

# When should place-based policies be used and at what scale?

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This paper sets out the context for adopting place-based policies, with particular reference to those associated with labour and skills. It highlights a role for a ‘people-in-places’ policy approach for addressing persistent geographical inequalities at a range of spatial scales. Place-based policies can cover multiple policy domains and are very diverse. They can take account of local circumstances, aiding joining up across different policy domains, utilising local knowledge and facilitating co-design. The extent of fiscal devolution varies between and within countries. Alongside differences in economic circumstances and institutional structures this contributes to a messy landscape. The appropriate geographical scale for discharging different functions varies by policy domain and may be different for advocacy, strategic planning and service delivery activities. There is no single ‘right answer’ here. The efficiency and effectiveness of PBPs depends in part on institutional and governance structures, and notably the relationships between and within different levels of governance, as well as the extent of fiscal autonomy and policy levers available at the subnational level.

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# Executive summary

Geographical disparities persist at a range of spatial scales. The intractability and complexity of such disparities has driven increasing interest in place-based policies (PBPs). A trend towards greater decentralisation is evident in most parts of the world. The political backlash against spatial disparities explains part of the impetus for increased interest in PBPs.

PBPs vary along a continuum from local tailoring of existing policies across multiple dimensions in order that they are more sensitive to place to fully-fledged locally-owned place-based policies. In practice, PBPs are highly diverse. This means that finding a clear and unambiguous definition of PBPs is difficult. The fact that PBPs are implemented alongside spatially-blind policies makes for a messy policy landscape.

A key logic for PBPs is to 'join up' across policy domains to create an ecosystem of place-based people-focused support, underpinned by effective partnership working. Other important rationales for PBPs relate to efficiency (which entails sufficiency and flexibility of funding), the ability to take account of local needs and utilisation of local knowledge to create more effective policy.

The distribution of taxation and spending powers across levels of government varies between, and to some extent within, countries. Through decentralisation of taxation and spending governments can bring public services closer to households and firms, arguably allowing for better adaptation to local preferences and needs. There is an important distinction between: (1) 'vertical fiscal redistribution' – where a higher-order scale of government redistributes funding to delineated recipient areas at a lower-order scale, with such funding generally being targeted for specific purposes set by the higher-order layer of government; and (2) 'horizontal fiscal redistribution' – where funding is redistributed from areas of high to low fiscal capacity, where typically funding can be used at the discretion of the recipient, rather than for pre-specified purposes. While decentralisation can bring policy design and implementation closer to local stakeholders and beneficiaries, enabling adaptation to local preferences and circumstances, it can also increase the complexity of inter-governmental fiscal frameworks and relations, potentially leading to inefficiencies and/or unintended consequences.

Taking the considerations above together, key parameters in PBPs include: (1) service design and delivery: what services are delivered and how? (2) budgets and financing: where does funding sit, and with what decision-making powers/ conditions attached to it? (3) determining policy: what policies are pursued for whom and where? (4) objective setting: who determines priorities and accompanying targets where? (5) governance and partnerships: how are services co-ordinated and led? Evidence suggests that the efficiency and effectiveness of PBPs depends in part on institutional and governance structures and on the extent of fiscal and other types of autonomy at and the subnational level.

A key question for PBPs concerns the relevant geographical scale of intervention. Regions and local areas are not merely 'spatial containers' arranged in nested hierarchies; rather they need to be considered relationally alongside each other. For PBPs how different geographical scales fit together is of central importance. Different geographical scales include: (1) pan-/mega-regions (in some instances extending across international boundaries) with strong functional links; (2) regions; (3) sub-regions – often functionally-defined city-regions; (4) local areas – such as administratively-defined municipalities; and (5)

the micro-area (neighbourhood) scale. Differential settlement structures also have implications for the appropriate geographical scale of different types of interventions. Although policy analysts have delineated functional economic areas, the reality is one of continuous geographical space subsuming complex overlapping local labour markets. This means that within the complexity of administrative and functional geographies - and the relationships between different geographical scales - subnational policy makers are faced with relating scale to function in particular contexts. All of these considerations mean that the question of 'what is the appropriate geographical scale at which to discharge advocacy, strategy/planning and delivery functions in different policy domains?' is fraught with complexity. This complexity is made more perplexing by the way in which in some countries layers of local and sub-regional governance, with a mix of statutory and non-statutory organisations and responsibilities, exist alongside asymmetric devolution of powers.

Key questions for the relevant geographical scale for PBPs include: (1) do conditions vary across space in ways that mean there is a plausible case for fiscal transfers and/or for local tailoring of policies to regional/local circumstances? (2) are there likely to be spillovers at particular spatial scales that ought to be considered when designing and implementing policies? (3) are there economies of scale or scope affecting the policy in question that need to be considered? (4) are there synergies or co-ordination challenges within and between policies and functions such that they should be examined together at one or more spatial scales so that complementarities are achieved? (5) do actors at relevant geographical scales have the capacity and fiscal autonomy to discharge any responsibilities for the design and implementation of PBPs? Other concepts to consider are subsidiarity (i.e. the principle that social and political issues should be dealt with at the most local level that is consistent with their resolution) and additionality (i.e. how working at a broader geographical scale can add value to activities at finer scales of geographical disaggregation).

While there might be an 'ideal' geographical scale at which a particular function should be discharged, in practice pragmatic considerations and governance issues play a part. So too does the extent of fiscal autonomy and the levers that actors have available to them at different geographical scales. Considering different policy domains, the delivery infrastructure for skills and employment support is primarily local, although this varies by skill level. The neighbourhood level is an appropriate scale for place-based policy delivery for those suffering greatest labour market disadvantage, while the sub-regional/regional level is likely to be more appropriate for delivery of higher level skills. Strategic and planning functions may be appropriately discharged at regional and sub-regional scales. The pan-regional scale may be apposite for advocacy regarding common skills issues (including skills shortages in key sectors) and the retention and attraction of higher-level talent operating in regional/national/international labour markets. In the case of innovation policies, specialist R&D centres need to operate at higher-level geographical scales than incubation facilities. Different geographical scales are appropriate for delivery of different types of business support. Much generic business support may be most appropriately planned and delivered at local and sub-regional scales, albeit there is a case for outreach and engagement at neighbourhood scale for microbusinesses. However, regional/sub-regional scales can be important for more specialised forms of business support. With regard to supply chain management, where there is evidence that supply chains span regions, there is a strong case for pan-regional initiatives to support them.

Overall, in terms of the fit between geographical scale and function, there is no single 'right answer'. Some specialist education, innovation, financial, international trade and promotion and major infrastructure functions are more amenable to delivery at pan-regional and regional scales while more general education, employment and business support functions may be more appropriately delivered sub-regionally. In some other policy domains advocacy at a pan-regional and/or regional scale is appropriate, but planning and delivery functions may be more fittingly placed at sub-regional and local levels. In practice, 'what works' for PBPs is not just about aligning functions with appropriate geographical scales; rather, the manner in which different tiers of government work together is of crucial importance too.

The examples of adults skills policy at local level in the West Midlands metropolitan sub-region of England and Chicago in the USA, provide insights into some of the generic challenges and opportunities facing PBPs. In England the skills system is relatively centralised, although recently a budget for adult skills has been devolved to mayoral combined authorities, including the West Midlands metropolitan sub-region. This devolved funding has been central to developing a more responsive sub-regional adult skills offer, so better meeting local needs and addressing local sectoral priorities. It has also enabled the development of more joined-up approaches with training providers. However, the mayoral combined authority faces constraints in its ability to address longer-term skills needs more strategically because of a lack of influence over education and training provision for young people, apprenticeships and higher education. By contrast, the USA has a long history of local control of skills interventions at subnational level, with the Federal Government, State Governments and local entities providing workforce development programmes in a multi-layered. More broadly based fiscal devolution in the USA means that community colleges, universities, employers, local agencies and third sector organisations can align investment from different levels of government. In so doing they can harness funds from national and regional government, as well as from local funding (including via local property taxes), to address local needs.

PBPs can make sense at neighbourhood scale where residents face multiple challenges to employment and existing service provision is complex, fragmented and difficult to navigate, not only for individuals, but also for employers, employment support and training providers and policymakers. Examples include neighbourhood employment hubs which co-locate services in the community and crafting local initiatives using discretionary funding to address specific local needs. There need to be feedback loops from the local frontline to regional and national policy.

# 1 Introduction

This section sets out the context for adopting place-based policies, using the particular case of labour and skills policies.

In particular it addresses the following themes:

- Addressing persistent geographical disparities – at a variety of spatial scales
- Understanding the functional roles of different geographical areas – which has implications for what geographical scales are appropriate for discharging different functions
- Background to, and categorisation of, place-based policies
- The role of place in labour market outcomes

## Addressing geographical disparities

The persistence of geographical disparities: Despite progress with place-based policies, there are relatively large and persistent inter- and intra-regional disparities in economic activity, labour market conditions and outcomes across developed countries. Concentrations of labour market disadvantage, typically measured by unemployment (albeit economic inactivity is also a major issue) have remained persistent in a range of settings (including at the neighbourhood scale in parts of large urban areas, former industrial towns and some seaside towns and rural areas) in the face of national policies, even during economic upturns.

The role of migration: Economic theory suggests that over time such disparities would reduce as people move from high to low unemployment areas. Concerns have been raised about the implications for such adjustment posed by declining household migration, particularly in the USA (Cooke, 2013; Dao et al., 2017), so reducing responsiveness of internal migration to unemployment. Analyses using data from the UK finds at small area level (ward) and local labour market area (Travel-to-Work Area) scales shows that out-migration and in-migration are affected by local unemployment; with people moving away from areas of higher unemployment to areas of lower unemployment (Langella and Manning, 2022). However, most moves are very local, including within functional economic areas. Moreover, elasticities to local unemployment are different across people with different characteristics, with better educated people, young people and homeowners being more sensitive to local unemployment rates and ethnic minorities being less so.

## The roles played by different places

Understanding the roles of local areas: At different geographical scales places play different roles. These different roles both help in understanding economic differentials and have implications for place-based policies. At the local labour market area scale, whether and how local areas are connected to major metropolitan areas (i.e. relative accessibility and links to agglomeration economies), settlement structure characteristics (along an urban-rural continuum) and key features of the sectoral and occupational

composition of employment help explain role that they play in the broader urban and regional system. A peripheral rural area does not play the same role as a major city within a broader metropolitan area.

