Social Mobility Commission

Innovation, investment and inclusion: a framework for regional renewal

Report of the Social Mobility Commission's Economic Growth and Investment Group

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About the Commission

The Social Mobility Commission is an independent advisory non-departmental public body established under the Life Chances Act 2010 as modified by the Welfare Reform and Work Act 2016. It has a duty to assess progress in improving social mobility in the UK and to promote social mobility in England. The Commission board comprises:

Chair

Alun Francis OBE, Chief Executive of Blackpool and The Fylde College.

Deputy Chairs

Resham Kotecha, Head of Policy at the Open Data Institute.

Rob Wilson, Chairman and NED across public, private and third sectors.

Commissioners

Dr Raghib Ali, Senior Clinical Research Associate at the MRC Epidemiology Unit at the University of Cambridge.

Ryan Henson, Chief Executive Officer at the Coalition for Global Prosperity.

Parminder Kohli, Chair Shell UK Ltd and Shell Group Executive Vice President Sustainability and Carbon.

Tina Stowell MBE, The Rt Hon Baroness Stowell of Beeston.

Foreword

Rob Wilson

The Social Mobility Commission has long argued that regional disparities have a limiting impact on opportunity in the United Kingdom, and that better opportunities can only be extended across the country if this fundamental economic challenge is addressed. Furthermore, addressing it requires a placed-based approach.

The obvious vehicle for delivering this is through devolution. Yet devolution in Britain has been slow and uneven and has lacked a sharp enough focus on innovation, enterprise and growth. That must change.

If we are serious about reviving the cities, towns and rural areas that have been left behind, power and resources must move closer to the people who know their regions best. But devolution cannot just shuffle responsibilities away from Whitehall. It must give every region the means and the confidence to chart its own path to growth. Enterprise, innovation and business must be at the centre of that path. Without them, there are few new jobs, no increase in prosperity and little hope for the future.

The scale of the challenge is stark. The UK is one of the most regionally unequal economies in the developed world. Productivity in Greater Manchester is 35% below that of London. In East Yorkshire, the odds of climbing the income ladder are far lower than in Surrey or Sussex. Too often, ambition is blocked not by a lack of talent but by a lack of opportunity.

This is not only an economic failure – it is a social injustice. A child's chance of getting a better job than their parents should never depend on their postcode. Yet for too many families it still does. Generations have been locked in cycles of disadvantage and neglect. If we want a society where talent and effort are rewarded, these cycles must be broken.

Business is central to that task. It is businesses that create jobs, drive innovation and generate the wealth which public services depend on. But entrepreneurs in struggling regions face barriers at every turn. Finance is hard to come by. Investors concentrate on London and the South East. Too often, local firms are held back by skills shortages and weak infrastructure.

Devolution provides a way forward. Every region needs a Strategic Growth Plan. These plans must be business-led, with enterprise and innovation at its core, and locally coordinated, uniting local councils, employers, universities and civic institutions around clear priorities. They should have the backing of central Government, giving devolved authorities the support they need but leaving them to determine their own local priorities. And they must be long term – they must give businesses and investors confidence that the rules will not change with every political cycle.

This is why the Social Mobility Commission set up the Economic Growth and Investment Group, to bring together leading experts from business, government, academia and civil society. Over eight months, we examined the barriers to regional prosperity and developed a bold, evidence-based agenda for reform. Their support, expertise and real life experience of the challenges in these regions has been of enormous benefit to this report. They have my sincere gratitude for giving their time and knowledge so generously.

Together, we have been touring the country, where we have seen some excellent examples of what can be achieved. We have also identified areas which, in addition to existing good practice, can accelerate the rate of change. We have been able to develop a blueprint for the regions to follow and have captured in ten practical actions to support innovation, enterprise and social mobility across the country.

We can persist with a model that concentrates prosperity in one corner of the country and leaves others dependent on subsidy. Or we can embrace devolved, enterprise-led growth that spreads opportunity fairly. The choice is clear. The case is overwhelming. The tools exist. The time to act is now.

Rob Wilson,
Deputy Chair of the Social Mobility Commission

Executive Summary

The UK faces a stark challenge. It is one of the most regionally unequal economies in the developed world. In some areas, the odds of climbing the income ladder are less than half of those in more prosperous regions. This is not just an economic failure – it is a social injustice.

This report sets out a practical plan to change that. It places enterprise, innovation and long-term regional strategies at the heart of a new approach to local growth. It argues that social mobility must be the measure of success – not just gross domestic product (GDP) or investment figures, but whether people can improve their life chances wherever they live.

The Social Mobility Commission's Economic Growth and Investment Group brought together leaders from business, government, academia and civil society - all based in different parts of the country.

Over eight months, we examined the barriers to regional prosperity and developed a bold, evidence-based agenda for reform.

Our recommendations are structured around three themes: investment, entrepreneurship and skills.

These proposals are underpinned by our review of existing evidence, and a call for stronger local structures and deeper devolution. Devolved authorities must have the powers, resources and confidence to lead – with business as a full partner in shaping their region's future.

This is a plan for inclusive, innovative growth. It is a plan to unlock potential, raise productivity and expand opportunity. It is a plan to ensure that where you live no longer determines how far you can go.

10-point plan for inclusive, innovative growth

1	Devolved authorities in every region should have a long-term Strategic Growth Plan – business-led, coordinated by local government and with central government as a partner.
2	Government should establish new 'Opportunity Zones' in left-behind areas with tax incentives for investors and local mandates to prioritise business growth.
3	Government should work with pension funds to ring-fence and deliver at pace at least 5% of portfolios for UK growth investments.
4	The Social Mobility Commission should develop a 'Social Mobility and Dynamism Index' to track progress and incentivise regions to compete on innovation and opportunity.
5	Government should revive the New Enterprise Allowance with a £3,000 tax-free trading allowance and tailored support for people on Universal Credit starting businesses.
6	Devolved authorities should expand entrepreneurship education in schools, further education colleges and Job Centres, targeting disadvantaged groups to boost social mobility.
7	Devolved authorities should create and expand local start-up hubs in under-used public or high-street spaces, linked to mentoring, finance and academia.
8	Government should reform apprenticeships to provide flexibility for small and medium-sized enterprises, strengthen employer engagement and ensure better outreach in disadvantaged areas.
9	Devolved authorities should introduce £3,000 portable skills accounts for adults in work in disadvantaged areas to empower lifelong learning and upskilling.
10	Government should build stronger devolved local structures – regional investment and skills boards, long-term funding settlements, and fiscal powers to reinvest local growth.

Introduction

Boosting regional growth through investment, entrepreneurship and skills

There are stark differences in opportunities and outcomes for people in the UK depending on where you are born and where you choose to live and work.

Around 40% of adults in Surrey and Sussex have achieved upward social mobility, reaching a higher occupational class than their parents. In outer West London the figure is 46%. But in East Yorkshire and Northern Lincolnshire, and in Northumberland and Tyne and Wear, the percentages are just 29% and 30% respectively.[1]

The UK is also among the most regionally unequal countries, compared with EU countries, for productivity and infrastructure.[2] For example, Greater Manchester is 35% less productive than London while France's second city, Lyon, is just 20% behind Paris. Closing the productivity gap between Greater Manchester and London to the size of the gap between Lyon and Paris would add £13 billion to the UK economy.[3]

In the past, a lot of focus in the social mobility sphere has been on supporting some individuals from disadvantaged backgrounds into the top universities and elite professions. While this work is beneficial, **we refer to this as a 'lucky few' approach** – it is a model that won't bring benefits to the majority of people who grow up in socio-economic disadvantage.

