

A capability-approach perspective on Levelling Up

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Abstract

We provide an introduction to the capability approach and the concept of comprehensive outcomes, and show how it can be useful as a framework for regional development policies. We highlight the role of real opportunities (capabilities) in allowing individuals to achieve the things that they consider valuable in their lives, and the role of agency and process in achieving those outcomes, providing a contrast to other approaches which focus on resources (GDP, productivity, income) or desire fulfilment (utility, subjective wellbeing). We identify practical steps for policymakers wanting to incorporate the capability approach, either partially or fully, into the regional policy process.

Keywords: regional development, regional policy, left-behind places, capability approach, agency.

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1. Introduction

Growing regional inequalities in a number of high-income countries have led to increased public interest in the causes and consequences of regional under-development, and the role of policy in addressing them effectively. Following years of political neglect, the role of uneven development in national outcomes has brought into sharp focus through a series of electoral shocks driven by dissatisfaction among residents of “left behind” regions and communities. In the UK, recent elections have been dominated by promises to “level up” these communities, with similar political narratives taking hold in France, Italy, Germany, and Spain (McKinnon et al., 2022).

Much of this debate has centred around the effectiveness of policies that aim to promote economic growth through investments in infrastructure, skills, and business incentives. Target ‘left-behind’ areas are usually characterised by economic underperformance, due to poor access to employment and business opportunities, and a lack of effective public infrastructure and public support services. In the UK, this emphasis on economic growth, connectivity and regeneration is clear from UK Government Policy Papers, and shapes eligibility criteria and accessibility to the government’s Levelling up Fund and post-EU Shared Prosperity Fund amongst others (HM Treasury, 2021; DLUHC, 2022).

However, the problems of the so-called left-behind places are by no means restricted to economic disadvantage. As has been well documented, they also include disaffected populations, political discontent, hopelessness regarding opportunities for social and economic mobility, and grievances relating to cultural and demographic change (Norris and Inglehart, 2019; Abreu and Jones, 2021). These grievances result in low levels of political efficacy and a general feeling of disillusionment with the policy making process. To illustrate the significance of the problem, a survey of town residents by DEMOS, a UK-based think tank, found that over 70% of respondents thought that the public should be more involved in decisions made by local governments about their town (DEMOS, 2020). A follow-up study found that 54% of residents were willing to forego higher spending in their area in exchange for a greater say over how the money was spent (DEMOS, 2021).

A large number of policy initiatives have been proposed as remedies for this situation, based on a diverse set of theoretical frameworks, ranging from new growth theory and spatial economics to innovation ecosystems, urban planning, and institutional approaches. Nevertheless, the ways through which these are translated into policy programmes have several things in common. First, the focus is almost exclusively on intermediate goals, such as improved transport infrastructure,

enhanced business networks, or regenerated town centres, rather than on the ultimate opportunities and outcomes these policies might afford to local residents. This poor focus on tangible outcomes may partly explain the lack of agency reported by residents of left-behind areas in polls and identified in a number of recent empirical and ethnographic studies.

Second, the process is framed as essentially technocratic, run by (notionally) impartial administrators, and evaluated using a set of standardised indicators, with decisions on design, implementation, and evaluation taken by actors far removed (geographically and socially) from the beneficiary communities. In the UK, in particular, the regional development process has become increasingly centralised, with national devolved administrations until recently shaping policy and resource allocation across their polities, but more latterly increasingly left out of the UK-centralised Levelling Up approach. Local politicians and officials, for example in local authorities, are left out of the policy design and funding allocation process.⁴ This focus on impartial and technocratic policy delivery, combined with a perception that local development is undertaken (or not) for national party-political reasons (Hanretty, 2021) in turn exacerbates the agency gap and creates information asymmetries.

Third, this lack of agency and process transparency further reduce resident support for the policy programmes that underpin the Levelling Up agenda. It is, for instance, very striking that Levelling Up funds are ‘gifted’ to communities following an arcane and complex bidding and evaluation process in much the same way as EU structural funds, despite findings that residents of regions that received substantial amounts of EU monies had such little appreciation of their value (Willett et al., 2019).

Fourth, methods for designing and evaluating regional development programmes tend to focus on regional averages in order to measure success, and rarely consider the impact of policies on specific individuals or groups at the tail end of the distribution (e.g., those on low incomes, those who are disabled or in ill health, or those who are socially excluded) either at the policy design or at the evaluation stage. Some residents may face significant constraints in taking advantage of the opportunities afforded by the new infrastructure or support services, but this often overlooked.

