



**Social Mobility
Commission**

Investment into UK Regions and Social Mobility: Evidence Review

Literature Review

October 2025

Table of Contents

About the Commission	3
Abstract	4
Executive Summary	5
Introduction	9
Theme 1: Getting investment into left-behind regions	10
What we know	11
Reviewing the evidence	12
Current policy	18
Theme 2: Building skills and capabilities to support social mobility	21
What we know	21
Reviewing the evidence	22
Current policy	28
Theme 3: Encouraging entrepreneurship among people from a wider range of backgrounds	31
What we know	32
Reviewing the evidence	33
Current policy	39
Theme 4: Developing power and policy-making to the regions for innovation and socially mobile growth	41
What we know	42
Reviewing the evidence	43
Opportunity Zones – USA placed-based policy	45
Current policy	46
Conclusion	49
References	50
Appendix	56

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 of Shell UK Ltd and Shell Group Executive Vice President Sustainability and Carbon.

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

This review was produced for the Social Mobility Commission by Ines Alvarez-Boulton and Helen Higson, of Aston Business School.

Abstract

This report examines the relationship between regional investment and social mobility across the UK, summarising evidence to better understand how place-based factors influence individual life outcomes. A systematic review of academic and policy literature from related think-tank and policy reports reveals that social mobility outcomes are difficult to observe and measure in this context. However, underlying factors such as varying regional productivity levels, income inequality, access to quality jobs, support for skills progression, and entrepreneurship have significant implications for regional prosperity, which can impact social mobility. Evidence suggests that effective regional investment strategies encompass public, private and integrated approaches that combine local and centralised initiatives. The research also identifies critical implementation gaps in recent place-based policies to support skills, as well as previous policies, including levelling up initiatives and devolution programmes, which face structural challenges. While the UK faces significant productivity and inequality challenges, strategic intervention through enhanced devolution and targeted investment offers pathways for creating more equitable opportunities across all parts of the country.

Executive Summary

In the UK, where you are born increasingly determines the chances of upward social mobility. This is when individuals experience better life outcomes than their parents, in other words, in higher income and high-level occupations (Social Mobility Commission, 2024). But despite decades of policy intervention aimed at reducing regional inequalities, the gap between prosperous and struggling areas continues to widen, creating spatial inequalities that undermine the fundamental principle of equal opportunity. This challenge has intensified after successive economic shocks – from the 2008 financial crisis, Brexit, and the COVID-19 pandemic. These factors have worsened low productivity and structural weaknesses in many of the UK’s regions.

The relationship between place and social mobility is not merely academic; it represents one of the most pressing policy challenges of our time. Evidence shows that individuals living in ‘left-behind’ regions face significantly reduced income levels compared to their counterparts in London and the South East region (Centre for Cities, 2025; Egyei and others, 2025). Similar disparities are seen across multiple dimensions, ranging from educational attainment and employment opportunities to entrepreneurial success and access to finance (Barnsley Council and the Pathways to Work Commission, 2024; Sutton Trust, 2024). The concentration of high-growth businesses, innovative sectors, and skilled employment in already prosperous areas creates recurrent cycles of advantage and disadvantage that traditional policy approaches have struggled to break, such as what’s known as the regional development trap¹ (Diemer and others, 2022; Gill, Kharas and Kohli, 2011).

Understanding these dynamics requires examination of the complex interplay between regional investment strategies, skills development, entrepreneurship promotion and governance structures. While successive governments have introduced various initiatives – from the Levelling Up agenda to devolution deals – the persistence of regional inequalities suggests that current approaches may be insufficient (Tilley and others, 2023).² The challenge lies not simply in directing more resources to struggling areas, but in creating the conditions for sustainable, locally rooted economic development that can generate genuine opportunities for social advancement.

¹The regional development trap refers to “regions that face significant structural challenges in retrieving past dynamism or improving prosperity for their residents” (Diemer and others, 2022, p.1). These regions experience durable economic stagnation due to weak productivity, low levels of growth, and stagnant employment creation. It draws from the middle-income trap—when a country that has reached middle-income status experiences a slowdown in growth, and consequently fails to achieve high-income status.

²The UK government introduced The Levelling Up Fund, an initiative that provided £4.8 billion to support projects across the UK until March 2025. “The fund focuses on investment in areas such as town centres and high street regeneration, cultural and heritage assets, and local transport. The UK Shared Prosperity Fund, another central pillar of the Levelling Up agenda, is providing £2.6 billion of funding for local investment by March 2025.” (Department for Levelling Up, Housing and Communities, 2024).

This report summarises evidence across 4 interconnected themes which collectively may determine regional prosperity and social mobility outcomes.³ These are: getting investment into left-behind regions, building skills and capabilities to support social mobility, encouraging entrepreneurship among people from a wider range of backgrounds, and devolving power and policymaking to regions for innovation and socially mobile growth. We have reviewed academic literature and policy reports since 2011 to provide an analytical basis for developing strategies that expand opportunity across the UK.

Key insights:

Theme 1: Getting investment into left-behind regions

- Investment into regions to benefit social mobility, either directly or indirectly through productivity and business growth, operates across multiple channels. It combines public and private capital to drive economic and social development.
- Regional governance matters for effective regional policy implementation, focusing on addressing the “productivity puzzle” (the unusually slow growth of productivity in the UK since the 2008 financial crisis) (Du and Temouri, 2015; Golubova, 2024). There is a need for targeted additional support in deprived and underperforming areas. Schemes such as the Local Enterprise Growth Initiative tend to ‘pick the winners’ (those most likely to succeed) and create job displacement effects. An assessment of this policy (2006 to 2011) revealed that it positively impacted employment rates in treatment areas (areas close to where the policy was introduced) but at the expense of untreated areas, creating a displacement effect. Additionally, policies encouraging decentralised investment in infrastructure are constrained by centralised governance. There has been uneven uptake of urban entrepreneurial models, with most investment concentrated in London and wealthy areas.
- Infrastructure is an important, though less discussed, aspect of public investment to improve regional social mobility. In general, investment in infrastructure, particularly large scale, can be done through 2 main sources: (1) funding – as taxes, user fees and charges, and (2) financing, in cases when capital is assembled and structured to attract investment (O’Brien and Pike, 2019).
- Across all regions, UK firms largely rely on short-term forms of debt, such as trade credit and short-term loans. Even if short-term finance supports business stability during specific periods, across UK regions many firms exist in a deliberate no-growth equilibrium, where owners maximise utility through independence rather than expansion requiring external finance. Business investment decisions are driven by

³For details about the methodology as well as the inclusion and exclusion criteria, please see the appendix.

firm characteristics (size, age, industry) and predominantly based on intangible forms of assets, such as employee training, research and development (R&D), and other knowledge-generating activities.

- Place-based effects (or regional contextual effects) matter for social mobility, as they have a direct impact on people's income. The effects of the labour market size and industrial composition of regions on income only partially explains income variability across UK regions. Instead, the quality of firms in each area seems to drive these differences. Productive firms tend to benefit income, with the possibility of benefiting social mobility. In general, the positive outcomes from previous firm relocations tend to exceed any negative effects.

Theme 2: Building skills and capabilities to support social mobility

- There is a persistent concentration of high-level skills across London and the South East region, known as the “golden triangle” (Grimshaw and others, 2023), and a large contributor to it are graduate migrants seeking better opportunities. Graduates from large cities, however, are less likely to move for a better job, creating a deep skills pool, which may need untapping by new local or entrant businesses in those cities. Alternatively, there is potential to implement a policy to support talent redistribution by facilitating graduates to move from major cities outside London to smaller peripheral regions and towns, and targeting those less likely to relocate for opportunities. In contrast, graduates from wealthy rural areas predominantly dominate opportunity moves for higher-class jobs in the “golden triangle” area.
- Despite overall increases in educational attainment during the 2010s, the skills gap between low- and high-skill areas significantly widened by the end of the decade. Many low-skill areas struggle to attract employee talent despite policies aimed at reducing regional inequalities.
- There is a need to match employers' skill needs to local talent pools, as well as enabling a skills pipeline to upgrade from lower-level skills to higher-level skills, in particular moving upward from level 3 qualifications (A levels or equivalent). Recent policy thinking recognises the need for more integrated approaches that address the interconnected nature of skills, employment and regional development challenges. These approaches recognise that addressing skills and mobility challenges requires coordinated intervention across multiple policy domains rather than focusing on separate sectors.

Theme 3: Encouraging entrepreneurship among people from a wider range of backgrounds

- Evidence shows that financial barriers represent the most significant deterrent to entrepreneurship, with systemic credit market failures disproportionately affecting economically disadvantaged potential entrepreneurs. Importantly, these barriers are business effects rather than place effects. That is, access to finance remains a significant obstacle for firms in deprived areas due to their firm characteristics, such as smallness, newness and being less profitable than those in affluent areas.
- Economic insecurity represents a fundamental barrier to opportunity-driven entrepreneurship among working-class individuals, with evidence suggesting that self-employment in this population often reflects necessity rather than genuine entrepreneurial opportunity. Loss of welfare support after the first year of starting a business appears to be a barrier to entrepreneurship in young adults in deprived areas.
- Higher education (HE) and skills may initially discourage entrepreneurship among working-class individuals by providing alternative employment opportunities, only becoming advantageous once entrepreneurial ventures are established.

Theme 4: Devolving power and policymaking to regions for innovation and socially mobile growth

- Effective devolution requires addressing fundamental tensions between different scales and spheres of governance (such as local, regional, or national) that current frameworks struggle to resolve. The evidence suggests there are inadequate local powers and financial limitations within LAs which pose a challenge to successful devolution initiatives. As an example, research on net-zero governance reveals pre-existing institutional constraints and unresolved tensions, including uneven distribution of initiatives across areas and fiscal limitations. These could exacerbate regional inequality rather than promote a just transition. For example, strategies to reduce greenhouse gas emissions can be costly and technologically intensive, and businesses across regions may not have the same capacity to implement them.
- There is also a need for context-specific initiatives to resolve structural and implementation challenges in place-based policy. In detail, place-based policy initiatives, such as Levelling Up and its pride in place mission (the mission to restore a sense of community, local pride and belonging) and inclusive innovation policy, consistently face structural and implementation challenges. These policies suffer from inconsistent meanings, as there is conceptual confusion about policy

objectives in 'pride' and 'inclusive innovation'. At the implementation stage, some of these policies followed technological or emotional fix tendencies. For instance, a technological fix tendency meant that there was a preference for novelty, rather than supporting locally effective and less ambitious innovation. Furthermore, encouraging an emotional agenda of 'pride' was prioritised, rather than addressing the structural causes of geographical inequality and the reasons behind loss of pride in place.

Introduction

The relationship between investment into regions and social mobility in the UK is an important policy challenge, with profound implications for individuals, communities and the UK's economic future. While social mobility – individuals having different life outcomes from parents – is influenced by wide ranging factors, emerging evidence increasingly points to the critical role of place-based effects in determining life chances. The stark reality is that where someone lives significantly shapes their opportunities for progress, creating a geography of disadvantage that perpetuates intergenerational inequality across the UK's regions.

The analysis reveals that while the UK faces significant challenges – from the productivity puzzle that has persisted since the 2008 global financial crisis to the concentration of high-growth businesses in already prosperous areas – there are clear pathways for policy intervention. Understanding these mechanisms is crucial for developing effective strategies that can break the cycle of regional disadvantage and create genuine opportunities for upward mobility across all parts of the country.

The following sections present the evidence related to each pillar theme: getting investment into left-behind regions; building skills and capabilities to support social mobility; encouraging entrepreneurship among people from a wider range of backgrounds; and devolving power and policymaking to regions for innovation and socially mobile growth. This systematic review includes 71 publications across academic and grey literature (think-tank and policy). The appendix contains information about the methodology as well as the inclusion and exclusion criteria applied in this literature review.

Theme 1: Getting investment into left-behind regions

The evidence linking regional investment to social mobility is often fragmented. This is due to the difficulties in measuring a complex phenomenon as well as the need to evaluate policy interventions and their impacts on outcomes that typically unfold over generations.

Scholars and policy analysts have begun integrating these streams, analysing the underlying factors that drive mobility. For instance, exploring how place-based policies influence educational attainment, income mobility, access to finance or job access (Barnsley Council and the Pathways to Work Commission, 2024; Social Mobility Commission, 2024; Sutton Trust, 2024; Tilley and others, 2023). In so doing, evidence-based research has developed beyond understanding individual effects, for example, Nora's income is higher than Nina's income due to individual characteristics. Instead we can focus on place-based effects – where Nora's job is located may partially explain her relatively higher income (Centre for Cities, 2025; Egyei and others, 2025). This shift expands the research scope for analysing multilevel phenomena, ranging from individuals and groups, businesses, communities and regions.

An example is the Social Mobility Commission's (SMC) indices which capture the underlying conditions that drive or stop social mobility across 203 UK upper-tier local authority (LA) areas.⁴ These indices are: (1) Conditions of Childhood, covering childhood poverty, parental education, parental working-class occupation and parental professional occupation; (2) Labour Market Opportunities for young people, covering youth unemployment, youth professional employment and youth working-class employment; and (3) Innovation and Growth, capturing research and development (R&D) and business growth. The indicators serve as analytical tools to provide a rationale for encouraging targeted investment into regions, which in this report is characterised as investment into the business sector, local policy, infrastructure and public services to benefit social mobility.

This section focuses on searching for potential multilevel explanations to understand the link between investment into left-behind regions and social mobility, (located outside London and the South East region). Assessing the evidence that links the interrelated topics of investment into regions and social mobility foregrounds policy specifically targeted at reducing regional inequalities. For instance, the income differences between Nora and Nina may be reduced through incentivising entrepreneurship and fostering business growth (Quadrini, 2001; Alvarez-Boulton and others, 2023). This section looks to identify strategies that can foster business productivity and growth in favour of individuals

⁴ In some areas of England, local government is divided between a county council (upper tier) and a district council (lower tier), which are responsible for different services. In other areas, there is a single unitary authority instead.

living in left-behind regions. It focuses on the index capturing R&D and business growth, although other indices will also be considered.

