devolved nations, the UKRI funded Local Policy Innovation Partnership Hub and the four funded partnerships: Rural Wales, EPIC Northern Ireland, Forth2O (Scotland) and YPIP (Yorkshire).

It aims to inform Labour's evolving policy agenda on devolution and local economic renewal, offering actionable insights for national government based on what is already working in places.

This work is grounded in the research and practice of the City-Region Economic Development Institute (City-REDI) at the University of Birmingham, which is the lead for the LPIP Hub (Strategic Coordination Hub), the Heseltine Institute for Public Policy, Practice and Place at the University of Liverpool, and the four LPIP pilot partnerships. These partnerships bring together local authorities, universities, business and civic actors to co-produce evidence-informed strategies for inclusive, sustainable growth. Their work highlights the importance of local capacity, collaborative governance, and long-term investment in unlocking the potential of place.

1. Power Up Local Potential

Build Local Capacity and Capability

To deliver real change, local institutions need more than just responsibilities; they need the tools to succeed. However, English local authority core funding is 18% lower in real terms per person in 2024/25 than it was in 2010/11 ([IFS, 2024](#)). As a result, the capacity of local authorities to make strategic decisions has been cut dramatically. Long-term investment in local authority capacity is required, from data and analysis to leadership and delivery.

The four LPIPs show that when local teams are properly resourced, they can drive innovation, build partnerships, and respond to local challenges with agility. Government must move beyond short-termism and equip places with the skills, capacity and systems to lead their own futures ([Pugh, 2024](#)). This means empowering local institutions with the skills, resources, and autonomy to lead economic development.

Actionable for Government:

- Provide core, multi-year funding to local authorities and combined authorities.

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- Fund local data and analytical teams to support evidence-based decision-making.
 - Support leadership development and peer learning across places.

LPIP, City-REDI and The Heseltine Institute Insights:

The LPIP Hub, led by City-REDI, was explicitly created to address the “place capacity gap” by building confidence, capability, and capacity in local institutions. It supports the four LPIPs in navigating complex policy environments and translating research into action. The LPIP Hub’s “Policy Hive” model brings together local authorities, universities, the private sector and civic actors to co-develop evidence and guidance which help build institutional resilience, especially in areas hit hard by Brexit, COVID-19, and austerity ([Billing et al 2019](#)). All four LPIPs highlighted the lack of capacity as a barrier to effective delivery. Local teams often rely on short-term consultants or under-resourced staff.

The Heseltine Institute’s [policy briefings](#) and other publications, such as its recent [Innovations in Public Policy](#) series, provide valuable resources for local and regional leaders seeking to tackle policy challenges in a highly dynamic policy landscape.

Policy Opportunity:

Labour’s commitment to “power closer to people” must be underpinned by investment in the institutions that will wield that power.

2. Make Policy Smarter, with Local Evidence

Embed Evidence-Informed Policy Making

Effective place-based growth starts with understanding place. That requires embedding evidence into every stage of policy—from design to delivery. The LPIPs and the work of City-REDI and the Heseltine Institute demonstrate the power of co-produced, locally grounded research in shaping better decisions. Government should support a national-local evidence ecosystem that values lived experience, academic insight, and real-time data.

Smarter policy isn’t just about having better data—it’s about fostering stronger relationships between those who generate data and those who use it to inform policy and investment decisions. By breaking down organisational barriers and eliminating data silos, we can enable more effective place-based policymaking. This empowers local and combined authorities to better understand the impact of specific policy interventions.

Actionable for Government:

- Fund local policy labs and data observatories.
- Require and support the use of evidence in local growth strategies.
- Create a national-local knowledge exchange platform.

LPIP, City-REDI and The Heseltine Institute Insights:

The LPIPs have shown how co-produced evidence leads to more targeted and effective interventions. They function as connectors between academic research and local policy needs, helping areas use data to inform inclusive growth strategies ([Cymru Wledig LPIP Rural Wales, 2025](#)). City-REDI and the LPIP Hub emphasise the importance of co-produced, place-sensitive evidence. City-REDI's data and modelling expertise has been used to help shape local economic recovery plans ([Academy of Social Sciences, 2025](#)) and the local growth plan through integrating real-time labour market intelligence with long-term strategic planning. Further examples, including a Theory of Place can be found in [The WMREDI Story](#).