Given these challenges, we argue for a broader and more deliberative policy-making process that can be used to better identify the needs of diverse left-behind communities and suitable ameliorative strategies. We consider the possibilities offered by the capability approach, originally

⁴ Interestingly, Members of Parliament (MPs) have now been given a role in Levelling Up, even in places where development and regeneration are a devolved matter, muddying the policy waters significantly.

designed to address the challenge of international development, and not currently explicitly used in the context of regional development in high-income countries. We argue that the capability approach's quintessentially inclusive and broad scope, and focus on real opportunities, agency, and process might better address the challenges of left-behind places. We use the UK as a focal point to illustrate our arguments due to the current salience of the Levelling Up policy agenda here, but argue that similar arguments apply to other high-income countries with a similar regional inequality challenges.

The remainder of the paper is organised as follows. We start with an introduction to the capability approach, and discuss the concepts of capabilities, functionings, and contextual factors, and how they relate to economic policy. We argue this lens might improve on more commonplace measures of regional development used in much of the current policy discourse. We then extend this simple framework to include other valuable outcomes such as agency, process, and human rights (Section 2). We use these insights to lay out a practical guide for how the capability approach could be used in policymaking, either lightly as a theoretical framework, or more intensively as a tool for policy design and evaluation, and present case study examples from the UK and other countries (Section 3). Finally, we address common criticisms, and discuss the opportunities and challenges arising from the proposals.

We stress here that our focus in this paper is on the process through which local and regional policies are identified, implemented, and evaluated, rather than on specific policies that might prove most effective in improving the lives of people in left-behind communities, on which there is an extensive literature (Martin et al., 2021; McCann, 2016; Tomaney and Pike, 2020; Grover et al., 2022, to give a few recent examples). Our proposed approach is therefore intended to work alongside, and not in opposition to, commonly used theories of socio-economic change. In addition, while our focus is on relatively local development, we acknowledge the role of meso-level regional policy processes, which we believe should sit alongside a more inclusive local development process. As we argue below, a deliberative and broad-based Levelling Up agenda should increase support for meso and macro policies insofar as they are seen by local residents to be supporting their local development goals. These feedback loops are a key component of our suggested framework.

2. Principles of the capability approach

The capability approach emerged in the 1980s as an alternative framework for thinking about social welfare and human development, primarily in an international development context (Sen,

1980, 1985a, 1999, 2009, 2017). The aim was to counter an almost exclusive focus within the international development agenda on achieving growth in commodities or resources, and to provide an alternative to other frameworks based on subjective wellbeing, both of which might be considered too narrow to capture the nature and extent of human development.

2.1 Capabilities and functionings

In its original incarnation, the capability approach argued that the evaluative focus of development programmes should be on growing each individual's set of valuable capabilities, where capabilities are real freedoms or opportunities to be or do the things that an individual considers valuable in their life. Given a particular set of valuable capabilities, each individual has the freedom to choose whether to realise them and achieve particular outcomes, or functionings, which are the "beings and doings" arising from the realisation of an individual's capabilities.

At this point it might be helpful to illustrate how capabilities flow from resources and structures using some practical examples drawn from regional development, summarised in Table 1. An important regional policy area is transport, and development programmes might provide funding for transport infrastructure (improved roads or new bus routes), subsidies to finance the purchase of private modes of transport (electric cars or bikes), to learn new skills (cycling or driving skills), and informational campaigns to encourage the use of particular forms of transport. The resources available to residents include income (to afford car or bike repairs, petrol, or bus tickets), ownership of private modes of transport (car or bike), human capital in the form of driving or cycling skills, and time available for travel. Individuals can then turn these resources into transport consumption (e.g., miles travelled or number of weekly journeys), if the structural factors in their local area allow them to do so. The latter include the quality of the transport infrastructure, the natural and built environments (pollution, traffic, weather), local social norms (is it socially acceptable to cycle), and so on.

These are all easily quantifiable measures, but do not capture the real freedoms or opportunities that individuals might stand to gain from a particular policy proposal. A capabilities lens in this example might include several functionings such as the ability to travel to work, the ability to meet friends, the ability to visit shops and services, or the ability to enjoy scenic landscapes. The capability approach argues that the existence of this capability set, comprised of several mobility-related functionings, is valuable in itself, even if individuals choose not to take advantage of them. For instance, an elderly resident might value his or her ability to drive to the local shops (useful in an emergency) but choose to use a home delivery service instead. The realised functionings in the

transport example are the observed beings and doings, which might include commuting to work, meetings friends, shopping for essentials, or enjoying scenic landscapes.

