

Place-based investment will support left-behind towns, but only a targeted approach can truly resolve people's struggles

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A leading strategy expert at Bayes Business School says failing to target individual local improvement plans will result in the deepening struggles of left-behind towns in the U.K.

Professor Paolo Aversa says the untapped potential of towns and cities in parts of the U.K. must be addressed, including developing a deeper understanding of local people and how their passion can be harnessed.

The cost-of-living crisis is continuing to impact families across the country, with a disproportionate impact on those who were already struggling financially. A report [published last month](#) found that one in three children in the north live in poverty, and one in four nationally, with the impact stretching beyond the home and into neighborhoods.

Projects are in place to support regions, with community lenders working to address the imbalances of finance distribution across [small businesses](#). This includes schemes by NatWest to customers will small loans and grants, and Border to Coast, a pension partnership which is investing in renewable energy in Lincolnshire.

Professor Aversa says supporting communities to ensure people can stay and grow locally, financially and economically, is the key. He added that the sense of unity that community can bring should not be underestimated.

"The history of the U.K. presents extensive evidence that place-based investments could be a positive source of economic development and [social welfare](#) for [local communities](#)," said Professor Aversa, an expert in innovation and the evolution of industries.

"However, such investments need to follow a precise rationale and a targeted strategy. While philanthropic initiatives may temporarily resolve some of the challenges locals experience, it is ultimately investments

focused on developing locally embedded practices and activities into businesses that create positive effects that are both long-lasting and self-reinforcing."

Professor Aversa [conducted research last year](#) which identified such opportunities in regional communities by tracking local passion for specific activities, and the value in nurturing the development of clustered markets and industries.

"Such mechanisms are at the bases of some of the most successful British industries, such as the British Motor Valley," he said, with the British Motor Valley now supporting an annual turnover of £9 billion, with most Formula One teams based at the Midlands base, including Red Bull, Williams and McLaren. "All things thrive more effectively if they have a shared sense of purpose, including places. Championing a business in its infancy gives it a sense of community and can act as an anchor."

Professor Aversa says for effective steps to be taken Community Development Finance Institutions must realize their potential to better proportion finances in these areas, while working with policymakers on how to continue supporting local [business](#) in the aftermath of the pandemic.

Provided by City University London

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