

Metro — Dynamics

Our Towns

A practical guide to
policy for towns



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Metro — Dynamics

Metro Dynamics works with places, providing analytical and policy capacity to those who are leading, growing and investing in our cities and towns. We are experts in economics, investment, policy and governance. Our work is driven by evidence and a deep understanding of how places work. Our mission is to help places be the best they can be. Our real-world experience working with towns and cities has shown us what can be achieved by the right interventions and leadership.

Alongside our work with major cities and city regions, Metro Dynamics has been working with individual towns and groups of towns to develop and test new ways of understanding and analysing how smaller urban areas work, linking together the available data with new evidence from businesses and residents to tell us what works for a given place and why.

Executive Summary

Towns are now in the policy spotlight. The reasons for this are all too clear: Brexit; the productivity puzzle; economic inequality; the decline of traditional high streets and retail businesses; and a concern about what this means for local and national culture and identity. This follows a period in which Government has begun to focus on the role that major metropolitan areas outside London can play in becoming regional economic hubs. A process which has led to the creation of a series of Mayoral Combined Authorities.

This report argues that towns and cities shouldn't be pitted against each other in policy terms. In what is the most centralised developed democracy in the world, economic and political devolution needs to be a generation long project, so when it comes to empowering our cities we are still only at the beginning of the journey. But there is a strong case to also look at policy for towns. How can they thrive? How can they provide opportunities and be great places to live? And what should devolution mean for them?

After Brexit, Britain in 2020 faces two central questions: How can we rebalance power, wealth and opportunity across the country, whilst responding to any potential economic shocks, and how can we transition to a decarbonised more inclusive economy? If we are serious about responding to these challenges, we will need to do economics and public policy differently, with resilience, inclusion and sustainability as core objectives. Ultimately this will be about how we support people, businesses and places. Towns and cities should be at the heart of the debate. But the national approaches we have so far seen for our towns are too small and too focussed on symptoms rather than underlying drivers.

This report is our contribution to the welcome policy discussion about towns. We don't approach this from a strictly neutral perspective. We are strongly committed to economic rebalancing, to further devolution, and to a more sustainable and inclusive economy. But we do want to shed light on what are some complex and difficult issues. We believe that the analysis and principles set out in this report will support towns to thrive. However, this is a first step, not the last word, on how we think about our economies differently.

Assessing the evidence

It's obviously a good thing that towns are currently high on the policy agenda, but towns are very different from each other. Some are performing very strongly. Others are very weak indeed. Our policy towards towns needs to reflect these differences and work carefully to support each place. We wrote this paper because towns deserve the best policy to support them. Our mission is to look at the evidence, understand places properly and strip back the assumptions and self-interest that dominates some of what passes for policy. We build on analysis and thinking carried out by many colleagues in think tanks and academia who have been grappling with these issues.

Towns as workplaces and residences - We review ONS data to draw several conclusions: large towns tend to have higher job density than medium and small towns; but many also have higher shares of residents experiencing income deprivation than small towns. However, the majority of towns are predominantly residential; there are more people living in these towns than working in them, with commuting a major part of life. Significantly, the rate of overall employment growth has been much lower in recent years in residential towns with high deprivation than it has been in workplace towns with high deprivation. The analysis indicates the importance of ensuring town residents have access to good quality jobs, regardless of where those jobs are located.

Economic links between towns and cities - We review Centre for Cities' recent work on the economic relationship between towns and cities. This concludes that location is critical to the economic success of towns. Towns located close to cities with high levels of productivity tend to have better economic outcomes. But this is not always the case. This evidence shows that although relationships between cities and towns matter greatly, perhaps the most important single factor in determining the level of economic inclusion in towns is the skills and education base of their residents.

Towns and economic complexity - Now and in the future successful places will not be those that can specialise in just one primary industry, as was the case in the first industrial revolution, but rather those towns where a complex web of relationships between high knowledge and value businesses can enable residents to have a greater level of knowledge. Using a product complexity index (PCI) we rank local authority areas according to their industrial complexity. It follows that towns, especially those further from a productive city, need to find ways of increasing their industrial and knowledge complexity.

Implications for towns - Skills and education are obviously critically important for towns, as they are for cities, and improving this should be a major focus for policy. There are also wider economic drivers such as transport infrastructure, properly targeted business support, and the availability of good quality commercial land. Place shaping is obviously very important, so that towns have attractive, well planned public realm and local amenities. And social policy needs to be joined up with economic policy with priority on early intervention, and prevention-based family, employment, and public health support.

Transforming our towns

The report concludes with some specific recommendations for policy makers and leaders in our towns. These should be taken together as one package, and ultimately they must be based on empowering local leaders, local communities and local businesses to shape much more of their own destiny. That means fewer bid processes and more devolution of pooled funding and powers, less exclusive focus on retail and high streets, and much more investment in the social and educational infrastructure of our towns.

We are open about the limitations of much of the existing underpinning data, but close study and our own experience leads us to some conclusions which could inform both national policy and how towns themselves approach renewal and continued success. While some may seem obvious, we see much advice and policy (both national and local) that fails to address these fundamental principles:

- 1. Every town should embrace its own identity and local relationships**
- 2. Social investment in people should be the basis of a more inclusive local economy and growth**
- 3. Towns should aspire to be the best places to live**
- 4. Towns need to think differently about their town centres**
- 5. Towns need to secure quick wins and commit to long-term transformation**
- 6. Local leadership and decision-making capacity are key to success**
- 7. Strategic use of procurement can strengthen local institutions and promote community wealth building**
- 8. Town futures should be shaped with and by local people**

This report offers these practical guidelines about what works to help people take action and national policy makers build a longer-term way of approaching policy that is designed to support a very large number of very different places. With national government both focused on Brexit and showing signs of recognising the importance of place, towns must seize the moment: understanding their unique identities and strengths and challenging perceived wisdom, developing the capacity and drive to meet current and future challenges, and arguing hard for investment. This is a long-term project, but there are short-term wins.

1. Towns and UK public policy

Our cities are some of the most influential to ever exist, where the global process of industrialisation first started. After a period of decline then renaissance, they are once again modern-day centres of global trade and innovation, growing in population and with rising wealth, alongside growing inequality and entrenched social problems. They are places to both be proud of and to continue improving.

But our towns are where more than half the population lives (some 32.6 million people in England and Wales).¹ Look carefully, and our towns rightly challenge the claim that cities were at the centre of the industrial revolution. Ironbridge played as important a role in early industrialisation as the bigger cities that scaled up the processes invented there. Oldham and Rochdale and the network of mill towns around Manchester were as fundamental a part of the first modern industrial ecosystem as the city centre itself. Towns are hubs for employment, commerce, civic and cultural life and the provision of essential services. Oldham had nine theatres in 1939. Each town has a unique identity; no two are quite alike.

Britain was the first nation on earth to industrialise and urbanise in the nineteenth century. The world is still urbanising at an increasing rate. But our towns and cities have been through real change, with differing trajectories of growth and decline. Why?

Relatively little is known about what brings some towns success and leaves others to lag behind.

We know that some towns outperform the UK averages on economic and social metrics, but what makes the difference? What factors can make one town rich and another poor? If we knew more about towns, perhaps we could have a better answer to the challenge of what towns can do to change their circumstances and provide better lives for their residents.

¹ Office for National Statistics, 'Understanding Towns in England and Wales: An Introduction', July 2019.

If understanding what made towns tick was simple, these questions would already be answered.

Instead, policymakers, decisionmakers, and in fact everyone, are faced with a struggle for certainty in the quest to make towns better places to live, work, and grow businesses. There is no established guidebook, because towns have such a wide range of identities and attributes, and what works in one place may have disastrous or else negligible implications when applied elsewhere.

In practice, successive governments of all parties have either treated everywhere as essentially the same, or focused attempts at differentiation on relatively common outputs like jobs, qualification levels and GVA, that don't actually reflect the causes of variation. Our national obsession with the postcode lottery and the national economy has led us to underplay the importance of local identity and labour markets.

But lacking the evidence we need to make perfect decisions about places cannot be a reason to centralise or do nothing.

With limited evidence, the premium must be on applying what we do know and experimenting with a degree of civic entrepreneurialism, and with an eye to evaluating progress.

What appear to be contradictions may also be long-term opportunities. For example, people want the freedom to shop online but also to have vibrant local centres. There is good evidence that people increasingly want their work, leisure and home life to be urban and compact, whilst having the opportunity to access countryside and green space. Historic industrial buildings, urban spaces and empty retail units provide an obvious opportunity, yet policy still pushes towards high volume out-of-town retail developments and the conversion of commercial to residential space. The role of policy and politics is to wrestle with conundrums such as these. Leadership is important but so too is communication and genuine shared endeavour between communities and businesses. These endeavours need to be based on what is realistically achievable in any town and how to build on existing relationships with neighbouring places.

The UK faces challenges on many fronts: goals for productivity and inclusivity must be pursued while managing a transition into a post-Brexit and low-carbon economy. Politics is shifting at home and abroad. Policymakers are grappling with challenges to the future tax base and substantial climate and demographic changes, while also trying to push forward the joint ventures of decentralisation and devolution. Given these challenges, it is more important than ever that our towns have the platform to reach their potential.

Defining towns

Towns can be defined in different ways with important implications for analysis. The definition that this report uses, based on House of Commons Library analysis, classifies towns by population size. This method results in the inclusion of places like York and Bath, which are cities, but have characteristics that can be considered closer to those of towns than our core cities. We could group towns in terms of location and characteristics, for example, identifying coastal or post-industrial towns. However, instead of becoming preoccupied with typologies, we believe that the principles we set out in this piece can help towns of all types to think about how they improve the lives of the people living there.

This report is intended for all those who want to make living in towns - whether their town or towns in general - better for people. It includes recommendations aimed at central government policymakers and local leaders trying to get stuff done.

Positive changes can come from policymakers and private industry, as well as from town residents and community groups. Our review of existing analysis and our eight principles for reinvigorating towns are designed to help anyone involved in the life of our towns.

The purpose of this report is to offer practical help. In Chapter Two we will present existing descriptive evidence for towns. In Chapter Three we will introduce our eight principles for towns, illustrate the value of each principle through case studies of how towns have put them into practice, and provide some suggested insight into how these might translate into action and policy.