Understanding the role of neighbourhoods: At a neighbourhood level Robson et al. (2008) distinguished four types of deprived areas based on migration trajectories:

- *Transit areas* - deprived neighbourhoods in which most in-movers come from less deprived areas and most out-movers go to less deprived areas. For residents of such areas living in a deprived neighbourhood may entail only a short period of residence before they to a 'better' area elsewhere. (They may be attracted to the area by low house prices.)
- *Escalator areas* – deprived neighbourhoods where most in-movers come from areas that are equally or more deprived, and most out-movers go to less deprived neighbourhoods. These neighbourhoods are characterised by residents who see onward-and-upward progression through the labour market.
- *Improver/ gentrifier areas* – deprived neighbourhoods where most in-movers come from less deprived areas and most out-movers go to similarly or more deprived areas. Here, positive change at the area level might not benefit all residents.
- *Isolate areas* – deprived neighbourhoods in which households come from and move to areas that are equally or more deprived. Such neighbourhoods are not attractive to people from less deprived neighbourhoods, and, relatedly, residents do not tend to 'upgrade' to a less deprived area when they leave. Hence, these neighbourhoods are associated with a degree of entrapment of poor households who are unable to break out of living in deprived areas.

A labour market dimension can be added to the typology above (see Rae et al., 2016), taking into account travel-to-work features in urban areas (see also Table 3.2 for links to policy):

- *Primary Employment Zones* – an area where the number of jobs, measured in terms of travel-to-work flows, is greater than the number of workers.
- *Connected Core* – areas where workers tend to work within 5km and they travel to a wide variety of job destinations.
- *Disconnected Core* – areas where workers tend to work within 5km but there is low diversity in terms of job destinations.
- *Connected Suburb* – areas where workers tend to work more than 5km away and they work in a wide variety of destinations.
- *Disconnected Suburb* – areas where workers tend to work more than 5km away and they work in a limited set of destinations.

Outside major urban areas a different typology may be applicable. Such typologies can assist in the formulation and targeting of policy interventions.

## Background to place-based policies

Increasing interest in place-based policies: The intractability and complexity of entrenched worklessness in certain local areas, coupled with spatial variations in employment opportunities, has driven increasing interest in greater interest along a policy continuum from:

- 1) local tailoring of existing spatially-blind policies across multiple dimensions in order that they are more sensitive to place considered from a holistic perspective; and
- 2) fully-fledged locally-owned place-based policies.

WHEN SHOULD PLACE-BASED POLICIES BE USED AND AT WHAT SCALE?

Both (1) and (2), and other policies along the continuum between them – which are together referred to here as ‘place-based policies’ (PBPs) – have a role in complementing economic, labour market and skills policies and policies in other domains. Some PBPs focus on one particular policy domain, while others include multiple actions across different sectors in order to overcome entrenched challenges. This is indicative of increasing demands placed on PBPs. Spatially-blind policies (see Table 1.1 for a dichotomy of PBPs which is used to aid discussion rather than to reflect the intertwined multiple dimensions and complexities of reality) are based on the premise that it is inevitable that economic activity is geographically unbalanced and so it is inefficient to work against this tendency. The logic here is that to detract from natural forces towards agglomeration and clustering via promotion of factor mobility reduces aggregate welfare at the national scale.

People-based policies and place-based policies: In terms of a simple dichotomy, ‘spatially-blind’ policies may be dubbed ‘people-based policies’ while PBPs are styled ‘place-based policies’. In terms of labour policies a people-based policy might entail taking ‘people to jobs’ rather than ‘job to people’. However, policies that are ‘spatially-blind’ in intent are rarely spatially-blind or place-neutral in effect (McCann, 2023). In practice, it is very difficult to distinguish between ‘people-effects’ and ‘place-effects’. Rather, it is more appropriate to think about ‘people in places’ (McCann, 2023). In terms of labour policies, a people-based policy might entail taking ‘people to jobs’ whereas a place-based approach more likely entails taking ‘jobs to people’. However, in reality local labour markets are simultaneously ‘segmented’ and ‘seamless’ (Morrison, 2005). The various physical and perceptual obstacles that people face to employment differ between places. Empirical analysis from Northern Ireland, where a conflict situation has historically led to a particular emphasis on taking jobs to areas of social need rather than relying on widespread spatial mobility of workers, suggests that whilst it might be necessary to place jobs in or near deprived areas, it is seldom sufficient (Shuttleworth and Green, 2009). Significant supply-side action is likely to be needed in demand-led programmes if residents are to take up local jobs. Whether a ‘jobs to people’ or a ‘people to jobs’ policy is appropriate varies from place to place and between different types of worker; rather what is appropriate is a ‘people in places’ policy approach.

**Table 1-1      Categorising place-based policies**

(drawing in part on McCann (2023) and Suedekum (2023))

<b>Traditional</b>				<b>Modern</b>
Spatially-blind	←	<b>PEOPLE IN PLACES</b>	→	Spatially-sensitive
People	←		→	Place
Reactive	←		→	Proactive
Traditional economic rationale	←		→	Political and well-being rational (“good economics”)
Cohesion	←		→	Transformation
Lagging regions	←		→	All regions/ specific types of regions
Single challenge	←		→	Multiple challenges
Sectoral approach	←		→	Integrated development
Single/ few policy domains	←		→	Multiple policy domains
Limited number of policy tools – subsidies, hard capital (infrastructure)	←		→	Many policy tools (including a focus on soft capital, social and cultural issues)

Central government	←		→	Multi-level governance – public-private-civil society partnerships
Top-down	←		→	Bottom-up and top- down
Administrative units	←		→	Functional areas – informed by role of places

**Traditional reactive approaches in lagging regions and a shift towards proactive PBPs:** Traditionally, PBPs have been used in a reactive fashion to address income and labour market differentials. The conventional economic rationale has been to focus on lagging regions (as measured by regional differential in output) with a sectoral approach geared towards specific industries, coupled with funding for training, designed to stimulate convergence and growth. In some instances investment in infrastructure has also been a key feature; this is a ‘hard infrastructure’ approach. McCann (2023) notes that PBPs also need to bring institutional, social capital and governance issues within their ambit, in order to (re)build market processes in some areas. PBPs can also be used in alleviating and anticipating economic shocks across different places. Suedekum (2023) highlights the role of such policies in helping the transformation of areas and firms implicated by the transition to electric vehicles, including retraining targeted at employers and workers and investment in electric vehicle charging stations, in an attempt to alleviate future problems. Proactive policies tend to recognise the multiple challenges facing people, firms and place. The appreciation of a range of differing regional development trajectories facing different functional economic areas is also allied with integrated place-based development approaches, covering a range of policy domains and recognising a role for public, private and civil society actors, marrying ‘top down’ and ‘bottom up’ approaches. Given the range of challenges faced it is likely that multiple actions across different policy domains will be required.

## The case for place-based labour policies

**Why place needs to inform policy development:** Places have different economic development trajectories shaped by their historical evolution, different assets and characteristics. Hence, different PBPs may be applicable for rural areas with ageing populations, labour and skill shortages, dispersed settlement patterns and gaps in transport and digital infrastructure, than major metropolitan areas. Likewise some major metropolitan areas may face challenges of congestion whereas in others employment and productivity can be lagging. Similarly, areas may have different sectoral strengths, and hence it may be applicable for business development policies to have different foci. There may also be common challenges in local areas and neighbourhoods. For example, digitalisation has implications across all areas. Likewise, issues of in-work poverty and poor job quality more generally have risen up the policy agenda, leading to growing concerns with employment quality as well as the quantity of jobs. These issues feed through into policy concerns about opportunities for labour market progression. In some local areas and sectors ‘low skills traps’ exist. Here the potential for supply-side action on skills is limited as impetus to invest in skills is lacking, leading to a vicious circle. In making wage-setting decisions employers typically adopt isomorphic behaviour, referencing low local wage norms and set their own wages accordingly. This, in turn, reduces prospects for progression and for more skilled and ambitious workers out-migration may seem the most advantageous option since in many instances ‘low road’ business models and competitiveness strategies preclude escape from the ‘low skills trap’ (Green, 2016; Keep, 2022). In such circumstances place-relevant sectoral and business support policies are likely to be necessary, alongside skills development initiatives.

**The role of place in labour market outcomes:** The characteristics of places shape labour market outcomes both through the quantity and quality of jobs that are available locally, as well as through factors which influence the ability of local residents to benefit from the available employment opportunities (either in the

immediate area or through commuting). These other factors include transport infrastructure and costs – which are important for accessing jobs and training opportunities, access to and costs of care, access to high quality services and cultural opportunities, a pleasant living environment, etc. These ‘soft infrastructure’ considerations can constrain or enable residents’ ability to access employment opportunities and are also important considerations in the attraction of labour to particular places. People with poor skills tend to have a relatively weak position in labour and housing markets and tend to be more restricted than those with higher skills in the distance that they are able and can afford to travel. The number and nature of jobs that are available locally matters most to those who have poor skills and are most disadvantaged in labour and housing market as they tend to be most constrained in accessing employment in both non-spatial and spatial terms (Green and Owen, 2006). Alongside these objective considerations, place can also play a role in labour market outcomes through its influence on perceptions of opportunities available to ‘people from here’ and attitudes and behaviours which are in part formed by the bonding and bridging social capital individuals build up in place (White and Green, 2015). It is important to note that the ‘subjective opportunity structure’ in certain places might not accord with the ‘objective opportunity structure’ (Galster and Killen, 1995); hence policy needs to take account of the felt experience of place as well as of what conventional socio-economic indicators reveal about differences between places.

## Scope of the paper

Section 2 sets out the rationale for adoption of place-based policies and presents alternative frameworks for classifying such policies with respect to the extent of devolution to the subnational scale. Section 3 discusses considerations pertaining to the relevant geographical scale of intervention for place-based policies, with a particular focus on labour policies. Section 4 outlines the benefits and challenges of place-based policies, highlighting issues of interactions and trade-offs, co-ordination across geographical scales and policy domains, multi-level governance issues and challenges of capacity and longevity with regard to implementing place-based policies. It uses two examples to provide a deep dive into these challenges in practice: (a) adult skills policy at local level in England and the USA, and (b) neighbourhood employment support policies. Section 5 presents provides an overview and conclusions.