This builds on previous Social Mobility Commission (SMC) work, that has criticised the London-centric social mobility narrative, which prioritises those with elite educational qualifications, working in specific professional sectors, and gravitating toward London and the South East. We are keen to extend opportunity to a much wider range of people in a wider variety of places.

Economic growth, and in particular innovative growth, is central to social mobility. As the Social Mobility Commission has previously noted, innovation and social mobility are "two sides of the same coin".[4] In order to create the opportunities that people need to progress, **the UK needs a stronger, growing, more innovative economy that creates wealth and opportunity through improved productivity.**

While education is important, it is not a silver bullet. Efforts should continue to ensure that every child, regardless of their background and where they grow up, can achieve and thrive in education. But we also need an economy with a far greater diversity of opportunities, and many more ways to take advantage of them. Social mobility should not require that ambitious people must leave their local area to find job opportunities. We need to build local pride, aspiration, expectations and opportunities, so that people have options to thrive in the places they grew up in.

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[1] Social Mobility Commission (SMC) (2025) State of the Nation 2024: data about social mobility in the UK

[2] Andreas Diemer and others (2022), The regional development trap in Europe; Philip McCann (2019), Perceptions of regional inequality and the geography of discontent: Insights from the UK

[3] Paul Brandily and others (2023), A tale of two cities (part 2): A plausible strategy for productivity growth in Greater Manchester and beyond

[4] SMC (2024), Innovation and social mobility: Two sides of the same coin

Currently, **London and the South East are subsidising the rest of the country**. They raise more in tax revenue than is spent in their regions, and this surplus is used to subsidise public services in the rest of the UK.[5] We want to reduce the need for this subsidy. We want to create regions that are self-sufficient in generating the tax revenue they need to support public services and public investment. Finding ways for local areas to keep extra finances generated through improved productivity and private sector growth would also help create better incentives and opportunities.

Two key factors run through the discussion and recommendations in this report.

First, we need **a place-based approach to social mobility**. The regional disparities in the UK mean that different regions have different strengths and opportunities, and different barriers to overcome.

But at the moment, as the Government's White Paper on English devolution acknowledges, England is one of the most centralised countries in the developed world.[6]

Approaches to growth and innovation for regional economies should therefore be led at a local level. Devolved authorities need to have the powers and policy levers to address the challenges that they face and to play to local strengths. For devolution to be successful, we need a transfer of formal powers – but we also need to develop institutional capacity, cross-governmental coordination mechanisms and place-based policy approaches to respond to local economic conditions.

We also need to see much better communication and collaboration between the private sector and local governments to achieve this. In our view, **the private sector's involvement is central to long-term success.**

[5] Both London and the South East had a net fiscal surplus in the financial year ending 2023; all other UK countries and regions had a net fiscal deficit. London raised the most revenue in that financial year, at £216.4 billion. The South East raised the second-largest amount of revenue, at £164.8 billion. Office for National Statistics (ONS) (2024), Country and regional public sector finances data

[6] Ministry of Housing, Communities and Local Government (2024), English devolution white paper

Why? Because, second, **we need the private sector to drive growth and to open up local economies to innovation and competition.** Businesses and aspiring entrepreneurs – particularly in disadvantaged areas – often face huge barriers to getting started and growing. These barriers may come from a lack of resources in the local area, or from overly bureaucratic regulation. We need to stop putting barriers in the way of aspiring entrepreneurs. Instead, **we should roll out the red carpet for all those who start and grow a business.** Attracting businesses that innovate should be a priority for all these areas. We need to promote enterprise and entrepreneurialism and get private investment flowing into the left-behind regions of the UK, creating new opportunities for all.

This will be challenging. The regional disparities in the UK are significant. Only London and the South East have productivity above the UK average in terms of output per hour worked (29% and 8% higher than average respectively). All other regions have outputs below the UK average. Productivity is particularly low in Wales, the Midlands and the North East, all at 15% below average.[7] **We need to break the vicious circle in disadvantaged regions of low productivity, low investment and low skills.**

Not all growth is equal when it comes to social mobility. We need to promote growth that is innovative, growth that benefits the areas of the UK that have been persistently disadvantaged, and growth that creates jobs and opportunities particularly for those from lower socio-economic backgrounds.

Innovative growth, characterised by new market entrants, offers a challenge to established elites and brings new opportunities for those from disadvantaged backgrounds to advance.[8]

To help boost the social mobility impact of growth, we need to build the skills and routes to opportunity for people who have grown up with disadvantage, and to encourage greater entrepreneurship and innovation among people from lower socio-economic backgrounds.

This is why the Social Mobility Commission set up **the Economic Growth and Investment Group.** The aim of the group was to find ways to boost regional growth, entrepreneurship and investment in areas of severe socio-economic disadvantage outside of London and the South East. We brought together a group of experts based across the country, with representatives from large and small businesses, investors, local and central government, academics and civil society. Between February and September 2025, we held meetings and made regional visits to bring together and discuss the best ideas and proposals. We tasked the group with being bold and creative – to be a positive disruptor in its thinking.

We also commissioned **a literature review** on the topic, completed by Dr Ines Alvarez-Boulton and Professor Helen Higson of the Aston Business School.[9] This helped to ensure that our discussions and recommendations were based on the relevant evidence of what works.

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[7] ONS (2025), [Regional and subregional labour productivity, UK: 2023]()

[8] SMC, Innovation and social mobility

[9] SMC (2025), Investment into UK regions and social mobility: Evidence review

This report draws on informed conversations, on detailed evidence from the literature review, and on the collective expertise of members to provide recommendations across three themes:

- Getting investment into left-behind regions.
- Encouraging entrepreneurship among people from all backgrounds
- Building skills and capability to support social mobility

We finish by considering the enabling environment needed to deliver these recommendations, including the devolution of power, responsibility and accountability to local regions to ensure a place-based approach.

Devolution without enterprise will be bureaucratic and hollow. Enterprise without devolution will be fragmented and fragile. Together, they can transform the prospects of regions too long written off. They can deliver better jobs, stronger skills and renewed pride in place. They can restore hope.

Enterprise and innovation are not optional extras. They are the route to social mobility. They create ladders of opportunity for people who want to succeed without leaving their home town or region. Growth that is broad-based and innovative can expand choices, raise horizons and give families a fair chance at a better life.

Theme 1:

Getting investment into left-behind regions

Enterprise and innovation are not optional extras. They are the engines of regional renewal – creating jobs, building skills and expanding opportunity. But for too long, investment has flowed to a narrow set of regions, leaving others dependent on subsidy and locked out of growth.

Every region must have a long-term Strategic Growth Plan that is business-led, locally coordinated and nationally backed. These plans must unite councils, employers, universities and civic institutions around clear priorities – and investors must have confidence that the rules won't change with every political cycle. Without this strategic foundation, there is a risk of investment being fragmented and short-lived.