What we know

A striking concern for social mobility is that the percentage of children living in relative poverty in the UK (after accounting for housing costs) has risen since 2012 and is at about 30%. The most favourable conditions of childhood tend to be found in affluent areas, mainly Greater London and the Home Counties, but also parts of the North and Scotland (SMC, 2024).

A partial explanation for these regional inequalities is the unequal distribution of thriving businesses and sectors across the UK, creating agglomeration effects (Glaeser and others, 1992; Iammarino, McCann and Ortega Argiles, 2018; Krugman, 1994). This means that innovation—the introduction of new products, services or processes (OECD, 2011)—and business growth are clustered around less deprived areas, such as London and the south of England (Alvarez-Boulton and others, 2023; SMC, 2024; Organisation for Economic Co-operation and Development (OECD), 2011).⁵

Behind the stark regional differences in childhood prospects and beyond (in other words, employment, industrial composition, education and urbanisation) is the long-term economic stagnation of many UK regions, which have developed at different speeds (Diemer and others, 2022). As such, the UK is one of the most regionally unequal countries among EU countries, with significant variation in terms of economic productivity and infrastructure (Diemer and others, 2022; McCann, 2019). An example of this is a comparison of Office for National Statistics (ONS) 2023 data between London, the highest regional GDP per capita (£69,077) and the lowest, in the North East (£28,583).⁶

Economic productivity, understood as the efficient production of output given the available inputs (Krugman, 1994), is associated with business growth and improving people's standards of living (such as through increasing income) (Krugman, 1994; McCann, 2019; Tilley and others, 2023). Income increases benefit social mobility (Major and Machin, 2018). "A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker" (Krugman, 1994, page 11, cited in Haynes, 2023).

Since the financial crisis in 2008, the UK economy has yet to recover from its low productivity levels, a phenomenon some have termed "the productivity puzzle" (Du and

⁵In the UK regional deprivation scores capture the level of poverty prevalent in a particular region. It is measured using the index of multiple deprivation, which assesses deprivation across 7 dimensions: health, employment, income, education, crime, living environment, and barriers to housing and services (Jones, 2019; Teljeur and others, 2019).

⁶Regional gross domestic product measures the total value of all goods and services produced in a region within a specific period. It is a standard measure to capture inequality levels across geographic areas (McCann, 2019).

Temouri, 2015; Golubova, 2024). Recent events such as Brexit in 2016 and the COVID-19 pandemic in 2020 have contributed to the exacerbation of this phenomenon (Brown and Cowling, 2021; Uddin and others, 2022). Furthermore, productivity across regions is mainly driven by exports and manufacturing, and businesses with steady annual growth rates (20%) across years (high-growth businesses) (Centre for Cities, 2025; Du and Temouri, 2015; Du and others, 2025).

In addition to the productivity puzzle, some UK regions fall into a regional development trap – durable economic stagnation due to weak productivity, low levels of growth and stagnant employment creation. All of these prevent middle-income regions moving upward into becoming high-income regions (Diemer and others, 2022; Gill, Kharas and Kohli, 2011). Improving their productivity levels is a challenge because, compared to regions in early development stages, these regions require a different policy mix: to leverage or develop skills, improve infrastructure, education, digital equipment and literacy, and institutions to nurture innovation and sustained business growth. Regions in the trap require an alternative policy to help improve their competitiveness, which differs from the 2 existing traditional types of policy: to support innovation in high-income clusters or to address social challenges in deprived regions. To stop regions falling into middle-income traps, the policy challenge is to establish a clear vision that encourages economic progress and dynamism (Diemer and others, 2022).

A positive factor fostering better technical infrastructure, potentially benefiting innovation and growth regionally, is the sharp increase (from roughly 25% to 75%) in the percentage of premises with gigabit internet availability across the UK since 2020 (SMC, 2024). In contrast, other factors show a less promising regional outlook. For instance, compared to businesses located in other European countries, UK businesses invest much less, a factor hindering innovation as a resource intensive activity and economic growth (OECD, 2025; Golubova, 2024). The following sections present the evidence gathered in relation to investment into regions and social mobility. It also shares the current policy outlook per topic.

Reviewing the evidence

Investment into regions to benefit social mobility, either directly or indirectly through productivity and business growth, operates across multiple channels. It combines both public and private capital to drive economic and social development. Insights from the literature review were organised into investment types, shown in Table 1.

The review was done on 39 research and think-tank pieces. The measures and outcomes of social mobility are difficult to uncover. Some relate to direct effects, such as intergenerational income levels; others to indirect effects such as productivity and job creation. The literature was organised based on its investment focus. These are: (1) public

investment focus, (2) private financial capital, (3) business investment decisions, and (4) integrated approaches.

Academic and think-tank reports show a pattern which heavily focuses on attracting investment in regions rather than by regions or how regions deploy their own capital and institutional resources strategically.

Public investment focus:

Public investment is dominated by targeted policy – a type of strategic regional investment, such as in infrastructure, skills, and governance. It aims to build innovation ecosystems that support the attraction of established companies and the cultivation of local entrepreneurship, recognising that sustainable social mobility requires diverse pathways for economic advancement (Du and others, 2025; Fransham and others, 2023; Tilley and others, 2023). It leverages place-based policy instruments, such as the Levelling Up agenda, which entail “developing existing place-based technologies, capabilities and specialisms’ and taking advantage of the opportunities that arise” (Baillet and others, 2018; Tilley and others, 2023, page 2102).

- Regional governance matters for effective regional policy implementation focused on addressing the “productivity puzzle”. Across UK regions, even if regional governance institutions (such as the North East Combined Authority) primarily function as network connectors, sometimes these lack the authority, financial resources and organisational capability for transformative interventions in productivity drivers including investment, infrastructure, entrepreneurship and skills. While contextual factors such as economic geography and local political economy influence outcomes, they operate within fundamentally limited governance structures (Tilley and others, 2023).
- There is the need for targeted additional support in deprived and underperforming areas. These areas are characterised by low manufacturing, and high levels of unemployment. An assessment of the UK’s Local Enterprise Growth Initiative (2006 to 2011), revealed that the policy positively impacted employment rates in areas close to the treated areas (where the policy was introduced), but did so at the expense of untreated areas and created a displacement effect (Fransham and others, 2023).⁷
- Despite targeted policy to support businesses during crises, poorer, peripheral regions showed slower recovery and higher failure risks (the COVID-19 pandemic –

⁷“From 2006 to 2011, the UK government disbursed £418 million to 30 deprived areas. The policy aimed to generate economic growth in underperforming areas by supporting local businesses in the retail and services industries” (Fransham and others, 2023).

job losses concentrated in micro businesses). In relation to Brexit, businesses investing in R&D and training coped better post-shock (Brown and Cowling, 2021; Uddin and others, 2022). This is in line with evidence showing the potential positive effects of foreign direct investment (FDI) post crises – investment made by a business or individual residing in one country into a business in another country (Ward, 2025). Regions that engage in inward FDI experience less severe negative outcomes post shocks (Crescenzi and Iammarino, 2017).

- A less common topic under the public investment focus, yet increasingly important to benefit regional social mobility outcomes, was infrastructure. Only a few studies covered this topic, which still lacks a quantifiable measure of the impact of infrastructure on social mobility outcomes. In general, investment in infrastructure, particularly large scale, can be done through 2 main sources: (1) funding – as taxes, user fees and charges, and (2) financing, in cases when capital is assembled and structured to attract investment (O’Brien and Pike, 2019).
- The UK’s City Deals, introduced from 2011, attempt to decentralise infrastructure investment decisions through negotiated agreements between central and local governments to unlock regional growth. Urban infrastructure is being transformed from a public service into a financial investment opportunity, as governments and private investors increasingly treat essential services like water, transport and energy as assets that can generate profits. This shift is driven by investors seeking stable returns after the 2008 financial crisis, forcing local governments to adopt entrepreneurial approaches to funding infrastructure and creating new financial arrangements (O’Brien and Pike, 2019).
- The UK’s highly centralised state structure and risk-averse administrative culture are seen to constrain the shift toward entrepreneurial governance and limit the extent of genuine decentralisation (O’Brien and Pike, 2019). As a result, there is uneven regional adoption of urban entrepreneurial models to financialise infrastructure.
- Similar evidence is presented in the case of the Treasury Green Book⁸, which favours London, reinforcing imbalances. Infrastructure financialisation is shaped by central – local power dynamics (Coyle and Sensier, 2020; O’Brien and Pike, 2019).

Private financial capital:

Private financial capital responds to public incentives through business relocations, facility expansions and new venture funding and creation (entrepreneurship).

⁸ The Green Book is guidance issued by HM Treasury on how to appraise public sector policies, programmes, and projects.

- Private financial capital exhibits strong spatial concentration patterns, with foreign venture capital investments primarily concentrated in London, the south-east and east of England, which collectively attracted 82.5% of all foreign venture capital investments made to UK companies in 2017, strongly reinforcing existing spatial concentration (Harrison and others, 2020).
- Firms in deprived areas face greater finance challenges due to their characteristics, such as low growth potential, less innovation and lower credit scores, than those in less deprived areas. However, empirical evidence suggests that controlling for small or medium-sized enterprise (SME) characteristics, firm growth and credit scores, and geographical disparities in access to finance are unimportant for the average firm (Lee and Drever, 2014).⁹ The location of the SME is not a determinant factor in terms of accessing finance. This important finding supports the view that more capable SMEs benefit from wider access to finance, providing a more nuanced view on the disparities in financial access in left-behind areas. It presents a valuable opportunity to implement policies that support firms with less prominent characteristics. This finding is later discussed in theme 3.
- Across all regions, UK firms largely rely on short-term forms of debt, such as trade credit and short-term loans. Even if short-term finance may support business stability during specific periods, across many firms exist in a deliberate no-growth equilibrium, where owners maximise utility through independence rather than expansion requiring external finance (Cowling and Yang, 2025). This utility-maximisation versus growth view is also present in businesses which have previously engaged other forms of capital but have retrenched in recent years due to the increased variability and volatility of interest rates in lending (OECD, 2025).

There are also continuous falls in bank lending, despite stable availability of capital, perhaps due to tight financing conditions (OECD, 2025; British Business Bank, 2024). Tighter lending conditions impact all firms, but there has been a lending preference for larger and well-established businesses with strong financial positions (OECD, 2025). Most of these businesses tend to be in clusters within affluent regions. The British Growth Partnership will increase government involvement in venture capital (OECD, 2025). The partnership itself, however, does not appear to have explicit regional targeting or a distribution mechanism for business growth. This presents an interesting opportunity for policies that focus on regional investment.

- Funding types also matter for growth and stability. For instance, during the COVID-19 pandemic national schemes reached poorer regions, but the lending type was mediated by local financial institutions (Cowling and others, 2023).

⁹SMEs are businesses with employment levels between 1 and 249 employees.

- Arguments are mixed on the benefits of public funding schemes in signalling future private investment, in other words, venture capital. Mixed implementation of public funding schemes has the risk of crowding out other forms of investment from private providers, so policy design matters. For example, grant signalling can crowd out private funding (Cumming and others, 2018; Cumming and MacIntosh, 2006, 2007). However, prior government grants and investments can have a positive influence on firms and help secure future private investment (OECD, 2025).
- In terms of FDI, strategic asset seeking (such as human capital and knowledge) and institution-seeking motivations are the primary drivers of emerging market FDI to the UK. In contrast, market seeking motivations (in other words, searching for customers) had no effect (Godwin and Cook, 2018). This is important because areas with greater foreign business influence in the labour market demonstrate higher entrepreneurial resilience, with firm birth rates remaining higher and recovering more quickly after economic shocks, such as the 2008 financial crisis (Thompson and Zang, 2018).
- It is worth noting that resilience as a theme was recurrent across the literature. Several publications highlighted how crises changed the investment landscape and impacted regional economies and social mobility (McCann, 2019). Notable examples include the 2008 financial crisis, which impacted the global connectivity of regions in terms of inward and outward FDI and their composition (comparison between periods 2003 to 2008 and 2009 to 2014).
- Openness and connectivity, in the form of inward and outward FDI, are important for regional development. A descriptive analysis of the relative change of EU and UK regions' connectivity (measured by FDI levels) shows that for both, regions increasing or decreasing their inward FDI, GDP levels rose (compared to the EU average). However, unemployment levels increased more (above the EU average) in regions with decreasing inward FDI and increased less (below the EU average) in regions with increasing inward FDI (Crescenzi and Iammarino, 2017).¹⁰

Business investment decisions:

- Entrepreneurs' investment decisions are influenced by their views of dynamic and changing environments, such as understanding regional and local market changes, and judgements about mobilising resources (Zayadin and others, 2023). The main factors affecting business investment include firm size, exporting status, financial

¹⁰For example, after the 2008 financial crisis, the south of England and the Midlands increased their inward and outward FDI; East England increased inward FDI for production purposes, although decreasing in services and logistics. In stark contrast, the North West, had a shrinking outward FDI and often delocalised abroad its headquarters, sales and logistics, relative to its production. While Wales and the South West increased their outward FDI, boosting the relocation of an increased number of multinational enterprise operations (Crescenzi and Iammarino, 2017).

health, human capital, management practices, return on investment expectations, uncertainty levels, and government policies –uncertainty is a key barrier, especially for intangible investments (Golubova, 2024).

- The literature review uncovered several analyses revealing the importance of intangibles within UK business investment. These refer to non-monetary assets, such as R&D, staff training and education, intellectual property, design and so on – differing from tangible assets such as machinery and equipment (Golubova, 2024). Skills and training are discussed in depth in section 2. This section covers R&D and intangibles. R&D investment, as captured in the SMC’s Growth and Innovation index, is unequally spatially distributed across UK regions.
- Knowledge-based investments (such as research and development and R&D) tend to cluster geographically, yet traditional economic measures do not capture their contribution to output and capital formation. This creates poor understanding of how these assets influence regional economic performance, potentially leading to an underestimation of the true extent of geographical economic imbalances. The spatial concentration of such knowledge-intensive investments, combined with their invisibility in standard economic accounting, suggests that existing analytical frameworks may not truly reflect the real drivers of regional economic divergence (Melachroinos and Spence, 2013; 2019).