## 2 Why adopt place-based policies?

This section sets out the general *context* for adopting place-based policies, with reference to the particular case of labour and skills policies. It begins by outlining key insights from the first workshop and introducing key concepts of multi-level governance and fiscal federalism. It then moves on to consider the rationale for localising labour policies. It presents some alternative typologies/ frameworks for the devolution of such policies, which are of wider applicability to other policy domains.

### Introduction

Key insights from the first workshop: Key themes from the two papers by McCann (2023) and Suedekum (2023) include:

- There has been a *trend towards greater decentralisation* in most parts of the world, with *asymmetric decentralisation* apparent in several countries (see also Hooghe et al., 2016) with differentiated responsibilities depending on capacities, population and other characteristics.
- The *political backlash against spatial disparities*, notably (but not exclusively) following the UK referendum on Brexit in 2016 and the election of Donald Trump as US President explains part of the impetus for increased interest in PBPs (see Rodriguez-Pose, 2018; Dijkstra et al., 2020; McCann, 2020; Rodriguez-Pose et al., 2021; MacKinnon et al., 2022).
- *People and places interact* – hence, a ‘people-in-places’ framing for PBPs, that reflects a realistic understanding of the relationships between markets, institutions and governance, and of the constraints and opportunities that people face, is more appropriate than people-based or place-based approaches.
- There are *multiple dimensions of difference between local economies and places* – reflecting their locational characteristics, geographical scale, sectoral profiles and evolutionary economic geography trajectories.
- *Institutional and multi-level governance issues* are key to understanding the design and implementation of PBPs, as is the *funding available to different tiers of government*; (these issues are considered in more detail below).
- *Place-based policies cover multiple policy domains* – this includes the case for labour and skills policies which cover not only the labour market, education and training, but also issues such as childcare (which impacts on economic activity) and transport (which is of relevance for access to employment considerations).
- *Place-based policies are highly diverse* – this means that finding a clear and unambiguous definition of PBPs is difficult; moreover, in reality they are implemented alongside spatially-blind policies, so making for a messy policy landscape.

Multi-level governance: McCann (2023) notes that multi-level governance needs to be a key feature in design and implementation of PBPs if local actors are to be incentivised to make at least some decisions based on local knowledge as opposed to relying solely on central orchestration. Allain-Dupre (2018)

emphasises that it is how multi-level governance arrangements are managed, rather than the level of decentralisation per se, that is of crucial importance here. Here institutional capacity issues – in terms of staffing, expertise and scale – are paramount for implementation and delivery; hence the importance of capacity building. Horizontal and vertical co-ordination mechanisms are needed, yet may be lacking at some subnational levels of government in some countries.

*Fiscal federalism:* Fiscal federalism refers to the distribution of taxation and spending powers across levels of government, which in practice is variable across countries (Dougherty et al., 2019), tending to be greater in federal than in centralised structures (OECD, 2022), as indicated in a typology distinguishing: (1) high decentralised spending and high tax revenues; (2) medium decentralised spending and medium tax revenues; (3) medium decentralised spending and low tax revenues; and (4) low decentralised spending and low tax revenues (Allain-Dupre, 2018). More generally, it is about understanding the conditions under which specific spending competencies and revenue raising powers are most appropriately administered centrally, and when and which competencies and powers are better administered at a decentralised level of government (Eiser, 2020). The underpinning rationale for distribution to lower levels of government is that through decentralisation of taxation and spending, governments can bring public services closer to households and firms, allowing for better adaptation to local preferences and needs. Suedekum (2023) distinguishes between two types of redistribution of funding from international/ national to national/ subnational levels:

- Vertical fiscal redistribution – where a higher-order scale of government redistributes funding to delineated recipient areas at a lower-order scale. Generally, such funding is targeted for specific purposes/ towards pre-defined goals set by the higher-order layer of government, which may not accord with the preferences of the recipient area. (EU cohesion funds are an example of this type of fiscal redistribution.)
- Horizontal fiscal redistribution – where funding is redistributed from areas of high to low fiscal capacity, so allowing more funding than would otherwise be afforded. Typically such funding can be used at the discretion of the recipient, rather than for pre-specified types of public spending.

When considering fiscal federalism the design of institutions matters (Oates, 1999), as does the operation of multi-level governance involving different tiers of government within the broader institutional context. Hence both multi-level governance and funding are important for understanding the design and implementation of PBPs.

*Trade-offs:* The opportunities and challenges posed by fiscal federalism are multi-faceted, involving trade-offs (as illustrated in Table 2.1 below). While decentralisation can bring policy design and implementation closer to local stakeholders and beneficiaries, enabling adaptation to local preferences and circumstances, it can also increase the complexity of inter-governmental fiscal frameworks and relations, potentially leading to inefficiencies and/or unintended consequences. Ensuring fiscal capacity to fulfil mandates (as opposed to misalignment of responsibilities and resources available to take action), delineation of responsibilities and minimisation of barriers to inter-governmental co-ordination can be helpful in addressing such issues.

## Rationale for localising labour policies

*The rationale for place-based employment policies sensitive to local circumstances:* The example of employment policies is used in Table 2.1 to set out the rationale for localisation of policies (see left-hand panel) and some associated critiques (right-hand panel). Note that the rationales and critiques are generic issues pertinent to other policy domains. Indeed, a key rationale for localisation is to ‘join up’ across policy domains to create an ecosystem of place-based people-focused support, underpinned by effective partnership working. Other key rationales identified relate to efficiency – including sufficiency and flexibility

of funding, the ability to take account of local circumstances and address local needs, generating local buy-in, and utilisation of local knowledge to create more effective policy.

**Table 2-1 Key rationales and concerns regarding localisation of employment policies**

(drawing on Table 1, Green et al., 2022a)

<b>Rationales for localising</b>	<b>Criticisms and concerns regarding localisation</b>
1) <i>Joining up</i> : Integration across policy domains: - breaking down policy silos - aligning policies	<ul style="list-style-type: none"> <li>• How easy is it to align goals across policy domains at local level?</li> <li>• Might an emphasis on horizontal integration at local level be detrimental for multi-scalar vertical alignment of policies at national and local scales if it results in a decoupling of local policy from national policy priorities and thwarts possibilities of success in local areas bidding for future ad hoc competitive funding pots?</li> </ul>
2) <i>Efficiency</i> : Aligning and pooling funding to reduce duplication and address gaps in provision	<ul style="list-style-type: none"> <li>• Is there sufficient financial resource available at the local scale to match responsibilities?</li> <li>• How can inter-organisational challenges in aligning policy goals and pooling budgets be addressed?</li> </ul>
3) <i>Taking account of local circumstances</i> : Greater sensitivity / flexibility to local circumstances: - addressing locally-specific needs	<ul style="list-style-type: none"> <li>• Is the local scale – and what 'local' scale is - the most appropriate scale for designing and delivering employment policies? (see also '5' below regarding local expertise and capability)</li> <li>• Will greater local sensitivity / flexibility undermine the standards and effectiveness of national services and lead to a 'postcode lottery' of variable provision (and gaps in provision) of employment policies?</li> <li>• How much scope is there for meaningful local flexibility given the role played by central/ federal government in employment policies?</li> </ul>
4) <i>Local buy-in</i> : Enhancing possibilities for co-design with local stakeholders, service providers and employers: - leading to greater local buy-in - enhanced local credibility	<ul style="list-style-type: none"> <li>• The time limited short-term 'start and stop' nature of many local initiatives raises questions about their sustainability and longevity of local infrastructure built to support them, with negative implications for local credibility</li> </ul>
5) <i>Local knowledge</i> : Enabling utilisation of local knowledge to develop more effective policy	<ul style="list-style-type: none"> <li>• Is there capability / expertise and capacity at the local level to develop more effective policy?</li> <li>• Does greater local autonomy result in better outcomes?</li> </ul>

**The messy reality of the extent of local devolution and place-based policy formulation and implementation:**

As noted by McCann (2023) and Suedekum (2023), in practice, a binary distinction between spatially-blind and place-based policies may be too simplistic. Rather, it may be more appropriate to think of them as occupying different positions along a continuum of from national centralisation to local decentralisation/ devolution. However, in practice, any linear conceptualisation of policy formulation and implementation is unlikely to capture the messy reality of policy design, implementation and delivery.

**Typology of approaches to governance of employment and other policies**

**The importance of the institutional and governance context:** The nature of local influence on place-based labour policy varies according to context. There are international variations in governance structures (ranging from more centralist to federal structures) and in the design and organisation of policies and the functions that are devolved to different geographical scales. This is illustrated in the typology of approaches

to the governance of employment policy set out in Table 2.2 below; although note that the typology also has relevance for other policy domains. The typology is organised along a continuum from entirely centralised delivery (type 1) to full devolution of responsibilities (type 7). (The typology was developed with a UK focus, but most types are applicable to other countries.)

**Table 2-2 Typology of approaches to governance of employment and other policy domains**

(drawing on Table 2.1, Atkinson 2010)

Type	Description
1. Centralised delivery	No local sensitivity or flexibility
2. Providing greater local discretion within the public employment service	Central government permitting local offices within the national public employment service (or analogous institution in a different policy domain) to initiate different or additional activity aimed specifically at meeting local needs and enabling active participation in local partnerships
3. Market based approaches	Area-based employment initiatives for employment are designed and managed nationally, but delivered locally by a contractor appointed through an open tendering process. Contractors may have the freedom to build local delivery capacity, tailor provision to local needs and involve local partners as they see fit.
4. National initiatives owned locally	Programmes and initiatives are conceived, designed and funded at the national level, but they are managed and implemented locally. Local partnerships have some flexibility over priority objectives, activities and target groups; with a degree of freedom as to how these results are achieved and how progress is monitored.
5. Recognition, promotion, and enabling of a national network of local partnerships	National recognition, practical support and funding for the work of local partnerships. Local partnerships can set their own objectives, with guidance and 'monitoring by objectives' rather than micro-management from the national level.
6. Locally-initiated activity	Local bodies take their own initiative in undertaking activity aimed at generating or influencing employment outcomes for individuals, often in partnership with others. This activity may be formally recognised and promoted.
7. Full devolution of responsibilities	National government fully devolves particular responsibilities for developing, implementing and managing employment programmes or initiatives to regional or local levels.