Policy Opportunity:

Labour can institutionalise this approach through a national framework for local evidence use, building on the LPIPs and other place-based institutions.

3. Fund the Mission, Not the Bid

Enable Flexible, Mission-Oriented Funding

Competitive bidding wastes time, fragments effort, and undermines trust. Instead, government should back locally developed missions with flexible, multi-year funding that enables long-term planning and innovation. The LPIPs show that when places are trusted to lead, they align partners around shared goals and deliver more effectively. Government has the opportunity to replace the patchwork of pots with a coherent funding model that supports ambition, not administration.

Moving away from fragmented, competitive pots to long-term, outcome-focused funding aligned with local missions, this is the direction of travel with integrated settlements, but these are relatively small compared with the structural changes that need to be made. There also needs to be greater consideration of fiscal devolution, but alongside devolution of decision making, there needs to be investment in capacity, skill and expertise to deliver on missions, not just administering bid funding.

Actionable for Government:

- Replace Levelling Up Fund-style competitions with devolved, block funding.
- Align funding with local missions (e.g. net zero, inclusive growth).
- Allow local areas to pool and braid funding across silos.

LPIP, City-REDI and The Heseltine Institute Insights:

Pilots found that short-term, competitive funding undermines collaboration and long-term planning. LPIP pilots have highlighted how fragmented, short-term funding undermines collaboration, as highlighted by other research led by City-REDI ([Hoole et al, 2025](#)). The Hub advocates for mission-oriented funding that aligns with local priorities and enables long-term planning. The Heseltine Institute has called for a shift from competitive bidding to devolved, block funding, arguing that local leaders are best

placed to define and deliver missions around inclusive growth and net zero.

Labour Policy Challenge:

Labour must resist centralising tendencies and trust local areas to define and deliver their own missions.

4. Lead Together, Grow Together

Foster Collaborative Governance and Civic Partnerships

No single actor can deliver place-based growth alone. The most successful local partnerships are built on deep collaboration between councils, universities, businesses, and communities. Government should support inclusive governance structures that foster shared leadership and civic partnership. It's not just about who sits at the table, it's about building trust, aligning incentives, and creating space for local voices to shape the future of their places. Creating inclusive governance structures that bring together public, private, academic, and community actors.

Actionable for Government:

- Require and support local governance boards with diverse representation.
- Fund civic engagement and participatory planning.
- Encourage anchor institutions to play a leadership role.

LPIP, City-REDI and The Heseltine Institute Insights:

Successful local partnerships are built on strong local relationships and trust, not just formal structures. The LPIP model is built on collaborative governance. Each LPIP is a partnership between devolved administrations, local authorities, universities, and civic actors, demonstrating how shared leadership can drive innovation and trust. EPIC Futures Northern Ireland is targeting economic inactivity, building collaborations across sectors to create fair and meaningful employment. Forth20 is developing innovative frameworks and tools across the water management policy system in Eastern Scotland. In Liverpool City Region, the Heseltine Institute and in the West Midlands, City-REDI have worked closely with the Combined Authority, local authorities and community organisations to co-produce strategies for employment, skills, health equity and economic resilience and growth rooted in civic partnership.

Policy Opportunity:

Labour can position local growth as a democratic project, not just an economic one.

5. Growth That Works for Everyone—and the Planet

Prioritise Inclusive and Sustainable Growth

Economic growth must be inclusive and sustainable to be meaningful. The LPIPs are tackling deep-rooted inequalities and environmental challenges head-on, from health disparities to the green transition. Government should embed social and environmental justice into the heart of local economic strategies. Labour can lead by ensuring that the benefits of growth are widely shared—and that no community is left behind in the race to net zero. Ensuring that economic growth reduces inequalities and supports environmental sustainability.