A couple of other examples might be useful to highlight the unique nature of capabilities and functionings as informational spaces in regional policy. A current important topic in the UK is the effect of cost-of-living increases on food consumption and nutrition. A local development programme in a disadvantaged area might seek to improve household resources such as income, availability and access to grocery shops, cooking skills, or fund the purchase of kitchen appliances. These might in turn lead to greater expenditure on food, number of full meals a day, or an increase in calorie consumption. However, what local residents ultimately value are capabilities such as the ability to be well nourished, the ability to enjoy food with family or other people, or the ability to provide for their family. Resources may not automatically lead to these valuable opportunities for some individuals because their personal characteristics, or the context in which they live, restricts how they are translated into important capabilities and functionings. For instance, a less able person might find it difficult to cook meals, even if she has access to groceries, storage, and kitchen appliances; the resources she has access to are therefore not translated into the ability to be well nourished. This is due to the presence of contextual factors, which we return to in Section 2.3.

A final example comes from policies related to community life. Individual resources include income, social capital in the form of friends and acquaintances, access to public transport to travel to community meeting places, and income to pay for petrol or bus tickets. The resulting consumption of community services might be measured by policymakers using town centre footfall, or the number of visits to community spaces such as libraries or local parks. However, the unobserved valuable capabilities are things like the ability to participate in public or social events, or the ability to enjoy green spaces. The realised functionings might be taking part in a local cultural event, being part of a reading group, or enjoying nature.

These examples help to illustrate the shortcomings of common resource or consumption-based measures used to evaluate the success of regional development policies, such as household income, ownership of particular assets (housing, private transport, IT equipment, kitchen appliances), use of public services, or town centre footfall. As illustrated above, they are sensitive to the demographic composition of a place, such as the proportion of high-income, able-bodied, or working-age households. They also use a revealed preference framework to make assumptions about individual preferences, while giving little consideration to the value of individual empowerment arising having the freedom of choice, even if those choices are not actuated (Sen 1985a, 2009; Nussbaum, 2011b).

These issues are well known in the literature, and one proposed alternative is to instead focus on individual satisfaction with the outcomes afforded by the policies in question, in the form of life satisfaction, or satisfaction with work, leisure, health, or overall happiness (see Fabian et al., 2021, for a critical survey). However, a focus on subjective wellbeing as the key outcome of a development agenda is also problematic, but for different reasons. One difficulty arises because of the complex process through which expectations are developed, and the resulting problem of adaptive preferences (Elster, 1982; Nussbaum, 2000). Individuals might adjust their expectations for specific outcomes in the light of current adverse living conditions (e.g., poverty, poor health, low-quality environment), so that their life satisfaction or happiness is relatively high, but their opportunities and standard of living relative to others are quite poor. Additionally, a focus on subjective wellbeing has the effect of collapsing a set of valuable capabilities and the resulting functionings to just one dimension (mental state), thereby obscuring understanding of what constitutes wellbeing and quality of life across a plurality of informational spaces, and therefore limiting policy choices.

The above argument does not imply that economic resources and subjective well-being should be fully discarded as informational spaces in normative evaluations of an individual's quality of life. Instead, we argue that they should be part of informationally-richer accounts of wellbeing, so that we can assess their contribution in a non-mechanical way (Sen, 2017).

2.2 The principle of 'each person as an end'

A key aspect of the capability approach is the principle that individuals are the units of ultimate moral concern, and that each person therefore "counts as a moral equal" (Robeyns, 2017, p. 57). This implies, from a policy point of view, that the key consideration when comparing potential policy proposals is their (direct or indirect) impact on each individual. As Martha Nussbaum (2000, 55-56) argues:

"The argument suggests [...] that the account we search for should preserve liberties and opportunities for each and every person, taken one by one, respecting each of them as an end, rather than simply as the agent or supporter of the ends of others. [...] Programs aimed at raising general or average well-being do not improve the situation of the least well-off, unless they go to work directly to improve the quality of those people's lives. If we combine this observation with the thought [...] that each person is valuable and worthy of respect as an end, we must conclude that we should look not just to the total or the average, but to the functioning of each and every person. We may call this the *principle of each person as end*."