Investment must be explicitly tied to opportunity creation and mobility. Where capital flows, jobs follow. Where jobs grow, skills develop. And where skills are matched to local industries, social mobility expands. This is why investment policy must provide economic returns but also expand life chances for people in the places they call home.

The scale of the challenge is stark. In 2024, nearly half (48%) of all private capital investment went to London, with a further 16% in the East of England and 8% in the South East.[10] This contrasts with large 'investment deserts' across the North, the Midlands and the devolved nations. This imbalance is not just inefficient – it entrenches disadvantage.

Breaking this cycle requires a new approach that mobilises private capital, aligns public incentives and empowers local leaders to shape their region's future.

Boosting growth in neglected regions will need investment. A key focus of our group has been how to best support the areas of the UK that have faced persistent disadvantage and that have typically seen very low levels of investment and a lack of economic opportunities. Getting the active involvement of the private sector is the key to improving this and boosting growth in previously overlooked regions.

The growth of UK firms is often restricted by limited finance and risk aversion. UK businesses invest much less than businesses in other European countries, and this hinders innovation.[11] This strengthens the case for targeted, risk-tolerant investment funds and devolved capacity to support growth.

We also identified centralisation as a barrier to regional governance, which supports our call for stronger local powers. International experience, such as in parts of Germany, shows that regional investment boards with joint public–private leadership can successfully align business and government priorities. Embedding such structures in the UK would support the collaboration we recommend.

[10] British Venture Capital Association (2025), Report on investment activity 2024, pp. 4 and 74

[11] Organization for Economic Co-operation and Development (OECD) (2025), Financing SMEs and entrepreneurs scoreboard: 2025 highlights; Golubova (2024), What do we know about factors that affect business investment decisions?, Enterprise Research Centre

We recognise that the Government is acting on a regional approach, and several existing policies are helping with this. Investment zones, for example, help to provide incentives such as tax relief, planning mechanisms and skills support. But these may be too restrictive – focusing on a small number of sectors and mainly of interest to existing, larger businesses. Freeports (designated areas that provide financial incentives and business clusters linked to ports) also provide useful incentives and a more attractive business environment. But again, these are of interest only to a limited number of businesses.

We also considered some of the key barriers to investment into regions; the evidence is summarised in our literature review.

Good transport links, reliable broadband, 5G connectivity and reliable energy grids are all essential for business operations and expansion. They are key factors in where businesses decide to invest.

Businesses also look to the quality of life in an area. Offering good-quality leisure, culture and living conditions is a crucial part of attracting and retaining skills and investment in regions across the UK.

The group reviewed how the Government could have more of a role in helping to support the building of clusters for particular sectors. The failure of public innovation policy to support clusters outside the South East is a key driver of regional disparities.[12] Often, when one large company moves to a region, a cluster will develop around it as similar firms – for example, those in the supply chain of that sector – grow or relocate.

We propose three key recommendations for getting investment into left-behind regions:

- new 'Opportunity Zones', providing strong tax incentives for private investment in disadvantaged areas
- ring-fencing more investment by pension funds to keep it within the UK
- a new 'Social Mobility and Dynamism Index' to provide better data to drive informed policy-making and decisions

[12] Anna Stansbury and others (2023), Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention

New Opportunity Zones for the UK

We propose that the Government develop bold and ambitious new Opportunity Zones for the UK. These are a proven and powerful mechanism to raise funds and attract transformative, long-term investment into the neighbourhoods that most need it.

To achieve this, Opportunity Funds would be established in the most disadvantaged areas in each region of the UK. This could be piloted in a couple of regions first. Investors (investment funds, corporations or individuals) could then invest into these funds, and would be given a tax incentive to do so. This should include both the ability to defer Capital Gains Tax (CGT) while funds are invested and a reduction in CGT payable. We believe that this would attract significant, game-changing levels of private investment into such funds.

For Opportunity Funds to deliver genuine economic transformation, investment should be structured through professionally managed funds operating under a clear mandate. This can be achieved through:

- Professional fund management: Capital deployed into Opportunity Zones should be managed by experienced fund managers with proven expertise in growing businesses. This would bring commercial rigour and appropriate risk-taking to investment decisions.
- Mandated partnership with devolved authorities: This jointly agreed mandate would set investment priorities, define where and how the funds can be invested, set clear guardrails, and ensure alignment with local economic strategies.
- Investment committees: Funds should be overseen by committees including fund managers, devolved authority representatives and independent experts (entrepreneurs, academics and civil society leaders). This structure would balance accountability to communities with professional oversight.
- Transparency and impact: Annual reporting should track not only financial returns but also local impact indicators such as jobs created, growth of small and medium-sized enterprises (SMEs), skills development, and improvements in social mobility.
- Reinvestment of returns: A portion of any profits should be available to be reinvested into the local community, creating a self-sustaining cycle of growth and opportunity.

Devolved authorities should identify the Opportunity Zones within their region that are eligible for investments. These should be defined at the Lower-Level Super Output Area, to ensure that funds are targeted specifically at the disadvantaged neighbourhoods that are in most need of investment. Devolved authorities should be free to make their own decisions on exactly which areas are designated as Opportunity Zones, but measures such as the Index of Multiple Deprivation could be used.

This will create a more demand-led approach that doesn't rely on public funds to stimulate local economies. We think it is vital that private sector expertise is brought in to manage funds and make investment decisions. Too often, those in charge of public investment are risk-averse and lack the knowledge, understanding and experience required to make these critical decisions. Private investment expertise, and an understanding of how the sector works, is vital in helping to direct funds.

This approach draws on the experience of Opportunity Zones in the United States. These provide tax incentives to encourage investment into 'distressed areas'. Areas can be designated as an Opportunity Zone, defined at a 'census tract' level (areas with about 4,000 residents). An investor can defer CGT by investing into a Qualified Opportunity Fund. The deferral lasts for as long as the investment is held in the fund, with increased incentives (gains from the investment can be excluded from income) if the investment is held for longer (5, 7 or 10 years).

Between 2018 and 2024, more than $100 billion in investment has gone to Opportunity Zones[13], demonstrating the potential scale of such policies. They were established with cross-party support. However, while large sums of investment were raised, a lot of it flowed into metropolitan property development rather than business growth. Reforms to the US Opportunity Zone policy in 2025 were intended to tighten the criteria for assigning zones and increase the incentives for longer-term investments in rural areas.

[13] Theodos, B. and Meixell, B. (2025) Opportunity Zones Need to Be Retooled to Achieve Impact | Urban Institute

This is why local investment mandates set by local governments are essential for our UK proposal. In collaboration, devolved authorities can choose their own priorities for investment and set clear rules for what types of investment are eligible. For example, they could choose to exempt investment in property, to ensure that funds benefit actively trading businesses to help them grow. Or they could allow investment in property only if improvements are made to the property. Devolved authorities could choose whether to prioritise deprived urban areas or rural areas, or to designate Opportunity Zones in both.