Before we lay out the evidence on towns a short note on London is required. London is a global mega city. Its influence spreads well beyond our national borders and clearly it is of a different nature and scale to anywhere else in the UK. If our concern in this paper was the UK's cities then our analysis would treat London as a distinct entity, rather than grouping it with the other core cities. But this paper is about towns, not cities, and when we talk about cities here it is to delve into their effects on towns around them. Interestingly, in this sense London is like other cities, in that the evidence suggests it exerts similar influences on the towns which surround it as the other core cities do on the towns which surround them.

2. Assessing the Evidence

So, what is a town?

Towns can be, and are, defined in different ways. Our analysis relies on the definitions of towns drawn up by the House of Commons Library,² which is based on the Office for National Statistics' (ONS) built-up area methodology. The House of Commons Library classification identifies 1,087 places that are larger than villages but smaller than the twelve core cities (including London). These 1,087 places are the towns that we consider in our analysis.

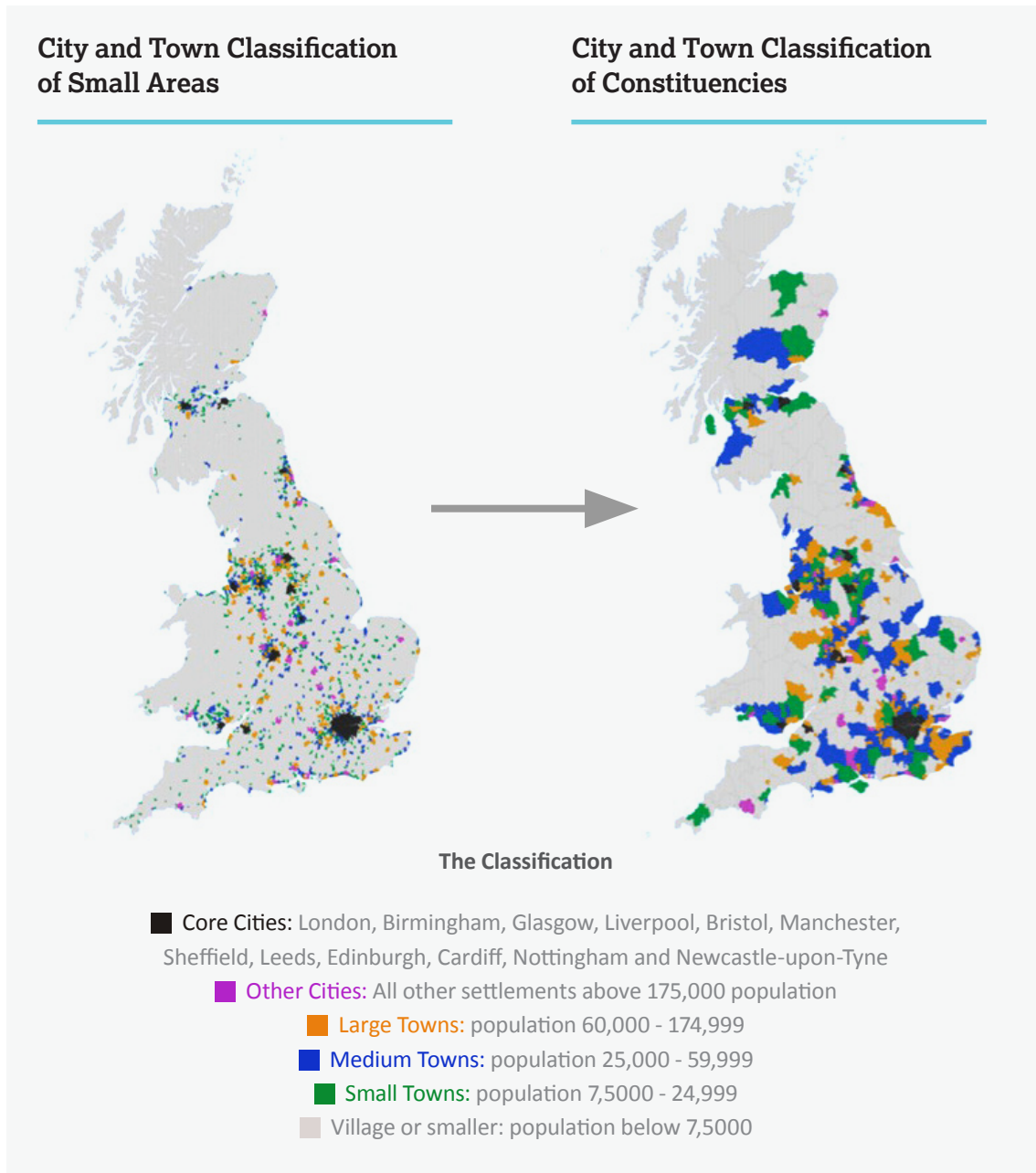
Table 1: Towns in England and Wales by population size (Census 2011)

	Size (Census 2011)	Count	% of all towns
Villages / small communities	>7500	6,116	
Small	7500 - 25,000	674	62
Medium	25 000 - 60,000	270	25
Large	60 000 - 175,000	119	11
Other cities	>175,000	24	2
Core cities + London		13	

To develop the classifications, the House of Commons Library has matched output areas in England and Wales and datazones in Scotland to the settlements with which they have the most natural fit. Settlement geographies are built-up areas and built-up area subdivisions in England and Wales, and localities in Scotland, as defined by the ONS. These settlements have then been categorised according to the total population of the small areas associated with them by 2016 population estimates. Each Parliamentary constituency has been categorised according to the city or town classification which accounts for the largest proportion of its residents.

²House of Commons Library, 'City and Town Classification of Constituencies and Local Authorities', June 2018.

Figure 1: House of Commons Library city and town classifications



A central point of our analysis is that no two towns are quite alike and summary statistics that lump towns together tend to miss the finer details that define an individual town. However, for context, the following table provides summary statistics on employment and population growth for towns and the England and Wales averages. We can see that the employment rate is higher for towns than the overall England and Wales average, but that employment growth and population growth has been lower. The differences are not large, but these averages mask the large differences between towns.

Table 2: Summary statistics for towns vs England and Wales averages

Metric	Towns average	England and Wales average	Difference
Employment rate	75.7%	74.9%	+0.8%
Employment growth (2015 – 2017)	2.1%	2.7%	-0.6%
Population growth (2015 – 2017)	1.4%	1.7%	-0.3%

Good policy is based on sound evidence. But the reality is that anyone searching for comprehensive evidence on how to make a town a better place has little to go on. Compared to some other policy areas, the evidence on what works for towns is sparse, and government momentum to build a better evidence base for towns appears not to be keeping pace with the rhetoric from all sides and recent funding announcements.

The Centre for Towns, which aims to provide policymakers with insights into how towns work, plays an important role in the discussion, but faces the same limitations caused by the lack of data on towns. So far, they have chosen to take an issue-by-issue approach, for example looking in detail at housing. Our aim is to support their work by looking at the broader picture of towns.

Some attempts have been made to provide a broader viewpoint on what matters for towns. In this chapter we look at three of these:

1. The ONS's analysis on towns,³ which focuses on residential and workplace classifications of towns.
2. The Centre for Cities' analysis on the relationship between cities and towns.⁴
3. Our own bespoke economic complexity analysis, which assesses what the structure of a town's economy means for its productivity measured by Gross Value Added (GVA) per hour worked.

³ Office for National Statistics, 'Understanding Towns in England and Wales: An Introduction', July 2019.

⁴ Centre for Cities, 'Talk of the Town', September 2018.

Towns as workplaces and residences

The ONS analysis focuses on population, employment and deprivation. It categorises towns in England and Wales based on whether their functions are more residential or more workplace focused. That is: do people tend to work in the town and live elsewhere or live in the town and work elsewhere?

Based on its built-up areas geography, the ONS defines 1,186 urban areas with populations between 5,000 and 225,000 as towns. The total population of the 1,186 towns⁵ was 32.6 million in 2017.

The ONS finds that:

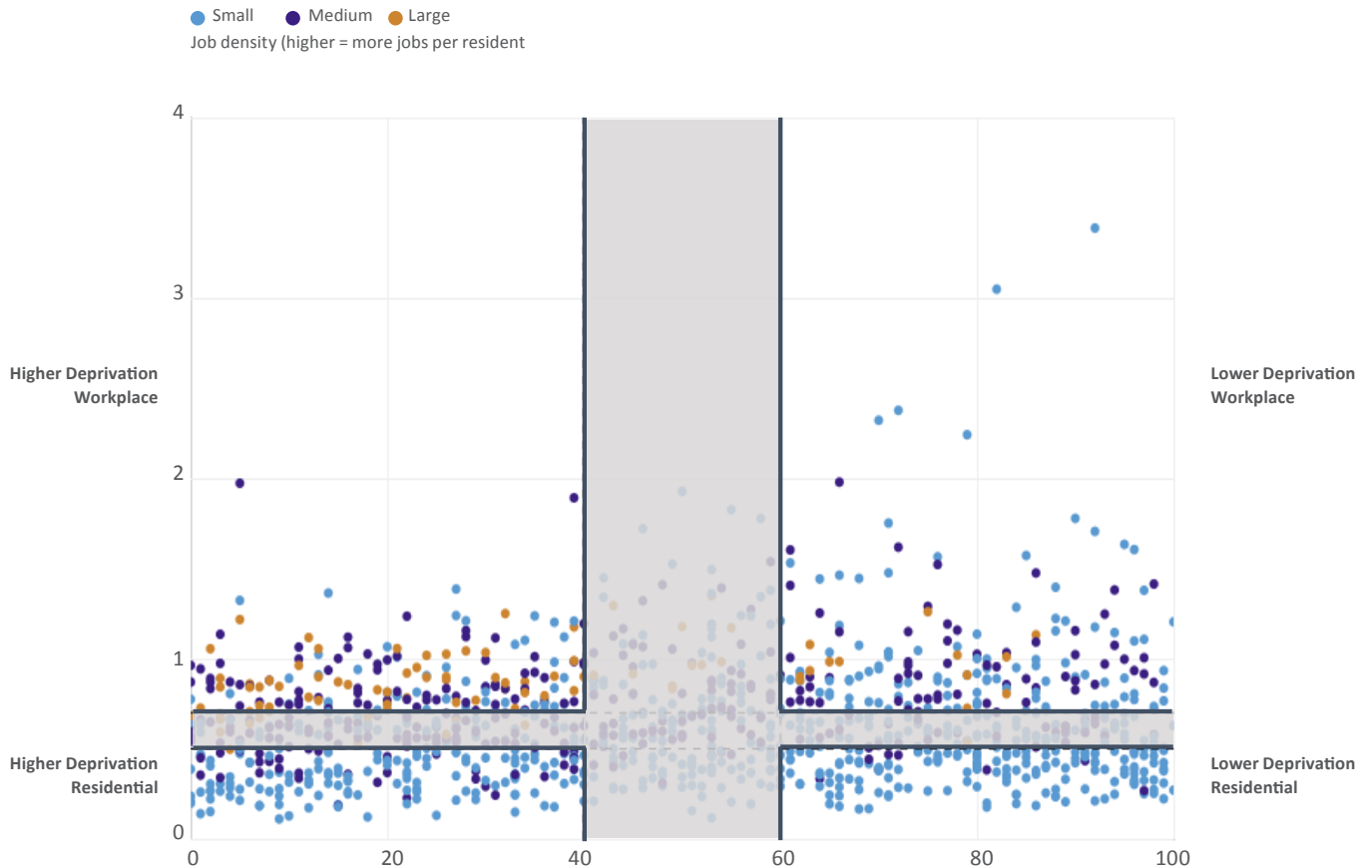
- 1. Towns overall are not disadvantaged relative to non-town areas, with employment rates in towns slightly higher and deprivation levels slightly lower on average than in non-town areas.**
- 2. There is a lot of variability between towns – some are doing well while others are doing poorly.**
- 3. Workplace towns have a higher share of employment compared with population than residential towns.**
- 4. More-deprived areas have a higher proportion of inactivity due to long-term sickness and family duties than less-deprived areas.**
- 5. Residential towns have experienced declining populations compared with workplace towns.**

