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Place-based: A new approach to regional development?



In his monthly column, **Professor Frank Peck**, of the University of Cumbria's Centre for Regional Economic Development, on how location is being a key factor in investment decisions

With an election looming, it seems appropriate to step back from detail and take a wider view of what is happening in local and regional development.

What is it that localities and regions need at this present moment? In this context, there has been much discussion in recent years about the idea of “place-based development”.

What is this, why does it matter and are we doing it?

Place-based regional development

In a general sense, the idea that “place matters” when designing policies might seem obvious and it is, of course, not new.

Some of the principles can be seen, for instance, in approaches to community development in the UK that go back as far as the 1960s.

More recently, under New Labour, “area-based initiatives” abounded. This discussion, however, has been given a fresh impetus since around 2000 as a result of debates within the Organisation for Economic Cooperation and Development (OECD) and the European Commission (EC).

‘There’s an acceptance that strategies that combine both national and local knowledge are more likely to be effective’

In the UK, the term “place-based development” has also entered the lexicon as part of the localism debate prompted by the Coalition government in 2010 (“The time has come to disperse power more widely in Britain today” - Coalition Agreement, May 2010).

In its contemporary guise, place-based development is usually contrasted with space-neutral development.

“Space-neutral” refers to policies that are designed without explicit consideration of space or location.

Many national policies, even those that are concerned with community development, can be



“space-neutral” in the sense that there is no spatial targeting or any consideration of the potential spatial effects.

In contrast, “place-based development” is predicated on the belief that geography matters; that policies designed nationally can have unpredictable and uncertain outcomes in different locations depending on spatial variations in economic structures, institutional capacity, cultures, customs, capabilities, habits.

Why does it matter?

Proponents of “place-based” development are therefore critical of what they see as the “old way” of doing regional development whereby national policies simply feed growth which, left to market forces, tends to create inequality between regions.

Other public resources are then used to compensate lagging regions – a redistributive model.

This, it is argued, is inefficient for both the public and private sectors.

Left unregulated, free movement of people, goods and capital tends to lead to spatial concentration that generates overheating and negative economic and environmental externalities in expanding cities alongside underutilised human and physical capital in peripheral and rural areas.

“Place-based” implies tighter direction of growth processes to reduce externalities and efforts to maximise the overall returns on public investment.

At a theoretical level, a place-based approach in which policies are designed not “on the head of a pin” but with “territory in mind” seems laudable.

This approach could certainly benefit Cumbria in that proponents assert that all places (not just large metropolitan areas) have the potential to increase productivity and contribute to growth.

There is an assumption that there are underused and unused human capital and innovative capacities in all places that are unrecognised from afar.

As the OECD have argued, even primarily rural regions have the potential to make substantial

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contributions to economic growth by achieving high levels of productivity in the activities in which they are best suited.

And therein lies the question – who is to say what activities are best suited to any place? Who knows what to do, where, and when?

It is evident from these arguments that “place-based development” is fundamentally about governance and decision-making.

It is not just about the importance of considering the local – the scale at which daily lives are played out in terms of work, consuming goods and accessing public services – though this is not unimportant.

It is not even about a simple shift from “top-down” to “bottom up” policymaking – though this too may be part of the solution.

Rather, place-based thinking implies that more effective ways need to be found to combine local knowledge, sentiment and aspiration with wider national know-how and expertise in developing new strategies; where local communities are drawn into decisions that affect what needs to be done (policy design), not just how to implement ideas developed elsewhere (policy delivery).

Are we doing this?

There is no doubt that the notion of place-based development resonates considerably with local policymaking across the regions of England.

The process of devolution of powers in particular to cities (such as City Deals) could certainly be regarded as consistent with these

principles.

So too, the recent requirement on Local Enterprise Partnerships to respond to the need to develop Local Industrial Strategies appears to have been influenced by the acceptance that strategies that combine both national and local knowledge are more likely to be effective – and less likely to generate regional imbalance.

Northern Powerhouse is also relevant as part of a multi-level governance that bridges the national and the local.

But there are still dilemmas in this approach.

Connecting layers of government in a process of strategy development is complex enough and there are evident gaps in this institutional landscape that appears somewhat asymmetric and even chaotic.

The decentralisation process has been highly uneven with some places given new autonomy and resources and others not.

As a consequence of this, institutional capacity to engage in strategy development varies considerably within regions and arguably intensifies divides between urban cores and rural and industrial peripheries.

These factors can frustrate the implementation of effective place-based development and calls for more attention to be given to institutional capacity-building at the local level. Notwithstanding these caveats, the logic of place-based development is compelling and building capacity for strategic thinking in local partnerships should remain a key aspiration in local and regional development.