## Framework for localisation of employment and other policies

Parameters in place-based policies: Rather than emphasising governance, a broader multi-dimensional framework for localisation/ devolution of employment policy outlined in Table 2.3 embraces:

- (1) service design and delivery - what services are delivered and how?
- (2) budgets and financing - where does funding sit, and with what decision-making powers and/or conditions attached to it?
- (3) determining policy - what policies are pursued for whom and where?
- (4) objective setting - who determines priorities and accompanying targets where?

- (5) governance and partnerships – how are services co-ordinated and led, including the roles of local partners, stakeholders and employers? Again, the example of employment policies illustrates more generic considerations applicable to place-based policies.

**Table 2-3 Five parameter framework for devolution of employment and other policies**

(based on Wilson et al. 2017, Figure 3.1)

Parameter	Description
1. Service design and delivery	<ul style="list-style-type: none"> <li>• How services are organised at local scale</li> <li>• Design and implementation of services:               <ul style="list-style-type: none"> <li>- locally commissioned services</li> <li>- tailoring of national policy to local needs</li> </ul> </li> </ul>
2. Budgets and financing	<ul style="list-style-type: none"> <li>• Who controls funding and conditions of funding – whether this is funding redistributed from national to subnational governments in accordance with specific allocation criteria, whether there is an ‘earned autonomy’ model of sub-regions negotiating deals with national government for devolution of funding linked to discrete programmes or objectives (often with conditions attached), or whether – and to what extent - there is subnational autonomy to raise funding through taxes</li> <li>• Autonomy in shifting funding (e.g. between programmes, years, etc); (note that without the possibility of using funding flexibly spending autonomy is restricted and it is possible that there may be perverse incentives as a result)</li> <li>• Nature and extent of reinvestment in savings</li> </ul>
3. Determining policy	<ul style="list-style-type: none"> <li>• Extent of autonomy over what policies are pursued locally</li> <li>• Deciding which groups are prioritised for support (in different local areas)</li> <li>• Nature of requirements set at national scale for subnational scale</li> </ul>
4. Objective setting	<ul style="list-style-type: none"> <li>• How priorities are determined locally:               <ul style="list-style-type: none"> <li>- what priorities are</li> <li>- translation of priorities into targets/agreements</li> </ul> </li> </ul>
5. Governance and partnerships	<ul style="list-style-type: none"> <li>• Arrangements for oversight of objectives, targets, financing, delivery</li> <li>• Relationship between local and national government</li> <li>• Relationship with key stakeholders</li> <li>• Partnerships between services and with employers for:               <ul style="list-style-type: none"> <li>- planning</li> <li>- joint working</li> <li>- intelligence gathering</li> <li>- information sharing</li> </ul> </li> </ul>

Trends in local autonomy: To set the localisation of employment and skills policies in context, it is interesting to note trends in the extent of local autonomy (as a highly valued feature of good governance) at country level. Trends based on a Local Autonomy Index (Ladner and Keuffer, 2021; Ladner et al., 2021), constructed for 57 countries (including European Union, Council of Europe and OECD countries) by combining scores on seven dimensions:

- 1) legal autonomy - the position given to the municipalities within the state;
- 2) organisational autonomy - the extent to which local authorities are able to decide aspects of their political system and their own administration;
- 3) policy scope - the range of functions or tasks where municipalities are effectively involved in the delivery of services, whether through their own financial resources and/or through their own staff;
- 4) effective political discretion (institutional depth + effective political discretion) - the range of tasks over which local government effectively has a say and whether it enjoys a general competence clause;

- 5) financial autonomy (fiscal autonomy + financial self-reliance + borrowing autonomy) - combining variables related to financial resources of local government giving them the possibility to influence their own budget;
- 6) non-interference – combining the importance given to municipalities within the state and the extent to which municipalities are controlled by higher levels of the state; and
- 7) access - the extent to which municipalities are able to influence political decisions on higher levels.

show a general increase in local autonomy between 1990 and 2000. This can be interpreted as a positive trend, given that analyses suggest that local autonomy could have a positive impact on citizens' satisfaction with services and democracy and their political trust. Countries displaying the highest degree of local autonomy on this index include the Nordic countries, Switzerland, France, Portugal and the USA.

The rationale for place-based employment and skills policies: Across local areas there has been an increasing call for enhanced action by local government and their partners in addressing employment and skills issues (OECD, 2022) and greater devolution of employment and skills systems. Despite common trends like population ageing and technological change in many western economies, the rationale for decentralisation is that the of quantity and quality of the jobs available now, and projected to be available in the future, varies between local areas, as does the existing profile of skills supply varies, so suggesting the need for a tailored approach. Morgan (2020) argues that national systems can be relatively slow to respond to local needs and tend to be characterised by fragmentation between policy domains whereas at the local scale there is greater scope for a whole system approach. Local government and partner organisations tend to be well-placed to identify challenges faced by employers in the labour market as well as those facing local residents and workers. Modelling undertaken by Evans and Vaid (2022) for the Local Government Association in England using a 'Work Local' framework encompassing a 'one stop' service for employment and skills programmes rooted in place with clear and responsive local leadership driven by local opportunities and needs within a common national framework for devolving strategy, financing and delivery of employment and skills underpinned by devolved employment and skills concerned with delivering better outcomes at lower costs, suggests that there would be economic, fiscal and social benefits if greater devolution led to improved skills outcomes from a more joined-up system that better met local needs. For example, more effective use of £680 million investment in a (hypothetical) large combined authority area with a working age population of 1.8 million could lead to a 15% improvement in employment and skills outcomes, with 4,200 people improving their skills each year and an extra 3,850 people moving into work. The modelling suggests that this could boost the local economy by £80 million per year and led to saving for taxpayers of £52 million per year.

What place-based policies for employment and skills could look like: Taking the principles outlined in Table 2.3, the nature of models varies between countries. In some countries there is (near) full discretion at regional level in how services are designed and delivered and what objectives are set; in others national governments set common service delivery requirements, but management of the system is at a subnational scale, perhaps funded by a block grant; while in yet others there remains strong national direction and accountability. Within a devolved system, there is an underlying tension between decentralising services and achieving consistent services, with the latter often being a key argument used against devolving funding and responsibilities for policy design and delivery to the subnational scale. While there is a multiplicity of different models that more localised employment and skills system could take, key features of two such models, according to the parameters outlined in Table 2.3, are outlined in Table 2.4.

**Table 2-4 Different models for a localised employment and skills system**

(based on Wilson et al. 2017, Table 9.1)

Parameter	Decentralisation and service integration	Political and fiscal devolution
Service design and delivery	Services co-commissioned but integrated locally, with reporting lines from subnational to national scales	Services delivered, designed, commissioned and managed locally
Budgets and financing	Greater alignment of commissioning timescales but without devolution of funding from national to subnational scale	Block grant (i.e. money for a broad purpose with limited restrictions on how it should be spent) devolution of relevant funding
Determining policy	Largely national	National policy where that scale make sense, but with an outcomes-based framework within which areas can set subnational priorities
Objective setting	Standardised national framework but with some subnational flexibility	Determined by subnational partners
Governance and partnerships	Subnational influencing of local services within a national framework	Significant autonomy subnationally

## Overview

Key points: There has been a long-term trend towards decentralisation. The main rationale for localised policies is that they can utilise local knowledge to provide place-based people-focused support where it is applicable to do so. The efficiency and effectiveness of PBP depends in part on institutional and governance structures – and notably the relationships between different levels of governance and the extent of fiscal and other types of autonomy at the subnational level.

# 3 What is the relevant geographical scale of intervention?

This section sets out considerations for the relevant geographical scales for policy intervention. It begins by setting out different geographical scales and the relationships between them. It then moves on to consider issues of function and scale before providing an assessment of appropriate geographical scales for discharging particular functions. It also highlights the roles that different places play in regional and urban systems.

## Different geographical scales and the relationships between them

Understanding geographical scales and relational geographies: Regions and local areas are not mere given ‘spatial containers’ (whether defined administratively or in functional economic terms) arranged in nested hierarchies. Amongst geographers there has been a shift in emphasis towards considering ‘relational geographies’ and to understanding the socio-spatial dynamics of regions and local areas – i.e. looking at the social, economic and political logic of regions and local areas and relationships between different geographical scales (Paasi et al., 2018). ‘New regional worlds’ debates emphasise the complexity of different geographical scales, including:

- pan-/mega-regions (at the meso scale), either within countries or spanning neighbouring countries with strong functional links;
- the regional scale;
- the sub-regional scale (e.g. functionally-defined city-regions);
- the local scale (e.g. administratively-defined municipalities – which can vary markedly in size); and
- the micro-area (neighbourhood) scale

and how they fit together.

The multiplicity of geographical units/ ‘geographies’: Alongside the distinction between different administrative and functional geographies, settlement structures vary over space and this has implications for the appropriate geographical scale of different types of interventions. It also has implications for measurement, given that some indicators of relevance to policy formulation and tracking outcomes are measured on a residence basis and others on a workplace basis. The concept of a function urban area (FUA) is of relevance here. A FUA comprises a ‘city’ and its surrounding, less densely populated local units that are part of the city’s labour market (as defined by its ‘commuting zone’ – typically delineated such that a minimum threshold of jobs are filled by local residents [demand-side self-containment] and a minimum threshold number of jobs are filled locally [supply-side self-containment]) (see Dijkstra et al., 2019). Sometimes, in polycentric sub-regions, two (or more) urban centres are connected by strong commuting flows and so form part of a single FUA. FUAs are better suited than administrative areas to capture agglomeration economies and they encompass the full extent of a city’s labour market. In some regions

there are dominant cities, in others economic activity is dispersed over different cities (that may play complementary functions). This means that the effective size of local labour markets varies. Hence, the reality is one of continuous geographical space subsuming complex overlapping local labour markets rather than non-overlapping single labour markets. This means that within the complexity of administrative and functional geographies - and the relationships between different geographical scales - subnational policy makers are faced with relating scale to function in particular contexts. Polycentricity needs to be acknowledged. Where different local areas fit into the wider regional and urban system means that the complexity of multiple spatial units poses more of a challenge in some local areas than in others.