It is helpful to have these findings confirmed, but they do not take us much further forward (and that is not their job). The ONS has classified towns as workplace or residential by the 1,186 small, medium and large towns against job density and income deprivation. Job density measures the number of jobs in the town as a proportion of working-age residents. Income deprivation is a measure from the Index of Multiple Deprivation (IMD) showing the proportion of the residential population in a town experiencing deprivation relating to low income.

⁵The ONS defines more places as towns (1,186) than the House of Commons publication (1,087) because the ONS sets a lower population threshold for what constitutes a town, at 5,000 as opposed to 7,500 set in the House of Commons analysis. As a result, the ONS identifies an extra 99 places as towns. Insights and analysis drawn from one dataset are applicable to the other.

Figure 2 below sets out the ONS findings. In the chart, a value above one shows that there are more jobs in the town than there are working-age residents. This is plotted against a low to high deprivation scale, showing the share of residents experiencing income deprivation.

Figure 2: Job density and income deprivation for towns in England and Wales



The ONS analysis focuses on the four corner quadrants in Figure 2 – identifiable as the areas which have not been greyed out. These quadrants describe the types of towns that the ONS has categorised as higher deprivation workplace, lower deprivation workplace, higher deprivation residential, and lower deprivation residential. In total, 65% of towns fit into one of these four quadrants. The characteristics of towns that fit into each of these classifications are set out on the following page.

Figure 3: Characteristics of towns by levels of income deprivation and employment

Higher job density (workplace measure)	Higher Deprivation Workplace Towns		Lower Deprivation Workplace Towns	
	Description	<ul style="list-style-type: none"> High income deprivation, high job density More jobs than residents Higher share of residents experiencing income deprivation 	Description	<ul style="list-style-type: none"> Low income deprivation, high job density More jobs than residents Lower share of residents experiencing income deprivation
	Observations	<ul style="list-style-type: none"> Most people and most jobs are located in these towns Large towns are primary occupant of this quadrant 	Observations	<ul style="list-style-type: none"> Town's economy is performing strongly
	Implications	<ul style="list-style-type: none"> Jobs are being filled by workers from outside town Residents are prevented in some way from participating in employment (perhaps because of low skills or spatial mismatch) 	Implications	<ul style="list-style-type: none"> Residents are finding suitable jobs locally, or commuter inflows/outflows are well-balanced to meet town and resident needs
	e.g.	<ul style="list-style-type: none"> Telford Halifax Peterborough Oldbury Truro Chester Dudley Southport Swinton Rochester 	e.g.	<ul style="list-style-type: none"> King's Hill Chepstow Henley-on-Thames Cottingham Bath York Basingstoke Epping Newmarket
	Higher Deprivation Residential Towns		Lower Deprivation Residential Towns	
	Description	<ul style="list-style-type: none"> High income deprivation, low job density Fewer jobs than residents Higher share of residents experiencing income deprivation 	Description	<ul style="list-style-type: none"> Low income deprivation, low job density Fewer jobs than residents Lower share of residents experiencing income deprivation
	Observations	<ul style="list-style-type: none"> Town's economy is likely to be underperforming 	Observations	<ul style="list-style-type: none"> Fewer people and fewer jobs are located in these towns Small towns are primary occupant of this quadrant Town's economy is performing strongly
Implications	<ul style="list-style-type: none"> Town unable to provide sufficient jobs for residents Residents unable to access jobs in other places (perhaps due to geographic isolation or low skills) 	Implications	<ul style="list-style-type: none"> Residents are accessing jobs in other towns while also meeting local labour requirements 	
e.g.	<ul style="list-style-type: none"> Peterlee Mablethorpe Weston North Walney Bedlington Bentley Maesteg Creswell Stainforth 	e.g.	<ul style="list-style-type: none"> Ravenshead Lightwater Penkridge Haworth Hythe Neston Bulkington Whitnash Ashford 	
Lower income deprivation (residential measure)				

What does this analysis tell us? Firstly, large towns tend to have higher job density than medium and small towns. Secondly, large towns tend to have higher shares of residents experiencing income deprivation than smaller towns. A third point is that the majority of towns are residential; they have job density levels substantially lower than one, meaning that there are more people of working age living in the town than there are jobs in the town. This indicates the importance of cities and workplace towns as sources of employment for residents of most towns. These are useful things for people to understand, but without further insight, it is difficult to know what it means for a town to be in one or another of these classifications.

Figure 4: Proportion of towns experiencing employment growth, 2009 - 2017



The ONS analysis shows that workplace towns are more likely to experience population growth and employment growth than residential towns.

Figure 4 above shows that 82% of workplace towns experienced positive employment growth from 2009-2017 compared to 68% of residential towns. Interestingly, there is a significant gap between the proportion of lower-deprivation residential towns and higher-deprivation residential towns experiencing employment growth, with 61% and 75% of those towns respectively experiencing employment growth between 2009 and 2017. Almost 40% of higher-deprivation residential towns experienced no or negative employment growth.

Implications for towns

What causes a town to fall into any one of these classifications? More importantly, what can a town do to move itself away from being classified as a higher-deprivation residential town? The ONS analysis presents one method of classifying towns but offers only limited insight on what a town should do with this knowledge, or how it might change its classification.

This analysis indicates the importance of ensuring residents have access to good quality jobs, regardless of where those jobs are located. A job in a city or nearby workplace town for someone in a residential town is better than no job at all. Towns are members and beneficiaries of their regional economies and a component of their identity is their belonging to wider boroughs, counties and regions.

There is little in the data that points to systemic trends in towns. We may all know what towns look like, but that's a descriptive rather than analytical point. To look at the future of a town means to look at the fundamental characteristics of what makes a local economy work, as we set out in Chapter Three, making decisions based on a town's own identity.

Economic links between cities and towns

The Centre for Cities report, 'Talk of the Town',⁶ delves into the economic relationship between cities and towns. The report assesses the impact of a town's proximity to a city on its economic performance.

The main findings from this work are that:

- 1. Cities provide jobs, particularly high-skilled ones, to town residents.**
- 2. Towns close to cities have better employment outcomes than those in rural areas.**
- 3. Skills are a strong predictor of employment outcomes.**
- 4. Strong cities improve employment outcomes in nearby towns.**
- 5. Strong cities boost investment in nearby towns.**

Centre for Cities concludes that a continued focus on cities, and particularly on those that underperform, will be an important part of improving the outcomes for people who live in towns.



**18% of workers
living in towns
commute to cities**

Hinterland towns have lower unemployment (10.6%) than those in more isolated locations (12.1%).

22% of workers from hinterland towns, and 6% of workers from rural towns commute to cities.

791,000 jobs are occupied by town to city commuters.

17% of city jobs are filled by non-city residents; 5% from towns.

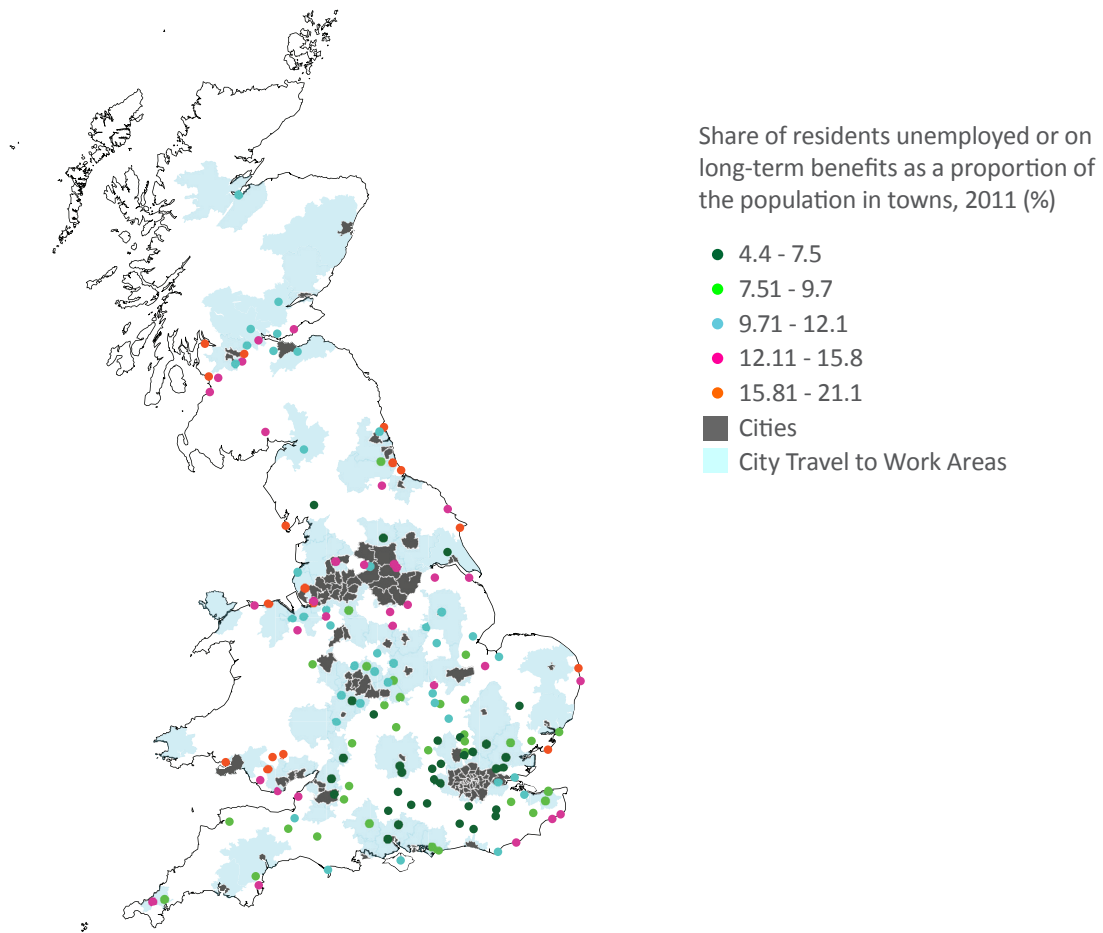
Half of these commuters from towns work in high-skilled jobs in a city.