There is a similar existing tax incentive policy in the UK – the Community Investment Tax Relief (CITR). Individuals and companies can invest in accredited intermediary organisations, called Community Development Finance Institutions (CDFIs), that in turn invest in enterprises operating in or for disadvantaged communities. These investors in CDFIs receive a reduction in income tax or corporation tax liability, worth up to 25% of the amount they invest, spread over five years. The CITR is currently very limited, representing around £10–25 million in investment each year.[14] But the Government is planning to support this with further funding through the British Business Bank,[15] and the CDFI model can help to guide the final design of new Opportunity Funds.

[14] Department for Business and Trade and others (2025), Guidance: Aggregate investment for accredited community development finance institutions (CDFIs) under CITR

[15] British Business Bank (2024), British Business Bank announces Community ENABLE Funding programme to increase the availability of funding to social impact sector lenders

Keeping investment by pension funds in the UK

The Group also considered investments by UK pension schemes as a potential lever for getting funding into left-behind regions. The proportion of assets allocated by UK pension funds to UK equities is just 4.4% – down from over 50% 25 years ago and lower than in most other developed countries.[16] Currently, the wealth of those saving for pensions in the UK is flowing out of the country, we need to stem this flow and put more of this investment to productive use in the UK.

Successive UK governments have tried to address this. For instance, the Mansion House Accord is a voluntary agreement in which 17 workplace pension providers pledge to invest 10% of their workplace portfolios in assets that boost the economy (e.g. infrastructure, clean energy, property and private equity) by 2030. At least 5% of these portfolios is ring-fenced for the UK. We welcome this, but we think that the Government needs to go further and faster.

The Pension Schemes Bill currently going through Parliament includes reserve powers for the Government to set legal targets. The Government should continue to work with the pensions industry to monitor and ensure, as a minimum, rapid progress towards the urgent delivery of these targets.

A new Social Mobility and Dynamism Index

We also propose that the Social Mobility Commission develop a new regional Social Mobility and Dynamism Index. This would measure how regions perform on social mobility drivers such as innovation, enterprise growth and opportunity creation. It could also cover how devolved authorities perform on investment, and how much procurement is won by SMEs. It would provide a clear evidence base that would help local and central government, investors, and communities to focus resources on areas and sectors with the greatest potential for transformation.

Clear data can strengthen a devolved, place-based approach by helping us to better understand regional differences and changes over time. By allowing comparison, it can also encourage competition between regions to demonstrate best practice in promoting dynamism.

[16] William Wright and James Thornhill (2024), Comparing the asset allocation of global pension systems

Summary of recommendations

- The Government should implement new ‘Opportunity Zones’ in the UK to boost private investment in the UK and ensure new investments are targeted to the neighbourhoods that are most in need. The approach could be piloted in one or two regions before national roll-out.

- The Government should continue to work with the pensions industry to monitor and ensure progress against the target of ringfencing 5% of their portfolios for productive investments that boost growth in the UK.

- The SMC should develop a new Social Mobility and Dynamism Index to track dynamism by region, to provide more detailed information for policy-makers and encourage reforms that boost innovation and growth.

Case Study

Yorkshire AI Labs

Yorkshire AI Labs, co-founded and managed by David Richards MBE, is an early-stage venture builder, expert advisory and implementation partner for AI-enabled productivity. Its mission is to combine deep AI expertise with local opportunities and deliberate investor engagement, focusing capital towards Northern England. In doing so, Yorkshire AI Labs illustrates how long-term investment in AI-enabled productivity can generate jobs, build skills, and accelerate growth. This is done by translating AI capabilities into practical productivity improvements for local firms.

An entrepreneur by background, David started and sold his own business before moving to Silicon Valley in 1997. He returned to Sheffield in 2020 and maintains close ties with the South Yorkshire Mayoral Combined Authority, positioning Yorkshire AI Labs within the regional innovation ecosystem.

In noticing the lack of access to smart capital, David, along with other founders and business partners, decided they wanted to allocate capital more efficiently. A central pillar of Yorkshire AI Labs' approach, therefore, is to bring venture capitalists out of their London milieu to visit South Yorkshire, enabling them to see first-hand the opportunities, talent and commercial potential of the companies within the region. This direct engagement helps demystify regional investments and reduces information and access barriers.

"Venture capital is like a private members' club with its own language." - David Richards, MBE

In 2025, Yorkshire AI Labs also partnered with Oberon Investments to launch an Enterprise Investment Scheme fund dedicated to Northern England. The fund aims to channel investment towards AI companies in the region, helping to address the UK's concentration of venture capital in London and the South East.

Theme 2:

Encouraging entrepreneurship among people from all backgrounds

Entrepreneurship remains unevenly distributed in the UK. Better-off groups have better access to finance, networks and mentoring, while people from disadvantaged backgrounds often face barriers that prevent them from starting or growing businesses. This holds back innovation and means that talented people from less well-off backgrounds are locked out of wealth creation.

Entrepreneurship should be central to Strategic Growth Plans. This means making sure that anyone with an idea, regardless of background, can access affordable workspace, mentoring, seed funding and routes to market.

Fostering enterprise is a powerful driver of mobility. A start-up that grows in Doncaster, Blackpool or Merthyr Tydfil doesn't only generate income for the founder but can also create jobs, apprenticeships and local pride. Giving disadvantaged groups a fair chance to start and grow businesses is one of the clearest ways to break intergenerational cycles of disadvantage. Barriers for aspiring entrepreneurs are often too great to overcome alone, especially for those living in disadvantaged regions and growing up in disadvantaged families. We need to make it easier to set up a business, or to engage in a 'side hustle', to increase appetite for entrepreneurship and create more of a culture of entrepreneurialism.

Small businesses often face stifling 'red tape' such as overly restrictive planning decisions which prevent investment, or burdensome regulation: 41% of SMEs report that this is a barrier to achieving growth.[17] As part of its Small Business Plan, the Government has committed to cutting the administrative costs of regulation for business by 25%, which is a positive change.[18]

Our literature review confirmed that systemic credit market failures disproportionately block entrepreneurs from lower socio-economic backgrounds, and that entrepreneurship in deprived areas is often necessity-driven due to economic insecurity and welfare withdrawal. Growth-oriented businesses are less prevalent in deprived areas.[19]

In addition, female-led businesses consistently receive less funding than those that are male-led; the Alison Rose Review of Female Entrepreneurship provides a strong evidence base for how to boost female entrepreneurship.[20]

Therefore, more needs to be done to ensure that people from all backgrounds can pursue entrepreneurship if they want to. It can be particularly hard to take risks with new ideas when starting from a lower income and without financial family support to fall back on. We need to do better to provide the leg up people need to get started.

Our recommendations on entrepreneurship focus on three areas:

- Improving entrepreneurial education and promoting entrepreneurship
- Reviving the New Enterprise Allowance
- Supporting hubs and other spaces for start-ups

[17] Department for Business and Trade (2025), Backing your business: Evidence for the UK's plan for small and medium sized businesses

[18] Department for Business and Trade (2025), Backing your business: Our plan for small and medium sized businesses

[19] Alvarez-Boulton and others (2023), Mapping Schumpeterian outcomes in the UK small business population over time, Enterprise Research Centre

[20] Alison Rose Review (2019), The Alison Rose Review of Female Entrepreneurship

Improving entrepreneurial education and promoting entrepreneurship

We want to see better fostering of entrepreneurial skills and awareness of self-employment opportunities among young people. Research indicates that only 35% of secondary school pupils in England are exposed to any enterprise education,[21] and there is little consensus on best practice. Self-employment and entrepreneurial endeavours should be encouraged as valid career paths.

