



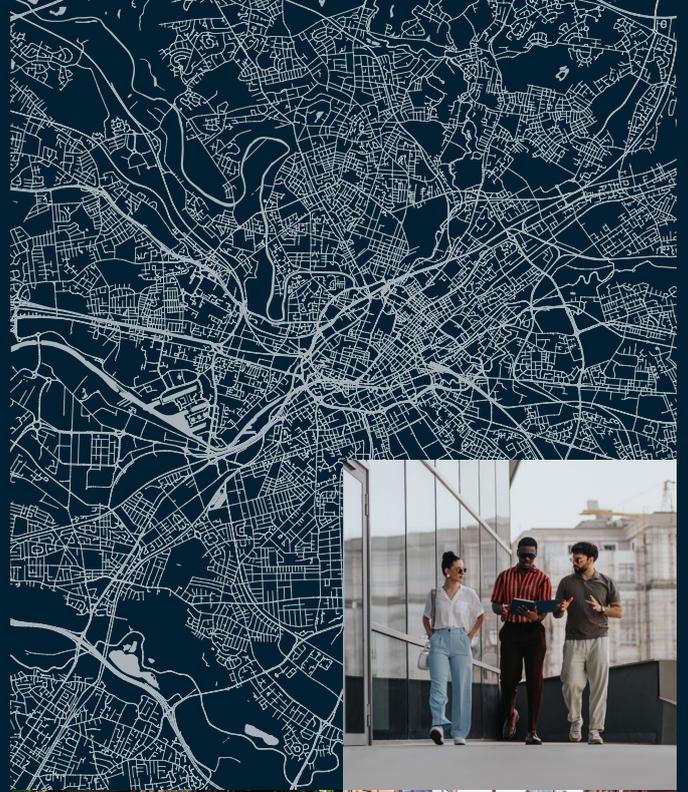
Briefing Governance for inclusive economic growth in UK Cities

Insights from the Innovation & Research Caucus
MetroCentral research project
March 2026

The UK Government continues to drive its economic mission of growth as the way of delivering its ambitions for prosperity and inclusion. This ambition requires economic growth in all places, including UK cities and areas that are currently not reaching their potential. National economic growth remains sluggish and regional devolution is yet to deliver the transformation that policy promises. There is increasing focus on what needs to happen in the regions to improve their economic performance.

The MetroCentral project explores how city regional economic strategies are formed, what drives them, and how they align with national priorities. Drawing on interviews with senior decision makers, it provides a candid view of what has worked, what hasn't and why.

We focused on two key places: Greater Manchester, often seen as the poster child for city regional success and the impact of an elected Mayor, and the Glasgow City Region, where urban economic development is shaped by complex relationships between UK, Scottish and local governments.



Why this research offers new insights

The MetroCentral project has three unique characteristics:

- It combines the perspectives of regional development, economics and sustainability; three frames that all play a role in cities thriving
- It responds to the demand for a more sophisticated debate about city success that moves beyond 'crane counting' (as shorthand for investment in buildings) to consider improvements to everyday life
- It takes an 'outside in' approach, asking people beyond the focus cities for their reflections

Too often, debates about the structures needed to support economic growth or sustainability overlook two important truths highlighted by the MetroCentral interviews:

Each city region has a unique combination of economic, social and environmental histories and geographies that means a bespoke menu of interventions are needed, even if a place shares ambitions and goals with many other places.

This means that designing and implementing genuinely effective 'place-based' strategies requires effort to understand the long-term trajectories and cultures that frame how policies are received, understood and put into action in different city regions.

Sub-national development cannot be a zero sum game:

- Between cities
- Between cities and their regions
- Between economic, social and environmental outcomes

These two perspectives mean that effective, and truly inclusive, governance to support innovation and growth is not straightforward. Our findings identify three critical success factors that need to be reflected in policy and practice:



Visions of success can look very different in different places

Each city region's vision of success will be distinctive, reflecting where the city has come from as well as how it can respond to challenges in the future. Ambitions, and policy coordination, need to be multidimensional, recognising how economic success is intertwined with skills and education, community networks, the quality of the built and natural environment, among other factors. Measures of success need to be similarly holistic. GDP and GVA alone cannot capture the multidimensional outcomes that matter to people and places. Cities need a range of metrics that reflect skills, community resilience, environmental quality and lived experience.