Cities with stronger economies experience higher outflows of skilled workers into neighbouring towns.

Not all towns close to cities do well. Residents' skill levels and the city's productivity levels are key factors.

Centre for Cities sets out to measure the impact that a town’s proximity to a city has on its economic performance. One way of measuring economic performance is to look at the share of residents in a place who are unemployed or in receipt of long-term benefits. The figure below suggests that towns located within the boundaries of cities’ hinterlands (defined by travel to work areas) tend to have lower shares of unemployed residents than towns that are more isolated: being near a city is a good thing for a town.

Figure 5: Share of residents unemployed or in receipt of long-term benefits, 2011



However, the picture is slightly more complicated than that. Not all towns close to cities do well and there is a persistent north-south geographic divide in outcomes. The Centre for Cities analysis suggests that the productivity of the nearby city matters: the more productive the city, the lower the share of residents within the town who are unemployed or in receipt of long-term benefits. Consider, for example, the low shares of unemployed residents in the towns surrounding the more productive cities of London and Bristol compared to less productive Liverpool and Glasgow. Towns located near cities tend to do well, but those located near productive cities tend to do even better.

Other findings from this analysis include:

- 1. More isolated towns tend to have worse employment outcomes.**
- 2. Towns with strong links to productive cities have the lowest unemployment rates.**
- 3. Towns with links to less productive cities do not see the same positive employment outcomes.**

The report then delves deeper into the impact of location on a town's economic success. What they find is that success is not guaranteed purely on the basis of proximity to a city. After all, most cities are surrounded by towns with varying productivity and employment outcomes. Other factors are at play, and the key factor appears to be the skills base of a town's residents. To enjoy economic success, a town's residents must be equipped with the skills required to participate in the nearby city's economy.

Figure 6 below plots towns' share of degree-qualified residents against their share of residents who are unemployed or in receipt of long-term benefits. The higher the share of degree-qualified residents, the lower the share of residents who are unemployed or claiming long-term benefits.

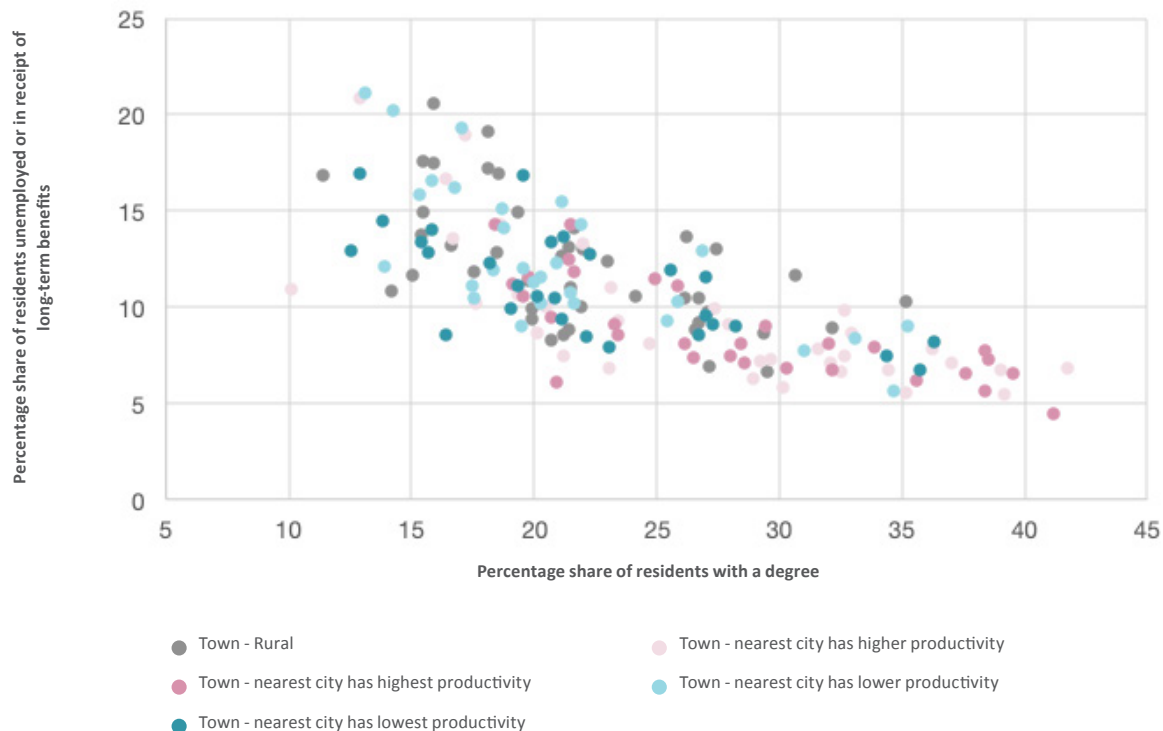
Adding this extra component of a city's productivity to the analysis shows that towns which are rural or located near low-productivity cities tend to have a lower share of degree-educated residents, and a higher share of residents who are unemployed or claiming long-term benefits. Further, it shows that towns located near high-productivity cities have a higher share of degree-qualified residents and a lower share of residents who are unemployed.

What is going on here? Centre for Cities notes that higher-skilled residents are more likely to commute into cities for jobs than lower-skilled residents. A quarter of all town residents working in high-skilled occupations commute into a city for work; this rises to 30% for those towns in the hinterlands of cities. This reinforces the point that being near a city is a valuable thing for a town – cities offer high-skilled jobs which high-skilled residents of towns are able to fill.

The key takeaway from this analysis is that towns located near cities – especially productive ones – should make the most of this advantage and integrate themselves into their regional economy. First and foremost, towns should aim to ensure residents have access to good quality jobs – higher-paid jobs with reliable hours and opportunities for progression. The location of those jobs is less important than the fact that they exist at all.

In reality, being a modern commuter town will rarely mean being a dormitory without jobs. Many have large employment bases of their own, and there is growing demand for leisure, services and cultural amenities. In any event, growing the skilled population of a long-term commuter town creates a more investable town. Attracting higher-skilled residents in a town, even if they are working elsewhere, will over the longer term build the local economic activity and job opportunities in a commuter town. Losing those skills because people can't find jobs near that town is folly.

Figure 6: Town employment outcomes and skills levels of residents, 2011



Implications for towns

What should towns make of Centre for Cities' analysis? For towns with the good fortune of existing within a productive city's hinterland, priorities are to boost transport links into the city and ensure residents have the skills they need to compete for high-skilled jobs. Another focus should be to manage the costs of growth, such as housing costs and congestion.

But for towns outside the hinterland of productive cities things are different; being positioned beyond a productive city's hinterland is not something they can control – whole towns cannot pack up and move somewhere more productive. Better transport may help residents access city jobs, but transport is not a single quick solution (although here too there is scope for thinking creatively about the art of the possible).

Britain's more rural and isolated towns, plus those within the gravitational pull of less-productive cities, will undoubtedly need a different mix of policy solutions. The answer may lie in these towns being able to create for themselves the complex economies that are the hallmark of productive places. Our economic complexity analysis explores this further.

Towns and economic complexity

Our economic complexity analysis is designed to help us understand how much productive knowledge is contained within an economy.

We know that knowledge is central to economic development and growth. It is the basis for innovation, and those goods and services which require greater knowledge in their production tend to be more valuable. With more knowledge, we are more productive and are able to create more things of higher value. However, the capacity of individual human beings to store knowledge is no greater than it has ever been. Instead, economies respond to the need to store greater knowledge by becoming more complex.

Consider the production of a computer. This requires knowledge about microchips, liquid crystal displays, electronics, and the moulding of plastics, among other things. No one individual, or even company, possesses all of this knowledge. Instead, a complex web of relationships between businesses grows up to enable the population as a whole to store a greater level of knowledge. Less complex economies, which are based more on primary industries, tend not to exhibit such a depth of networks as the production of more basic goods does not require them. We explore this in more detail in our piece on economic complexity and prosperity.⁷

Here, we look at whether it matters for towns' success. The product complexity index (PCI) is a measure used to rank the industrial complexity of a place – in this case, towns. The PCI provides an indicator of sectoral strengths in a town by first calculating location quotients to see how specialised it is in different sectors, using SIC3 codes. Each SIC3 sector has been given a score based on its complexity – the higher the score, the more complex it is. For example, some financial services have the highest scores, and conversely extractive industries have some of the lowest. We then produce an average product complexity score for each town, a 'blended product complexity measure', which is an average complexity score across the sectors in which each town specialises. This produces a ranking system whereby towns with a high blended product have a low rank (ranked from most to least complex).

To illustrate how this works, Figure 7 plots the economic complexity index (ECI) ranking and gross value added (GVA) per hour worked ranking for Local Enterprise Partnerships in England. Here we use GVA per hour worked as a proxy for productivity. There is a positive correlation between both series, indicating that GVA per hour worked increases as economic complexity increases.