This can be done through greater outreach at schools and further education colleges. Job Centres should also promote entrepreneurship to people of all ages.

Revive the New Enterprise Allowance

The Group was attracted to the idea of revisiting the New Enterprise Allowance. This scheme provided financial and mentoring support for people out of work to start a business, but it didn't get enough political support or publicity and has now closed. We would like to see this support revived, improved and built on.

This could be done in two ways. Firstly, there is an existing tax-free trading allowance of up to £1,000 for income earned trading through self-employment. This could be trebled to £3,000 for people in receipt of Universal Credit. The Department for Work and Pensions (DWP) could also launch a New Traders Allowance for jobseekers, offering tailored support and increased payments to help them into entrepreneurship.

[21] Federation of Small Businesses (FSB) (2025), [Entrepreneurial goldmine: Enterprise education must become a national priority to unleash the potential of young talent in the UK]

Providing hubs and other spaces for start-ups

We recommend greater use of start-up hubs to provide free space, mentorship and peer support for entrepreneurs, as well as to bring together relevant parts of the private sector, local government and academia. We visited some hubs such as this, for example CodeBase in Edinburgh, and we want to see them supported and rolled out in more cities and towns.

Devolved authorities could also transform empty spaces into co-working spaces and free or discounted space for start-ups. For example, they could rent out under-used public property at peppercorn rents for start-ups, or purchase empty high-street shops and provide them for free to start-ups for a certain period of time.

This model is proven to work: evidence from US and UK city 'incubators' (for example, Manchester's Enterprise City) shows that subsidised co-working hubs increase start-up survival rates and local job creation.

Partnerships with universities and further education colleges are also essential. There is substantial untapped value in spin-out businesses from universities, particularly those that are research-intensive in innovative areas. Start-up and enterprise hubs can make it easier for academics to work with aspiring businesses based on new research. We saw this working well in the Graphene Institute in Manchester.

Summary of recommendations

- Central and local governments should work to improve entrepreneurial education and promote entrepreneurship for young people and people from lower socio-economic backgrounds. This can be done through greater outreach at schools and further education colleges.

- The Government should revive the New Enterprise Allowance. This can be done by creating a much larger tax-free trading allowance of £3,000. Also, DWP should provide tailored support for anyone on Universal Credit looking to start a business or make money from a 'side hustle'.

- Devolved authorities should facilitate start-up hubs and other spaces for entrepreneurs, or support and expand them where they already exist. This could include providing spaces for start-up hubs and helping to build connections between the private sector, local government and academia to support entrepreneurship.

Case Study

CodeBase

CodeBase, founded in Edinburgh in 2014, has grown into the largest technology and innovation ecosystem in the UK. Its guiding belief is that entrepreneurship should be accessible to anyone with the ambition and ideas to build a company, regardless of background. Talent is distributed evenly, but opportunity is not. CodeBase was created to close that gap by providing the networks, skills, and support structures that help people turn ideas into businesses.

The idea behind CodeBase came from recognising that too many promising founders were being held back by barriers to entry, whether through lack of affordable space, access to investors, or the absence of mentors and peers who had already navigated the start-up journey. CodeBase set out to build an environment that would bring together entrepreneurs, universities, industry partners, and government to collaborate, learn from each other, and accelerate growth. By raising the level of support, ambition and opportunity for entrepreneurs across the country, it gives more people the chance to take part in shaping the industries of the future.

Today, CodeBase supports hundreds of companies across Scotland and the wider UK through a mix of programmes, events, and tailored growth support. It works with governments to deliver initiatives such as Techscaler, a nationwide programme giving founders access to education, mentorship, and community, and the Lawtech UK programme, driving digital transformation in the legal sector. Its credentials also extend internationally, where it connects founders to global markets, investors and peers, helping them to think globally and scale confidently beyond local ecosystems. It also designs peer-to-peer learning and co-working environments where knowledge is shared openly and practically.

CodeBase's impact also extends beyond individual businesses. Companies supported by CodeBase create jobs, attract inward investment, and develop skills in high-growth sectors, contributing to healthier local economies. The scale of results demonstrates the value of inclusive hubs like CodeBase.

Theme 3:

Building skills and capability to support social mobility

Boosting growth and social mobility requires people to be able to build and improve their skills. Apprenticeships are under-used, adult learning has declined and training often doesn't align with what local employers actually need. Too many people, especially those from disadvantaged communities, are stuck in low-wage, low-skill jobs with little chance of progression.

Strategic Growth Plans must put skills at the heart of regional renewal. This means a system where individuals can access training when they need it, where employers help to shape provision, and where funding goes to the people and places that need it most.

Skills are the bridge to better jobs. A young apprentice in Hull or Oldham who completes a high-quality placement gains not just a wage but a career path. Equipping people with in-demand skills is the most reliable way to widen opportunity.

Demand for high-skilled graduates is disproportionately concentrated in the 'Golden Triangle' of London, Oxford and Cambridge, creating persistent spatial inequalities and 'brain drain'. Despite policy interventions, the skills gap between low- and high-skill areas widened over the 2010s.[22] This is why it would be wrong for us to focus entirely on graduates and top-tier skills levels.

To promote social mobility and growth in the regions, we should also focus on improving the number of young people with entry-level skills and basic technical skills – a measure which is vitally important for a well-functioning labour market. The UK faces a striking challenge with currently nearly a million young people not in education, employment or training (NEETs).[23]

These findings reinforce our case for devolved skills strategies and more effective and inclusive apprenticeship routes. Singapore's Skills Future Credit scheme provides every adult with training funds, creating a culture of lifelong learning. Similarly, Germany's dual apprenticeship model ensures close alignment between employers and training providers. These examples illustrate effective international approaches that the UK could adapt.

This must include support for non-university pathways and access to good jobs that will encourage skilled workers to stay in or return to the places they grew up. For many young people, moving away from their hometown to pursue university or job opportunities is a positive step. But it should not be a necessity. Greater access to opportunities – in university, further education, apprenticeships and other pathways – should be available in all regions of the UK to ensure that young people can build the skills they need without having to leave their lifelong roots – their families, friends and communities – to grow elsewhere.

[22] Francisco Azpitarte (2023), Recent trends in the spatial distribution of human capital: Are skill levels converging across regions in England and Wales?

[23] ONS (2025) Young people not in education, employment or training (NEET), UK: August 2025

The current system is widely viewed – including by employers – as fragmented, overly complex and difficult to navigate. There is duplication across programmes, and many initiatives are poorly understood by employers, individuals and providers. The skills infrastructure needs to be adapted to the evolving skills needs of a modern economy, with meaningful collaboration between employers to shape and deliver provision. Skills policies should consider the needs of employers and learners, and they should be flexible to local needs.[24] Schemes to support job entry and skills development do exist – but they are constantly changing and are not always well known or accessible.

To be successful and coherent, post-secondary skills policies need to be coordinated and well aligned with other policy areas, to take account of the needs of employers and individuals, and to be flexible enough to adapt to local needs and changes.