Integrated approaches:

Finally, integrated approaches focus on policy and research frameworks that combine multiple elements rather than addressing single aspects in isolation. For instance, financial and geographic or people and places.

- Place-based effects matter for social mobility, as they have a direct impact on people’s income (Centre for Cities, 2025; Egyei and others, 2025). The effects of the labour market size and industrial composition of regions on income provide only partial explanations to understand income variability across regions and space. Instead, the quality of firms in each area seems to drive these differences. More productive firms tend to increase income with the possibility of benefiting social mobility (Egyei and others, 2025).
- Place-based effects can be addressed by supporting and improving the quality of businesses, which generate better jobs. Increasing the quality of businesses located in a region means supporting the relocation or expansion of existing businesses into less productive regions. In general, the benefits seen when firms relocate outweigh any negative impact (Egyei and others, 2025).

- Cross-sector partnerships can act as ‘herding spaces’ where actors from different organisations can address common purposes and connect with institutional contexts. This brings recognition of place-based challenges, improvement of place attachment, development of purpose ecosystems for social impact, and direct engagement in place regeneration activities (Dzhengiz and Patala, 2024). Despite facing challenges such as smallness, remoteness and lack of resources, peripheral places can leverage digital technology to support entrepreneurship through collaborative approaches that address shortages in finance and skills, infrastructure, access to markets, and leveraging existing policy (Xu and Dobson, 2019).
- There is a neglected causal linkage between housing assets and small business investment, with reduced capacity of entrepreneurs to withdraw or leverage housing equity contributing to decreased small business investment (Reuschke and MacLennan, 2014). This means that since the global financial crisis in 2008, it has become harder for self-employed business owners to use their housing assets to fund expansion of their business. While the funding landscape for research in priority sectors is spatially uneven across the UK, this provides an opportunity for place-based strategies that build on the strengths of each region (Johnston and Wells, 2024). Additionally, SMEs with government procurement contracts are more likely to face financing obstacles regardless of external audit certification, though this effect reduces sharply with foreign ownership, size, and age, with impacts reversing for SMEs in low- and lower-middle-income countries (Kinyua and others, 2025).

Current policy

This section outlines key strategies and initiatives put forward by the UK Government to tackle getting investment into left-behind areas.

Plan for Neighbourhoods Fund: launched April 2025

Purpose: A £1.5 billion programme to invest in 75 areas over the next decade – a long-term strategy to fix the foundations of those places most left behind.

Type of fund: Un-competed.

Eligibility: 75 local authorities and communities across the UK.

Funding available: Up to £20 million for each place over a 10-year period.

Important dates:

22 April 2025: Neighbourhood Boards confirm finalised membership and any proposals to alter their place boundaries.

Spring 2025 to winter 2025: Neighbourhood Boards submit their Regeneration Plan to the

Ministry of Housing, Communities and Local Government (MHCLG) for assessment and approval.

From April 2026: Programme delivery funding released to LAs and delivery phase begins.

UK Shared Prosperity Fund (UKSPF) 2025 to 2026: launched June 2025

The UK government's Autumn Budget announced a further £900 million of funding for local investment by March 2026. All UK areas are receiving a further allocation of UKSPF – helping places take advantage of the Fund's flexibility and plan now for delivery from April 2025. For 2025 to 2026, the government has mapped existing interventions into mission-led themes across the 3 priority areas: communities and place, support for local business, and people and skills.

Rural England Prosperity Fund:

Very restricted small grants were available.

Get Britain Working White Paper: November 2024

The government's proposals to reform employment, health and skills support to tackle economic inactivity and support people into good work.

Table 1: Investment focus analysis

Investment type	Sources	Research angles	Investment direction
Public investment focus	Lee, 2025; Nelles and others, 2024; Crisp and others, 2024; Stansbury and others, 2023; Fransham and others, 2023; Philip and Williams, 2019; O'Brien and Pike, 2019; Howcroft and others, 2025; Ahlfeldt and others, 2015; What Works Centre for Local Economic Growth, 2016; Coyle and Sensier, 2020	Regional policy evaluation (7), Regional development economics (4)	Investment in regions
	Tilley and others, 2023	Regional policy evaluation (1)	Investment by regions
Private financial capital	Soner and others, 2025; Cowling and others, 2024; Lee and Luca, 2019; Henry	Regional financial geography (6)	Investment in regions

	and others, 2017; Lee and Drever, 2014; Harrison and others, 2020		
	Godwin and Cook, 2018; Thompson and Zang, 2018; Crescenzi and Iammarino, 2017	FDI location studies (3)	Investment in regions
	OECD, 2025	SME finance research (1)	Investment by regions
Business investment decisions	Tripathi and others, 2024; Melachroinos and Spence, 2019; Melachroinos and Spence, 2013	Economic geography and agglomeration economics (3)	Investment in regions
	Zayadin and others, 2023; Du and others, 2025	Entrepreneurship geography (2)	Investment in regions
	Golubova, 2024	SME finance research (1)	Investment by regions
Integrated approaches	Kinyua and others, 2025; Cowling and others, 2023; Brown and Cowling, 2021; Reuschke and MacLennan, 2014	SME finance research (4)	Investment in regions
	Dzhengiz and Patala, 2024; Xu and Dobson, 2019; Cumming and others, 2018; Johnston and Wells, 2024;	Regional innovation systems (4)	Investment in regions
	What Works Centre for Local Economic Growth, 2024	Regional financial geography (1)	Investment in regions
	Egyei and others, 2025; Centre for Cities, 2025	Economic geography and agglomeration economics (2)	Both directions

Theme 2: Building skills and capabilities to support social mobility

In the UK, the relationship between skills development, in the form of education, and social mobility is high (Major and Machin, 2018; SMC, 2024; Sutton Trust, 2025). This is also true for similar economies such as the US. Evidence shows that highly skilled individuals – with higher-level skills such as university degrees versus lower-level skills at basic A level – find greater career opportunities. This is due to the high demand for skills and capabilities – understood as formal qualifications, vocational training and digital literacy (Yu, Gamsu and Forsberg, 2024).¹¹ Policymakers increasingly recognise that skills development can, and in fact should, provide a pathway for individuals to experience upward social mobility, while also benefiting regional productivity (Grimshaw, O’Mahony and Westwood, 2023).

A notable development on measuring regional outcomes is the SMC’s single index for intermediate outcomes at the upper-tier LA level. This gauges regional measures across 203 geographical regions. The index, called Promising Prospects, covers highest qualifications, hourly earnings, and the professional and working-class occupations of young people (SMC, 2024, page 27).

This section examines how skills and capabilities influence social mobility outcomes, with attention to how regional variations in skills infrastructure affect mobility prospects for individuals from left-behind areas. We analyse supply-side factors, such as educational provision, training quality and skills matching, along with demand-side elements, including employer engagement, job quality and career progression structures, to show whether skills lead to meaningful mobility outcomes.

What we know

Regional disparities in skills outcomes across the UK reveal stark geographical inequalities that mirror broader patterns of economic disadvantage. To illustrate, the 2025 GCSE results revealed that in London 72% of GCSEs taken were graded at 4(C) or above, while in the West Midlands the figure is just 63% – the worst performing region. Similarly, regarding the top grades, in London 28.2% were at grade 7(A) and above, in stark contrast with the East

¹¹There are several levels of skills, ranging from lower-level foundational skills. Levels 1 to 3, covering basic literacy through to A-level equivalents, to higher-level skills at levels 4 to 5 equivalent to foundation degrees and higher national diplomas, and levels 6 to 8 covering bachelor’s through to doctoral degrees. For simplicity, this report is written predominantly based on academic literature, which highlights university level skills. An attempt has been made to drive insight of lower-level skills for objectivity.

Midlands (17.8%) and North East (17.9%) (Social Market Foundation, 2025). This phenomenon persists, although the UK has a strong availability of high-quality education, at or above levels in other OECD countries (SMC, 2024).

One way to understand the unequal distribution of skills is inter-regional migration and non-migration patterns (Azpitarte, 2023; Yu, Gamsu and Forsberg, 2024). At the regional level, behind the demand for high skills is technical change, for instance, in the form of computer capital or industrial machinery acquired by businesses (Autor, Levy and Murnane, 2003). But regional factors drive demand for high skills, such as the industrial composition of a region and the business sector (Egyei and others, 2025; Melachroinos and Spence, 2019). Yet, given the agglomeration effects discussed in the previous section, the most productive firms and sectors form clusters unevenly distributed across the UK (Du and others, 2025; Melachroinos and Spence, 2019). So, place-based effects can generate unintended displacement effects – something to consider when examining the impact of education and skills on social mobility outcomes (Azpitarte, 2023). To recall the example of Nora and Nina, who are inherently equal. As both have the same level of qualifications, Nina would have to change her job location in a post-industrial area to an area characterised by a cluster of high-quality businesses such as Cambridge.

A positive insight is that access policies and widening participation initiatives may reduce educational inequalities. For instance, university participation disparities between socio-economic groups have decreased substantially over recent years, with the enrolment advantage for students from higher-professional families falling from nearly 4 times that of working-class students in 2014 to 2.2 times by 2022, indicating a sustained trend toward greater educational accessibility (SMC, 2024). The persistence of a more than two-fold difference, however, indicates that significant socio-economic barriers to HE remain. The next section presents and discusses the evidence gathered from academic and grey literature on the topic, and looks at current policy.

Reviewing the evidence

The evidence from the literature review conducted on 12 sources revealed 5 patterns in relation to skills development and social mobility outcomes. Some of the literature reviewed in the previous section was included in this analysis. The patterns are: (1) geographic concentrations of skills, (2) apprenticeship participation and completion disparities, (3) regional economic context and skills investment, (4) social mobility and geographic opportunity structures, and (5) policy integration and systemic approaches. For details on evidence papers across categories, see Table 2.

Geographic concentrations of skills:

All research and think-tank reports and papers reviewed for this theme revealed a pattern

of skills concentration that reinforces regional inequalities despite policy efforts to address them. Starting with a focus on university-level skills, Champion and others (2024) show how university-related migration creates a systematic redistribution of talent, with more subregions suffering a “double whammy” of losing out both quantitatively and qualitatively in graduate exchanges than gaining from the process. This pattern is reinforced by other evidence that graduates from peripheral areas make a greater number of long-distance moves following graduation, while those from major cities tend to remain spatially immobile (Yu and others, 2024). This finding nuances the traditional assumption positing that all graduates are mobile and will move for better opportunities. Graduates from major cities are less likely to move in search of better opportunities, whereas those from peripheral areas are more likely to. In addition, non-migration of talented graduates out of major cities and the migration of those in peripheral areas to cities, widens the skills gap between urban and rural areas.

- The evidence is also consistent with the regional development trap view, which says that deindustrialised towns and cities across the Midlands and North of England as well as Highland Scotland, are persistently trapped at a middle-income status of development, even risking degrading to low-income status (Diemer and others, 2022). Specifically, “graduates from Tameside outside Manchester, Southampton, Carlisle, Lancaster, Hull and Nottingham all have lower odds of entering higher professional employment soon after graduation” (Yu and others, 2024, page 390).
- Longitudinal evidence of this divergence also shows that, despite overall increases in educational attainment during the 2010s, the skills gap between low- and high-skill areas significantly widened by the end of the decade, with many low-skill areas struggling to attract talent despite policies aimed at reducing regional inequalities (Azpitarte, 2023).
- Evidence from the Greater Birmingham and Solihull Local Enterprise Partnership initiative (GBSLEP) (2022) advocates for creating a skills pipeline. The UK skills system requires a comprehensive approach that addresses progression across all qualification levels, from entry level through to level 8 (doctoral qualifications). Higher-level skills attainment (levels 4 to 5 equivalent to foundation degrees and higher national diplomas, and levels 6 to 8 covering bachelor’s through doctoral degrees) remains crucial for productivity and competitiveness. This was demonstrated by GBSLEP’s Plan 10,000 Plus initiative which reduced the regional skills gap by 1.3%. However, lower-level foundational skills (levels 1 to 3, covering basic literacy through to A-level equivalents) remain essential stepping stones for progression and accessing university education. The fragmented nature of current provision, spanning from entry-level interventions to HE pathways, necessitates coordinated collaboration across the employment and skills ecosystem to ensure progression routes meet both immediate employer needs and long-term economic development objectives.

- Another view is presented by Grimshaw and colleagues in the Productivity Institute (2023). Their analysis of job platform data across English regions reveals significant spatial disparities in demand for higher-skilled workers, which reinforces existing inequalities. They demonstrate that demand for high-tech graduates is concentrated in the “golden triangle” of London, Cambridge, and Oxford, extending to Bristol, while demand for high-tech non-graduates is more dispersed across regions like the West Midlands and North West. This geographic mismatch reflects the reality that “high paid employment opportunities for graduates in poorer parts of the UK are relatively scarce, which leads to regional ‘brain drain’ to London and the south-east”. Graduates from disadvantaged regions either migrate away or accept low-paid, non-graduate positions locally. The research challenges supply-side skills policies by revealing how employer demand patterns and regional economic structures fundamentally shape whether skills become productivity gains and improve living standards. Policy to improve skills in a region will not work by itself; instead, effective skills policy must address both the geographic concentration of high-value employment opportunities and the underlying demand-side factors that drive regional inequality.

Apprenticeship participation and completion disparities:

- Three pieces of work examined apprenticeship outcomes, revealing significant inequalities across demographic and geographic lines that mirror broader patterns of disadvantage. Greig (2019) found that in Scotland, apprentices from deprived areas are less likely to complete their programmes, while women demonstrate higher completion rates than men, highlighting concerning equity issues in skills development outcomes. The scale of ethnic disparities is particularly stark, with other evidence showing that start rates for Black apprentices (12.8 per 1,000) are significantly lower than for White apprentices (31.8 per 1,000), with Pakistani (22.6) and Bangladeshi (17.3) groups also underrepresented. Key barriers include awareness issues, financial constraints, experiences of racism, and lack of role models, with achievement rates also lower for minority ethnic apprentices (Takala and others, 2024). Strategic collaboration between universities and regional partners can create effective pipelines for underrepresented groups, particularly in social care and for women entering digital enterprises (McKnight and others, 2019).