This principle can be found in ethical theories such as those of Aristotle and Kant, revised and updated by John Rawls (1971, 2001) to tackle key contemporary political issues related to the nature of just political arrangements. Treating each person as an end requires us to consider whether an expansion of their freedoms has only an instrumental or an intrinsic role, or both (Sen, 1999, 1985a). For instance, a policy that expands economic opportunities clearly has an instrumental role, in facilitating access to capabilities such as the ability to have adequate shelter, or the ability to be well nourished, but not an intrinsic role, because it is not concerned with the ultimate outcomes for individuals after they make use (or not) of these economic opportunities.

For our present purposes, the implication is that regional policies should be designed with the aim of improving each individual's set of valuable capabilities and associated functionings, rather than merely focusing on intermediate goals such as raising productivity or improving transport infrastructure without a clear understanding as to how these intermediate goals will contribute to expanding individual capability sets. In addition, it is critically important to consider how each (and not just the average) individual will be able to transform those capability sets into achieved functionings, given the processes made available to them, the constraints that they face, and their own individual preferences and values. Moreover, we can also conclude that a focus on capabilities and functionings is incomplete without consideration for the process through which an individual chooses to realise capabilities and achieve particular functionings (Sen, 1997).

This is not to say that policies should be place neutral, with an exclusive focus on individuals. On the contrary, we argue that contextual variables that affect an individual's ability to transform resources into valuable capability sets are strongly place-based in nature. We next discuss these contextual factors, and the role they might play in a capability-inspired regional development programme.

2.3 The role of conversion factors

A key element of the capability approach is the role of conversion factors in mediating the ability of individuals to convert resources and consumption into capability sets and achieved functionings (Sen, 1985a, 1999; Chiappero et al., 2018). Conversion factors are influenced by individual characteristics, such as age, gender, physical ability, ethnicity, and socio-economic class, as well as by the demographic, social, cultural, environmental, and economic contexts in which an individual lives. They restrict the extent to which people endowed with similar resources are able to secure comparable capability sets and ultimately comparable functionings. Because most regional development programmes focus on increasing resources and consumption, and on measuring

average outcomes, they often overlook the constraints faced by individuals in putting the new infrastructure, support services, and financial resources to good use.

As an example, consider a government programme that provides funding for a new business park in a local area. The features and contents of the facility might be decided by the national and local government officials, together with local business groups and community representatives. However, it is rare that a wide cross-section of individual residents is meaningfully included in the detailed design, development, and evaluation of the facility, limited consultation exercises notwithstanding. As a result, the project development team could overlook (or deliberately ignore) constraints faced by residents in transforming the new resource into valuable achieved outcomes. For example, a lack of suitable transport options may prevent use of the new facility and consequent employment opportunities by entrepreneurs and workers who are financially disadvantaged or young, and who therefore lack access to private transportation. Or units at the new facility might be allocated on a basis that excludes local businesses, for instance, through setting high rents or dedicating the site to a specific industrial sector.

As a result, programmes that provide schools, infrastructure, healthcare facilities, business centres, and so on, may not translate into improved capabilities and better quality of life for local residents, even though the programme outcomes appear successful on paper. We argue that this issue could be addressed by improving the process through which local development policies are identified and implemented. For instance, the role of conversion factors could be identified through a deliberative participation process, with the aim of involving a wide cross-section of the community in the design, delivery, and (crucially) evaluation of regional development programmes. We discuss the practical implications of these choices in Section 3.

It may be helpful at this point to summarise our discussion using a diagram (see Figure 1), starting from the left with the box labelled “structural factors”. These are national, regional, and local contextual factors such as political, legal, educational, and economic institutions, social norms, the natural and built environments, the infrastructure, and the media landscape. These contextual factors shape the instrumental (or intermediate) freedoms enjoyed by residents, which include political freedoms such as those relating to political representation and freedom of association, economic facilities such as the shape of the local labour market, the innovation ecosystem, the local skills base, and the nature of local demand, social opportunities such as those enabling social mobility and association, transparency guarantees that cover openness, transparency, disclosure, and access to official information, and protective security covering personal safety and property rights (see Sen 1985a, adapted for the regional policy context).

As discussed previously, these instrumental (or intermediate) freedoms available to residents can be used, in combination with personal intrinsic characteristics – such as age, sex, ethnicity, talent, or intelligence – to acquire resources, including income, human capital, social capital, the outcomes of non-market production, and time. These in turn can be used to consume food, education, housing, transport, healthcare, and other essential or luxury items. As discussed above, most regional development programmes focus on achieving improvements in the structural context (e.g., a new educational institution or new infrastructure facility), and evaluate the outcomes using measures of resources or consumption. However, as we argue, this does not capture the expansion of either instrumental or intrinsic (ultimate) freedoms.