Our recommendations cover three key areas:

- Improving access to education and skills, and promoting apprenticeships and technical routes
- Building employer–education partnerships
- Supporting lifelong learning and adult skills

[24] See, for example, The British Academy (2025), A joined-up approach to UK skills policy

Improving access to education and skills, and promoting apprenticeships technical routes

Skills policy needs to be joined up with other facets of local government, with a focus on reaching the most disadvantaged. For example, poor transport can be a barrier to accessing further education and training for young people. Transport strategies should link up explicitly with skills strategies, including further education colleges (as well as recommendations above such as entrepreneurship hubs). Several devolved authorities have expanded free or discounted public transport for young people already. This can be an effective way to ensure that young people from disadvantaged backgrounds can access education and training, and it is something that more devolved authorities should explore.

Skills strategies should also explicitly consider how best to target and support people from lower socio-economic backgrounds, providing extra funding or targeted schemes where appropriate, and using the best evidence available to evaluate what works.

The Growth and Skills Levy, formerly the Apprenticeship Levy, is a key mechanism for supporting employer investment in training that provides subsidies to cover the costs of apprenticeship training. Since its introduction in 2017, there have been persistent calls for reform to ensure that it better meets the needs of businesses and delivers greater value. In its current form, it does not always reach small employers and individuals with lower prior qualifications. The Government should clearly set out its priorities for the levy and consider ways to devolve responsibility for administrating it.

Apprenticeships form a crucial route for young people to gain skills and find gainful employment. The Government should consider more flexible use of the Growth and Skills Levy for employers to partner with organisations that can reach out to disadvantaged communities. Apprenticeship rules need to strike a balance between the quality of apprenticeship and ensuring that requirements are not so burdensome that they dissuade employers from offering them. The rules should allow flexibility for employers to use off-the-job learning. The Government should also consider allowing retention clauses in apprenticeships. Such clauses would require an apprentice to stay with their employer for a certain amount of time after the apprenticeship is completed.This would give employers a much stronger incentive to invest in people's skills. More could also be done to support employers, particularly SMEs, to understand and use the Growth and Skills Levy.

Building employer-education partnerships

Employers should work with further education colleges and universities to co-design curricula and build a local skills infrastructure that is better tied to local priority sectors (e.g. green tech in Teesside, digital services in Manchester, advanced manufacturing in the Midlands). This already happens in many areas, for example in developing T Levels, apprenticeship standards and new Technical Excellence Colleges. But there is scope to take it much further and ensure effective delivery is consistent across the UK. We would also like to work to break down barriers and create greater collaboration between universities and further education colleges. Skills and innovation policy should be joined up.

Employers also report a lack of 'soft skills' among young people entering the workforce. Soft skills are no longer a nice-to-have or 'fluffy' concept: they are an essential employability trait, and action needs to take place to foster and promote them.[25] Businesses in the Group reported that new employees often lacked basic but essential communication, problem-solving and teamwork abilities. Anecdotal evidence suggests that some young people struggle with basic professional communication, such as greetings and general face-to-face conversation, and with basic digital and AI skills, including writing a professional-sounding email.

School leavers are not always adequately prepared for the workplace, and there is an acute lack of workplace experience and social skills among young people. The current constriction of the hospitality sector is also severely limiting first job opportunities for young people.

Research on mentoring and role models in disadvantaged communities shows that exposure to industry professionals can significantly improve young people's employment outcomes. Embedding structured volunteer mentoring schemes would build on this evidence.

Devolved authorities should seek to use mentoring and job coaching more widely and effectively, and in a way that targets people from socio-economic disadvantage – for example, pairing young people from lower socio-economic backgrounds with local business leaders. The Government should explore ways to improve job coaching in Job Centres, by getting volunteers from the private sector to provide coaching and mentorship.

Devolved authorities should expand and improve work experience and mentoring in schools, guaranteeing a high-quality work placement for every secondary school pupil. This should be done in a way that prioritises disadvantaged regions and students.

[25] For example, workers in occupations where social skills are important experience stronger wage growth than equivalent workers in occupations where these skills are not important; Aghion and others (2024), Social skills and the individual wage growth of less educated workers

Supporting lifelong learning and adult skills

Public investment in adult skills has been in decline. Since 2009/10, overall adult skills funding has fallen by 23% in real terms, driven partly by a 40% reduction in funding for classroom-based adult education.[26] This has led to a significant drop in participation and a reduction in the range of learning opportunities on offer. This needs to be rectified so that adults can reskill, upskill or adapt to labour market changes. The new Lifelong Learning Entitlement will increase access to loans for adult learning, but we believe the UK would benefit from an additional devolved approach focused on disadvantaged areas.

We believe that this lack of adult skills opportunities should be addressed through personal skills accounts. These would provide individuals with a set amount – we recommend £3,000 – which can be spent on accredited courses of the individual's choice. This would give flexible support for people to upskill, build digital skills or take the next step in their chosen sector.

The programme should be designed with local further education colleges to ensure that appropriate and relevant courses, including smaller 'bite-size' courses, are available.

This could be introduced first in disadvantaged areas, for example using new Opportunity Zones, for individuals in work but earning below a certain income. The Group felt that the skills system is too fragmented, complex and confusing, with duplication and a lack of collaboration with employers. To ensure genuine economic revival, left-behind regions must be equipped with the right powers and institutional structures. This includes devolved fiscal powers to raise and retain local revenue, stronger local institutions with clear accountability, investments with long-term certainty, and the capacity to design place-specific skills and enterprise programmes. Without these reforms, even well-designed investment schemes risk being undermined. All devolved authorities should have a long-term strategic plan for skills, developed in collaboration with employers and education institutions and aligned with wider economic strategies.

[26] Drayton and others (2025), [Annual report on education spending in England: 2024–25]

Summary of recommendations

- Devolved authorities should provide free public transport for young people, to increase access to education and skills opportunities for all.

- Central and local governments must make greater efforts to increase the promotion of apprenticeships and technical education in schools and colleges, alongside other vocational/technical pathways.

- Devolved authorities should use mentoring and job coaching more widely and effectively, and should improve work experience in schools.

- Apprenticeships rules should allow more flexibility for employers, and the Government should do more to support SMEs. Greater flexibility for off-the-job training should be used. Employers should be able to include retention clauses for apprenticeships, while ensuring transferable skills that complement new technologies.

- Devolved authorities should work to join up employers, universities and further education colleges, to break down silos and ensure curricula are co-designed and to tie skills strategies to local priority sectors.

- The Government should introduce portable skills accounts for adults living in disadvantaged areas (for example, newly defined Opportunity Zones), worth £3,000, which adults can use to invest in skills courses and qualifications of their choice.

Case Study

Greater Manchester Colleges Innovation

The Greater Manchester Further Education Innovation Programme (GMFEIP) champions a model of how further education can be more than vocational training - it can drive innovation and economic inclusion. By aiding students, apprentices and staff in further education, and establishing infrastructure and relationships with businesses, it builds skills that are aligned with what companies and the economy needs.

Launched in 2024 from Innovate UK's Further Education Innovation Fund, it brings together nine further education colleges across the city-region and embeds innovation into teaching, workforce skills development and business support. A key feature is the establishment of Innovation Centres in every borough, which connects colleges directly to local SMEs, providing advice, training and practical support, whilst making introductions to other stakeholders in the innovation ecosystem.