Regional economic context and skills investment:

- The relationship between local economic conditions and skills development reveals complex dynamics that challenge conventional assumptions about supply and demand. It creates an opportunity for targeted policy. Evidence shows that apprentices living in areas with high local unemployment rates were more likely to complete their apprenticeships, suggesting that limited alternative opportunities

create a crowd-in effect and may increase commitment to skills development programmes (Greig, 2019). Evidence also shows that research funding in priority sectors is spatially uneven across the UK. This could provide opportunities for place-based strategies that build on regional strengths rather than attempting uniform distribution (Johnston and Wells, 2024).

Social mobility and geographic opportunity structures:

- The intersection of place and opportunity reveals how geographic location fundamentally shapes life chances in ways that go beyond individual characteristics. The Sutton Trust (2025) provides stark evidence of this geographic determinism. All of the top 20 constituencies for opportunity are located in London, with no London areas ranking in the lowest 200. Average earnings at age 28 years are almost £7,000 lower for those who had received free school meals (FSM) from Newcastle upon Tyne Central and West compared to East Ham in London. The scale of geographic inequality is further illustrated by the finding that FSM pupils from Ruislip, Northwood and Pinner are over 6 times more likely to become high earners than those in Leeds East (25% versus 4%). In line with these findings, previous evidence suggested that income disparities among equally qualified individuals located in different areas were driven by the quality of businesses. That also implies that there are deep knowledge and skills pools in areas, mostly urban, outside the higher income regions of London and the South East – given the lack of migration of graduates from big cities (Egyei and others, 2025).
- Yu and colleagues (2024) add nuance to the previous evidence by showing that geographic and class advantages compound rather than diminish through education, revealing structural inequality persistence. Effectively, their research showed that (1) graduates from wealthier London boroughs and affluent shire districts have much higher entry into professional and managerial employment. (2) more affluent rural areas nationally show greater success in achieving high-status jobs post-university. However, (3) part-time students were less spatially mobile but slightly more successful in entering high-status employment, an effect that has decreased in recent years due to policy changes.¹²

Policy integration and systemic approaches:

- Recent policy thinking recognises the need for more integrated approaches that address the interconnected nature of skills, employment and regional development challenges. Barnsley Council and the Pathways to Work Commission (2025) exemplify this systemic thinking with recommendations spanning educational

¹²Recent policy changed the support available for part-time students (Yu and others, 2024).

attainment, curriculum reform, technical education devolution, employment support, and work incentives. Their approach recognises that addressing skills and mobility challenges requires coordinated intervention across multiple policy domains rather than isolated sectoral approaches.

Table 2: Evidence and knowledge gaps by focus area

Focus area	Evidence pieces	Main takeaway	Knowledge gap
(1) Geographic concentrations of skills	Azpitarte, 2023; Champion and others, 2024; GBS LEP, 2024; Grimshaw and others, 2023; Yu and others, 2024	Skills concentration persists in the “golden triangle” despite policy interventions, with graduate spatial immobility in major cities and ‘brain drain’ from peripheral areas. This creates widening regional inequalities as low-skill areas struggle to attract talent while competing regions rely on non-graduate workers and external recruitment to fill technical skills gaps	Policy gaps exist in understanding how to effectively engage employers and leverage regional talent pools to address skills mismatches, recognising that uniform high-tech skills strategies may not suit all regional economic contexts and labour market demands. Further research also needed to understand best practices to enable a skills pipeline that allows for skills progression across levels.
(2) Apprenticeship participation and completion disparities	McKnight and others, 2019; Greig, 2019; Takala and others, 2024	Apprenticeship systems exhibit stark ethnic and socio-economic disparities driven by awareness gaps, financial constraints, racism, and lack of role models, though strategic university-regional partnerships can create effective pathways for underrepresented groups.	
(3) Regional economic context and skills investment	Johnston and Wells, 2024; Greig, 2019	The relationship between local economic conditions and skills development reveals complex dynamics	Current policy inadequately addresses the geographic determinism revealed

		that challenge conventional assumptions about supply and demand.	by findings that FSM pupils from affluent London areas are 6 times more likely to become high earners than those from northern cities, despite similar qualifications. Greater research is needed on how to activate the substantial knowledge and skills pools concentrated in major cities outside London and the south-east, where graduate spatial immobility creates untapped human capital that could drive regional economic development.
(4) Social mobility and geographic opportunity structures	Yu and others, 2024; The Sutton Trust, 2025	Geographic location fundamentally determines life chances by compounding rather than reducing class advantages through education, revealing how structural inequalities persist despite individual qualifications and achievements.	
(5) Policy integration and systemic approaches	Barnsley Council and Pathways to Work Commission, 2025	Recent policy thinking recognises the need for more integrated approaches that address the interconnected nature of skills, employment, and regional development challenges.	

Current policy

Skills England: Driving growth and widening opportunities, first report September 2024

Skills England is the key body working with the Department for Education to ensure a comprehensive suite of apprenticeships, training and technical qualifications that meet the needs of individuals and employers.

Lifelong Learning Entitlement (LLE)

Initiated because of a review in 2018 of post-18 education, the LLE provides a new funding system for adults aged 18 and over to access modules of high-value technical courses at levels 4 and 5, as well as other qualifications. Funding was scheduled for 2025, but now for 2026 for learning starting in January 2027, This makes it easier for individuals to reskill or upskill throughout their working lives, promoting adaptability and career progression.

From its launch, the LLE loan will be available for:

- full courses at level 4 to 6, such as degrees, technical qualifications, and designated distance-learning and online courses
- modules of high-value technical courses at levels 4 to 5
- modules from full level 6 qualifications. For example, degrees that align to priority skills needs and the government's industrial strategy.

Under the LLE, eligible learners can access:

- a tuition fee loan, with new learners able to claim up to the full entitlement of £38,140 – equal to 4 years of study based on academic year 2025 to 2026 fee rates. This provision aims to expand the current student loan facility to other types of learning, including vocational, and make it available throughout a person's career, as appropriate.
- a maintenance loan to cover living costs, for courses with in-person attendance

Financial help will also be available for:

- learners with disabilities
- support with childcare
- an additional entitlement will be available for priority subjects or longer courses, such as medicine degrees
- learners can see their loan balance through a LLE personal account. The Student Loans Company will host this

Local Skills Improvement Plans (LSIPs)

LSIPs were initiated in 2021 and are being rolled out to align skills provision with local labour market needs, ensuring that training is relevant to the specific demands of regions. In autumn 2022, employer representative bodies (ERBs) were designated to lead the development of local skills improvement plans (LSIPs) for all 38 areas of the country. Each plan provides an agreed set of actionable priorities that employers, providers and other local stakeholders can get behind to drive change. By December 2024, the Devolution White Paper confirmed the new government's intention to continue with LSIPs under joint ownership with local strategic authorities.

Reforms to technical education

T Levels:

The Labour government is continuing the roll out of T Levels, maintaining the previous administration's commitment to these qualifications. There is a greater emphasis on aligning T Levels with industrial strategy priorities, such as construction, digital, and health and social care. The government is also working to improve employer engagement and expand placement opportunities, which are essential components of T Levels.

Growth and Skills Levy:

The Apprenticeship Levy has been rebranded as the Growth and Skills Levy, effective from April 2025. Key changes include:

- 50% of levy funds must still be used for apprenticeships
- a £3 billion budget has been allocated, the largest ever for this initiative
- introduction of foundation apprenticeships starting August 2025, aimed at young people entering critical sectors like construction, engineering and health
- employer incentive payments will support the costs of mentoring and coaching new entrants

Higher technical education reforms:

Reforms are underway to improve the quality and accessibility of higher technical education (HTE) at levels 4 and 5, focusing on technical education beyond A levels and apprenticeships. The UK government is building on previous efforts but with a sharper focus on accessibility, quality and alignment with economic priorities. Here's a summary of the latest developments:

Expansion of approved higher technical qualifications (HTQs)

- The government is continuing the roll out of approved HTQs, ensuring they are aligned with employer-led standards. These qualifications are designed to meet the needs of sectors facing skills shortages, such as digital, construction, health and engineering.

Increased flexibility and accessibility

- The government is removing barriers to participation, such as easing English and maths requirements for adult learners, especially where employers support the training.
- There is a push for modular learning, allowing learners to build qualifications over time, which is particularly beneficial for working adults.

Funding and support

- The government is redirecting funding from higher-level apprenticeships (for example, level 7) to support more flexible and accessible provision at level 4.
- There is investment in further education colleges and institutes of technology, which are key providers of HTE.
- Funding is available for individuals under age 22 years.

Employer and regional alignment

- The reforms are shaped by local and regional skills needs, with a focus on economic growth sectors.
- Employers are being engaged more directly in the design and delivery of qualifications to ensure relevance and uptake.

Awareness and prestige

- Labour is working to raise the profile of HTE as a credible alternative to university, to reverse the decline in uptake and boost public confidence in technical routes.

Apprenticeships

The government plans to reform the apprenticeship levy to make it more flexible and responsive to employer needs, particularly in high-growth sectors (see theme 2). Apprenticeships offer on-the-job training and a pathway into various industries, including those with entrepreneurial opportunities, and can be a valuable route for individuals from all backgrounds.

Further and higher education

Universities and colleges offer business-related courses and support services that can help aspiring entrepreneurs develop their skills and knowledge.

- Labour is investing in lifelong learning and technical education, with a focus on aligning courses with the needs of the green economy and digital industries.

Theme 3: Encouraging entrepreneurship among people from a wider range of backgrounds

Entrepreneurship is viewed as an occupational choice that can enhance an individual's economic wellbeing (Nakara, Messeghem and Ramaroson, 2021; Sutter, Bruton and Chen, 2019). Given our previous example we could ask, 'what is the likelihood of Nora becoming an entrepreneur and potentially benefiting from an income increase equal to Nina?' Research conducted in the United States of America (USA) suggests that entrepreneurship is a vehicle for individual economic and social wellbeing. For instance, compared to individuals in waged employment, those who start their own businesses to become entrepreneurs experience higher upward mobility, measured by income levels (Quadrinni, 2000). Regional and economic characteristics, however, influence both individuals' chances of becoming entrepreneurs and the type of entrepreneurship they engage in. In deprived areas, entrepreneurship levels may be lower and driven by necessity (lack of viable employment alternatives), rather than opportunity (to exploit market gaps or innovation) (Hart and others, 2024; Alvarez-Boulton and others, 2023).

Encouraging entrepreneurship across UK regions needs an understanding of how place-based factors influence business creation and growth outcomes. The SMC 2024 framework for analysing regional conditions includes an Innovation and Growth index that captures R&D and business growth across 203 UK upper-tier LA areas. This index is used to understand the underlying factors increasing or stopping social mobility.

We recognise that entrepreneurial outcomes are not solely determined by individual characteristics but are shaped by the regional context in which potential entrepreneurs live. As a response, the UK government (and others across the world) have implemented a series of policies that foster entrepreneurship by people from a wide range of backgrounds, often in deprived or left-behind regions (Einiö, E. and Overman, 2016). These are area-based initiatives which include: tax breaks to firms, wage subsidies, reduced planning regulation, and improvements to transport and communications infrastructure (What Works Centre for Local Economic Growth, 2025).

This section gives a deeper understanding of entrepreneurship in deprived or left-behind

areas, where social mobility is stagnant or in a downward trajectory.¹³ A key focus is to identify how entrepreneurship can be encouraged among working-class individuals.

What we know

Entrepreneurs are important for the economy because they create new SMEs which create jobs and sustain the economy – roughly 99% of businesses are SMEs in the UK (Hutton, 2024).¹⁴ ¹⁵ The UK has one of the highest rates of early-stage entrepreneurial activity (entrepreneurship) among the EU region, (at 12% in 2022) above EU countries, such as France (9.2%) and Germany (9.1%) (Global Entrepreneurship Monitor, 2023).¹⁶ Although there are rising perceptions that fear of failure inhibits business creation, and despite weak economic performance, the UK demonstrates far greater entrepreneurial activity today than it did in the early 2000s (Hart and others, 2024).

Rates of entrepreneurship vary across the UK. There is unequal distribution of businesses and, therefore, entrepreneurship across regions. This unequal distribution is partly explained by the agglomeration effects discussed in themes 1 and 2, and also a lack of resources in left-behind regions. This is more simply explained by the view that entrepreneurship is mainly associated with economic development and growth and necessitates 3 elements: (1) novel combinations of (2) means of production and (3) capital (Baumol and Strom, 2007; Schumpeter, 1934). While new combinations of means of production are associated with innovation, capital implies that entrepreneurship and innovation are resource-intensive activities (Baumol and Strom). Also, innovation and entrepreneurship are highly dependent on place.

Not all entrepreneurship is equal, as businesses are categorised based on many factors, such as having the potential to drive high growth, innovation (opportunity), or whether these are less focused on growth and more on catering for the local community (necessity) (Delmar and Davidsson, 2003; GEM, 2024). For instance, there is a lower prevalence of growth-oriented businesses in deprived areas (Alvarez-Boulton and others, 2023).

Underlying the choices of individuals to ‘opt-in’ for entrepreneurship instead of waged employment are several drivers. Partly in line with Schumpeter’s (1934) view, the most discussed drivers of entrepreneurship are: capital, in the form of access to resources, social capital, institutional support, culture including religion, and individual characteristics, such as skills and self-efficacy (Cassar and Friedman, 2009; Kitching, Hart and Wilson, 2013;

¹³This happens when individuals experience a decline in their socio-economic status compared to their parents (Major and Machin, 2018).

¹⁴SMEs are businesses with employment levels between 1 and 249 employees.

¹⁵New SMEs rather than established SMEs create jobs, according to the high-growth firm view (Delmar and Davidsson, 2003).

¹⁶Encompasses both: promising entrepreneurs – individuals who are currently trying to start a business, but haven’t paid any wages yet and new business owners – individuals who own and manage a running business that has paid salaries, wages or any other payments for more than 3 months but less than 42 months (3.5 years), GEM, 2024.