Given particular levels of consumption, individual residents vary in their ability to convert these into valuable sets of opportunities (capabilities) due to differences in conversion factors, where the latter are influenced by both individual and contextual characteristics. For instance, a resident may be less able than others to benefit from a new health facility due to cultural norms that constrain members of his or her ethnicity or family background from attending it. For example, the provision of new public swimming facilities will not benefit (often poorer) Muslim women unless thoughtful and well communication provision is made for female-only sessions (Lennais et al 2012).

The final outcomes in this simple diagram are the intrinsic (or ultimate) freedoms, captured by each individual's capability set, and the achieved functionings. This model abstracts from other outcomes that individuals may have reason to value, such as greater agency, or a transparent and just political process. We next discuss these comprehensive outcomes in more detail.

2.4 Comprehensive outcomes

One particularly important issue, as discussed above, is the extent to which individuals living in left-behind areas feel that they have little control over the important decisions that affect their lives. This issue was salient in the Brexit referendum in the United Kingdom in 2016, but also recent elections in the UK, US, Spain, Germany, France, and other countries with important regional imbalances and histories of de-industrialisation. We argue that the capability approach provides a useful conceptual framework for thinking about this key component of the regional development agenda.

Many capability theories include an explicit or implicit account of agency⁵, where an agent can be defined as “someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well” (Sen, 1999, p. 19). Agency can be incorporated into the capability approach framework as a precondition or contextual variable affecting conversion factors, as an additional dimension of ultimate value, or (in some approaches) as a capability in itself, such as being in control of one’s environment, or being able to engage in critical reflection about the planning of one’s life (the latter one of the central capabilities in the “practical reason” dimension, proposed by Nussbaum, 2000).

For instance, Sen (1985c) highlights the distinction between ‘wellbeing freedom’, which includes a person’s capability set, and ‘agency freedom’, defined as “what the person is free to do and achieve in pursuit of whatever goals or values he or she regards as important” (Sen 1985c, p. 203). This means that a person’s agency should not be restricted to the pursuit of her own wellbeing, but rather that it should comprise her conception of the good, incorporating other aims, objectives, allegiances, obligations, commitments, etc. that she might have. The distinction is important because having the freedom to choose the kind of life that is meaningful to oneself can surely contribute to an individual’s well-being, but it does not necessarily have to.

To give an example (adapted from Sen, 2009, pp. 370-371, for a regional development context), a person may be deciding whether to pursue an academic or a vocational course at the local further education college. Having carefully considered the options, she decides that taking the academic course would be sensible and conducive to her future career and wellbeing. Now consider that some “authoritarian guardians of society” (Sen, 2009, p. 370) decide that it would not be appropriate for her to enrol in this course but that she must instead take the vocational course. There are clearly two different kinds of violation to her freedoms in this example. First, the vocational course will result in an inferior capability set, given her values and preferences, resources, personal characteristics, structural factors such as the labour market and social norms, and so on. Second, in taking away her freedom to choose, the authorities have also restricted her agency. To see this second aspect more clearly, consider a situation where the authorities have instead ordered her to take the academic course. While this is the option the student would have chosen freely anyway, the curtailing of her agency freedom has reduced her quality of life, even if the practical outcome is the same as before.

⁵ For a criticism of this approach, see Nussbaum (2011), pp. 197-202.

Agency freedom therefore means that freedom is valuable in itself independently from particular outcomes. Agency does not have to be restricted to individual welfare or goals, but might be influenced by a sense of identity generated in a community (Sen 1985b). In general terms, the concept of agency freedom implies that people not only exercise their autonomy through their choices, but that they can benefit from the freedom arising from (valuable) available alternatives. For this reason, agency is important for a freedom-centred conceptual framework such as the capability approach.

Moreover, as argued by Sen (1997), when evaluating the success or otherwise of policy programmes it is not enough to focus on *culmination outcomes* (final results), but it is also important to consider *comprehensive outcomes*, which include the choice process through which those outcomes were achieved. For instance, is the process that determines individual freedoms more or less transparent, or more or less democratic? The implication is that the processes through which outcomes are generated can be valuable or significant in themselves. The ‘act of choice’ might be as important as the consequences of the choice, as it empowers the individual and increases their perceptions of agency and efficacy. As we argue in the next section, the perceived fairness and inclusiveness of the process through which policy programmes are designed and implemented is also important in providing ongoing support for maintaining or enhancing structural factors such as societal institutions, infrastructure, or social norms.