Actionable for Government:

- Embed inclusive and green growth metrics in funding and evaluation.
- Support social economy – adopting locally appropriate strategies based on needs and ambition.
- Target investment to address structural inequalities.

LPIP, City-REDI and The Heseltine Institute Insights:

The LPIPs are tackling issues like health inequality, low pay, and poor housing—key barriers to inclusive growth. LPIPs are tackling structural inequalities and environmental challenges simultaneously. Their work reflects a commitment to inclusive and sustainable growth, particularly in areas facing multiple deprivations. The Yorkshire LPIP is focusing on health inequalities and the green economy, using local data to target interventions in communities most affected by the cost-of-living crisis and climate change. The OECD and RSA frameworks on inclusive growth stress the need to address social determinants of economic participation.

Labour Policy Challenge:

Labour must ensure that green industrial policy does not exacerbate regional or social inequalities.

6. Spend Smart, Buy Local, Drive Innovation

Support Innovation Through Local Procurement and Investment

Public procurement and investment are powerful tools for local growth—but they're often underused. The LPIPs show how smarter spending can support local businesses, drive innovation, and build resilience. Government should reform procurement rules to prioritise social value, local impact, and innovation. Labour can unlock the potential of every pound spent by aligning public investment with local economic priorities. Using public spending to stimulate local innovation, investment in SMEs, and inclusive economic development.

Actionable for Government:

- Reform procurement rules to prioritise social value and local impact.
- Support local investment vehicles and community finance.
- Encourage innovation districts and clusters.

LPIP, City-REDI and The Heseltine Institute Insights:

[City-REDI's IPEC](#) work shows how procurement can be a lever for local innovation and resilience. Insights from the [Liverpool City Region Community Assets Research Project](#) highlight how community asset ownership can unlock economic and social value. The [Innovation Procurement Empowerment Centre \(IPEC\) research](#) argues that procurement is a powerful but underused tool for innovation policy.

Policy Opportunity:

Labour can lead a “progressive procurement” revolution that aligns public spending with local economic goals.

7. Learn Fast, Scale What Works

Institutionalise Learning and Scaling Across Places

Every place is different—but that doesn't mean we can't learn from each other. The LPIP Hub is already showing how cross-place learning can accelerate innovation and avoid duplication. Government should institutionalise learning across the system, supporting peer exchange, adaptive evaluation, and the scaling of what works. Labour can build a culture of continuous improvement that respects local differences while spreading success. Creating systems to share learning, adapt successful models, and support continuous improvement.

Actionable for Government:

- Fund a national learning network for place-based policy building on existing networks, such as UK Mayors and the Council of Nations and Regions.
- Support peer review and mentoring between places.
- Build in evaluation and adaptive learning into all programmes.

LPIP, City-REDI and The Heseltine Institute Insights:

The LPIP Hub is already facilitating cross-place learning, but this needs to be scaled and sustained. The LPIP Hub is designed to facilitate cross-place learning. It supports LPIPs in sharing insights, adapting successful models, and building a national-local learning ecosystem. The Hub's commissioning fund supports the transfer of innovations and knowledge between LPIPs through establishing an LPIP Fellow network of policy and research experts, carrying out commissioned projects to address place-based policy challenges. A Heseltine Institute report provides evidence about collaborative governance and learning. ([Anderson, P. and Arnold, T. 2025](#))

Policy Opportunity:

Avoiding “one-size-fits-all” solutions while ensuring that successful innovations are not lost or siloed.

And Finally...What Not to Do: Common Pitfalls in Place-Based Working

While the seven essentials highlight what works, it's equally important to understand what not to do. These pitfalls, often missed or underestimated, can undermine even the most promising place-based strategies.

1. Over-centralising Decision-Making

Even well-intentioned national frameworks can stifle local innovation if they impose rigid structures or metrics. Avoid designing programmes that assume a “one-size-fits-all” approach. As shown in LPIP pilots, flexibility and local autonomy are key to unlocking place potential. City-REDI Insight: Research on funding fragmentation (Hoole et al., 2025) shows how centralised bidding processes reduce local responsiveness and collaboration.