Mickiewicz and others, 2025; Moriano and others, 2012).¹⁷ Some of these factors can be delivered through programmes and policy interventions to encourage entrepreneurship, such as access to resources, training and institutional support.

Institutions are understood as: “deep aspects of social structure, which act as authoritative guidelines and constraints for social behaviour” (North, 2005; Scott, 2005; Stephan, Uhlaner and Stride, 2014). They influence individual choices, as providers of resources to support entrepreneurs (Stephan, Uhlaner and Stride, 2014; Estrin, Mickiewicz and Stephan, 2013). Research shows that the level of government spending, as well as supportive policy interventions, stimulates entrepreneurship in various commercial and social forms (Stephan and others, 2014).

Other evidence suggests that in poor environments, human capital, opportunity motivation and financial access promote innovation, but necessity-driven entrepreneurship can stop it. For resource-poor entrepreneurs, reduced competition, public financial support, and favourable supplier relationships create conditions conducive to innovation (Nakara and others, 2021)

This report highlights government initiatives, such as welfare support programmes aimed at promoting the emergence and prevalence of entrepreneurship. It presents evidence of the drivers – what has previously worked, but most importantly, what needs improving – the barriers to entrepreneurship. The following section discusses the evidence collected from the literature and examines recent policy in support of entrepreneurship in deprived and left-behind regions.

Reviewing the evidence

The data collected from the literature review conducted on 21 sources suggests that structural barriers significantly outweigh enablers for entrepreneurship for working-class individuals. This section presents evidence of the drivers – what has previously worked, but most importantly what needs improving – the barriers to entrepreneurship in deprived and left-behind regions.

We organised the main findings across the following 6 mechanisms found in the literature – financial access and credit constraints, social capital and network effects, policy and institutional support, regional and geographic context, economic security and employment and human capital and skills. Table 3 counts the research based on whether the mechanisms extracted are enablers or deterrents for entrepreneurship.

¹⁷“Relates to the norms and patterns of shared practices that support inter-human self-organisation, initiative and cooperation”. (Malecki, 2012; Mickiewicz and others, 2025, page 1).

Financial access and credit constraints:

- Evidence reveals that financial barriers represent the most significant deterrent to entrepreneurship, with systemic credit market failures disproportionately affecting economically disadvantaged potential entrepreneurs. For instance, Cowling and colleagues (2024) found that approximately 230,000 SMEs withdrew from the UK credit market despite continued financing needs, reducing job creation and sales growth in many localities and exacerbating regional inequalities. This pattern was intensified by external shocks, with Soner and others (2025), demonstrating that Brexit created severe loan contractions in rural and peripheral areas where working-class populations are concentrated.
- Evidence shows that barriers are business effects rather than place effects. That is, access to finance remains a significant obstacle for firms in deprived areas due to their firm characteristics, such as smallness, newness, and being less profitable than those in affluent areas (Lee and Cowling, 2013). We also see that the relationship between geographic disadvantage and entrepreneurial barriers is complex. Lee and Drever (2014) found that while firms in deprived areas are more likely to perceive access to finance as problematic, they do not actually face harder access when controlling for firm characteristics. To recall from theme 1, firms in deprived areas face barriers to accessing finance due to their characteristics, such as low-growth potential, less innovation and lower credit scores compared to their counterparts in less deprived areas. There is variability in firm characteristics across the regions. This is problematic given that in deprived areas the few firms that have similar characteristics to those in affluent areas do not face such barriers to accessing finance.
- However, alternative financial mechanisms provide some mitigation, as microcredit through community development finance institutions creates “alternative economic spaces” for financially excluded individuals (McHugh and others, 2019). Furthermore, bootstrapping strategies – a term used when people use personal resources to fund entrepreneurship – can compensate for inability to access formal debt or equity funding among entrepreneurs in deprived regions (Jayawarna and others, 2011).
- A review of young entrepreneurship by the Prince’s Trust in 2021 surveyed 1,722 individuals aged between age 18 to 30 years. The report found 3 main barriers to youth entrepreneurship – access to finance and support, confidence and expectation, and networks. We discuss this evidence in our categories for barriers and drivers. In terms of financial access, young entrepreneurs from disadvantaged backgrounds need early-stage financial support to prevent promising business ideas from being abandoned due to economic insecurity (Craw and others, 2021).

Social capital and network effects:

- Social capital – the value generated through network relationships – is a critical enabling mechanism for entrepreneurship in deprived areas (Anderson and Jack, 2022). However, its effectiveness is constrained by structural limitations. Evidence suggests that dimensions contributing to social capital, such as large networks, bonding ties, trust, reciprocity, and shared language facilitate resource acquisition for entrepreneurs in deprived areas across England. However, the effectiveness of social capital is geographically constrained, as entrepreneurs in these regions suffer from reduced access to resources and are reluctant or unable to bridge social distance and adopt narrative storytelling techniques that could expand networks beyond their immediate communities (Lee and others, 2019).
- Similarly, the importance of intermediary roles and social capital is highlighted by Jayawarna and others (2011), who provide evidence showing how different forms of social capital and intermediaries complement each other to facilitate access to resources for entrepreneurs. They found that brokers (financial business agents) provide crucial links between socially disadvantaged entrepreneurs and external resources, while social capital through strong, weak, and brokerage ties enables access to bootstrapped resources when formal financing is unavailable.¹⁸ The findings reveal complementary roles for different networks in resource acquisition. Weak ties coupled with brokerage support payment-based bootstrapping – negotiating payment terms, delay payments, access to lease instead of purchase. Whereas strong ties, with or without brokerage, are essential for collaborative resource acquisition strategies. This includes joint utilisation, such as access to shared equipment, premises and employees as well as owner-related bootstrapping – personal credit, cross-subsidise from other businesses, withhold salary and so on. Yamoah and Johnson (2020) reinforce this pattern, identifying network alliances, business clusters and social identity as critical success factors and particularly for ethnic minority entrepreneurship development.
- For young entrepreneurs, the King’s Trust evidence shows that 80% of young people believe industry contacts are essential for starting a business, a perception that can deter those lacking networks from pursuing entrepreneurship. However, 36% indicate that mentorship would increase their likelihood of starting a business, with young entrepreneurs preferring informal peer-to-peer connections and specific mentoring programmes over formal networks. This highlights the value of holistic support that combines financial backing with relationship-building opportunities (Craw and others, 2021).

¹⁸Scholars have discerned the strength of ties in networks, ranging from strong (frequently emotional relationships such as personal or familiar) to weak (less frequent and emotional) (Granovetter, 1973; Jayawarna and others, 2011).

Policy and institutional support:

- Government policies encouraging working-class entrepreneurship demonstrate limited effectiveness and sometimes counterproductive outcomes, suggesting fundamental flaws in current approaches to supporting disadvantaged entrepreneurs. Danson and others (2021) provide critical evidence that policies pushing individuals from unemployment to self-employment shift social and economic risks from the state and employers to those least equipped to bear them. Support measures such as the New Enterprise Allowance scheme have proven inadequate for their client groups and fail to reduce the risks associated with business startups.
- This pattern of ineffective support is reinforced by broader evidence from policy assessment studies of place-based interventions across countries. In general, across the assessed countries (UK, USA, France and other EU countries) enterprise zones produce positive business creation effects in only half of studies and employment benefits in fewer than 20% of evaluations (What Works Centre for Local Economic Growth, 2025).¹⁹ The displacement effects of such policies were previously demonstrated by Einiö and Overman (2016), who found that the Local Enterprise Growth Initiative increased employment in targeted areas but displaced activity from nearby ones rather than creating genuine new economic opportunities.

Regional and geographic context:

- Geographic location shapes entrepreneurial opportunities for working-class individuals, with persistent spatial inequalities creating systematic disadvantages that policy interventions have failed to address effectively. Du and others (2025) demonstrate that persistent inter-regional differences in high-growth firm incidence are driven by the concentration of human capital, creative industries and business services, creating entrepreneurial ecosystems that favour already-advantaged areas. This spatial concentration is reinforced by investment patterns, with Harrison and others (2020) showing that foreign venture capital investments are primarily concentrated in London, the south-east and east of England. They attracted 82.5% of all foreign venture capital investments in 2017, reinforcing existing spatial inequalities in entrepreneurial financing.
- A large proportion of socially orientated businesses (those with social and environmental goals such as non-profit organisations and community interest companies) are located in deprived areas, but despite employment stability from

¹⁹The UK interventions assessed were from the Local Enterprise Growth Initiative and Royal Society for Arts, Manufactures and Commerce.

2017 to 2021, these do not grow as fast as their commercial counterparts. Targeted policy aimed at fostering the growth of these businesses can help address persistent social issues and increase the innovation and entrepreneurial capabilities in these areas. Findings also show that socially orientated businesses innovate more often compared to commercial businesses (Alvarez-Boulton and others, 2023).

Economic security and employment conditions:

- Economic insecurity is a fundamental barrier to opportunity-driven entrepreneurship among working-class individuals. Self-employment in this population often reflects necessity rather than genuine entrepreneurial opportunity. Try (2025) reveals that 13% of workers in lower-income families are self-employed on temporary (11%) and zero-hours contracts (2%) compared to 9% of their higher-income counterparts. This self-employment is part of a broader pattern of employment insecurity that brings income volatility and reduced job satisfaction. Lower-income workers show 7 to 8 percentage points lower job satisfaction than higher-income workers, indicating that economic necessity rather than entrepreneurial opportunity drives much of the working-class business creation.
- The Prince's Trust Young Entrepreneurship report in 2021 highlighted the need to extend schemes such as Universal Credit to cover longer periods for promising young entrepreneurs. New Enterprise Allowance and Universal Credit face significant limitations. Research indicates that Universal Credit's minimum income floor assumes earnings of approximately £1,300 a month after the first year, yet studies show most new businesses earn far less. This potentially deters two-thirds of self-employed claimants from entrepreneurship due to the loss of welfare support (Craw and others, 2021).
- Additionally, there is a lack of support for self-employed women entrepreneurs in terms of maternity allowance. The Federation of Small Businesses' Steps to Growth report (2024) includes recommendations targeting maternity allowance for this group. The report highlights that current maternity provisions disadvantage self-employed women through inadequate maternity allowance rates, problematic universal credit interactions, poor awareness of available support, and a lack of business replacement cost coverage during maternity leave.
- Environmental uncertainty compounds the challenges discussed in the previous point. Zayadin and others (2023) demonstrate how entrepreneurs' perceptions of uncertainty related to regional and local market changes influence their decision-making processes and resource mobilisation strategies. These findings suggest that the economic conditions facing working-class populations create a context where entrepreneurship becomes a survival strategy rather than a pathway

to economic advancement – limiting its potential for driving social mobility.

Human capital and skills development:

- The relationship between human capital and working-class entrepreneurship reveals complex dynamics where traditional educational advantages may initially deter rather than encourage business creation among economically disadvantaged populations. Mickiewicz and others (2017) provide crucial evidence that the role of education, experience and local entrepreneurial capital varies significantly across different stages of the entrepreneurial process, with negative opportunity cost effects dominating in the early stages before reversing to positive effects in the advanced stages. This pattern suggests that HE and skills may initially discourage entrepreneurship among working-class individuals by providing alternative employment opportunities, only becoming advantageous once entrepreneurial ventures are established.
- Relevant business experience and financial skills are highly valuable. Jayawarna and others (2011) find that human capital including business experience and financial skills, is linked to more sophisticated joint-utilisation approaches to bootstrapping among entrepreneurs in deprived areas. The broader entrepreneurial landscape shows some positive trends, with Hart and others (2024) reporting that 30% of working-age individuals intended to start, were trying to start, or were running businesses in 2023. Women’s early-stage entrepreneurial activity has increased threefold since 2002, suggesting that while barriers remain significant, entrepreneurial aspirations continue across demographic groups despite structural constraints.

Table 3: Underlying mechanisms of entrepreneurship in deprived areas as enablers or deterrents (source: authors’).

Mechanism	Enablers count	Deterrents count	Balance
Financial access and credit constraints	3	5	Deterrent-dominant
Social capital and network effects	4	2	Enabler-leaning
Policy and institutional support	0	4	Strongly deterrent

Regional and geographic context	0	3	Strongly deterrent
Economic security and employment	1	4	Deterrent-dominant
Human capital and skills	2	1	Enabler-leaning

Current policy

Access to finance:

Start-up loans

These loans offer affordable finance and mentoring to individuals who want to start or grow their business, with a focus on supporting underrepresented groups. The government has reaffirmed its commitment to inclusive growth by supporting access to finance for entrepreneurs in underserved regions. It aims to reinvigorate capital markets and expand regional investment through partnerships with LAs and financial institutions.

Venture Capital Trusts and the Enterprise Investment Scheme

Venture Capital Trusts (VCTs) and the Enterprise Investment Scheme (EIS) are government-backed initiatives designed to encourage investment in small and growing businesses by offering tax incentives to investors. While not overhauled, the government supports stable and predictable regulation to maintain investor confidence in schemes like VCTs and EIS. The goal is to unlock private investment in innovation and entrepreneurship, especially in the green economy and tech sectors.

Regional funds

Various regional funds and initiatives, such as those supported by local enterprise partnerships (LEPs), provide grants and loans to businesses, including in areas with high levels of deprivation. The new government is relying on combined authorities and LAs to deliver this agenda. These bodies are now responsible for:

- local economic planning
- business engagement
- delivery of growth-related programmes

Funding supports the integration of former LEP functions into these authorities.

Education support

Enterprise education:

The UK has been working to embed enterprise education in schools and colleges to equip young people with the skills and confidence to consider entrepreneurship as a career path. The Labour government's new Skills England body will coordinate efforts across education, business and government to ensure young people are equipped with entrepreneurial and work-ready skills.

Mentoring programmes:

Many organisations offer mentoring programmes that connect experienced entrepreneurs with those starting out, providing guidance and support. A specific recent endorsement of these is the government's Small Business Plan which has established a National Business Mentoring Council to improve the quality and accessibility of business mentoring for SMEs. The Council, co-chaired by the Association of Business Mentors and the ScaleUp Institute and supported by the Department for Business and Trade, aims to connect businesses with experienced mentors and provide pathways for their growth.

