PRESS RELEASE

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BRITAIN’S NORTH-SOUTH DIVIDE: Policy should focus on people not places
New #ElectionEconomics policy briefing from the Centre for Economic Performance

Rather than focusing on London’s dominance of the UK economy, we should be asking why other big cities do not offer similar economic opportunities and what can be done about it. Looked at this way, the evidence suggests that what’s needed is for one or two other big cities to grow substantially. Overall population size helps to generate more opportunities as does the concentration of highly skilled workers and certain types of knowledge-intensive industries that employ them.

These are among the conclusions of a new report by Professor Henry Overman on the economic performance of UK cities. His report – which is the latest in a series of background briefings from the Centre for Economic Performance (CEP) on key policy issues in the May 2015 UK general election – finds that:

- There are large variations in economic performance across UK cities and on some measures, the differences have widened since the global financial crisis. All the main parties promise action to reduce them, but there is little difference between the parties in terms of the policies that they would pursue to meet this objective.

- The traditional policy mix – central government investments in local growth projects, transport and other infrastructure, funding for business support and access to finance, and a host of other interventions – is largely ineffective.

- Greater local control is needed to improve policy effectiveness. The coalition government has used ‘local enterprise partnerships’ (which have replaced regional development agencies) and city and local growth deals. It is too early to assess their effectiveness, although there have been problems with central government in allocating money and local government in spending it.

- There is disagreement among the parties about the methods of devolving power. It is important that policies that have wide scale impacts – such as transport and housing – are coordinated across local areas.

- Greater experimentation at the local level combined with effective evaluation would help to improve policy. But this is highly unlikely given the short-term political focus on being seen to ‘do something’, which favours the announcement of new projects over the long-term development of policy effectiveness.

- London’s strong economic performance plays a large part in explaining widening disparities. Providing an effective counter-balance to London may require policy aimed at ‘rebalancing’ to be more spatially focused – for example, on Manchester. Concentrating resources in this way is controversial and difficult for constituency-based politicians in both central and local government.
Professor **Henry Overman**, the report’s author, comments:

‘When we listen to politicians talk about what can be done in response to the large variations in economic performance across UK cities and regions, it is helpful to remember that we ultimately care about the effect of policies on people more than on places.

‘Efforts to rebalance the economy should be judged on the extent to which they improve opportunities for all, rather than whether they narrow the gap between particular places.’

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**Notes for editors:**

“The Economic Performance of UK Cities: can urban and regional policy make a difference to the North-South divide?” by Henry Overman is the latest in CEP’s *#ElectionEconomics series*.

Objective, brief and non-technical, CEP Election Analysis is a series of background briefings on the policy issues in the May 2015 UK General Election.

This series discusses the research evidence on some of the UK’s key policy battlegrounds, including immigration, austerity, living standards, productivity, business, Europe, urban and regional policy, schools, universities, health, crime, inequality, gender, housing and planning, top tax rates and climate change.

These analyses are provided by some of our expert researchers and draw on some of our past and current research.

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