Felt experience: There is also a growing emphasis on the 'felt experience' of place (i.e. the way people feel about places and the felt relationships they have to and within place) and associated communities of emotion that are developed within place, foregrounding concerns with place attachment and identity (which helps explain differentials in residential mobility/immobility), social capital, etc. Felt experience of place connects residents' economic experience and the political discontent noted in Chapter 1. Felt experience is often the missing part of the jigsaw in accounts of place. Hearing, listening and understanding local communities is key for building shared visions and PBPs.

Appropriate geographical scales: Taking account of the points discussed above, the question of 'What is the appropriate geographical scale at which to discharge advocacy, strategy/planning and delivery functions in different policy domains?' is fraught with complexity. This complexity is made even more perplexing by the way in which in some countries layers of local and sub-regional governance, with a mix of statutory and non-statutory organisations and responsibilities, have developed in a relatively ad hoc way, often alongside asymmetric devolution of powers.

## Function and scale: key considerations

Key questions for place-based policies include:

- Do conditions vary across space in ways that mean there is a plausible case for fiscal transfers and/or for local tailoring of policies to regional/ local circumstances?
- Are there likely to be spillovers at particular spatial scales that ought to be considered when designing and implementing policies?
- Are there economies of scale or scope affecting the policy in question that need to be considered?
- Are there synergies or co-ordination challenges within and between policies and functions such that they should be examined together at one or more spatial scales so that complementarities are achieved?
- Do actors at relevant geographical scales have the capacity and fiscal autonomy to discharge any responsibilities for the design and implementation of PBPs?

Broader concepts for consideration include:

- subsidiarity - i.e. the principle that social and political issues should be dealt with at the most immediate (or local) level that is consistent with their resolution
- additionality - which is concerned with how working at a broader geographical scale can add value to activities at finer scales of geographical disaggregation (e.g. through co-ordination of activities, advocacy, etc.)

## Appropriate geographical scales for discharging particular functions

**'Ideal' geographical scales for different functions:** While there might be an 'ideal' geographical scale at which a particular function should be discharged, in practice pragmatic considerations (taking into account institutional structures and capacity at different geographical scales) and governance issues play a part. So too does the extent of fiscal autonomy and the levers (including financial resources) that actors have available to them at different geographical scales (and this varies between countries, most notably between federal and centralised jurisdictions). Combining insights from theory and practice in the case of the English Midlands (Green and Rossiter, 2019), which are of broader applicability to other countries, appropriate geographical scales for discharging selected functions and activities are set out in Table 3.1 and in the accompanying commentary. The functions and activities identified are: (1) advocacy: working with and between government, public sector and private sector decision makers to create the right policy and investment environment for desired outcomes; (2) strategy/ planning: a plan (or plans) of action designed to achieve a long-term or overall aim; and (3) delivery of services. Skills, education and employment support functions are foregrounded in this paper but other policy domains are highlighted also in the table.

**Table 3-1 Appropriate geographical scales for discharging selected functions and activities**

(based on Green and Rossiter, 2019, Appendix)

Function/ Activity	Pan-regional	Regional	Sub-regional	Local	Neighbourhood
<b>Employment support and skills</b>					
Advocacy	√	√			
Strategy/ planning		√	√		
Delivery		√	√	√	√
<b>Further Education</b>					
Advocacy		√	√	√	
Strategy/ planning		√	√	√	
Delivery			√	√	√
<b>Higher Education</b>					
Advocacy	√				
Strategy/ planning	√				
Delivery	√	√	√		
<b>Enterprise/ Incubators</b>					
Advocacy	√	√			
Strategy/ planning	√	√	√	√	
Delivery		√	√	√	
<b>Independent R&amp;D centres</b>					
Advocacy	√				
Strategy/ planning	√				
Delivery	√	√			
<b>Enterprise zones, incubators</b>					
Advocacy	√	√			
Strategy/ planning	√	√	√	√	
Delivery		√	√	√	
<b>Process innovation</b>					
Advocacy	√	√			
Strategy/ planning			√		

Delivery			√	√	√
<b>Generic business support</b>					
Advocacy	√	√			
Strategy/ planning			√		
Delivery			√	√	
<b>Business finance</b>					
Advocacy	√	√			
Strategy/ planning	√	√			
Delivery	√	√			
<b>Supply chain management</b>					
Advocacy	√	√			
Strategy/ planning	√	√			
Delivery	√	√			
<b>Trade promotion</b>					
Advocacy	√	√			
Strategy/ planning	√	√			
Delivery	√	√	√	√	
<b>Inward investment promotion</b>					
Advocacy	√	√			
Strategy/ planning	√	√			
Delivery	√	√	√	√	
<b>Major transport infrastructure</b>					
Advocacy	√	√			
Strategy/ planning	√	√	√		
Delivery		√	√	√	
<b>Local transport infrastructure</b>					
Advocacy	√	√			
Strategy/ planning		√	√		
Delivery		√	√	√	
<b>Digital infrastructure</b>					
Advocacy	√	√	√	√	√
Strategy/ planning	√	√			
Delivery		√	√	√	√

**Skills, education and employment support:** Table 3.1 shows that the delivery infrastructure for skills and employment support is primarily local, although this varies by skill level and the degree of specialisation: there is a positive association between skill levels and geographical scale. The neighbourhood level is an appropriate scale for place-based policy delivery (e.g. via neighbourhood hubs) for those suffering greatest labour market disadvantage, while the sub-regional level (or regional level) is likely to be more appropriate for delivery of higher level skills (as illustrated by the case of higher education). Strategic and planning functions may be more appropriately discharged at regional and sub-regional scales. The pan-regional scale may be appropriate for advocacy regarding common skills issues (including skills shortages in key sectors) and the retention and attraction of higher-level talent operating in regional, national (and sometimes international labour markets). For such workers, considerations of housing, culture and aspects of soft infrastructure are important also. Amongst higher education institutions there is increasing focus on research collaboration/partnerships at larger spatial scales, including regional and pan-regional scales (Harrison et al., 2017).

Innovation: Independent not-for-profit R&D centres (known as ‘catapults’ in the UK context) represent large-scale investments and generate networks integrating specialist expertise. They need to operate at similar higher-level geographical scales to higher education institutions. More focused incubation facilities tend to operate at lower-level geographical scales albeit there is variation between those with more specialised facilities needing higher levels of investment which tend to operate at the sub-regional level while small scale co-working spaces are at local and neighbourhood scales. Process innovation (which has a strong link to managerial capacities relating to job design and work organisation, and so to work quality) show some similarities (and a few differences) from those outlined for skills and employment support.

Enterprise: Outside of crisis situations (such as the Covid-19 pandemic where national governments took on a greater role), generic business support is largely delivered and most appropriately planned at local and sub-regional scales, albeit there is a case for outreach and engagement at neighbourhood scale for microbusinesses. However, the regional and sub-regional scales can be important for more specialised forms of business support. Business finance schemes requiring more specialist fund management expertise tend to be delivered at regional and/or pan-regional scales. With regard to supply chain management, where there is evidence that supply chains span regions, there is a strong case for pan-regional initiatives designed to support them. Otherwise the regional level might be more appropriate; however, there are likely to be variations by sector. Planning and delivery at sub-regional and local levels is unlikely to be appropriate.

Internationalisation: For trade promotion pan-regional and regional scales are appropriate for advocacy and strategic planning functions. However, delivery can happen at multiple geographical levels from the pan-regional to more local levels. Chambers of Commerce, often operating at sub-regional level, can play an important role here. Geographical scale is often seen as important when marketing areas for inward investment purposes. Perhaps what is even more important when marketing functions are involved is that activity at different scales is joined up.

Infrastructure: Some infrastructure (e.g. transport and digital networks) is about connectivity, at a variety of geographical scales, while for other infrastructure (e.g. education facilities, hospitals, etc.) accessibility is key. For both connectivity and accessibility co-ordination across geographical scales is particularly important. Hence in the case of major transport infrastructure investments, focusing on inter-regional (and sometimes international connectivity) advocacy and strategic planning activities are relevant at pan-regional and regional scales. For local transport infrastructure, focusing on sub-regional and local connectivity, strategic planning functions tend to be at regional and lower spatial scales. Delivery occurs at multiple spatial scales and needs to reflect the nature of infrastructure and patterns of movement. Local transport infrastructure needs to take into account planning of housing and local services. Digital infrastructure is increasingly important for connectivity. Given that broadband may be a particular issue in some locations (perhaps peripheral rural areas especially) advocacy may be relevant at the neighbourhood and local scale, as well at higher levels of geography. However, strategic planning tends to take place at higher level geographical levels.

Overview of appropriate scales for discharging different functions: In terms of the fit between geographical scale and function, there is no single ‘right answer’. What is clear is that specialist education, innovation, financial, international trade and promotion and major infrastructure functions are more amenable to delivery at pan-regional and regional scales than various other functions outlined in Table 3.1. However, in some other policy domains advocacy at a pan-regional and/or regional scale is appropriate, but planning and delivery functions tend to be more fittingly placed at sub-regional and local levels. Education is an example of a policy domain where delivery is appropriate across a range of geographical scales. However, as noted by Green and Rossiter (2019, p. 21) how different levels of governance work together is crucial: “the manner in which different tiers of government work together is as important as the nature of any functional division of labour between them”.

## Understanding the functions of different places in urban and regional systems

**Different roles for different places:** For PBPs to be sensitive to place it is important to understand the role that different places play in urban and regional systems, as outlined in Chapter 1. This does not mean focusing exclusively on the here and now. Evolutionary economic geography perspectives indicate that the economic history of particular regions and local areas shapes current and future trajectories and opportunities. Hence, present patterns of economic opportunities are a function of past (i.e. they reflect previous economic geographies) and current circumstances. Sectoral mix, institutional norms and culture from previous eras permeate the present, while sectoral and technological developments – including the rise of hybrid/ virtual working – have implications for the role that different places will play in urban and regional systems of the future.