- The government has pledged to expand support for business incubators and accelerators, especially in left-behind regions, as part of their industrial strategy. These programmes offer workspace, resources and networking opportunities to help startups get off the ground.
- It is also encouraging public-private partnerships to scale mentoring and support services for startups.
- Online resources: the government is working to streamline and modernise online business support platforms, making them more accessible and user-friendly.

Inclusive entrepreneurship

Targeted initiatives:

The Labour party's economic model of 'Securonomics', an approach which aims to prioritise the economic security of the UK, includes a focus on inclusive entrepreneurship, aiming to reduce barriers for underrepresented groups.

It is exploring targeted funding and support for women, ethnic minorities and people from disadvantaged backgrounds. One example is the Invest in Women Taskforce, a government-backed, industry-led initiative launched in 2024 to address the gender funding gap and make the UK a better place for female entrepreneurs. It builds on the Alison Rose

Review of female entrepreneurship (2019) and aims to unlock capital for female-led businesses by creating large investment funds and increasing the number of female investors.²⁰

Diversity and inclusion:

The Labour government has also embedded diversity goals into public procurement and innovation funding, ensuring broader representation in entrepreneurship.

Theme 4: Developing power and policy-making to the regions for innovation and socially mobile growth

Devolution is understood as the process by which “decision-making moves closer to the citizen and is more democratic” (Civil Service, 2020), representing a fundamental shift in how the UK approaches regional economic development and social mobility. In essence, devolution is important because it enables decentralised governance where LAs gain greater autonomy and decision-making power, facilitating more effective resource allocation tailored to the needs of people living in those areas.

Within the UK, England is “one of the most centralised countries in the developed world”. As such, devolution can be crucial for achieving growth, better delivery of public services, and inclusive politics. The latter is done with community members as a bottom-up rather than the top-down approach to politics (The English Devolution White Paper, 2024). Under this view, the relationship between devolution, regional economic development, and social mobility becomes an opportunity for addressing the UK’s productivity challenges and persistent regional inequalities, discussed previously.

The potential gains of devolving power to regional England are substantial. If English cities outside London met their productivity potential compared to similar cities internationally, national economic output could increase by £34 to £55 billion annually. Yet realising this potential requires addressing the fundamental tension between democratic accountability and economic effectiveness, particularly given that fiscal devolution structures, through tax policy, can either narrow or widen regional inequalities depending on their design (McCann,

²⁰UK government, ‘[The Alison Rose review of female entrepreneurship](#)’. Published on GOV.UK.

2019). For instance, the arguments in support of fiscal decentralisation are that it would help to mitigate uneven government spending cuts, which have been higher in deprived urban areas than affluent ones (Harris and others, 2019; McCann, 2021). The arguments against it are that it may lead to uneven distribution of public services in terms of their quality and scale, as local authorities differ in their capacity to raise tax revenue (for instance in housing) (McCann, 2021; McGough and Bessis, 2015).

What we know

The UK's devolution journey provides substantial evidence about the complexities of transferring power for economic development purposes. Since the establishment of the Scottish Parliament and Welsh Assembly following the 1997 devolution referendums, and the Belfast Agreement's devolution settlement in Northern Ireland supported by the 1998 referendum, the UK has developed multiple models of decentralised governance (Civil Service, 2020). England has recently moved toward mayoral combined authorities (when two or more LAs join forces with mayor oversight) and city deals (an agreement between the government and a city, giving local areas power).²¹ These different approaches bring decision-making closer to citizens, with distinct implications for innovation policy and social mobility outcomes.

The government's devolution agenda, set to be delivered through forthcoming English devolution legislation in 2025, signals a more ambitious approach to regional empowerment. Recent announcements of single spending settlements²² for mayoral areas and spatial planning powers across England indicate a willingness to provide the deeper devolution that cities have long sought (Centre for Cities, 2025). Evidence suggests, however, that successful devolution requires not only the transfer of formal powers, but the development of institutional capacity, cross-governmental coordination mechanisms, and place-based policy approaches that can respond to local economic conditions while maintaining coherence across territorial boundaries.

This section gives a better understanding of the intricacies of devolution and how decentralisation of power and increased local autonomy may relate to prosperity outcomes. We provide the evidence collected from the literature, including an additional review of Opportunity Zones (OZ) policy in the United States of America (USA). We then examine current policy.

Reviewing the evidence

²¹[City Deals](#). Published on GOV.UK.

²²Single Spending settlements are a new approach to funding local government in England. A single pot of devolved funding replaces multiple grants from various government departments, giving combined authorities greater control and flexibility to invest in local priorities over a longer period.

The previous themes have uncovered some issues with place-based policy related to devolution. For instance, in theme 1 (getting investment into left-behind regions) the evidence showed that policies which encourage decentralised investment in infrastructure are constrained by centralised governance. More specifically, there has been uneven uptake of urban entrepreneurial models, with most investment concentrated in London and wealthy areas. We include a further review of those insights. In total, we include 6 sources and discuss the evidence based on 2 themes (1) structural and implementation gaps in place-based policy and (2) multiscale (concepts relating to more than one scale) governance coordination challenges. Additionally, 6 sources are reviewed to find insights about the OZ policy.

- The first evidence topic suggests there are structural and implementation gaps in place-based policy. Initiatives consistently face structural challenges which are increased by conceptual confusion and weak local powers. For instance, inclusive innovation strategies, despite being increasingly important at a subnational scale, suffer from multiple inconsistent meanings and face 3 critical problems: “neophilia, a tendency for technological fixes, and the lack of local powers” (Lee, 2025).^{23 24} There is a mismatch between the pure conceptualisations of inclusive innovation and the actual powers held by city governments, requiring frameworks that can redirect, increase participation in, and share the benefits of innovation rather than relying on technological fixes without adequate local authority (Lee, 2025). For instance, a technological fix tendency meant that there was a preference for novelty, rather than supporting locally effective and less ambitious innovation. This is consistent with the view that innovation policy tends to benefit ‘the winners’ or already innovative businesses, which minimises risks. These are often located in high-income clusters, rather than focusing on enhancing the innovative capacity of all companies that need support.
- Similarly, Bedford and colleagues (2023) highlight that place-based decarbonisation through central government devolution deals has the potential to deliver social and economic benefits while meeting net-zero goals, but requires LAs to strengthen decision-making power and resources to develop context-sensitive approaches.

On a similar note, the “pride in place” mission, within the Levelling Up agenda, shows how governance has taken a “therapeutic and palliative turn” that disregards ideological inconsistencies in policymaking rather than addressing structural causes of geographical inequality (Howcroft and others, 2025). Effectively, pride in place was supposed to restore a sense of community, local pride and belonging. However, a poll in 2022 revealed that UK citizens were generally proud of their localities, for example, green areas and high streets,

²³There is a link between regional innovation levels and social mobility. Innovation indicators (R&D, output such as patents and employment) are strongly associated with increases in regional income per capita (Diemer and others, 2022).

²⁴Understood as “a focus on the new and exciting, rather than the effective and boring” (Lee, 2025, page 3).

but those in poorer areas showed less frequent emotions of pride (Holdcroft and others, 2025). Thus, this evidence suggests that inspiring a sense of pride in one's place requires not only rhetoric, but also the implementation of policy and programmes aimed at reducing poverty in deprived areas. These challenges are intensified by evaluation difficulties, with the Levelling Up Fund's complex funding landscape making attribution challenging and requiring sophisticated methodologies to account for potential indirect effects and displacement (Department for Levelling Up, Housing and Communities, 2023).

- In addition, theme 1 (getting investment into left-behind regions) highlights prior multiscalar governance coordination challenges that must be considered, such as decentralising investment in infrastructure. Effective devolution requires addressing fundamental tensions between different scales and spheres of governance that current frameworks struggle to resolve. Research on net-zero governance reveals pre-existing institutional constraints and unresolved tensions including uneven distribution of initiatives across areas and fiscal limitations within LAs that could potentially exacerbate regional inequality rather than promote a just green transition (Bedford and others, 2023). These challenges are reflected in broader tensions “between national and local issues; between public and private spheres; and between individual and collective identities”. (Howcroft and others, 2025).
- Also discussed in theme 1 (getting investment into left-behind regions), regional governance matters for effective policy implementation focused on addressing the “productivity puzzle”. Across UK regions, even if institutions primarily function as network connectors, sometimes these lack the authority, financial resources and organisational capability for transformative productivity drivers including investment, infrastructure, entrepreneurship and skills. While contextual factors such as economic geography and local political economy influence outcomes, they operate within fundamentally limited governance structures (Tilley and others, 2023).
- Another important finding from theme 1 is that investing in regional infrastructure projects through the UK's highly centralised state structure and risk-averse administrative culture are seen as constraining the shift toward entrepreneurial governance, limiting the extent of genuine decentralisation (O'Brien and Pike, 2019).

Opportunity Zones – USA place-based policy

Theme 3 (encouraging entrepreneurship among people from a wider range of backgrounds) discusses evidence from the USA place-based policy.²⁵ The OZ programme, established through the Tax Cuts and Jobs Act in late 2017, aims to stimulate economic development in disadvantaged communities by offering significant tax incentives for private investment (Corinth and Feldman, 2024). The policy designates 8,764 census tracts (regions defined in the census) across all 50 states, the District of Columbia and 5 territories, as eligible zones. These are selected by governors from areas meeting low-income criteria. They represent severely distressed communities with high poverty rates, 44% classified as persistently poor since 1990 (Congress.gov, 2024). Investors can defer and potentially eliminate capital gains taxes by placing funds into these zones through specialised investment vehicles, with the greatest benefits reserved for long-term commitments of at least 10 years. By 2020, the programme had attracted at least \$48 billion (over £35 billion) in equity (and over \$100 billion by 2024) in investment from approximately 21,000 individuals and 4,000 corporate investors. This was deployed through 7,800 Qualified Opportunity Funds to reach 3,800 communities – representing 48% of all designated zones. These investments can target various sectors, including real estate development, infrastructure projects and local businesses, provided they meet substantial improvement requirements (Congress.gov, 2024; Corinth and Feldman, 2024). The following points show the evidence related to OZ policy's impact until 2025.

- Despite attracting over \$100 billion in investment between 2018 to 2024 – well exceeding initial projections and making it larger than other federal economic development tools – the programme demonstrates significant limitations in targeting truly disadvantaged communities and generating additive economic development (Urban Institute, 2025). Research reveals that 75% of OZ investment flows to zones already in the top 20% for commercial investment, with 93% concentrated in metropolitan areas rather than rural communities, indicating that “the program does less incentivizing than anticipated in guiding investment to places investors would otherwise have overlooked” (Urban Institute, 2025).
- Evidence on job growth from the OZ policy is mixed. Arefeva and colleagues (2021) found that OZ designation increased employment growth by 3.0 to 4.5 percentage

²⁵The OZ programme, representing America's largest place-based policy innovation since Empowerment Zones in 1993, provides critical lessons for devolution and place-based investment strategies. The evidence presented is taken from recent evaluations. However, most research supports extending the evaluation period to effectively capture the long-term impact of OZs.

points in metropolitan areas across various industries and education levels, yet no effect was found in rural areas. However, Freedman and others (2021) detected little to no positive effects on employment, earnings, or poverty among zone residents in the early implementation period, suggesting that employment gains may not necessarily translate into benefits for existing community members.

- Rigorous impact evaluations show mixed or limited effects across economic indicators, with OZ designation showing no statistically significant effects on employment, earnings or poverty rates for existing zone residents and failing to increase job postings, new business formation or venture capital investment (Chen and others, 2023; Corinth and Feldman, 2024). The programme’s structure has resulted in it becoming “largely a market-rate rental housing and other real estate program – not a resource to create jobs or develop economies, with less than 2% of equity invested in operating businesses” (Urban Institute, 2025).

Current policy

The new government has taken significant steps to advance its devolution agenda, as outlined in the English Devolution and Community Empowerment Bill and related programmes. Here is a summary of their actions.

Mayoral devolution:

The government is actively promoting the establishment of mayoral combined authorities (also known as Mayoral Strategic Authorities – MSAs), which bring together multiple LAs under the leadership of an elected mayor. These authorities are granted significant powers over areas like transport, housing and economic development, enabling them to implement local growth plans.

- The Devolution Priority Programme, launched in early 2025, is one of the largest expansions of mayoral devolution in England’s history.
- 6 new MSAs are being established in:
 - Cumbria
 - Cheshire and Warrington
 - Greater Essex
 - Hampshire and the Solent
 - Norfolk and Suffolk
 - Sussex and Brighton²⁶
- Mayoral elections are scheduled for May 2026 (and 2027 for some areas), using

²⁶Mayoral Strategic Authorities are a group of regional or city-regional LAs. With directly elected regional mayors, these give devolved power to local areas. MSAs are also known as combined authorities.

the first-past-the-post system.²⁷ The recently tabled English Devolution and Community Empowerment Bill intends to move future mayoral (and police and crime commissioner elections) to the supplementary vote (SV) system, which was in place before 2023. Subject to parliamentary approval, this would be relevant for the proposed 2027 mayoral elections onwards.

Strategic authorities:

The government is also encouraging the formation of strategic authorities, which can encompass larger geographic areas and bring together different tiers of local government to address regional priorities. These authorities will play a key role in driving innovation and growth across regions, with:

- 2 new MSAs already established in Greater Lincolnshire and Hull and East Yorkshire
- 2 foundation strategic authorities created in Devon and Torbay and Lancashire

These bodies are designed to coordinate across larger regions and tiers of government to drive innovation and growth.

Digital transformation:

Devolution is seen as an opportunity to streamline digital services and improve public-service delivery through greater collaboration and data sharing between LAs. TechUK says that unifying digital systems and adopting a cohesive digital approach can lead to more efficient and effective services for local communities.

- While not the headline focus, the government is promoting spatial development strategies and planning reforms through the Planning and Infrastructure Bill, which includes digital integration for planning and infrastructure.