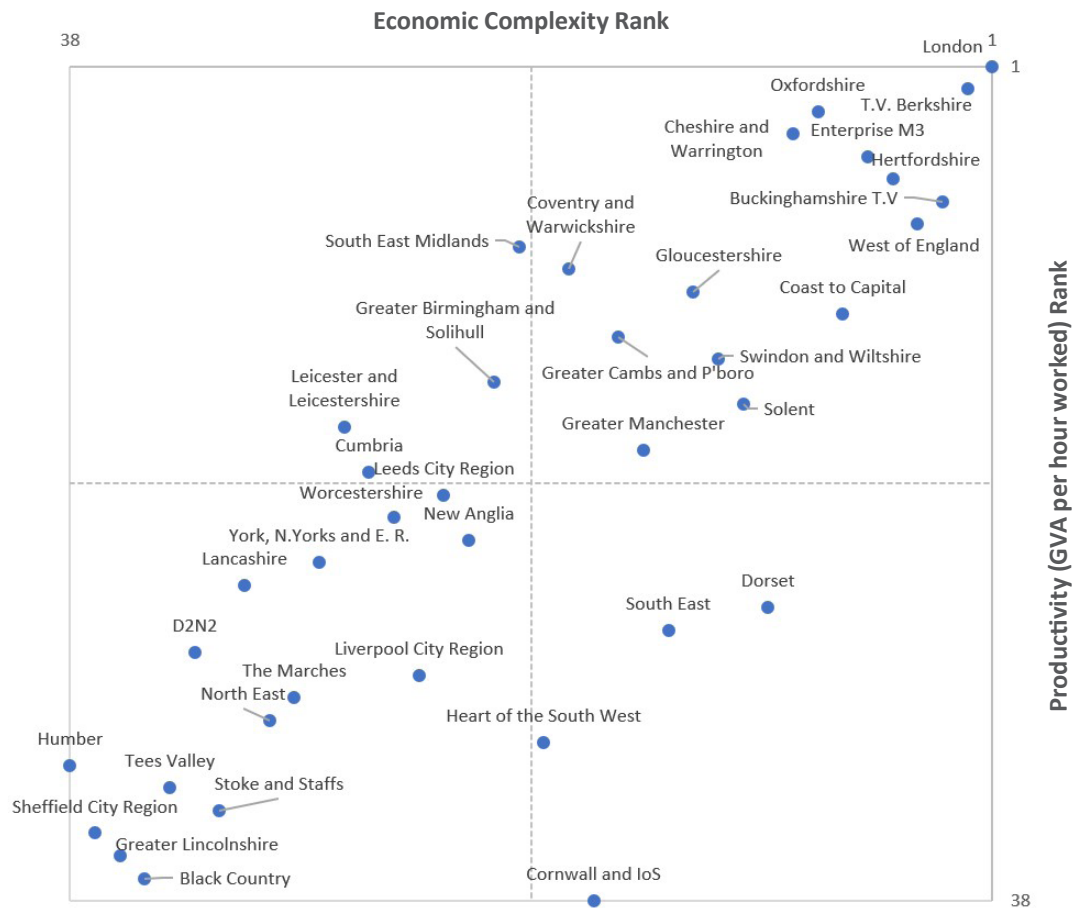
The same relationship between productivity and economic complexity holds for local authorities. It's logical to think that those places specialising in high-value, highly specialised sectors will produce a greater value added per person, which in turn produces a higher value per hour.

There is no reason to believe that this relationship doesn't hold for towns. For towns this means that increasing economic complexity - as much as is realistically possible - is one way of increasing their value added. The question then becomes: how do towns increase their economic complexity?

Proximity to a city is only important to an extent, in that cities provide opportunities to extend their urban area, provide a skilled workforce and contribute to other aspects that make towns great places to live and work.

⁷ Metro Dynamics, 'Complexity and prosperity (or: why messy economies do better)', July 2019.

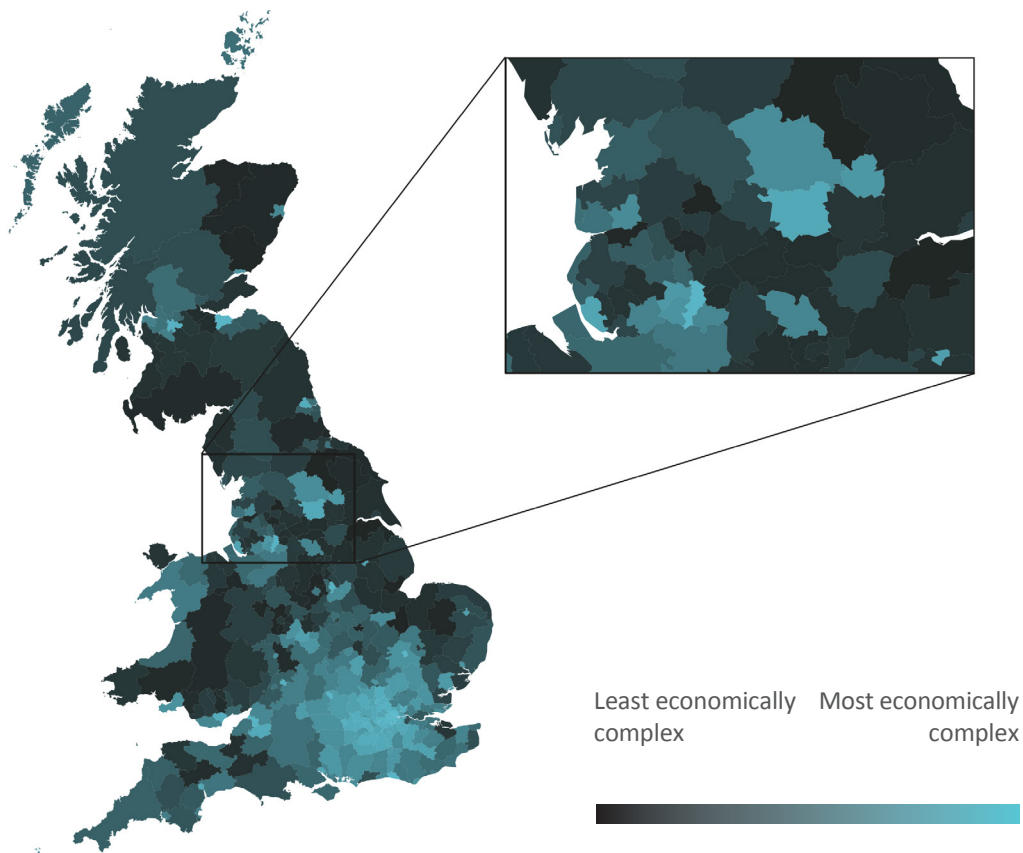
Figure 7: Economic complexity rank and productivity (GVA per hour worked) rank for Local Enterprise Partnership areas



The composition of the town matters too of course, including the availability of land, transport infrastructure and connectivity which all play important roles in the location decisions of firms. Many of the least economically complex towns are within commuting distance to a major city, but this has had no significant impact on their sectoral strength. Conversely, some of the more complex towns are further away from large cities yet can support specialist industries.

Figure 8 on the following page illustrates that the most complex local authority areas are centred around London, the South East and in major cities. Excluding London, the proximity of a local authority to a major city has little impact on its complexity when it is not contiguous. Take the magnified segment in the figure 8, for example; the yellow sections are the Leeds and Manchester city local authorities. Harrogate borders Leeds, while Salford and Trafford border Manchester, and all three exhibit a greater than average economic complexity. While this relationship holds for some British cities and towns, it does not hold for all, as demonstrated by Oldham and Tameside, which border Manchester to the east, but exhibit a low economic complexity. This is when the structure of an area becomes important, as it must present an opportunity for economic activity to extend from the city.

Figure 8: The most and least economically complex local authority areas in Great Britain



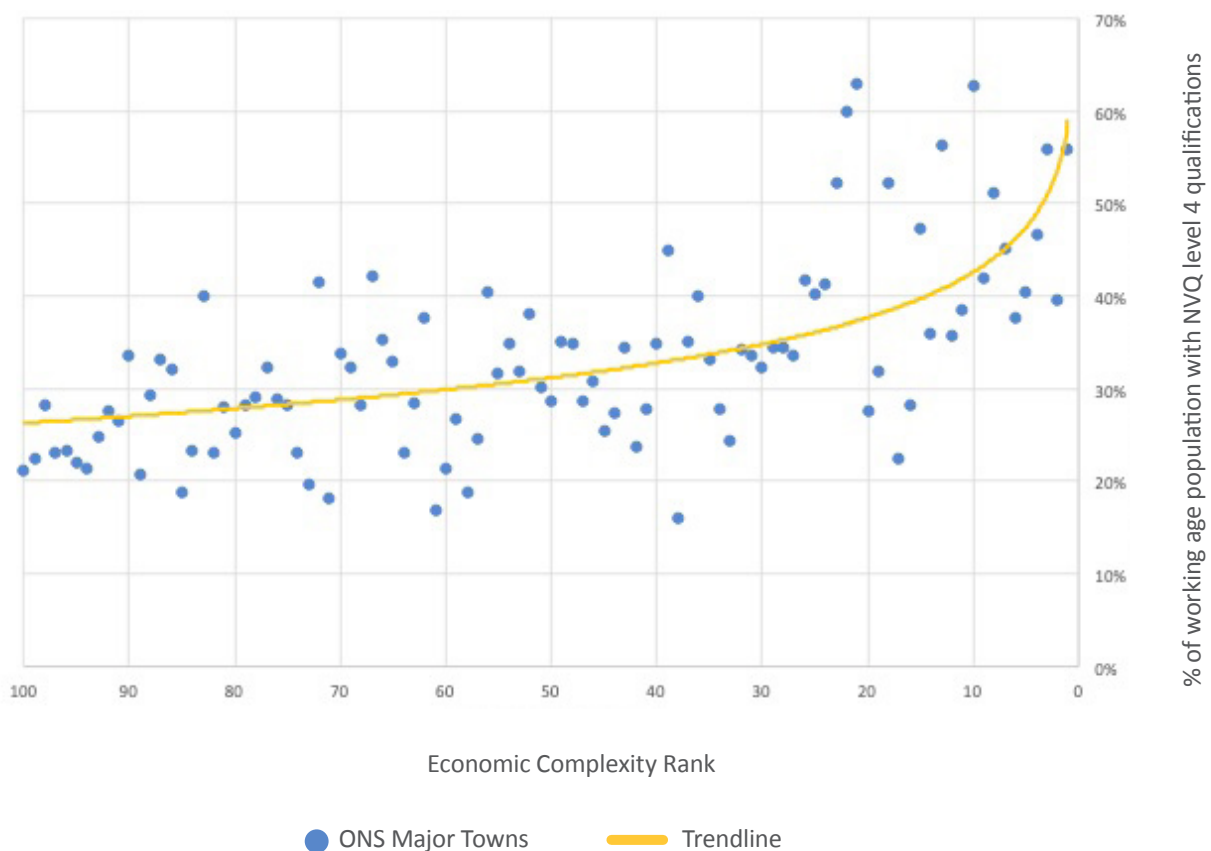
The availability of a skilled workforce makes a large difference to towns. Figure 9 illustrates the relationship between skills and economic complexity, highlighting that towns with a highly skilled resident population tend to be more complex. Skills tend to increase complexity, but added complexity is required to attract and retain skills.