Models of subnational governance need to reflect context

Our interviews highlighted three ways in which context shapes governance capacity and outcomes:

- Previous experiences of success, decline or failure continue to resonate in cities, and affect the vision, capability and capacity that regions can create.
- The degree of need, or the specific challenges that cities face differ. Progress depends on whether there is a shared understanding of that need.
- City regions want to relate to each other in complementary ways, but that means recognising dependencies between regions, and between London and other regions.



Never overlook relationships and trust

Relationships between communities and the culture that has built up in a place can enable — or constrain — how different people and interest groups can work together.

Economic, social and environmental progress is never without risk and without trust there is no capacity to take risks, or to mitigate the possible impacts of change.

These intangible factors may not appear in economic models, but they are vital to city region success.

Specific insights essential for meeting these three critical success factors in city-regional strategy and governance:

Second-tier cities are underperforming on standard economic measures.



Inclusivity and, sustainability are mainly rhetoric but there is hope.



National centralised control limits city performance and specifically, a lack of analytical capacity at sub-national levels is a problem.



Effective devolution is not achieved with a one size fits all approach.



No city region stands alone but whatever the relationships and dependences between cities, more powers need to be devolved to different levels, with clarity about what can then be done with those powers.



Economic development is an ecosystem. Key components such as skills development interact with support for innovation and investment.



There is a lack of interaction between central and regional actors, and little shared understanding of what information should flow between those levels and why.



We have to nurture the favourable conditions it is difficult to design: soft power, narrative, local partnerships, trust and politics-free finance.



Relationships and trust are vital to effective place-based work. These can cross political divides but need some other common currency to make that possible.



Practitioners with experience told us:

Despite many places having established strategies on inclusive growth, this isn't making a difference on the ground. Grand challenges need to be broken down into small, specific actions that can be completed and evaluated quickly.

One size fits all cannot be true for policy when we consider the scale of inter-regional variations in economic, social and environmental assets and constraints. There is no uniform national story that means policy must be implemented in the same way in every region.

Dialogue between industry, local government and education providers is essential. That dialogue needs to be future focused, planning in partnership to understand, and cultivate, the skills and capacity needed for the future.

Confidence in being distinctive is vital. Confidence grows from pride in culture, sport, knowledge and civic activity. Confidence encourages a place to invite people and investors to visit, to collaborate and to enjoy making connections. Those connections reinforce a place's soft power.

What next?

Some important longstanding policy questions remain. Recent governments have recognised the importance of a place-based approach for economic development, yet the extent to which city regions have been able to carve out their own distinctive agendas is less apparent. Too often it is assumed that policies that achieve a level of success in one place will easily do the same in another. This leaves some communities behind, entrenches divisions and risks damaging the environmental assets that make places unique.

There remains much still to do to equip city regions to fulfil their potential. To close the urban economic gap, policymakers need to understand each city region as a distinctive place, and local policymakers need to be supported by academics and other stakeholders to achieve the goals that matter for their distinctive communities, economies and natural resources.

At the same time, the rollout of varying devolved structures continues, with the promise of more local

autonomy over budgets. In Scotland, the issue of how the larger city regions relate to the Scottish Government has emerged as a live issue in the forthcoming elections to Holyrood.

If city region economies, and by extension the UK economy as a whole, are to thrive then urban economic performance will have to improve, diversify and benefit more people. Policy makers need to think about what 'place' means in a more sophisticated way that properly takes account of path dependencies and local cultures.

The task for MetroCentral and other projects is to support this debate through evidence and providing robust input for policy development, at both national and city-region level. We look forward to continuing to work with Government and other stakeholders to help build and spread economic growth, inclusive prosperity and environmental resilience across all regions of the UK.

Find out more

The full research report, and many other resources on innovation research, can be found at the Innovation & Research Caucus website: ircaucus.ac.uk

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