2. Neglecting Institutional Memory and Continuity

Short-term projects and staff turnover can erode local learning. Avoid relying solely on consultants or temporary teams without investing in long-term institutional capacity. The LPIP Hub Learning: The Policy Hive model was developed to counteract this by embedding knowledge within local institutions and fostering peer learning.

3. Ignoring Civic and Community Voices

Tokenistic engagement or top-down planning risks alienating communities. Avoid designing governance structures that exclude civic actors or treat engagement as a tick-box exercise. The Heseltine Institute Evidence: Collaborative governance in Liverpool shows that trust and legitimacy grow when communities are co-creators, not just consultees.

4. Focusing Only on Economic Metrics

Growth strategies that ignore health, wellbeing, or environmental sustainability miss the bigger picture. Avoid over-reliance on GDP or productivity measures without considering social value and equity. YPIP Example: Their work on health inequalities and the green economy demonstrates the need for multidimensional metrics.

5. Underestimating the Complexity of Local Data Use

Providing data is not enough—places need the skills and systems to interpret and apply it. Avoid assuming that all local authorities have equal analytical capacity. City-REDI and LPIP Hub Insight: Building local analytical teams and fostering data literacy is essential for evidence-informed policy.

6. Failing to Scale or Share Innovations

Innovations often remain siloed or are lost when projects end. Avoid treating pilots as isolated experiments—build mechanisms for scaling and cross-place learning. LPIP Fellow Network: Designed to transfer knowledge and innovations across regions, preventing duplication and enabling adaptation.

7. Overlooking Procurement as a Strategic Tool

Procurement is often treated as a compliance exercise rather than a lever for innovation. Avoid missing opportunities to align spending with local missions. IPEC Research (City-REDI): Demonstrates how procurement can drive inclusive innovation and support local SMEs.

Find out more:

LPIP Hub (Strategic Coordination Hub) - *The Local Policy Innovation Partnership Hub – Building Confidence, Capability and Capacity in Place*

- A foundational piece outlining the LPIP Hub's mission, structure, and approach to supporting local policy innovation.
- Discusses the "Policy Hive" model and the place capacity gap.
- Cites academic research including Newman et al. (2021), Romaniuk et al. (2021), and Taylor et al. (2021).
- [Available here](#)

City-REDI (University of Birmingham) Publications and Reports

- Includes working papers, policy briefings, and applied research on inclusive growth, productivity, and regional development.
- Topics include labour market resilience, procurement for innovation, and civic capacity.
- [Browse publications](#)

Heseltine Institute (University of Liverpool) Reports and Publications

- Covers intergovernmental relations, civic leadership, and health equity in the Liverpool City Region.
- Includes policy briefings, evidence calls, academic commentary, and collaborative research with local authorities.
- [Access publications](#)

The four LPIPs

Cymru Wledig LPIP Rural Wales

Led by Aberystwyth University, Bangor University, Cardiff University, and the Countryside and Community Research Institute.

Focus: rural regeneration, net zero, health and wellbeing, and Welsh language and culture.

[Find out more about Cymru Wledig LPIP Rural Wales](#)

EPIC Futures NI (Economic Policy and Innovation Cluster), Northern Ireland

Led by Ulster University and partners.

Focus: inclusive innovation, skills, and economic transformation in post-conflict and post-industrial contexts. [Find out more about EPIC Futures.](#)

Forth2O (Forth Valley, Scotland)

Led by the University of Stirling and partners.

Focus: health, wellbeing, and environmental sustainability in a diverse regional economy.

[Find out more about Forth2O.](#)

YPIP (Yorkshire Policy Innovation Partnership)

Led by the University of Leeds, and partners

Focus: inclusive growth, productivity, and civic capacity across urban and rural Yorkshire.

[Find out more about YPIP.](#)

Find out more:



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