One way to think about this is to visualise less economically complex places as being in a low skills equilibrium.⁸ The low skills base inhibits complex economic activity from occurring, which in turn disincentivises skills growth. Meanwhile, more economically complex places have reached a high-skills equilibrium, where the existence of high-skilled labour increases economic complexity, which then attracts and utilises high-skilled labour, and so on.

⁸ David Finegold and David Soskice, 'The Failure of Training in Britain: Analysis and Prescription', *Oxford Review of Economic Policy*, 4(3), 1988.

Towns wanting to grow and attract more specialist, high-value sectors must break out of this low-skills equilibrium. To do so requires ‘whole of system’ approaches which address the various factors that influence the levels of skills in a town. For example, increasing residents’ access to education is helpful but on its own is not enough. Better-educated individuals may simply be drawn into more complex economies elsewhere because those economies produce higher value products and therefore tend to provide better paying jobs. Whole of system measures would seek to attract and retain a skilled workforce in a town by addressing the multiple factors which influence where people choose to live and work, such as housing, services, and the quality of amenities.

Figure 9: % of working age population with NVQ4+ qualifications by town’s economic complexity



*Chart illustrates those places on the ONS Major Towns and Cities list. Economic complexity is measured and ranked relative to towns and cities on this list. Places with a greater share of working age population with NVQ4+ qualifications tend to be more economically complex.

Implications for towns

Our complexity analysis reinforces the findings of the ONS and Centre for Cities research we have presented here. Namely: skills are a fundamental component of a place's economic success. More skilled workforces are able to engage in more specialised economic activity, and more specialised economic activity tends to be more productive, as measured by GVA per hour worked.

Skills are not the only consideration when seeking to increase a place's economic complexity; businesses must also have access to suitable commercial land, transport infrastructure and markets, to name a few. Towns must also think about how they can attract and retain skilled workers in the area through interventions that make the town an attractive place to live. This includes good schools, good healthcare and quality amenities. The exact nature of what these things are will depend on a town's distinctive characteristics. It is important also to consider where a town currently stands in terms of complexity, and the building blocks that may be needed in order to realise ambitions over the long term.

From evidence to policy

The evidence we have presented here helps illustrate what factors most contribute to a town's economic success. Those factors are jobs (in the town or within the region), skills, proximity to cities, and the economic complexity of the region.

To some extent the economic complexity of places is dependent on historical trajectories. Towns that were purpose built during the first industrial revolution have often suffered as the global economy puts increasing emphasis on complex economies, which are capable of hosting, processing and leveraging growing amounts of information. However, we have seen that some towns that might be expected to benefit in terms of economic complexity from proximity to cities, such as Oldham and Tameside, have found economic transformation more difficult. Future analysis should aim to determine from a time series of data whether there are any trends in history and complexity that could add depth to our understanding of why places are the way they are now.

Knowing this is helpful but it is only the start. The descriptive evidence helps to tell a story about a town's current circumstances, but it says little about what a town can do to actually change. This is what we explore in the next chapter, where we argue that in order to change a town you first need to understand its identity, because this identity will determine what interventions are possible and achievable. This is because most change happens at the margins, that is to say: you cannot simply rebase a town economically and socially.

The data we have available is imperfect, but we know some things about how towns work. This leads us to the conclusion that the future for towns lies in broadly-based policy – there is no one solution. It is better for towns to chart course on basis of what we do know. By following our general principles in the next chapter, towns can determine what works for them.

3. Transforming towns as places, transforming people's lives

Industries that fuelled Britain's growth in the nineteenth and early twentieth centuries formed economic hubs in towns. Town centres were places where people shopped, traded and lived their lives. As the sectors of the industrial revolution have moved away from employing residents of British towns en masse, agriculture has shifted, and more recently retail has been transplanted from the high street to the screen in your hand; the role of our market, mining and mill towns is in question.

Less affluent towns haven't experienced the economic prosperity that some parts of Britain's cities and more prosperous towns have in recent years, and many are struggling. With local growth programmes and devolution in recent years focusing on cities, what does the future of our towns look like?

Many towns historically exploited their natural assets and locations to grow. While these may no longer dictate their industrial purpose, towns can and should figure out how to use these to rethink the town's identity, find ways of becoming attractive for employers, and promote the town as a great place to live. So far so good. Here we also need to apply a reality check.

Many towns, particularly those in less complex economies, or remote from one, have a much more complex challenge of renewal. For example, seeking to retain nuclear scientists in a town without a nuclear industry in its travel to work area is a tough ask. This is obvious, but the same is true of every profession. Labour markets reflect real economic patterns of demand.

Towns have to create a unique offer based on their local identity focusing on the fundamentals of a well-functioning economy as they apply to them.

Towns may face challenges such as poor transport, connectivity, and housing supply, but we would argue that these are not necessarily the root causes of weaker economies. The availability and proliferation of good jobs will help drive demand for and likelihood of investment in transport, broadband and housing. Good jobs can be developed from the talents of people in every kind of place, from the smallest village to the largest city.

More causal still than jobs in many towns is education and health. Improving education and access to health services, with a focus on preventative and mental health, is the necessary long-term change that many towns should be pursuing as the foundation of growing prosperous local economies. Once there is a functioning strategy for human capital development in a town, it is more likely that transport can be the transformative intervention it is often endorsed to be. Without increasing the local skills base and improving the place, transport improvements are more difficult to secure and their impact on the place more difficult to maximise.

The urgent requirement to meet carbon reduction targets and develop more sustainable growth will create new opportunities for towns. These range from the application of traditional construction skills, to the challenge of retrofitting current housing stock, through to the more complex innovation required for new forms of energy production and carbon sequestration.

We have introduced our foundational argument for change in town economies in places that feel left behind and face multiple challenges. What follows is a set of principles that we believe towns should work to when thinking about their economies in the future.

Before doing so we want to address the important institutional question that has occupied a good deal of debate in towns.

As the argument goes, towns have lost many of their anchor institutions (businesses mostly), and with them the people, whose decision-making and webs of complex interaction and purchasing power characterised formerly strong but now weak towns. We agree this is a feature of all towns, but it seems most acute in those whose economies feel most hollowed out by economic change. We need to look at ways of embedding institutional strength in towns.

The cuts to local government finance in this decade have increased the pressures on local institutions and limited capacity beyond delivering statutory services. For many towns, this has had the effect of reducing the ability of local institutions to work together and lead on a vision for the future of their town. Much of the recent impacts of our national approach to food, consumer goods and housing has also had unintended consequences. Supermarkets have provided cheap choice to the customer, but as a consequence have squeezed value out of the supply chain, driven unsustainable food production methods and reduced footfall from our high streets. Volume housebuilding has not provided high-quality, sustainable, innovative or productive construction approaches and has failed to deliver the housing needed. It too has led to pressure on greenbelt land whilst being unable to drive value from brownfield sites and town centres. Apparent consumer benefits from this particular kind of market-led approach have been less than they seem and have come at huge environmental and community costs. Many places are now trying to find ways to redress the balance.

In the pages that follow, we explore a wide variety of ideas; some tried and tested, others new. Some come from the political left, others from the right. All are interesting and all are still developing. Whether we are talking about approaches to local employment, tax incentives, business networking organisations, or community wealth building; whether the solutions are old or new; without good evaluation, we won't know their potential. If we continue to do now what we have been doing everywhere, we will get the results we've always had: inequality, high growth in the same places, low growth in the same places, and environmental deterioration. We need to do things differently, but we need to know that it works. All options need evaluation.

Eight principles for thriving towns

1. Every town should embrace its own identity and local relationships

Every town is unique in its local history, its people and its assets. Towns benefit from a common cultural narrative tied to their identity. We know from our own work, that of the LGiU, the LGA, and others, that place matters and towns should take individual approaches designed for their place in order to harness their potential. The determinants of prosperity – employment, skills and education, income, access to services, housing, health and wellbeing – are impacted by local dynamics. Where you live and what's happening in your town influences the opportunities available to you.

As Bruce Katz, author of *The New Localism and The Metropolitan Revolution*, argues, be like Dolly Parton: 'find out who you are and do it on purpose'.⁹ In recent years, however, places have come under external pressures to create the same offerings and experiences in their town centres as everywhere else. The growth of chain stores and rise in rents along with cuts to local government have created an environment restricting expression of local identity in towns and the ability to consciously create spaces with which people feel engaged and connected.

Capitalising on cultural and historical identity with which people feel connected is important in a town retaining an authentic sense of self as it regenerates for the future. The example of investment in a new Shakespeare North theatre in Prescot demonstrates how a town is leveraging its unique historical links with Shakespeare to lead regeneration of the town.

Towns aren't cities, and they function in different ways to offer a sense of community and support to their residents. Cultivating local identity can generate comparative advantage for towns, by providing good quality of life and more easily accessible centres. Towns in rural areas have even larger areas of service, offering people centres for community, commerce and leisure.

Towns and their residents can have multiple identities, and this cultural tapestry is what makes towns in the UK such compelling places. Towns' identities are richer and stronger when they reflect their residents and location, their wider borough, city region and county, even reflecting their country, the UK and Europe. Relating to identity shouldn't be inward-looking. Acknowledging many-layered identities helps towns to collaborate with neighbouring places and within wider boroughs and regions, unlocking resources and opportunities available.

