



A Force for Growth: Spotlighting How Councils Enable Inclusive Growth

Annabel Smith, Hamida Ali

10 December 2025



Introduction

Key Project Objective

- Develop a **compelling narrative on the role councils play in driving inclusive growth** to influence government policy
- Make a case that is **forward looking, positive** and emphasises the **importance of place**
- Narrative reflective of the role of:
 - Councils in relation to **Local Growth Plans**
 - Councils as **convenors, service providers and buyers**
 - Councils across a **diverse range of economic geographies**



Image credit: Courtney Cantu

National context: why this matters

After a decade of modest productivity, national government's top mission is to drive growth across all regions – raising living standards, funding public services, and tackling poverty and inequality.

Inclusive, place-based growth requires all levels of government working together so people can both contribute to and benefit from growth.

Devolution has renewed momentum, with each partner playing distinct but collaborative roles in the local ecosystem.



*Image credit: Orry
Verducci*

Our approach

- 1. Desk research** - including powerful data, to inform a compelling interim narrative
- 2. Quantitative research** - estimating both *place-based* economic potential and growth driven by councils themselves
- 3. Qualitative research** - 24 interviews with council leaders, directors of economy and chief executives across local and combined authorities, as well as relevant experts
- 4. Timelines and outputs** – data analysis published during LGA Annual Conference 2025 and final report

The Opportunity



Our analysis points to a **hidden quarter trillion** of untapped economic potential

Breaking this down by geography:

- **Urban centres** account for the bulk of this potential, worth £234 billion
- **Rural areas** could add at least £42 billion, over 10% of the existing rural economy
- **Coastal areas** could contribute nearly £43 billion, or 11% of their current economy

Local Growth Plans: Cross Tier Collaboration



- Every council plays vital role in contributing to the government's growth mission
- Even within MSAs, development is rooted in places governed by local authorities
- MSAs should work closely with their constituent councils to create Local Growth Plans
- Councils in non-devolved areas should also develop growth plans, with support from the LGA

The four pillars

The Four Pillars

Growth facilitators

- Honest brokers
- Relationship brokers
- Potential partners



Shared with combined authorities

Service providers

- Vital frontline services
- Lifeline to businesses
- Licensing standards



Local authority's sole responsibility

Orchestrators

- Convening power
- Knowledge about different actors in the community



Shared with combined authorities

Anchors in their places

- Significant economic actors
- Major employers
- Major buyers



Shared with combined authorities

Pillar One - Councils as Growth Facilitators

- Fundamental to growth, especially in planning and delivering development in **“the last mile”**
- **Honest broker** – securing the best return for communities and holding developers to account
- Their “last mile” role matters even in the largest projects
- **Local nuance** – adapting to geography, economy, and community needs
- Capacity and priorities vary, but councils enable growth through coordination, with much of this happening **behind the scenes**

Pillar Two - Councils as Service Providers

- **Foundational economy** - councils deliver £134bn in services underpinning the economy
- **Business lifeline** – provide essential support: waste, licensing, standards, skills, funding
- **Local leadership** – councils take the lead in combined authorities, not shared responsibility
- **Funding limits** – service delivery dominates budgets, restricting focus on economic development
- **Boost life chances** – uniquely positioned to act holistically and improve lives
- **Central control** – government retains key funding and policy powers

Pillar Three - Councils as Orchestrators

- **Convenors** – use democratic legitimacy to unite public, private, and social partners for local prosperity
- **Bigger role in smaller economies** – step in where markets retract
- **Most effective examples** – councils start initiatives but allow partners to lead
- **Capacity required** – resources shrinking, revenue increasingly scarce
- **Shared space** – orchestration is shared across combined authorities at different scales



Pillar Four - Councils as Anchor Institutions

- **Permanent presence** – councils provide long-term representation for communities
- **Major employer & spender** – 1.18 million employees, £134bn economic contribution
- **High impact per pound** – over £2,000 economic return per capita
- **Impact in non-devolved geographies** – £30bn combined economic contribution

Critical Influencing Factors



Recommendations

Recommendations

Funding

- Provide sustainable multi-year funding: Consolidate and stabilise funding to support long-term planning and protect key services.
- Increase capital visibility: Publish indicative capital pipelines beyond CSR cycles to improve planning and attract investment.
- Expand fiscal devolution: Strengthen local revenue powers (e.g., business rates, council tax flexibility, land value capture) to link local growth with local benefit.

Cross-tier collaboration

- Establish structured multi-level coordination: Create regular engagement mechanisms to align priorities, track investment, and improve policy coherence.
- Grow cross-government secondments: Expand exchanges between central, regional, and local government to build shared understanding and improve delivery.



Image credit: Maxim Zhashkevych

Recommendations

Local growth and investment plans

- Co-design Local Growth Plans: Combined authorities and councils should jointly produce evidence-based, inclusive growth plans.
- Develop investment plans and pipelines: Councils should maintain clear investment strategies and project pipelines to support plans and attract finance.

Non-devolved areas

- Create local growth and investment plans: Non-devolved councils should prepare growth plans with supporting investment strategies and project pipelines.

LGA support

- Build evidence and share best practice: Strengthen the national evidence base, support peer learning, and promote effective evaluation.
- Prioritise local growth in advocacy: Focus resources on championing local growth and supporting key enabling services.
- Support non-devolved councils: Help develop growth plans and pipelines and broker relationships with central government.



Image credit: Maxim Zhashkevych