**Table 3-2 A matrix for targeting policy in deprived neighbourhoods**

(from Rae et al. (2016))

Function/ Activity	Escalator	Gentrifier	Isolate	Transit
Connected Core	Ensure training options for long-term residents match employment opportunities	Identify households at risk of displacement, focus on skills development	More jobs may be needed in these areas, or more targeted training initiatives	Ensure housing remains diverse enough to offer lower-income residents long-term security
Disconnected Core	Improving transport accessibility and focusing on training needs of long-term residents	Identify those at risk of displacement, focus on improving job accessibility in first instance	Improve skills to increase ability to exploit proximity to employment opportunities	Improving transport accessibility and focusing on training needs of long-term residents
Connected Suburb	Ensure housing mix remains diverse enough to offer lower-income residents long-term security	Focus on skills development for long-term residents, particularly those at risk of displacement	Develop 'pathways to employment' initiatives with local employers, focused on skills	Provide targeted training schemes for long-term unemployed, long-term residents
Disconnected Suburb	Improve transport links with long-term residents in mind	A gentrifier is least likely to be here	Develop 'pathways to employment' initiatives with employers, focused on skills and transport	Improve transport links with long-term residents in mind
Primary Employment Zone	Focus on skills and training initiatives to capitalise upon local employment opportunities - including in-work progression schemes			

**Mapping policies to the roles of places:** Bourdin (2023) suggests that a territorial employability ecosystem – encompassing human capital management, identifying business needs, financial and careers support for the unemployed and job seekers, economic development policies, place branding, institutional support, socio-cultural norms and social networks – is needed to enhance the match between labour demand and supply. Such an ecosystem is by its nature dynamic. Moreover, policies need to take account of the role(s) that different places play. For instance, at the neighbourhood scale relatively high rates of worklessness are likely to be a function of a range of factors. Such factors may be a function of 'compositional effects' (i.e. spatial variations reflecting the uneven distribution of individuals with poor skills/ suffering labour market disadvantage, which may be a function of how housing markets operate) on the one hand, and 'area'/ 'contextual' effects that remain once the composition of the population has been taken into account. The literature suggests that spatial and skills mismatches reinforce each other (Houston, 2005; L'Horty and Sari, 2019). Different solutions focusing on particular policy domains may be appropriate for neighbourhoods playing different roles/ on different trajectories. This is exemplified in Table 3.2 which

presents a matrix for targeting policy in the different types of deprived neighbourhoods outlined in Chapter 1. The policy initiatives in Table 3.2 highlight the importance of joined-up initiatives across deprived neighbourhoods, with improvements in transport accessibility being identified as particularly important in disconnected neighbourhoods. It also highlights making links to local employers in 'isolate' neighbourhoods.

A geographical saturation approach: In neighbourhoods suffering entrenched disadvantage a geographical saturation approach across policy domains may be appropriate, with local residents sometimes playing a key role in aspects of policy prioritisation, as in the case of the New Deal for Communities initiative in England, where intense efforts were made to engage and involve local people in the planning, design, delivery and review of local programmes. New Deal for Communities sought to transform 39 neighbourhoods in England (each with a population of around 9,900 on average) over a ten-year period from 1998 achieving holistic change in relation to three place-related outcomes: crime, community, and housing and the physical environment, and three people-related outcomes: education, health, and worklessness (Batty et al., 2010). As such it may be considered as an example of geographical saturation, which is a policy model that involves programmes supporting large numbers of residents in a neighbourhood, typically across policy domains. The rationale is that by encouraging positive spillover effects between residents through provision of intense individual and area-based support transformational change of deprived neighbourhoods can be achieved (What Works Centre for Local Economic Growth, 2018).

## Overview

Key points: There is a multiplicity of geographical units across different subnational scales – from the pan-regional to the neighbourhood level. In considering what geographical scale is appropriate to discharge particular functions it is appropriate to take account of concepts of subsidiarity and additionality, as well as issues of economies of scale and scope, the capacity of actors at different levels of governance and the levers available to them. Appropriate geographical scales vary by policy domain and according to functions of advocacy, strategic planning and delivery. How different levels of governance work together is crucial.

# 4 Benefits and challenges of place-based policies: the example of labour and skills policies in practice

This section set out some of the generic benefits and challenges of place-based policies relating to labour and skills in practice. It illustrates the relevance of some of these features through deep dives into:

- (a) adult skills policy at local level in England – with a particular focus on the West Midlands metropolitan sub-region and including a comparative perspective from Chicago in the USA
- (b) neighbourhood employment support policies

## Generic issues

Co-ordination across policy domains: As noted in previous chapters, to be effective PBPs need to be aligned vertically across a range of geographical scales, including upwards to the national level and downwards to the neighbourhood level. This can present challenges. There are also practical obstacles in horizontal alignment of policies across local actors/ organisations, especially given that organisational goals and key performance indicators tend to take precedence over broader partnership goals.

Multi-level governance and administrative complexity: In practice many subnational organisations are involved in multi-level governance structures surrounding PBPs. They may have differential access to, and autonomy over, funding. Especially in market-based structures, including when there is a relative lack of resources at regional and local scales, these subnational organisations may be positioned in competition with each other. Hence the onus may be in competition (horizontally) rather than collaboration. The nature, strength and success of partnership working is crucial here, particularly when funding is short-term/ unstable.

Partnership working: Partnerships at city-region scale can play an important role in orchestrating a multiplicity of agencies at a variety of spatial scales with responsibilities in fields relevant to labour and skills. Experience has highlighted some key elements for positive partnership working for formulating and delivering place-based policies. Ingredients include:

- representation on partnership boards and wider consortia from public, voluntary and private sectors
- a strong central team to lead and provide a partnership secretariat function
- a division in responsibility with a partnership board focused on a strategic overview while delivery details are delegated to sub-groups
- the role of intermediaries as orchestrators, facilitators and mediators to help build and maintain trust-based relationships and help in building absorptive capacity which aids the implementation of public policies

- a particular role for anchor institutions may play an ongoing convening role here through providing place-based 'sticky capital' (because they are unlikely to move) around which local strategies can focus

A detailed overview of the extent of variability between places in the availability of all such ingredients is not necessarily available, especially with regard to absorptive capacity. To gain a clearer picture there is scope to exploit recent methodological approaches on machine learning to predict absorptive capacity. This might enable advance identification of areas which are more likely to face issues in effective design and planning of policy actions. Neglect of consideration of absorptive capacity might yield greater sub-national disparities (Ferrara, 2023).

A role for soft spaces: Complementing formal 'hard spaces' with statutory responsibilities, operating outside formal structures, voluntary informal collaborations in 'soft spaces' can play an important lubricating role horizontally as well as vertically in multi-agency partnership working. In contrast to the formality characterising the hierarchical and rigid tendencies of statutory arenas of territorial government, 'soft spaces' are collaborative, non-hierarchical spaces of governance with fuzzy boundaries based on negotiation between a broad group of stakeholders (Allmendinger and Haughton, 2009). Soft spaces can take on various forms. They may be temporary in nature, with links to specific projects, or they may become more permanent fixtures within the governance architecture of states. They are flexible by nature, yet they share four features in common (Cavaco et al., 2023):

- voluntarism: they are dependent on the willingness of partners/ members to contribute and engage
- informality: rather than being grounded in legal or financial instruments, they are concerned with shared visions and informal forms of action
- complementarity (with hard spaces): they bring together actors from difference sectors at varying spatial scales to promote innovative responses to subnational policy challenges
- effectiveness: typically soft spaces are delivery-oriented and respond to particular problems/ initiatives

Importantly, operating in soft spaces can enable stakeholders to understand the contributions and priorities of different partners.

Challenges of resources, capability and capacity – at different geographical scales and between different partners: Ongoing concerns about PBPs include differential resources, regional and local capability and capacity to design, implement and evaluate place-based policies. There is a danger that such differences can accentuate regional/local differentials. These issues in turn raises issues regarding equity of treatment given that differential resources, capability and capacity will likely result in differential service delivery: a so-called 'postcode lottery', with the possibility of gaps in provision. Differences in local infrastructure, resources, and histories and maturity of local partnership working, can compound concerns about inequity.

Challenges of longevity and associated issues for evaluation: In practice PBPs are often time-limited (albeit there are variations between countries in this regard). Frequent policy and institutional changes are a recipe for complexity, confusion and a lack of trust. Yet it can take time to mobilise and engage partners locally. Increased responsibility for developing and implementing policy in a localised system can restrict the space available for policy and practice learning, especially in a context of policy churn. Moreover, in such a context, local infrastructures for policy co-design and delivery can be difficult to maintain without successor interventions. A lack of sustainability and longevity of local partnership working and delivery can lead to a lack of trust and has negative implications for local credibility. Furthermore, policy churn suggests a tendency to develop policies without good data, evidence on successful models, and learning from evaluation. It also militates against building up local capacity and expertise to inform policy making and delivery. Measuring the impact of PBPs can be challenging because of multi-dimensional objectives and the time it takes for rigorous monitoring and evaluation frameworks and methods and associated data

collection procedures that are essential for robust evaluation to be set up. Moreover, achievement of objectives may take several years. Frequent policy and institutional changes are a recipe for complexity, confusion and a lack of trust.

Interactions and trade-offs: There may be inherent tensions in policy approaches that aim to combine national economic growth with PBPs responding to the needs of local areas. The example of skills ecosystems and adult skills policy in England, together with a comparison with a contrasting approach of Chicago in the USA, is considered next to illustrate key points relating to PBPs/ localisation in practice.

## Adult skills policy: at sub-regional level in England and in Chicago, USA

The importance of skills: Skills are a driver for productivity and growth, nationally and subnationally. They are also important from an inclusion perspective because they can equip people from all backgrounds to benefit from growth (Green et al., 2022b).

