

2026 Election Policy Insights: Regional Economies

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Policy Insights by Dr David Waite

The manifestos for the recent Scottish Parliament election tried to sway a somewhat unenthused electorate. With some of the manifestos described variously as unserious or lacking credibility, many - it is fair to say - have struggled to find optimism in the forward view set out by the parties. One sliver of common ground across the manifestos, however, was a push for regional empowerment or decentralisation within Scotland. This reflects a tension concerning the apparent centralising tendencies of the Scottish Government at a point where sub-national policy steps in England are being advanced. The argument for decentralisation typically hinges on calls for subsidiarity and a sense that local leaders are in the best position to design interventions for their areas, along with claims to bring about a devolution dividend. Why, after all, would Edinburgh be in an effective position to determine what happens in Kirkwall or Dumfries?

Despite a general push in the same direction for decentralisation in the manifestos, different perspectives and ideas were set out.

For example, the SNP pointed to strengthening regional economic partnerships, as the First Minister laid out in a speech in November (2025). In the manifesto, furthermore, is a push for an 'arc' model linking Edinburgh and Glasgow (plus an East Coast arc linking Aberdeen, Dundee and St Andrews). Here we can see a return to positioning the central belt as a key arena in the Scottish economy; this is analogous to the Oxford-Cambridge arc touted for England.

Labour, meanwhile, gave scope for directly elected mayors to emerge at a regional scale in Scotland. This reflects a long running push for the importation of the mayoral model in Scotland, despite evidence on the economic effectiveness of mayors remaining insecure/uncertain. Here advocates appeal to democratic legitimacy for city-regionalism and point to an apparent stasis in sub-national governance arrangements north of the border.

The other parties all pointed to new possibilities for local government working too. The Greens referred to establishing regional green skills hubs and wider municipal ownership within a concern for regional inequalities. The Liberal Democrats referred to a model to support “forgotten communities” as a follow on from growth deals. Reform UK mentioned the prospect of mayors in cities with “reformed councils” while a push to abolish quangos may imply a revised economic development landscape. The Conservatives, finally, pointed to greater funding for local government.

As business recommences, the following principles warrant reflection as a new regional agenda is fashioned.

First, devolution is not a silver bullet and the evidence on economic effectiveness is somewhat mixed. Rather institutional quality and coherence are key. So, the new administration, through stakeholder dialogue, would do well to consider which levers are best handled by localities and which levers should stay at the centre. This concern for quality and coherence should remain under constant consideration rather than appeal to a final, settled solution.

Second, devolution is only one form of decentralisation and steps reflecting deconcentration may effectively support regional policy in Scotland too. This involves the centre (the Scottish Government) working differently and more reflexively with localities. Indeed, how does the Scottish Government effectively embrace responsiveness to localities? That is, decentralisation implies a change of working by the centre too.

Third, Scotland’s regions and city-regions exhibit highly varied economies. Edinburgh exhibits growth strengths, while the prospects of sectoral change pose almost existential challenges for Aberdeen. As a result, an asymmetric approach to policy development would likely be more effective than a blanket approach of

treating places in the same way. This reflects the different governance capacities in place locally as well.

Fourth, regional steps must confront tripartite working head on. As the Scottish Government, UK Government and local authorities all have a stake in sub-national economic change in Scotland, some unity of purpose is needed. This will not be easy – given the obvious and persistent tensions between the parties – but will be necessary if regional policy is to be effective. The risk is that regional policy continues to be ad hoc and motivated by political points scoring as much as anything else.

My colleagues and I [argued previously that local growth plans could be usefully advanced in the Scottish context](#), in response to the principles above. The plans offer several advantages. First, they do not assume a specific governance structure, necessarily. Rather they can focus, in the first case, on economic development opportunities to pursue as a matter of priority (through which governance may then need to evolve). Second, they provide a vehicle by which to convene a dialogue with local and multi-level governance stakeholders. Third, they require evidence to be assembled so priorities are adequately established and justified. From working through this, a decision can then be taken as to whether existing or new governance steps are required to support plan implementation.

Finally, Scottish regions and city-regions would benefit from sharpened opportunism (or policy tactics) in a political context where UK and Scottish government constraints and direction loom large. In this sense, positioning effectively to take account of the new industrial strategy and the individual sector (or IS-8) plans seem a sensible move to take, given the UK Government's renewed commitment to place-based change. The new Scottish Government has a role in supporting such linkages too, and there is an opportunity to tie together the [Scottish Government's public service reform agenda](#) which emphasises place and a move toward decentralisation (see workstream 3).

With significant fiscal challenges confronting the new Scottish Government, an opportunity nevertheless emerges for the new administration in terms of honing central-local government working. That is, working together effectively - through

parity of esteem, as opposed to a sense of compliance - to guide effective place-based change within a constrained budgetary setting. Resource discussions and disputes will likely rumble on, however, regional policy need not be completely beholden to this.

There are openings too to consider more fully what economic development may look like in different parts of the country. The last decade has seen the Scottish Government attach to a range of progressive approaches, yet how these shape decision making and effective prioritisation is yet to be made clear in many cases. The SNP point to their “world leading” Community Wealth Building approach in their manifesto, and at the end of the next Parliament we may have scope to consider how this changes (or doesn't) local economic development approaches.

Conclusion

Economic development policy in Scotland has promised a lot but has not secured, as yet, transformational change. As my colleagues (Graeme Roy and Andrew Goudie) and I [argued previously](#), a number of economic strategies have come and gone which - though with some exceptions - offer more of a veneer of change than an actual change in policymaking.

The Scottish Government, now the election is behind us, would do well to consider the regionalising thrust most parties, before the election, hinted at. Local growth plans that set out a long-term vision for change can then be used to build coalitions of the willing around future policy and governance change, and this provides a means to operationalise some of the key principles set out in the public service reform agenda.

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Policy Insights

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