Community engagement:

A core principle of the policy is to empower local communities, giving residents a greater say in local decisions. This includes strengthening local governance structures, increasing community participation in decision-making and ensuring that local voices are heard, such as:

- the new Bill mandates effective neighbourhood governance in all LAs, aiming to give communities a stronger voice
- a national commitment has been made to improve up to 350 deprived communities, with a £500 million investment in “trailblazer neighbourhoods”

²⁷The first-past-the-post system is when voters choose their preferred candidate and the one with the greatest numbers of votes wins.

Integrated settlements:

The policy aims to help the economy grow by integrating funding across a range of services (for example, adult skills, housing and transport), by devolving powers to local areas who can tailor economic development strategies to specific strengths and opportunities of their region. This includes initiatives to support local businesses, attract investment and create jobs, such as:

- providing integrated settlements to 7 major areas (Greater Manchester, West Midlands, London, Liverpool City Region, South Yorkshire, West Yorkshire, and the North East), giving greater control over spending from 2026 to 2027

Public-service reform:

Devolution can improve public-service delivery by empowering local leaders to innovate and tailor services to meet local needs. The government is providing funding and support for LAs to develop new approaches to public-service delivery and collaborate with other stakeholders to improve outcomes.

LAs are supported to innovate service delivery, including:

- adult skills functions devolved to several regions
- a new workforce development group to address local government staffing challenges
- reforms to local audit systems, backed by £49 million to clear backlogs and restore financial assurance

The English Devolution and Community Empowerment Bill, published in July 2025, “delivers on manifesto commitment to decentralise power and ignite regional growth with powers for mayors”. It delivers change, including:

- making local ownership of pubs, shops and social hubs easier through a new Community Right to Buy, including a new ‘sporting’ category protection of local assets “preserving local character, boosting tourism and keeping community spirit alive”
- banning upward-only rent reviews clauses in commercial leases.²⁸ It is believed that this will help keep small businesses running, boost local economies and job opportunities and reduce vacant properties in high streets.
- a new requirement for LAs is to put in place effective neighbourhood governance to give residents more say in shaping their local areas
- proposed streamlined powers for mayors across England to speed up the development of new homes and infrastructure. This includes a new power to institute mayoral development orders and establish mayoral development

²⁸Upward-only rent reviews took the view that rent could only be increased or stay the same but never reduced.

corporations, to try to replicate the success of projects such as the Olympic Park legacy and attract inward investment across the country

- the creation of new 'strategic authorities' intended to boost connectivity and collaboration between councils

Conclusion

This analysis, conducted by reviewing the literature linking investment into regions and social mobility, reveals that addressing regional inequalities and improving social mobility prospects requires moving beyond fragmented interventions towards integrated, structurally aware policy approaches.

Key insights suggest that place-based effects operate because of company quality rather than geographic location, suggesting policies must target conditions that enable productive businesses to thrive in all regions. There is an opportunity to implement policy targeting middle-income regions, which have fallen into development traps, through clear vision and tailored approaches. There is also a valuable opportunity to continue supporting skills development and leverage untapped skills in the UK's major cities, for instance, through targeted relocation programmes.

The review uncovered that structural barriers create systematic disadvantages that cannot be addressed through individual-level interventions alone. To illustrate, there is an opportunity to implement Universal Credit and Maternity Allowance to support entrepreneurship and self-employment for people of a wider range of backgrounds. Structural barriers were also uncovered. Policy aimed at devolution has leaned towards technological and emotional fixes and deployed inconsistent meanings. Effective regional development requires genuine devolution of powers and resources, with governance arrangements that co-ordinate across multiple scales.

Ultimately, unlocking opportunity across the UK demands policy approaches as complex and interconnected as the challenges they address, with political focus to sustain long-term structural change over short-term cycles.

References

Alistair Anderson and Sarah Jack, 'The articulation of social capital in entrepreneurial networks: A glue or a lubricant?', 2002. Published on RESEARCHGATE.NET.

<https://doi.org/10.1080/08985620110112079>

David Autor, Frank Levy and Richard and Murnane, '[The skill content of recent technological change: an empirical exploration](#)', 2003. Published on JSTOR.ORG.

Alina Arefeva and others, 'The Effect of Capital Gains Taxes on Business Creation and Employment: The Case of Opportunity Zones' (SSRN Working Paper No. 3645507).

<https://ssrn.com/abstract=3645507>

Francisco Azpitarte, '[Recent trends in the spatial distribution of human capital: are skill levels converging across regions in England and Wales?](#)', 2023. Published on ONLINELIBRARY.WILEY.COM.

Barnsley Council and Pathways to Work Commission, '[Pathways to Work commission report](#)', 2024. Published on BARNSELEY.GOV.UK.

William Baumol and Robert Strom, '[Entrepreneurship and economic growth](#)', 2007. Published on SMS.ONLINELIBRARY.WILEY.COM.

Tom Bedford and others, '[Going down the local: the challenges of place-based net zero governance](#)', 2023. Published on THEBRITISHACADEMY.AC.UK.

British Business Bank, '[Nations and regions tracker: small business finance markets 2024](#)', 2024. Published on BRITISH-BUSINESS-BANK.CO.UK.

Ross Brown and Marc Cowling, '[The geographical impact of the Covid-19 crisis on precautionary savings, firm survival and jobs: evidence from the United Kingdom's 100 largest towns and cities](#)', 2021. Published on JOURNALS.SAGEPUB.COM.

Gavin Cassar and Henry Friedman, '[Does self-efficacy affect entrepreneurial investment?](#)', 2009. Published on SMS.ONLINELIBRARY.WILEY.COM.

Centre for Cities, '[Cities outlook 2025](#)'. Published on CENTREFORCITIES.ORG.

Tony Champion and others, '[The gainers and losers from the United Kingdom's university-related migration: a subregional analysis of graduate outcomes survey data](#)', 2024. Published on ONLINELIBRARY.WILEY.COM.

Jaifeng Chen and others, '[JUE insight: the \(non-\) effect of opportunity zones on housing prices](#)', 2023. Published on SCIENCEDIRECT.COM.

Kevin Corinth and Naomi Feldman, '[Are Opportunity Zones an effective place-based policy?](#)', 2024. Published on AEI.ORG.

Marc Cowling and others, '[Getting left behind? The localised consequences of exclusion from the credit market for UK SMEs](#)', 2024. Published on ACADEMIC.OUP.COM.

Marc Cowling and others, '[COVID-19 lending support and regional levelling up: evidence from UK loan guarantee schemes](#)', 2023. Published on TANDFONLINE.COM.

Diane Coyle and Marianne Sensier, '[The Imperial Treasury: appraisal methodology and regional economic performance in the UK](#)', 2020. Published on BENNETTSCHOOL.CAM.AC.UK.

The Prince's Trust, '[The young entrepreneurship review: a report from The Prince's Trust 2019-2021](#)'. Published on ASSETS.CTFASSETS.NET.

Riccardo Crescenzi and Simona Iammarino, '[Global investments and regional development trajectories: the missing links](#)', 2016. Published on TANDFONLINE.COM.

Richard Crisp and others, '[Beyond GDP' in cities: assessing alternative approaches to urban economic development](#)', 2024. Published on JOURNALS.SAGEPUB.COM.

Douglas Cumming and others '[Public policy towards entrepreneurial finance: spillovers and the scale-up gap](#)', 2018. Published on ACADEMIC.OUP.COM.

Mike Danson and others, '[From unemployment to self-employment: can enterprise policy intensify the risks of poverty?](#)', 2021. Published on SCIENCEDIRECT.COM.

Frédéric Delmar and others, '[Arriving at the high-growth firm](#)', 2003. Published on RESEARCHGATE.NET.

Department for Levelling Up, Housing and Communities, '[Levelling Up Fund: impact evaluation scoping study](#)', 2023. Published on GOV.UK.

Andreas Diemer and others, '[The regional development trap in Europe](#)', 2022. Published on TANDFONLINE.COM.

Jun Du and others, '[Knowledge spillovers, entrepreneurial ecosystems and the geography of high growth firms redux](#)', 2025. Published on LINK.SPRINGER.COM.

Tulin Dzhengiz and Samuli Patala, '[The role of cross-sector partnerships in the dynamics between places and innovation ecosystems](#)', 2024. Published on ONLINELIBRARY.WILEY.COM.

Richard Egyei and others '[The power of place: the role of place in driving regional pay inequalities](#)', 2025. Published on RESOLUTIONFOUNDATIONORG.

Enterprise Research Centre, '[Mapping schumpeterian outcomes in the UK small business population over time](#)', 2023. Published on ENTERPRISESEARCH.AC.UK.

Mark Fransham and others, '[Level best? The levelling up agenda and UK regional inequality](#)', 2023. Published on TANDFONLINE.COM.

Matthew Freedman and others, '[JUE insight: the impacts of opportunity zones on zone residents](#)', 2023. Published on SCIENCEDIRECT.COM.

Greater Birmingham and Solihull Local Enterprise Partnership, '[Greater Birmingham and Solihull local enterprise partnership board](#)', 2022. Published on BIRMINGHAM.GOV.UK.

Global Entrepreneurship Monitor, '[Global Entrepreneurship Monitor 2022/23 European regional report](#)', 2023. Published on GEMCONSORTIUM.ORG.

Eun Sun Godwin and Mark Cook, '[Determinants of Greenfield emerging market outward FDI into the UK](#)', 2018. Published on EMERALD.COM.

Enterprise Research Centre, Aston Business School, '[What do we know about factors that](#)

[affect business investment decisions?](#), 2024. ENTERPRISERESEARCH.AC.UK.

Mark Granovetter, '[The strength of weak ties](#)', 1973. Published on JOURNALS.UCHICAGO.EDU.

Greater Birmingham and Solihull Local Enterprise Partnership, 'Skills update and performance: board meeting summary report', 2022.

Malcolm Greig, '[Factors affecting modern apprenticeship completion in Scotland](#)', 2019. Published on ONLINELIBRARY.WILEY.COM.

Damain Grimshaw and others, '[Skills for productivity growth](#)', Published on PRODUCTIVITY.AC.UK.

Richard Harrison and others '[Internationalisation and localisation: foreign venture capital investments in the United Kingdom](#)', 2020. Published on JOURNALS.SAGEPUB.COM.

Global Entrepreneurship Monitor, '[United Kingdom 2023/2024 National Report](#)', 2024. Published on [GEMCONSORTIUM.ORG](#).

Tom Harris and others, '[English local government funding: trends and challenges in 2019 and beyond](#)', 2019. Published on IFS.ORG.UK

Michael Haynes, '[Productivity: "it is almost everything"](#)', 2023. Published on CAMBRIDGE.ORG.

Nick Henry and others, '[Banking on exclusion: data disclosure and geographies of UK personal lending markets](#)', 2017. Published on JOURNALS.SAGEPUB.COM.

Michael Howcroft and others, '[Levelling Up, affective governance and tensions within 'pride in place'](#)', 2025. Published on JOURNALS.SAGEPUB.COM.

Hutton, G. (2024, November 11). Business statistics (Research Briefing). House of Commons Library.

Simona Iammarino and others, '[International business, cities and competitiveness: recent trends and future challenges](#)', 2018. Published on EMERALD.COM.

Philip McCann, '[Perceptions of regional inequality and the geography of discontent: insights from the UK](#)', 2018. Published on TANDFONLINE.COM.

Dilani Jayawarna and others, '[New business creation and regional development: enhancing resource acquisition in areas of social deprivation](#)', 2011. Published on TANDFONLINE.COM.

Andrew Johnston and Peter Wells, '[Assessing the role of universities in a place-based industrial strategy: evidence from the UK](#)', 2020. Published on JOURNALS.SAGEPUB.COM.

Homi Kharas and Harinder Kohli, '[What is the middle income trap, why do countries fall into it, and how can it be avoided?](#)', 2011. Published on JOURNALS.SAGEPUB.COM.

Kelvin Kinyua and others '[Government procurement contracts, external audit certification, and financing of small- and medium-sized enterprises](#)', 2024. Published on LINK.SPRINGER.COM.

Yasemin Kor and others '[Resources, capabilities and entrepreneurial perceptions](#)', 2007. Published on ONLINELIBRARY.WILEY.COM.

- Paul Krugman, '[The age of diminished expectations](#)', 1994. Published on MITPRESS.MIT.EDU.
- Neil Lee, '[Inclusive innovation in cities: from buzzword to policy](#)', 2023. Published on TANDFONLINE.COM.
- Neil Lee and Mark Cowling, '[Place, sorting effects and barriers to enterprise in deprived areas: Different problems or different firms?](#)', 2012. Published on JOURNALS.SAGEPUB.COM.
- Neil Lee and Emma Drever, '[Do SMEs in deprived areas find it harder to access finance? Evidence from the UK small business survey](#)', 2013. Published on TANDFONLINE.COM.
- Neil Lee and Davide Luca, '[The big-city bias in access to finance: evidence from firm perceptions in almost 100 countries](#)', 2019. Published on ACADEMIC.OUP.COM.
- Robert Lee and others, '[Effects of structural, relational and cognitive social capital on resource acquisition: a study of entrepreneurs residing in multiply deprived areas](#)', 2018. Published on TANDFONLINE.COM.
- Lee Elliot Major and Stephen Machin, '[Social mobility: and its enemies](#)', 2018. Published on PENGUIN.CO.UK.
- Philip McCann, '[The Fiscal Implications of 'Levelling Up' and UK Governance Devolution](#)', 2021. Published on PRODUCTIVITY.AC.UK
- Philip McCann, '[Perceptions of regional inequality and the geography of discontent: insights from the UK](#)', 2019. Published on TANDFONLINE.COM.
- Philip McCann and Rachel Ortega-Argilés, '[The UK 'geography of discontent': narratives, Brexit and inter-regional 'levelling up'](#)', 2021. Published on ACADEMIC.OUP.COM.
- Louise McGough and Hugo Bessis, '[Beyond Business Rates: How increasing local tax-raising powers can incentivise cities to grow](#)', 2015. Published on CENTREFORCITIES.ORG
- Neil McHugh and others '[Microcredit for enterprise in the UK as an 'alternative' economic space](#)', 2019. Published on SCIENCEDIRECT.COM.
- Stella McKnight and others, '[Case study: establishing a social mobility pipeline to degree apprenticeships](#)', 2019. Published on EMERALD.COM.
- Konstantinos Melachroinos and Nigel Spence, '[The territorial impact of the knowledge economy: intangibles and regional inequality in Great Britain](#)'. 2013. Published on TANDFONLINE.COM.
- Konstantinos Melachroinos and Nigel Spence, '[The spatial footprint of the knowledge economy: the role of intangible investment in shaping regional inequalities in Great Britain](#)', 2019. Published on ONLINELIBRARY.WILEY.COM.
- Tomasz Mickiewicz and others, '[Resource endowment and opportunity cost effects along the stages of entrepreneurship](#)', 2016. Published on LINK.SPRINGER.COM
- Tomasz Mickiewicz and others, '[The impact of local social capital on different types of entrepreneurship](#)', 2025. Published on TANDFONLINE.COM.