Towns should ask themselves, what are the characteristics of our history, environment, location and local culture that make this a great place to live? What are the opportunities we can build on and the challenges we should tackle?

⁹ Bruce Katz, 'After the Crisis: The Metropolitan Revolution', Brookings Institute, May 2013.

Case Study : Blackpool Pride of Place Partnership

In creating a strategy for Blackpool's economy, the establishment of the Pride of Place Partnership has embraced Blackpool's unique identity.

The Partnership, established by businesses in the community, brings together the local business community, voluntary sector and public sector to create a collective vision for the future of Blackpool. The Partnership's Born and Bred Network brings together an alumni network of people born and brought up in Blackpool who can help influence national policy, drive local activity, promote funding bids for the town and support local leaders with the development of a town prospectus. Leadership support is therefore provided by people who personally identify with Blackpool and are invested in the town.

2. Social investment in people should be the basis of a more inclusive local economy and growth

To really support people as the foundation of strong and inclusive economies, local leaders should be empowered to think about investment in towns differently. Town economies would be far better supported through combining economic and social investment in people from birth onwards, prioritising early intervention, school readiness at age 5, preventative health, as well as better and more tailored education and skills. This needs substantial funding from a single pot, which ultimately will be more transformative than any number of competitive fund bids for high streets.

Towns should be empowered to direct and combine local funding in support for education, skills, careers and business support. But without additional powers, higher and further education institutions and providers, schools and local authorities can work together to connect businesses with local people and develop joint working on skills in demand in local sectors, including by expanding offerings in digitally delivered training. The House of Lords Committee report on seaside towns highlighted the importance of this and raising aspiration through visible higher-skilled jobs in peripheral towns¹⁰. As we have noted here, analysis by Centre for Cities demonstrates correlation between a town's economic growth and its proximity to a strongly performing city. According to the ONS evidence we cited earlier, being connected to successful places through employment and trade is the best way of generating jobs as well as population.

Actively supporting people to access good employment and opportunity is therefore a key way that towns can make a long-term impact on the lives of local people. This means investing in education and skills and getting people into better jobs with higher wages. These two steps are necessary to develop people's capabilities and reinvigorate town economies. In order to make sure that higher-skilled workers don't leave, towns should balance regional integration with investments in themselves.

In many towns around the country opportunities for more specialised training and higher-skilled, better-paying jobs which challenge the precarity of work many people face, lie outside the immediate boundaries of the town itself. Proximity to a city centre and belonging within a city region can bring better connections to opportunities. People can be supported to access these through collaboration with training providers and employers based in city centres, promoting opportunities to people living in city region towns, improving and supporting access to affordable public transport and working with large companies on employer-funded transport, providing online portals for people to connect skill requirements with job opportunities in their wider city region.

There will be a fear when reading this that towns will become more commuter focused and less independent. Even if, to some extent, this may be the case, we would offer the view that this approach is likely to maximise jobs, income, skill and education outcomes for towns. Without the first two of these, the second two are under threat. Secondly, exporting labour doesn't mean that the town centre becomes a ghost town.

This is one option for opening up employment options to town residents, making opportunities more accessible, and diversifying the skills and purchasing power of people in towns. This should be utilised in combination with interventions that support people to open and grow businesses, community and cultural organisations in their towns that enhance quality of life and make towns thrive.

¹⁰ House of Lords Select Committee on Regenerating Seaside Towns and Communities, 'The Future of Seaside Towns', April 2019.

Case Study : Pivoting contractors towards local employment

The Procure Partnerships Framework piloted in the North West of England models how local authorities can use large construction contracts held by national and multinational contractors to benefit local people.

The Framework ensures that local authorities and contractors partner to select their subcontractor packages from the beginning of construction projects. By reversing the usual model of contractors scoping subcontract pricing, with the local authority taking decisions based on cost effectiveness alone, the Procure Partnerships Framework puts power in the hands of local authorities by allowing them to set employment terms of the subcontracts from the start by selecting subcontractors that use local employment. The model has been successfully used in towns such as Oldham and Stockport.

By working in partnership with contractors through this Framework, local authorities can focus on their priorities for supporting good jobs for local people and inclusive growth.

3. Towns should aspire to be the best places to live

Town amenities and convenience as a central tenet of planning goes back to at least the 1909 Town Planning Act, which encouraged the creation of town and city environments that could be enjoyed. The new town movement after World War II brought about purposefully planned, developed and built towns created as a response to overcrowding and congestion. Aside from the obviously democratic effects of creating spaces that are actively available and appealing to community residents, place shaping can have wider economic effects.

Towns that boast high quality of life for their residents are more likely to attract skilled labour, which has more freedom to choose where they live thanks to flexibility in work and capacity to afford real estate. By the same token, such towns can also attract businesses, large and small, which can further attract workers in a virtuous cycle. Whilst seeking to achieve this, towns should ensure that high quality of life is available to all their residents and that improvements to towns promote social mobility.

Positive draws include the quality of schools, accessibility of green spaces, functionality of local transport and the facilities available for business activities like offices, supportive service firms and entertainment spaces.

Many towns have a great deal of labour that is not captured or is undervalued. While skilled workers can commute to other places for work, there are always non-tradeable jobs that must be filled locally, including the service and care sectors. This means that every town, no matter its classification, has a great number of people living and working locally who must not go overlooked. People in the care economy especially, who are traditionally more likely to be women, deserve to live in places that are providing high quality services and experiences.

If struggling towns are to generate the magnetism that draws people to prosperous towns and cities and keeps them sticky to the people living there, they should think creatively about enhancing their natural and cultural assets, as well as improving the education offer and local health services, to be great places where people want to live. Of course, towns should also strive to be the best places for their existing residents, providing responsible services to the people who already live and work locally.

Case Study : Belper is Blooming

In the late twentieth century, Belper in Derbyshire had lost a series of major manufacturers and was struggling to create local value and appeal. But then in 1993, a town councillor spearheaded 'Belper in Bloom', setting the town on a trajectory to build its positive reputation, consistently winning awards in garden shows across the UK.

Belper has fostered a reputation as a festival and arts town. Part of this effort has been the promotion of the town as the heart of the Derwent Valley Mills World heritage site. These efforts by public and private entities culminated in 2014, when Belper won Best Market Town and a UK High Street award. Derwent Valley on Demand, a website-based community hub for Derwent Valley and its visitors, is another meaningful draw for the area.

The town's two surviving mills have been identified for potential redevelopment, creating retail units, office and residential space, a hotel or visitor centre that would add value to living in and visiting Belper.

4. Towns need to think differently about their town centres

The case for maintaining vibrant high streets is economic, social and civic. High streets are home to more than 100,000 local business owners, driving a significant amount of private sector employment as well as local entrepreneurship and innovation. Town centres contribute to the overall attractiveness of living in certain places. So how do we facilitate the resilience and prosperity of high streets and community centres in towns?

Multiple forces are at work in limiting the vibrancy of high street retail: squeezed incomes, rising overheads, over-expansion, excess debt burdens and online shopping. Certain practical interventions can promote renewal of town centres, including redevelopment, transport links and technical support to businesses. Towns should look to the influence of the availability of buses and reliance on car use when thinking about how town centres will be used in future. Whilst retail will always have a role in towns, it is likely to be less central in the future. New at-scale planning permissions needs to be viewed with caution and existing permissions for out-of-town development reviewed as a matter of urgency. What is holding back the repurposing of some former retail properties in town centres is owners, including investors, sitting on properties that have a higher book value than actual value. However difficult it may be to engage owners with this fact, it is best done proactively and strategically, rather than after stagnation or the collapse of assets or owners. The sooner towns start to deal with this fact, the sooner town centre properties can be flexibly repurposed.

One way of thinking differently about town centres has been proposed by David Skelton, formerly of Policy Exchange, through his idea of designating a number of post-industrial towns as 'prosperity hubs'¹¹. These towns would directly elect mayors with devolved powers and the ability to implement a different tax regime focusing on revitalising town centres. Incentives would be used to boost business start-up and growth, innovation in industry, and employment in good jobs.

In the context of a declining retail presence on our high streets, building on local natural and built assets and amenities can draw residents into town centres, fostering an environment where people come to the centre to experience something they can't get elsewhere and spending money and time in the community. One focus needs to be on the levels of spending in towns. As the Centre for Cities¹² has highlighted from its work on high streets, high streets in places with a higher concentration of more highly skilled workers seem to be faring better than others. Therefore, a focus on improving the education and skills of local people to support them to get better jobs will in the long run build the collective spending power and leisure time for the community to enjoy their town centres.

Towns can think about how to draw in private investment to redevelop town centres and co-design places where people can enjoy leisure and entertainment facilities. Towns should also extend this to make town centres hubs for work. Places can think creatively about how disused buildings in town centres can be used to pull office space usage and daytime footfall inwards from outdated business parks. The more town centres are used as hubs for work, leisure time and living, the more they can take advantage of and encourage declining reliance on cars and contribute to a cleaner environment.

¹¹ David Skelton, *Little Platoons: How a revived One Nation can empower England's towns and redraw the political map*, 2019.

¹² Centre for Cities, 'What's in store? How and why cities differ for consumers', September 2019.

Case Study : A partnership approach to renewing the high street

Retail in town centres has experienced reduced footfall and structural challenges to keeping businesses in bricks and mortar on the high street. The response from most retailers and local authorities is to reduce and halt investment in town centres.

Metro Dynamics has been working with investment and development firm NewRiver on their approach to transforming town centres that is centred around delivering inclusive growth in towns. There are different ways of approaching this, and NewRiver has worked in close partnership with local authorities to manage solutions that work for their town. For example, in Market Harborough, NewRiver sold high street units to the local council and continues to manage the assets, supporting the Invest in Harborough initiative and provide a return for the local authority to invest in wider local services.

Through this approach, where business meets public space in town centres, this partnership approach can support the wider aims of local authorities in creating town centres that better integrate retail and leisure with health and education services, transport networks, while using technology to improve cost efficiency and environmental sustainability.

5. Towns need to secure quick wins and commit to long-term transformation

Many of the changes that will improve life in towns require long-term initiatives and commitment from local leadership. With that in mind, the success of towns will depend on their ability to implement shorter-term interventions over time that all serve long term goals and progress.

