

# The What Works Centre for Local Economic Growth: Careful research and evaluation has a crucial role to play in increasing the effectiveness of policy making

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For the last six years, **Henry Overman** directed the Spatial Economics Research Centre (SERC), based at the LSE. As of September 1<sup>st</sup> this year, he stepped down from that role to run the new What Works Centre for Local Economic Growth. The Centre will aim to ensure that robust evidence is embedded in the development of policy, that these policies are effectively evaluated and that feedback is used to improve them.



Since 2008, the research that **SERC** has produced has challenged many aspects of the 'place-based' approach to helping declining places. We have argued that focusing public expenditure on "turning around" the economies of declining places has often not worked: and worryingly, many popular policy interventions have had little economic effect.

In the current fiscal climate, we have to identify priority areas of expenditure and consider more radical changes – in areas such as land use planning – to help address issues arising from spatial disparities. At SERC, we have consistently argued that these interventions should be judged on the extent to which they benefit people living in declining places. We have also argued that urban economics provides plenty of theory and evidence to help improve policy making in these areas.

What, then, should be the main focus of urban policy in tackling decline and promoting growth? Given what we know about the causes of spatial disparities and the effectiveness and impact of different policies SERC research suggests that the high level approach needs to be on improving skills in declining places, and on investing in infrastructure and housing in more successful places.

Perhaps more controversially, given what we know about the causes of spatial disparities and the relative effectiveness of policy, we have often argued for a greater focus on encouraging labour market activity and removing barriers to mobility. In practice, achieving this (and fully understanding the consequences) will require a better understanding of the three-way interaction between the benefit system and the housing and labour markets; it will also require the expansion of housing supply and reduction of costs of living in relatively successful places. SERC research suggests some of the ways in which the latter could be achieved. It will also require serious thinking about how to manage the negative consequences of people moving from so-called 'declining places' for those who stay in those places.

This raises a second set of challenges. Beyond these broad prescriptions, and some more detailed recommendations discussed in various SERC reports, it turns out that we know depressingly little about the detailed interventions required to help achieve urban policy objectives. Some of this reflects the complexity of formulating good urban policy. But equally as important is the appalling track record of governments (of all kinds) in effectively evaluating the impact of different urban policy interventions.

As we have argued elsewhere, effective evaluation of urban policy is possible. It certainly requires patience and also a recognition that evaluation needs to be embedded at the policy design stage. Unfortunately, these requirements are infrequently met in practice, with the result that much official evaluation of government policy boils down to little more than self-justification. Theory and evidence provided by urban economic researchers can help us formulate better urban policy, but only rigorous evaluation will tell us whether this policy ultimately helps achieve our objectives.

This is where a new initiative, the [What Works Centre for Local Economic Growth](#) comes in. The Centre is a partnership between LSE, the Centre for Cities and Arup, and involves academic experts from across the UK. At the What Works Centre for Local Economic Growth, we believe that careful research *and evaluation* has a crucial role to play in increasing the effectiveness of policy making. Of course understanding, assessing and making use of the evidence is not easy for policymakers facing the day-to-day challenge of delivering better economic outcomes for their communities. So we are here to help.

We are going to start by [systematically reviewing](#) the evidence on key areas such as employment, skills, housing and transport policy to identify the most effective interventions. We will be ranking these interventions in terms of the strength of the evidence, its applicability and cost effectiveness. These reviews should provide local decision makers with crucial insights to help them drive local economic growth – and we will work hard to make sure that their findings are understood and used by decision makers. To do this, we will be running roundtables and workshops across the country, creating communities of interest and setting up an interactive website and evidence database.

But our work won't stop there. Our longer term objectives are to ensure that robust evidence is embedded in the development of policy, that these policies are effectively evaluated and that feedback is used to improve them. To achieve this we will be working with local decision makers to improve evaluation standards so that we can learn more about what policies work, where. And we will work with local partners to set up a series of demonstrator projects to show how effective evaluation can work in practice.

We will, of course, continue to work with the Spatial Economics Research Centre (now directed by Steve Gibbons). SERC has always had a strong emphasis on ensuring that research informs the development of policy and we hope that our new centre's focus on effectively evaluating the policies that actually get implemented will form an important complement to that work.

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

## About the Author

**Henry Overman** is professor of economic geography at LSE and director of the [What Works Centre for Local Economic Growth](#).