- Juan Moriano and others, '[A cross-cultural approach to understanding entrepreneurial intention](#)', 2011. Published on JOURNALS.SAGEPUB.COM.
- Walid Nakara and others, '[Innovation and entrepreneurship in a context of poverty: a multilevel approach](#)', 2021. Published on LINK.SPRINGER.COM.
- Jen Nelles and others, '[Seeing beyond silos in labour productivity research and policy](#)', 2024. Published on ACADEMIC.OUP.COM.
- Peter O'Brien and Andrew Pike, '["Deal or no deal?" Governing urban infrastructure funding and financing in the UK City Deals](#)', 2018. Published on JOURNALS.SAGEPUB.COM.
- Organisation for Economic Co-operation and Development, '[Financing SMEs and entrepreneurs scoreboard: 2025 highlights](#)', 2025. Published on OECD.ORG.
- Lorna Philip and Fiona Williams, '[Remote rural home-based businesses and digital inequalities: understanding needs and expectations in a digitally underserved community](#)', 2019. Published on SCIENCEDIRECT.COM.
- Federation of Small Businesses, '[Steps to growth](#)', 2024. Published on FSB.ORG.UK.
- Darja Reuschke and Duncan MacLennan, '[Housing assets and small business investment: exploring links for theory and policy](#)', 2013. Published on TANDFONLINE.COM.
- HM Treasury, '[The Alison Rose review of female entrepreneurship](#)', 2019. Published on GOV.UK.
- Joseph Schumpeter, '[Theory of economic development](#)', 1934. Available on TAYLORFRANCIS.COM.
- Cem Soner and others, '[The impact of Brexit on SME lending in the UK](#)', 2025. Published on SCIENCEDIRECT.COM.
- Anna Stansbury and others, '[Tackling the UK's regional economic inequality: binding constraints and avenues for policy intervention](#)', 2023. Published on TANDFONLINE.COM.
- Ute Stephan and others, '[Institutions and social entrepreneurship: the role of institutional voids, institutional support, and institutional configurations](#)', 2014. Published on LINK.SPRINGER.COM
- Christopher Sutter and others, '[Entrepreneurship as a solution to extreme poverty: a review and future research directions](#)', 2019. Published on SCIENCEDIRECT.COM.
- Sutton Trust, '[The opportunity index: the geography of opportunity and social mobility in England](#)', 2025. Published on SUTTONTRUST.COM.
- Youth Futures Foundation, '[Ethnic disparities and apprenticeship participation](#)', 2025. Published on YOUTHFUTURESFOUNDATION.ORG.
- Brett Theodos and Brady Meixell, '[Opportunity Zones need to be retooled to achieve impact](#)', 2025. Published on URBAN.ORG.
- Piers Thompson and Wenyu Zang, '[The foreign business and domestic enterprise relationship: Its implications for local entrepreneurial resilience](#)', 2018. Published on JOURNALS.SAGEPUB.COM.
- Helen Tilley and others, '[A place-based system? Regional policy levers and the UK's](#)

[productivity challenge](#)', 2023. Published on TANDFONLINE.COM.

Mamta Tripathi and others, '[Globalisation and competitive strategies of firms in traditional manufacturing sectors of the West Midlands](#)', 2024. Published on JOURNALS.SAGEPUB.COM.

Resolution Foundation, '[Money, money, money: the shifting mix of income sources for poorer households over the last 30 years](#)', 2025. Published on RESOLUTIONFOUNDATION.ORG.

Matthew Ward, '[Foreign direct investment statistics](#)', 2025. Published on COMMONSLIBRARY.PARLIAMENT.UK.

What Works Centre for Local Economic Growth, '[How to evaluate case study: area based initiatives](#)', 2016. Published on WHATWORKSGROWTH.ORG.

What Works Centre for Local Economic Growth, '[Evidence review 6: broadband](#)', 2015. Published on WHATWORKSGROWTH.ORG.

What Works Centre for Local Economic Growth, '[Evidence Review 8: Apprenticeships](#)', 2015. Published on WHATWORKSGROWTH.ORG.

What Works Centre for Local Economic Growth, '[Evidence Review 4: Access to finance](#)', 2016. Published on WHATWORKSGROWTH.ORG.

What Works Centre for Local Economic Growth, '[Assessing the impact of improving access to debt finance on local economic growth](#)', 2024. Published on WHATWORKSGROWTH.ORG.

White House Opportunity and Revitalization Council, '[Best practices report to the President. Opportunity and Revitalization Council](#)', 2020. Published on OPPORTUNITYZONES.COM.

Zimu Xu and Stephen Dobson, '[Challenges of building entrepreneurial ecosystems in peripheral places](#)', 2019. Published on EMERALD.COM.

Fred Yamoah and Christopher Johnson, '[Minding the gaps in British ethnic entrepreneurship and commercial history: from the genesis to the 21st century](#)', 2020. Published on ONLINELIBRARY.WILEY.COM.

Yang Yu and others, '[Levelling up' social mobility? Comparing the social and spatial mobility for university graduates across districts of Britain](#)', 2024. Published on ONLINELIBRARY.WILEY.COM.

Rana Zayadin and others, '[Entrepreneurs' decisions in perceived environmental uncertainty](#)', 2022. Published on ONLINELIBRARY.WILEY.COM.

Appendix

Data and evidence selection process

Figure 1: Selection process and exclusion criteria.²⁹

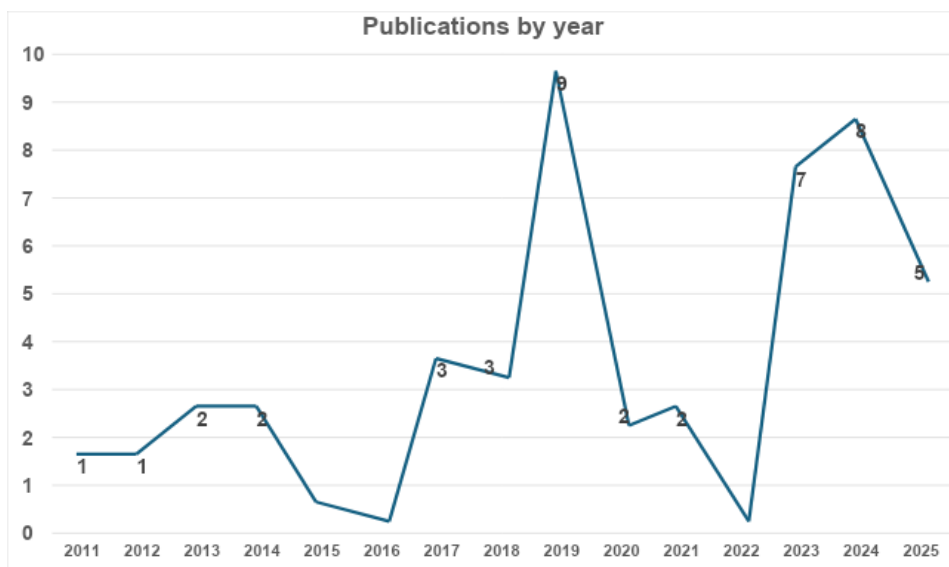
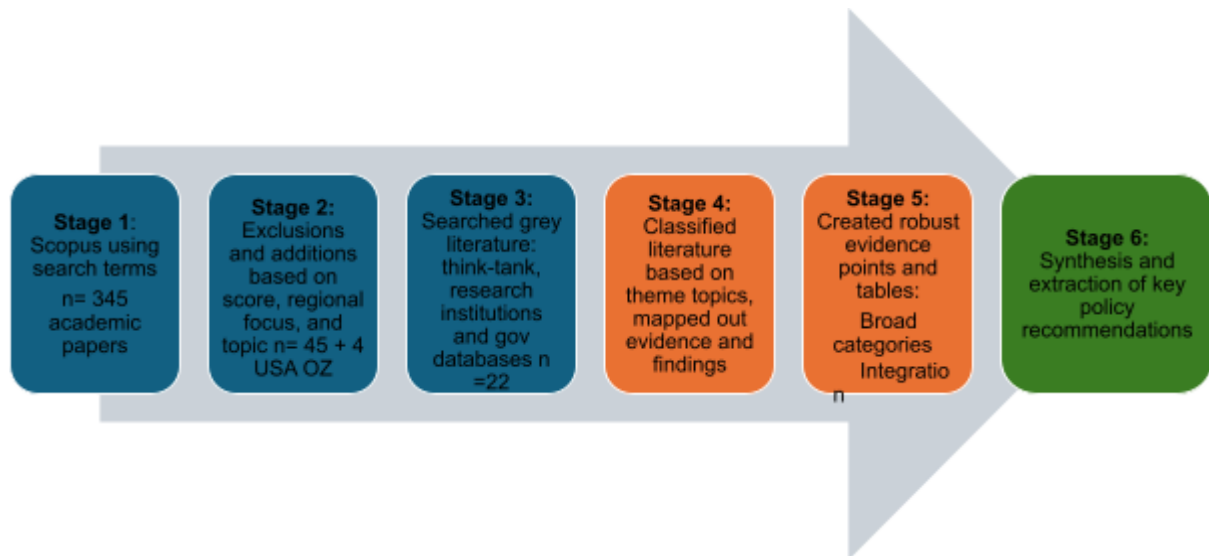


Figure 2: Academic publications by year.

²⁹A second search was conducted manually, looking for specific relevant topics. Additionally, another manual search was conducted for evidence on USA-based policy “Opportunity Zones”. This procedure yielded 2 additional academic papers and 2 government reports.

Table 4: Grey literature

Number	Publication year	Author	Title	Publication or funding body
1	2015	Gabriel Ahlfeldt, Oliver Falck, Ralf Martin (contributors)	Evidence review 6: broadband	What Works Centre for Local Economic Growth (funded by ESRC, Department for Business Innovation and Skills, Department of Housing, Communities and Local Government)
2	2015	What Works Centre for Local Economic Growth	Apprenticeships	What Works Centre for Local Economic Growth (LSE, Centre for Cities, Arup)
3	2016	Einiö, E. and Overman, H.G. (What Works Centre for Local Economic Growth)	How to evaluate case study: area-based initiatives – the (displacement) effects of spatially targeted enterprise initiatives: evidence from UK LEGI	What Works Centre for Local Economic Growth (funded by Economic and Social Research Council, Department for Business Innovation and Skills, Department of Housing, Communities and Local Government)
4	2016	What Works Centre for Local Economic Growth	Access to finance	What Works Centre for Local Economic Growth (LSE, Centre for Cities, Arup)
5	2020	Diane Coyle and Marianne Sensier (Bennett Institute for Public Policy,	The Imperial Treasury: appraisal methodology and regional economic performance in	Bennett Institute for Public Policy, University of Cambridge

		University of Cambridge and University of Manchester)	the UK	
6	2020	White House Opportunity and Revitalization Council	Best practices report to the president	Opportunity and Revitalization Council
7	2021	Craw and others	The Prince's Trust entrepreneurship report	The Prince's Trust
8	2022	GBSLEP	Greater Birmingham and Solihull LEP board	Greater Birmingham and Solihull LEP board
9	2023	Alvarez-Boulton , I. and others	Mapping schumpeterian outcomes in the UK small business population over time	Enterprise Research Centre
10	2023	Department for Levelling Up, Housing and Communities (DLUHC)	Levelling Up Fund impact evaluation scoping study	DLUHC
11	2024	British Business Bank (Martina Tortis and Irvine Mwiti with input from colleagues)	Nations and regions tracker: small business finance markets 2024	British Business Bank
12	2024	Golubova, E.	What do we know about factors that affect business investment decisions?	Enterprise Research Centre, Aston Business School
13	2024	What Works Centre for Local Economic Growth	Assessing the impact of improving access to debt finance on local economic growth	What Works Centre for Local Economic Growth

14	2024	Hart, M. (GEM UK Team)	United Kingdom 2023/2024 national report	Global Entrepreneurship Monitor
15	2024	Barnsley Council and the Pathways to Work Commission	Pathways to work commission report	Barnsley Council and the Pathways to Work Commission
16	2024	Quist, E., Russell, C., and Sarjant, P.	Steps to growth	Federation of Small Businesses
17	2025	OECD	OECD financing SMEs and entrepreneurs scoreboard: 2025 highlights	OECD
18	2025	Takala, H and others	Ethnic disparities and apprenticeship participation	Youth Futures Foundation and NatCen
19	2025	The Sutton Trust	The opportunity index: the geography of opportunity and social mobility in England	The Sutton Trust
20	2025	Richmond Egyei, Emily Fry, Tasos Kitsos, Dalila Ribaudo, Gregory Thwaites and Enrico Vanino	The power of place: the role of place in driving regional pay inequalities	Resolution Foundation (supported by ESRC grant ES/Z000130/1)
21	2025	Centre for Cities	Cities Outlook 2025	Centre for Cities
22	2025	Try, L.	Money, money, money	Resolution Foundation



**Social Mobility
Commission**

OGI

© Social Mobility Commission 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit **nationalarchives.gov.uk/doc/open-government-licence/version/3**

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at **<http://www.socialmobilitycommission.org/>**

Any enquiries regarding this publication should be sent to us at:

The Social Mobility Commission

1 Horse Guards Road

London

SW1A 2HQ

contact@socialmobilitycommission.gov.uk