The Programme's approach is adept at addressing three regional priorities; boosting productivity by giving SMEs tools to innovate, closing skills gaps through industry-informed teaching, and promoting inclusive growth by ensuring every borough benefits from local innovation infrastructure. In doing so, GMFEIP demonstrates how fostering collaboration and embedding innovation into colleges strengthens Greater Manchester's ability to compete in an evolving economy whilst ensuring inclusive growth.

Case Study

Tanglewood GAMES

Since its inception, Tanglewood Games has placed equality of opportunity at the heart of its principles. Its core ethos is that talent should be recognised and rewarded based on a person's skills and potential, not on their background or privilege.

The studio is proudly based in its Chief Executive Officer's hometown, the studio recognises the rich industrial history and resilient community of Hartlepool. It is committed to creating opportunity in a region which has previously experienced underinvestment and limited access to creative careers.

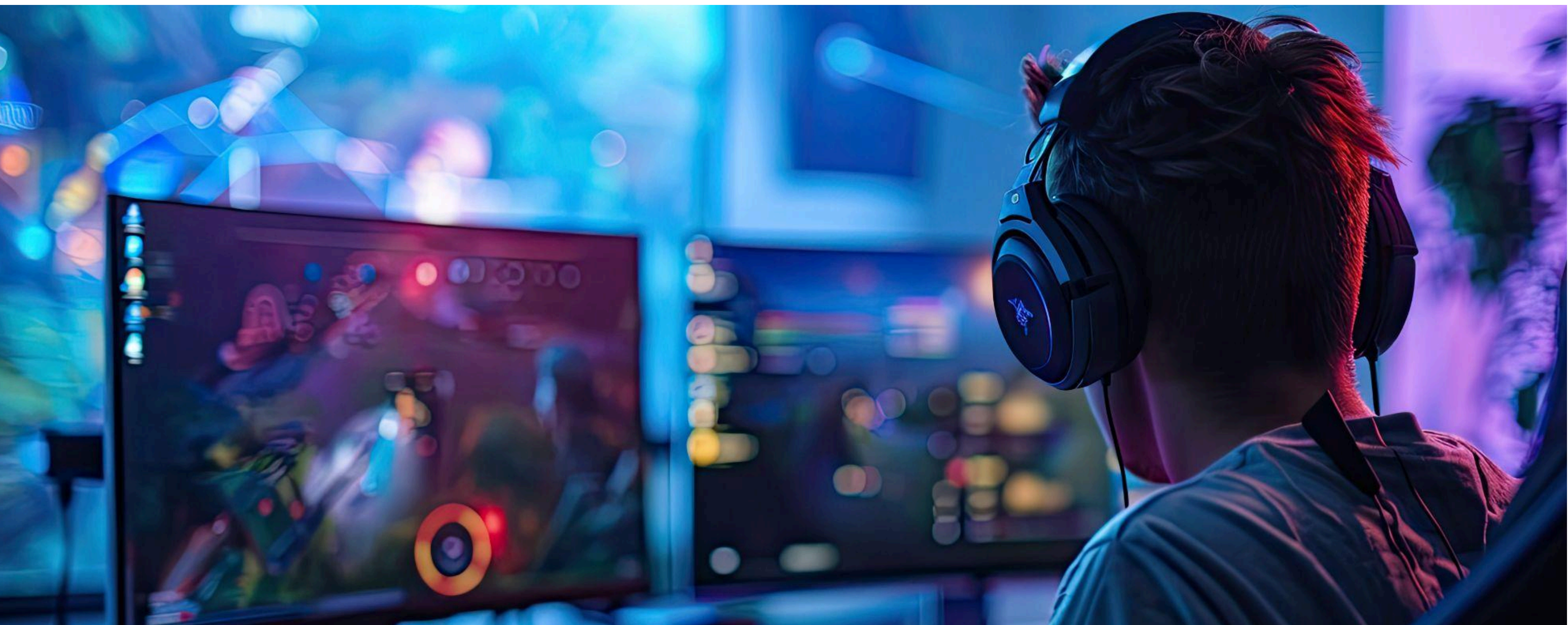
A key example of this commitment is Tanglewood's open salary structure for engineers, designed to level the playing field when it comes to pay negotiations. This is something that still needs to be improved in the UK games industry, where salary secrecy has long been a key contributor to salary inequality. Tanglewood Games is disrupting this on purpose.

The founders believe that salaries should be transparent and reflective of ability, not negotiation prowess. This approach aims to support candidates from lower-income backgrounds, who may find traditional salary discussions intimidating or unfamiliar. By removing this barrier, Tanglewood ensure that pay equity begins from day one.

Outside of the studio, Tanglewood Games is dedicated to inspiring the next generation of developers. The company's chief technology officer sponsors the Tanglewood Games Computing Excellence Bursary at his alma mater, St Mary's Christian Brothers' Grammar School, celebrating and supporting the top-performing computing student each year. This initiative not only rewards academic excellence but also helps talented young people from diverse backgrounds to access greater opportunities in the games industry.

The team's outreach doesn't stop there. In addition to traditional placements, Tanglewood's developers regularly visit local schools and universities, giving talks about employability and careers in games. They also make time to offer informal advice to students who reach out for guidance, breaking down barriers between education and industry.

Through these actions, and its partnerships with bodies such as Into Games, Tanglewood Games demonstrates that inclusivity and social mobility aren't just talking points, but guiding principles that the studio works by. By empowering individuals at every stage of their journey, the studio is helping to shape a more accessible, equitable future for the games industry.



Strengthening local structures and devolving power

Social Mobility Commission

Boosting growth and opportunity in disadvantaged regions is not simply a matter of new programmes or incentives: it also requires the right local structures and powers. England is one of the most centralised countries in the developed world, with many of the critical levers of economic growth still concentrated in Whitehall. This leaves local areas without enough flexibility to respond to their unique challenges, attract investment and build the skills that their economies need.

The Group concluded that without stronger, locally embedded institutions with the resources, decision-making powers and accountability to act, even the best-designed national programmes risk falling short. We need to move from fragmented and short-term interventions towards sustained, devolved structures that can align investment, skills and entrepreneurship, developing long-term strategic plans at the local level.

In order to effectively deliver on the recommendations in this report, we need an enabling environment where powers are effectively devolved to local areas, where key actors have the resources and capabilities to deliver, and where there is meaningful collaboration between public and private sectors.

The Group discussed the vital need for collaboration between businesses, local councils and government agencies, including investment funds and support for relocation. We need Strategic Growth Plans to be business-led, informed and shaped by the actual experiences of businesses, working hand in hand with the relevant authorities.

International comparisons are instructive here. In Germany, regional investment boards play a central role in coordinating business, finance and local government priorities, helping regions to specialise and compete globally. In France, metropolitan authorities have devolved powers over transport, training and enterprise zones, creating a tighter link between skills provision and local labour markets. Singapore's skills system demonstrates how devolved flexibility combined with strong accountability can deliver high levels of participation and employer confidence.