Bringing together partners and institutions in skills ecosystems: A skills ecosystem comprises actors and institutions concerned with the development and deployment of skills. The term ‘skills ecosystem’ was coined by Finegold (1999) to describe the Californian experience of high-quality jobs in technology intensive industries, which indirectly supported jobs in a vast range of other sectors. A skills ecosystem is akin to a biological ecosystem, with all separate parts connected, interdependent and working together in order to function well as a whole. It requires: (1) a catalyst for its start; (2) continual nourishment – through public, private (and sometimes other) funding; (3) a supportive host environment – including intelligence on skills demand and supply; and (4) a high degree of interdependence and responsiveness amongst the stakeholders and partners in the system. Successful skills ecosystems operate at different geographical scales, depending on the levels of skills needed, the character of each place and their economic and social priorities. At subnational level this means creating mutually re-enforcing incentives for the different actors to collaborate within regional/ sub-regional/ local skills ecosystems.

Co-ordination across policy domains: In many policy domains – but especially with regard to adult skills domains –there is a complex matrix of overlapping organisations and responsibilities, with delivery organisations operating across a range of geographical scales. Employers play a crucial role too with regard to skills. Creating a more inclusive and effective skills system cannot take a one size fits all approach. It requires strong vertical partnerships through national to local levels in order to deliver investment responsive to subnational needs and opportunities. It also requires strong horizontal partnerships between local authorities, public agencies and employer representative organisations, within city-regional/ local labour markets, to share knowledge and to agree targets and measures to raise skills and employment levels. It is pertinent here to highlight the key role that anchor institutions can play in PBPs in horizontal and vertical partnerships; indeed, James Relly and Robson (2022) identify local colleges as ‘collaborative anchors’ – providing space for interpretation of local policy into national contexts and feeding back local needs back into national discourse.

Generic place challenges associated with improving skills: The distribution of skills varies markedly across areas, reflecting socio-economic conditions that are a function of intersections between housing and labour markets. It also reflects the sectoral and occupational profile of employment and historical demand by employers in a local labour market. Often spatially-blind policies and PBPs focusing primarily on skills concentrate mainly on improving the supply of skills to improve prosperity and productivity. However, since skills are a derived demand, so it is necessary to focus on the demand for skills and their utilisation in addition to their supply. Hence, business support policies to raise ambition for innovation and strengthen absorptive capacity targeting are crucial too, and play an important complementary role to skills policies. These may target particular sectors which are locally important and/ or have potential to grow, or focus on some types of firm. Crucially, the mix of requirements varies by geographical area. In this vein, Shand et al. (2022 p.8) note that: “having the flexibility to tailor provision of learning to the specific needs and

opportunities of ‘places’ is a vital component of a joined-up system of interventions enabled to address embedded inequalities found particularly in urban, coastal and rural communities”.

Devolution Deals, City Deals, Local Growth Deals and skills: Economic growth, including the promotion of local growth, the achievement of spatial and sectoral balance, and fair distributional outcomes for all has been a key concern for Devolution Deals in England (Sandford, 2023). Over the last decade employment and skills have been a key feature of City Deals, which are bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or Local Enterprise Partnerships and other local bodies (Ward, 2023) and of Local Growth Deals, designed to drive local economic growth. These deals have entailed giving new powers to local councils and partnerships, where local partners have demonstrated their capacity and capability to take on additional responsibilities. Analysis by Clayton and McGough (2015) indicates that City Deals and Growth Deals have acted as a catalyst for partners to come together and have enabled partnership working and employer engagement at the local level, in a shift towards a more demand-led system, with an emphasis on filling gaps in training provision. As such, these deals have been a precursor to greater devolution in the case of adult skills in some areas, as outlined in the following section. However, unresolved tensions remain concerning the politics of deal making: Randall and Casebourne (2016) highlight how the deal making process between national government and local actor is opaque such that local areas might not get what they want, while O’Brien and Pike (2015) argue the deal-making founded on territorial competition and negotiation between central national and local actors with uneven endowments of information and resources leads to imbalanced and inequitable outcomes. More generally, this underscores the important role of politics in shaping deal making and PBPs and the need for investment in intergovernmental relations across geographical scales.

### ***The case of adult skills in England: a centralised system with limited fiscal autonomy***

The governance and funding of the adult skills system in the UK and England: According to the Index of Local Autonomy (Ladner et al., 2021) discussed in Chapter 2, the UK has a medium-low degree of local autonomy. The UK skills system is a complex web of funding streams, qualification frameworks and delivery arrangements, operating at differing scales and through national and devolved decision-making structures (Westwood et al., 2021). The situation has been exacerbated by policy churn, and changes in institutional structures (Keep et al., 2021), at a time of quickening pace in digital innovation and its application to the operation and organisation of work (Shand et al., 2022). Skills and training are devolved policy areas across the UK nations. Hence, skills policy initiatives are the remit of the devolved administrations in Scotland, Wales and Northern Ireland, and only of the UK government in the cases of England and the UK Shared Prosperity Fund (which replaces EU funding following Brexit). In England the system is traditionally predominantly centralised but relatively recent asymmetric devolution with regard to adult skills (outlined below) means that there is a hybrid mix of national and local governance. Adult skills (excluding higher education) is funded through a mixture of public funds including further education, the adult education budget (AEB) for skills provision for those aged 19 years and over and apprenticeships, plus funding by employers and fees from individuals. The AEB relates mainly to training associated with qualifications up to levels typically reached at the end of compulsory formal education and up to sub-degree level. Higher education lies outside the system of adult education as defined above and is funded primarily through national funding councils for teaching and research and student loans for maintenance and fees. Crucially as far as place is concerned, the nature of this funding promotes competition between universities and further education colleges (McCaig, 2018) rather than collaboration to develop coherent provision responding to the needs of local areas.

Partial and asymmetrical devolution: Since 2019, around half of the AEB has been devolved to seven Mayoral Combined Authority (MCA) areas; these are typically larger metropolitan areas, including the Greater London Authority, the West Midlands Combined Authority and the Greater Manchester Combined

Authority. In areas where the AEB is not devolved budgets are managed by the Department for Education at national level; hence in these areas there is a lack of local control. So the position in England is one of asymmetric devolution, with major elements of skills and employment budgets remaining national. Adult skills training is delivered through further and higher education institutions, alongside private and community sector organisations and local authorities.

The example of partial devolution in the West Midlands Combined Authority area: The West Midlands Combined Authority (WMCA) covers the metropolitan area of the West Midlands, including the cities of Birmingham, Coventry and Wolverhampton. This is an area where skills levels are below the national average. The WMCA gained responsibility for the AEB in 2019. Prior to this, skills funding was contracted centrally. Before devolution over 400 colleges and providers delivered £126 million of the AEB to West Midlands residents; around 15% of delivery was from providers from outside the area (Green et al., 2022b). The strength of links between the public employment service, employers and colleges/providers was variable. Links between economic needs and local provision were often superficial. Around two-thirds of AEB provision was at entry level and concerned developing generic employability, targeting the unemployed. Only a very small share of provision focused on the level immediately below degree level (i.e. Level 3 qualifications), despite skills shortage needs at this level. In particular, digital skills provision was limited, despite increased demand for such skills across sectors. Hence the situation was one of skills provision often not being tailored to meet emerging needs. Following devolution of the AEB, the WMCA worked to support the development of a more collaborative skills system in the sub-region, addressing the needs of local areas and sectors. It reduced the number of training providers funded in order to develop more strategic relationships with those in receipt of AEB funding. It sought to develop provision, based on data, research and insight, notably by focusing on strengthening relationships with providers and employers. Since devolution of the AEB there has been a 33% increase in provision aligned to regional priority sectors, with a particular increase in provision at sub-degree level.

Digital skills bootcamps: As well as making use of devolved funding the WMCA has also used national funding to develop training provision to address local needs. Nationally-funded Skills Bootcamps offer free, flexible courses of up to 16 weeks, with a guaranteed job interview (where a candidate is being recruited to a new job or new opportunities), which equip adults with technical skills that enable them to access in-demand jobs, apprenticeships, and new opportunities (including for the self-employed). The WMCA used £5 million of national funding to commission digital retraining bootcamps for adults, working with over 20 specialist training providers (Shand et al., 2022). The idea was to create a pathway into digital jobs for unemployed local residents and those looking to change their career. The WMCA engaged large local employers to develop a training model that met their entry level requirements and created a basis for in-work training and progression. This format is attractive to businesses under pressure to fill vacancies, but also ensures accessibility for local target communities (the unemployed, women and those from Black and Minority Ethnic communities). The pilot demonstrated the effectiveness of co-designing training courses with employers and the feasibility of developing training pathways into technical roles in the digital sector for those without computer science degrees, so broadening the potential pool of recruits. The WMCA has gone on to allocate further funding from the devolved AEB to digital bootcamps. Furthermore, the WMCA and partners intend to use locally commissioned bootcamp models for major new investments in other sectors. Achievement of such an aspiration would be less likely without local flexibility through devolution of the AEB.

Overview of the WMCA case: Devolving the AEB budget in the WMCA area has been central to developing a more responsive and flexible sub-regional and adult skills offer, that can better meet local needs and address local sectoral priorities. Devolution of AEB has supported the rationalisation of the provider base to allow for more strategic and joined-up approaches. However, the WMCA faces constraints in its ability to address longer-term skills needs more strategically because of a lack of influence over 16-18 education and training provision, apprenticeships and provision at degree level and above.

## ***Workforce skills in the USA***

Governance of the workforce skills system in the USA: According to the Index of Local Autonomy (Ladner et al., 2021) discussed in Chapter 2, the USA has a medium-high degree of local autonomy. The USA has a long history of local control of skills interventions to the subnational level, with the Federal Government, State Governments and local entities providing programmes in a multi-layered system to improve the supply of qualified workers onto the labour market and the job readiness of job seekers and existing employees. The rationale for greater local control in the USA has been to enhance services to better meet local needs and to increase the potential to co-ordinate and leverage local resources. The devolved system of service provision is characterised by a mix of state and local responsibilities with federal oversight and funding; however, it should be noted that in a devolved system there remains scope for deficiencies resulting from fragmented and overlapping programmes. Federal funding is authorised through the Workforce Innovation and Opportunities Act, administered by the US Department of Labor's Employment and Training Administration (ETA). Federal funding flows directly to state level and local workforce agencies for adult employment and training activities. The uses of these funds are subject to local and state plans negotiated annually with regional administrators of the ETA. These plans specify performance expectations on measures such as wage gains of workers who are trained and placed through the workforce system. In addition, there are Job Centers operated by the states that facilitate the labor exchange market in communities across the USA.