This is particularly so in towns that feel neglected, where creating positive momentum really matters. Short terms goals, interventions and initiatives should all contribute to towns' long-term strategies, the feasibility of which depends to a large degree on the capacity of leaders and the buy-in of locals to foster continuity.

We know from our work with market towns in Fenland, that towns need long-term visions for change, with education and skills attainment a key challenge to address in the Fens. A mixed picture in skills in the area contributes to lower than average wages and weaker prospects for young people. This has the knock-on effect of discouraging businesses from locating in the area and encouraging people to move away from the towns. Where barriers to growth, successful local businesses, and good jobs start at school, towns need to take a long view to prosperity.

By also targeting quick wins, towns can showcase progress, providing public visibility for local programmes and a sense of momentum. Towns should plan for interventions that can be implemented quickly, be noticeable to residents, and contribute to wider strategies that reflect the place's identity. Agile project development and pilot projects can be effective in introducing interim results that highlight the efforts of local leaders and initiatives while contributing to long-term plans for change.

Integrating short and long-term solutions fosters a narrative of local development and rejuvenation that towns can use to attract further investment, people and innovation. To succeed, towns must practise effective policy and implementation over and over again, building to long term changes in attitude and a local spirit of progress.

Case Study : Flint and Flintshire Town Action Plan Programme

The Flint Strategy and Masterplan focused on the historic core of the town, adopting broad recommendations for a 12-year period of transformation, focusing on enhancing the town centre and its connectivity to the castle and coast. The strategy advocated for a combination of quick wins with short, medium and long-term interventions.

Quick wins in Flint included environmental improvements and small-scale infrastructure works, and short-term projects identified new real estate partners and interventions. Given limited funding, Flint used its variable timescale to pursue alternative funding streams and to develop innovative delivery models to drive down costs. The combination of quick wins with longer term initiatives facilitated community engagement and a spirit of progress, helping to mobilise a broad range of local stakeholders.

6. Local leadership and decision-making capacity are key to success

Following the recent period of metro devolution, central government maintains a significant role in other parts of England, and local leadership straddles combined authorities and metro mayors, Local Enterprise Partnerships and local authorities.

Local authorities combine statutory functions with strategic coordination, intervention and partnership. This combination can enable them to set their towns' offerings apart, facilitating inclusive development and holding insight on local assets and challenges. In practice, the capacity of local authorities for strategic economic development as well as the role and presence of the Local Enterprise Partnership or combined authority in their towns vary. Civic leaders who demonstrate characteristics like pragmatism, openness to business or private partnership and dedication to inclusivity and progress also play a significant role regardless of governance structure.

Leaders involving local actors and having the information necessary to identify needs and solutions are crucial to effective local decision-making. There is evidence for the necessity of balancing top-down with bottom-up approaches, but there remains room for the further development of evidence on the role for towns in an integrated approach.

Civic leadership should not stop at local government. Improving the institutional strength of towns improves leadership and decision-making by bringing together diverse experiences and expertise. This diversity creates space for people to identify with different institutions and increases feelings of belonging in communities. This can go further, as David Skelton argues,¹³ and drive better jobs, higher wages and more valuable skills through business governance that involves workers on boards and remuneration committees, and vocational education partnerships between large companies and further education institutions. Local business leaders, universities, colleges, schools, religious institutions, and other community groups should play an active role in the leadership capacity of towns to improve local government-led initiatives and give voice to communities.

¹³ David Skelton, *Little Platoons: How a revived One Nation can empower England's towns and redraw the political map*, 2019.

Case Study : Upper Calder Valley Renaissance Programme

The Upper Calder Valley Renaissance Programme in Yorkshire took an innovative coordinated and area-wide perspective on town regeneration, covering Walsden, Todmorden, Hebden Bridge, Mytholmroyd and Sowerby Bridge.

The UCVR operated with a commitment to long-term planning, significant injections of public funding and, importantly, a support programme aimed at building the capacity of local town teams. Town teams, consisting of local residents, businesses and public or community sector representatives, the programme facilitated the development of leadership capacity and decision-making authority, allowing the teams to deliver locally informed sustainable change that could support town development as well as regional economic objectives and impacts.

7. Strategic use of procurement can strengthen local institutions and promote community wealth building

In addition to seeking to lever more funding and investment into their towns, local leaders should also seek to use their own resources more strategically. Public procurement is an important tool for this. This isn't just council expenditure, but also that of local anchor institutions such as universities, colleges and health trusts.

Too many towns in Britain have hollowed out economies, with not enough viable local businesses to create the web of local institutions and businesses on which vibrant local economies depend. At the same time, too much work in our towns is poorly paid, precarious and lacking in prospects for career progression.

But even in relatively disadvantaged communities the quantum of combined public spending can be significant. Using this spending power to promote wider social goals, such as more contracts going to local firms, encouraging social enterprises and linking new investment with local employment and apprenticeships is an important opportunity for local decision makers.

A number of US towns and cities started to experiment with using anchor institution procurement to diversify their local economies after the financial crash. In the 1980s in the UK this approach, which was called 'contract compliance', was used to circumvent some of the effects of outsourcing, and in the past few years this approach has experienced a renaissance under the umbrella of 'community wealth building'.

This is not about spending public money inefficiently, but rather encouraging those charged with responsibility for procurement to take into account a wider set of considerations that relate to social and community outcomes. There are a number of different ways of pursuing these wider objectives through local procurement and investment. Social value legislation helps with this, as does the new public service reform cost-benefit analysis test in the HM Treasury Green Book. In addition, Metro Dynamics has developed, with the Joseph Rowntree Foundation, an Inclusive Growth Decision Making Tool that is now being adopted by several Mayoral Combined Authorities. This enables investment managers to prioritise investments that will benefit target groups of beneficiaries most in need of economic assistance in towns and cities, rather than just generating GVA and jobs uplift.

Any and all of these approaches can help build community wealth, through supporting local social enterprises, strengthening local supply chains, and creating better local jobs. Here we're considering a different lever from a different end of the political spectrum to the ideas around tax incentives mooted earlier, and as we have argued, all options should be judged on evaluation.

Case Study : The Preston Model

Preston City Council has attracted recognition for the development of the 'Preston model' of community wealth building and local economic democracy.

The Council pursued a programme of local engagement with the community, businesses and anchor institutions. The focus on localising procurement by anchor institutions has resulted in an increase of £74 million per year of spending from Preston institutions remaining in the Preston economy and 4,000 more employees earning the real living wage since 2012. The Preston model has gained national recognition as a new way of approaching locally-held wealth, that can be led by the local authority, supported by and benefit local business and communities, and promote Preston with a strong identity.

8. Town futures should be shaped with and by local people

Lasting and effective changes to towns should be developed with local citizens, businesses and community groups, not be imposed on them. They should build on existing local assets and the commitment and identity of local people. Approaching town regeneration this way can more effectively bring together the social and economic interventions that will drive lasting improvement.

It isn't just that critical changes to towns need the consent of local people, even more fundamentally they may require behavioural change on the part of residents, businesses and community groups. Economic and social change at a place level needs to be owned and developed by the people who live in that place.

Some of the best ideas for local economic development are based on the insight into the specific dynamics of place that only local people and businesses can have. This tacit knowledge should be leveraged in shaping the future of towns. While policymakers and subject matter experts bring knowledge and experience, local engagement and contributions are essential to crafting clear, responsible, sustainable and effective pathways for towns. Summary statistics, the GVA, the ECI or the GDP of towns, can only tell people so much about local markets. Instead, residents can contribute to a clearer picture of the successes and shortcomings of places. Rather than allowing the emergence of geographies of discontent, the active engagement of local people in their own markets and futures can reinvigorate places while capitalising on local attributes.

The development of Manchester Science Park's Citylabs is an example of local institutions working together to invest in a burgeoning local market. Property firms had determined that the local market was unlikely to produce the necessary demand for new space for science and innovation businesses in the Manchester Science Park location. However, a partnership between Manchester universities, local authorities and the Manchester University NHS Foundation Trust brought together their expertise and knowledge of the growth potential for the sector locally and invested in building the Citylabs campus. The campus continues to expand in Manchester's Innovation District and provides opportunities for growth in health and medical technology business and the ability to co-create with the NHS and universities.

A number of towns are developing cooperative, deal-based approaches to developing a more successful and inclusive local economy. Metro Dynamics is working with Sandwell Council to develop an Inclusive Economy Deal for their Borough. This involves working with community groups across the 6 towns in the Borough, along with local business and the voluntary and community sector to co-develop a deal that will set out the commitments and expectations that each stakeholder group has for local economic development. Perhaps the best-known example of this Deal based approach to Town development is the Wigan Deal.

Case Study : The Wigan Deal

Wigan Council has had success addressing some of its town's most pressing challenges by functionally crowdsourcing solutions. The Deal for Communities Investment Fund encourages residents to become involved in their community, intervening to solve problems that the Council lacked resources or authority to address alone. The Deal is an informal agreement between the Council and its residents to work together to improve their community, with each party committing to a series of pledges to improve their towns, save money, lower tax rates and create sustainable change. By engaging local people, Wigan effected real change while also creating cost savings and further efficiencies.

Conclusion

Towns matter as places. People in towns matter. Towns have to think about placemaking and becoming better places to live, but also address the fundamentals of people's experiences in the economy. Improving education and skills will help people to access better jobs, and more people having better jobs will improve towns as places.

The available data shows us that we can think about towns in terms of being key workplaces or not, having complex economies of their own or not, and benefiting from proximity to growing cities or not. Some key aspects of a town's success seem to be proximity to jobs and the skills of residents. However, the data doesn't tell us much about what a town should do to boost its economy.

Towns should therefore be empowered to understand and shape their unique identities, developing the capacity and drive to meet current and future challenges. Places will have to commit to long-term action to see the impact. We argue that towns should build a strong offer based on their unique identity and focus on the fundamentals of a well-functioning economy. This includes investing in people in order to invigorate towns' futures. Our principles are aimed at creating long-term projects with short-term payoffs, but as with any development of place, the consequences of actions taken now will benefit generations.

We have introduced here our foundational argument for change in towns and set out eight principles for towns to work to when thinking about their future economies. Metro Dynamics is building a hub of evidence for towns through analysis and real-world experience from working with clients across the country.

Like the towns about which this paper is written, this too is a work in progress. We would welcome views on 'Our Towns' and on the new, emerging ideas that can help deliver on a better future for towns and the people who live and work in them.

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