In contrast, in the UK many local areas still depend on piecemeal, centrally controlled schemes, often tied to rigid criteria and short-term funding rounds. This limits their ability to plan strategically or build long-term confidence among private investors. A place-based approach requires a deeper shift – creating strong, accountable local institutions with the powers and incentives to drive their own growth

Summary of recommendations

- Local investment and growth structures should bring together local government, business leaders and private sector representatives, universities and further education colleges, investors, and civil society for robust, meaningful collaboration. Jointly, these partners should have responsibility for shaping long-term Strategic Growth Plans, prioritising investment, and aligning infrastructure, skills and enterprise support for the local region. Investment boards should be given delegated funding settlements on a 10- to 15-year cycle, to allow for long-term planning and investor confidence.
- Devolved authorities should be able to raise and retain a greater share of tax revenue generated through growth. Fiscal incentives must be paired with strong accountability to ensure that local communities see tangible benefits.
- Enterprise hubs should be co-funded by business, universities and local government, and linked to mentorship, finance and skills support. Devolved authorities should provide building space for such hubs and other spaces for start-ups: this could be done by repurposing unused or under-used publicly owned buildings or by buying empty high-street spaces and repurposing them.
- Local approaches to skills policy should include representation from employers and industry bodies to co-design curricula and ensure alignment with local growth sectors. These authorities should be given greater responsibility for apprenticeship and skills levy funding within their region, and they should connect with new Opportunity Zones to match needs.
- Regional structures should link transport authorities, digital providers and skills boards, to ensure that new infrastructure directly connects communities to jobs and training opportunities. Investment in high-speed broadband, 5G and energy grids should be prioritised in deprived regions as a condition for attracting private investment.
- Our recommended Social Mobility and Dynamism Index should be joined up with local governments. Annual regional scorecards would provide transparency, accountability, and an evidence base for investors and policy-makers.

Conclusion

The work of the Economic Growth and Investment Group has been guided by a simple but urgent question: how can we create an economy that works for every part of the United Kingdom, not just for a privileged few places? For too long, prosperity has been concentrated in London and the South East while other regions have been left behind. The result is deep inequality of opportunity, stalled social mobility and a sense of cultural and economic neglect.

This report offers a plan for change. It shows how targeted investment, support for entrepreneurship and a renewed focus on skills can transform regional economies. It makes clear that innovation and enterprise are not optional extras – they are central to lifting communities, creating jobs and widening opportunity. And it argues that meaningful, long-term devolution, coupled with a long-term Strategic Growth Plan, is the best way to pull these threads together and deliver lasting change.

The scale of the challenge

The UK is one of the most regionally unequal economies in the developed world. Productivity in London is 29% above the national average, while in Wales, the Midlands and the North East it is 15% below. For individuals, these economic gaps translate into unequal life chances. A child born in Surrey or Sussex is almost twice as likely to move into a higher occupational class than their parents as a child born in Northumberland or East Yorkshire. These inequalities are not inevitable. They reflect choices: decades of centralisation, fragmented policies and the absence of long-term, place-based planning.

The role of enterprise and innovation

The starting point for growth and renewal is enterprise. Businesses are the engines of growth. Entrepreneurs take risks, create jobs and bring new ideas to market. Investors provide the capital that allows those ideas to grow. Innovative firms drive productivity, which underpins higher wages and better living standards. But the barriers to enterprise are greatest in the very places that most need new businesses. Finance is scarce. Infrastructure is weak. Support is patchy. Too often, entrepreneurship in disadvantaged communities is driven by necessity rather than opportunity, with little chance of scaling up.

Our recommendations aim to change this. New Opportunity Zones can attract private investment into left-behind areas, with devolved authorities setting the mandate. A revived New Enterprise Allowance can help people on low incomes to start and grow businesses. Local hubs, built in empty high-street shops or under-used public buildings, can provide entrepreneurs with affordable space. Together, these measures will create a culture of enterprise that is open to all, not just the privileged few.

Skills as the foundation

Enterprise cannot flourish without skills. Yet many young people leave education without the technical and professional abilities required for modern industries, while adults in disadvantaged areas lack chances to retrain or upskill. Employers across the country report growing skills shortages that hold back expansion.

That is why skills sit at the heart of our proposals. Apprenticeships must be more flexible and better supported, particularly for SMEs. Devolved authorities should ensure that young people can access training through free or affordable transport. Employers, universities and colleges should co-design curricula, aligning education with local economic needs. Adults in disadvantaged regions should have portable skills accounts, giving them the power to invest in their own development.

Devolution as the enabling framework

None of this can be achieved through central government alone. England is one of the most centralised nations in the developed world. Local leaders are too often left without the powers or incentives to design their own growth strategies. Programmes remain short term, centrally controlled and disconnected from local priorities.

Devolution provides the framework for change. Regions must have the authority to develop long-term strategic plans for growth, coordinated through local government but including central government as a partner. These plans must have enterprise, innovation and skills at their core. They must be backed by stable, long-term funding and fiscal powers that allow areas to reinvest the benefits of growth. Businesses must sit at the table as full partners, shaping the direction of their local economy.

Growth and mobility together

Economic growth is not an end in itself. Its purpose is to expand opportunity. Innovation and enterprise matter because they create new routes to progress – better jobs, stronger skills, more vibrant communities. Skills matter because they allow individuals to seize those opportunities. Devolution matters because it ensures that growth is rooted in local strengths and needs. This is why growth and social mobility are two sides of the same coin. Without growth, mobility stalls. Without mobility, growth is narrow and fragile. The vision must be of a UK where ambition is not confined to one region but spread evenly, where people can thrive in the places they call home, and where talent and hard work, not postcode, determine life chances.

A call to action

The choice is clear. We can persist with a model where prosperity is concentrated in one corner of the country, while others remain dependent on subsidy. Or we can embrace devolved, enterprise-led growth, through long-term strategies for every region with innovation and opportunity at their heart.

The case for change is overwhelming. The tools exist. What is needed now is the will to act. If we succeed, the benefits will be profound: more dynamic regions, fairer opportunities, renewed pride in communities that have been overlooked for too long. That is the future within our grasp. It is time to seize it.

Annex

Economic Growth and Investment Group members

AO World - John Roberts, Chief Executive Officer

Business in the Community - Mary Macleod, former Chief Executive

Competition and Markets Authority - Dr Mike Walker, Chief Economic Advisor

Dyson Institute of Engineering and Technology - Professor Beverley Gibbs, Director

Everton in the Community - Sue Gregory, Chief Executive Officer

Federation of Small Businesses - Craig Beaumont, Executive Director

High Value Manufacturing Catapult - Katherine Bennett CBE, Chief Executive Officer

HSBC UK - Jose Carvalho, CEO Wealth and Personal Banking

Kier Group PLC - Simon Kesterton, Chief Financial Officer

Manchester CIty Council and Greater Manchester Combined Authority - Bev Craig, Leader of the Council

Movement to Work - Louise Quinney, Chief Operating Officer

Pod Point and Brill Power - Dr Andy Palmer, Executive Chair

Siemens GB&I - James Murnieks, Chief Financial Officer

Unbiased Inc. - Karen Barrett, Founder and Chief Executive Officer

University College London (UCL) - Professor Richard Blundell, Professor of Political Economy

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Social Mobility Commission

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