The example of Chicago: The Greater Chicago metropolitan area is served by seven local workforce agencies. The Chicago/Cook Workforce Partnership covers the City of Chicago and Cook County of which Chicago is the county seat. The Partnership itself is organised as an independent not-for-profit corporation and is designated as the administrator of federal funds allocated to the Chicago/Cook jurisdiction. The Board of Directors is appointed by the Mayor of Chicago and the President of the Cook County Board. Since it is a not-for-profit corporation, the Partnership obtains funds from foundations, corporations, and other entities for 26 initiatives that go beyond the scope of federal funding. Services are delivered through a network of approximately more than 90 community-based organizations, American Job Centers, satellite sites, and sector-driven centers (Green et al. 2022b). Layered over the federally-funded system are networks of community colleges offering two-year associate degrees, high school equivalency degrees (GED), and training programs leading to occupational or stackable skills-based credentials. Businesses often contract directly with community colleges to provide direct training services for their workers. The State of Illinois' community college system is organised by districts and is funded largely through local property taxes. The Boards, except in Chicago, are elected locally. Community colleges also receive direct state-funding support as well as education funds from the federal government.

Overview of the Chicago case: From the outside, the US system looks complex. However, fiscal devolution means that colleges, universities, employers, local agencies and third sector organisations – can align investment from different levels of government. In so doing they can harness funds from national and regional government, as well as from local funding, to address local needs.

## **Neighbourhood employment support policies**

Introduction: As outlined in Chapter 1, neighbourhoods displaying entrenched worklessness (i.e. low employment rates) display a particular challenge for policymakers both in times of economic downturn and upturn. Characteristics of such neighbourhoods vary, as outlined in Chapter 3. Policy options outlined in Table 3.2 include targeted employment support, training and skills initiatives – including the development of pathways to employment in specific sectors/ occupations and improving transport links in order that residents can access employment elsewhere in the local labour market. Other relevant policy initiatives could include provision of better labour market information on job openings that are available, assistance

with job search, care provision – especially but not exclusively for children, healthcare support and debt counselling.

Place-based neighbourhood employment hubs: A particular type of PBP implemented in several countries concerns establishing neighbourhood employment hubs. The basic concept underlying such hubs is bringing services to residents by provision of assistance at a central location within the neighbourhood where staff delivering services across different policy domains are co-located. The rationale for this is to maximise co-ordination and alignment of services amongst providers, so as to enable other barriers to be addressed before/ alongside assistance specifically designed to move resident into employment or to progress into a better job . Bolter et al. (2022) highlight how in the USA neighbourhood employment hubs are intentionally embedded in community organisations operating in distressed neighbourhoods which have typically built long-term trust within the community, so as to reach people who may be otherwise disconnected from services. Typically, such Hubs are open to all residents, in a geographical saturation model. Bolter et al. (2022, p.22) contend that neighbourhood employment hub represent an innovative approach for addressing entrenched low employment rates: “By eliminating barriers, building long-term relationships, and collaborating with other community partners, the Hubs offer a way to borrow some of the more successful elements from private training programs while leveraging the greater scale of public funding to redefine employment service delivery.”

Local outreach: Approaches similar to the neighbourhood employment hubs in the USA have been used in other countries. For example, in the Liverpool City Region in England, the Households into Work employment support programme, funded jointly by the Liverpool City Region Combined Authority and the Department for Work and Pensions (a national government department), aimed to help people get to a point where thinking of employment seemed a realistic option as well as helping people find work. The programme was voluntary and was delivered by a team of Employment Advocates on an outreach basis (Tyrell, 2020). The advocates provided participants with one-to-one support. Issues faced by participants included debt, housing, mental health illness, addiction(s), isolation and disaffection. Importantly, not having the constraints of a centralised delivery structure ensured a swift and innovative flexing of the delivery offer. Similarly, in the West Midlands metropolitan area in England, as part of a similar devolution deal with central government, as part of an initiative called Connecting Communities (Bramley et al., 2022) place-based employment support was commissioned by the WMCA in nine neighbourhoods. The initiative emphasised intensive, personalised, and locally-sensitive support, building on social networks to foster positive behavioural and attitudinal changes towards work, increase employment and work with local businesses to bolster the recruitment and progression of disadvantaged individuals.

Funding: In theory, one way to address the challenges faced by low employment neighbourhoods would be to provide flexible block grants, with the size of such grants linked to the scale of the employment challenge in a particular area. In practice, this was not the case in any of the examples outlined above, but in each instance flexible funding was crucial. The neighbourhood employment hubs in the USA were funded primarily from a private grant from the W.K. Kellogg Foundation (Bolster et al., 2022). This gave more flexibility than federal or state funding. For the two examples from England Mayoral Combined Authorities received national funding to commission the specific policy interventions outlined (i.e. the funding could not be used for different purposes). In the case of the Households into Work initiative in Liverpool City Region, the advocates who worked with residents also had access to flexible funding to purchase goods or services that could help the household progress towards the labour market. Not having the constraints of a centralised delivery structure enabled flexing of the delivery offer to meet local needs.

Overview: PBPs can make sense at neighbourhood scale where residents face multiple challenges to employment and existing service provision is complex, fragmented and difficult to navigate, not only for individuals, but also for employers, employment support and training providers and policymakers. A place-sensitive holistic approach, based on partnership working, which combines policy interventions in place, enables partners to work at a strategic level and test new ways of supporting people into employment. This requires strong horizontal collaborations between public service practitioners to deliver interventions at the

local level and vertical collaboration sub-regionally and nationally to ensure policy intent is responsive to local needs. For future PBPs it is also helpful for there to be strong feedback loops from the local frontline to regional and national policy.

# 5 Conclusions

This paper discusses selected challenges related to the articulation and implementation of PBPs, including: (1) identification of appropriate geographical scales for intervention given the complexity of administrative and functional geographies and the relationships between geographical scales; (2) navigating the complex policy landscape where PBPs are implemented alongside spatially-blind policies; (3) balancing pragmatic considerations and governance issues with the ideal geographical scale for policy implementation; and (4) ensuring coordination and cooperation across different tiers of government to enhance the effectiveness of PBPs.

## Context for PBPs:

- There is considerable variation in economic circumstances between and within countries. Along with a socio-political backlash against spatial disparities this sets the context for PBPs.
- Spatially-blind policies can have differential spatial implications.
- There are equity, efficiency and emotional arguments for PBPs. This means that the felt experience, as well as the economic impacts, of PBPs is important.

## Framing of PBPs:

- There is a multiplicity of policy domains and interventions of relevance to PBPs – and these interact in place. Hence a people-in-places framing for PBPs is appropriate. This requires an efficient territorial governance structure to set out who is doing what, with intermediary actors to make the necessary connections; (such intermediary actors can also help facilitate the implementation of PBPs).
- Some PBPs are conceived and implemented using a ‘top down’ approach whereas others are more ‘bottom up’ in nature, with co-design with local partners playing an important role at the outset, and, ideally, also in feeding back on their experience to the regional/ national scale.
- The fact that PBPs are diverse in nature, covering multiple policy domains, and responding to specific local circumstances, means that local complementarities and alignment with other policies by aligning and pooling funding and addressing gaps in service provision is important.

## Variations in policy and fiscal decentralisation and asymmetric devolution:

- The extent of policy and fiscal decentralisation varies between and within countries. Where funding sits, and with what decision-making powers and/or conditions attached to it – including whether there is autonomy to shift funding, help set the parameters for designing PBPs, as does who determines policy priorities and accompanying targets.
- There has been a trend towards asymmetric devolution. This makes for messy policy landscapes, with the authority, fiscal capacity, capability and the levers available to policy actors varying across different levels of governance.
- PBPs need multi-level and integrated policy design and governance.

## Issues of geographical scale:

- The geographical scale at which it makes sense to intervene varies by policy domain and function (i.e. advocacy, strategic planning and delivery). For example, advocacy for skills policy (especially higher-level skills) may be done at a pan-regional or regional level, while strategy and planning may take place at a regional or sub-regional level and delivery at a local or neighbourhood level (particularly for basic/ entry level skills).
- Determining the appropriate geographical scale for intervention also requires consideration of how conditions vary across space and spillovers at particular spatial scales.
- There is no single 'right answer' regarding questions of geographies and functions. This is because context is important. However, it is important to exploit interdependencies between scales – from the neighbourhood to the pan-regional scale including all scales in between, as well as economies of scale.
- It is important to join up policies vertically across geographical scales and horizontally across policy domains.

#### Partnership working: capacity and capability:

- Different tiers of government and actors from private and voluntary as well as the public sector, need to work together in designing, implementing and delivering PBPs across policy domains. How they work together is of crucial importance.
- The capacity of subnational governments and local partners varies. Heterogeneous local capacity combined with multi-level governance makes the intervention context for PBPs complex.

#### Implementing PBPs:

- Sub-regional actors need to have sufficient policy levers, autonomy, funding and capacity to meet their responsibilities. Hence it is necessary to take account of local absorptive capacity and to envisage appropriate corrective measures (where appropriate).
- PBPs are not appropriate everywhere and in all instances. A national level system may be most appropriate for provision of universal services, albeit some local sensitivity to place might be desirable/ required. PBPs are not applicable where there is no rationale for a clear focus on place.
- PBPs may be applicable but may not work where there is a lack of capacity or policy levers to design and implement PBPs, and where there is a lack of relevant governance and/or where intergovernmental relations are insufficiently developed for horizontal and vertical integration.
- Evidence suggests that local flexibility in designing and delivering policy is important. However, objectives and outcomes need to be aligned to enhance chances of success for PBPs.

#### Evaluating PBPs:

- It is important to plan and enforce data collection for monitoring and evaluation of PBPs, including ascertaining their effectiveness and efficiency. Here it is salient to note that resources for evaluation at sub-national level tend to be more limited than at the national scale.
- There is a role for mixed methods evaluation approaches and for formative as well as impact evaluation so that PBPs can be adapted over time to better respond to changing circumstances and the evolving needs of local communities/ areas.

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