To summarise this section, we turn to an updated version of the capability-approach diagram, shown in Figure 2. The elements discussed previously are still shown, and include the links between structural factors, via instrumental freedoms, and on to resources and consumption, which in turn translate into capabilities, moderated by conversion factors. We now update it to include agency freedom and process freedom as additional outcomes of interest, which are valuable in themselves, separately from the capability set. The diagram also includes human rights, to highlight that human rights can be conceptualised as entitlements to certain capabilities (Nussbaum, 1997, 2011a), or as entitlements to capabilities and other outcomes of value, such as agency or process freedom, or liberties (Sen 2004, 2005).

The full set of valuable outcomes is now labelled “comprehensive outcomes”. As discussed above, the process through which these outcomes are achieved can have important feedback mechanisms that in turn help to alter the structural factors on the left-hand side of the diagram. For instance, a transparent and inclusive process for ensuring that all residents have access to essential transport and mobility support, perhaps to fulfil an entitlement to certain mobility rights, and the

corresponding expanded mobility capability set, might in turn increase support for legislation, public spending, and a change in social norms to further increase mobility and accessibility.

3. The capability approach and regional policy

How can the capability approach be used in practice by policymakers to formulate and implement better regional development policies? Our aim with this paper is to show that this can be done in different ways, and either partially, as a conceptual underpinning for better policy programmes, or more fully, as a tool for designing, implementing, and evaluating better regional and local development policies.

As a first step, we consider the role that capabilities play in a regional context, given that they are essentially an individual-level construct. As discussed in previous sections, there are numerous pitfalls involved in attempting to aggregate individual capabilities into a regional average, because individuals differ in terms of resources, the ability to convert resources and consumption into valuable capability sets (via conversion factors), and more fundamentally, in terms of the things that they consider valuable in their lives. However, even within these constraints, we can say a few concrete things about how regional development policies might affect individual outcomes.

First, the structural factors that in turn determine instrumental (intermediate) freedoms can be national, regional, and local in nature. The latter includes access to roads, railways, ports, and other key infrastructure, housing and the built environment, green spaces, social and cultural norms, and local institutions such as local government, business networks, schools and other educational institutions, and community organisations. Second, these structural factors, which can be targeted by policy, in turn affect (together with individual characteristics) the contextual factors that enable individuals to effectively convert resources into valuable capability sets. For example, a national government programme that provides funding for new schools might be more impactful on education-related capabilities in an area where social norms that encourage school attendance – unlikely places where ‘at need’ people live (Berrington et al., 2016). Third, local and regional policy programmes could aim to amplify the resources available to individuals, such as education, social networks, income, or time (for instance, through a more efficient transport system), which would in turn enable them to achieve more valuable capability sets.

For our present purposes, we can therefore conceptualise regional capabilities as those available to the same individual if they reside in one particular region as opposed to in another. Other valuable outcomes, such as agency and process freedom, can also be conceptualised in regional

terms if we argue that they apply to each individual within a specific regional context. Given this conceptualisation, we consider different approaches for incorporating the capability approach into regional policymaking, ranging from the more overarching and abstract to the more detailed and applied.

3.1 The capability approach as theoretical framework for regional development

One option for incorporating the capability approach into policymaking is to use it as a theoretical or conceptual framework, to guide the purpose, principles, and structure of policy programmes, but not necessarily the practical delivery components. There are several aspects of the capability approach that readily lend themselves to incorporation into regional policymaking in this way. First, the conceptual framework or theory of change could emphasise the ultimate goals of the policy programme, rather than the intermediate ones. For example, the focus could be on “the ability to provide for one’s family” rather than on “increasing regional productivity”, or on “the ability to visit local shops and services” rather than on “increasing the frequency of public transport”. Such a shift in focus would be relatively easy to achieve with some stakeholder involvement, while clearly signalling that the policy is designed to address the things that local residents consider most valuable in their lives, thereby improving trust in the policymaking process, a crucial component of comprehensive outcomes, as discussed in the previous section.

An example of the capability approach being used in this way can be found in the Poverty and Wealth Report (Armut- und Reichtumsbericht) published by the German government every 3-5 years since 2001. In 2005, in time for the second report, the government adopted a theoretical framework based explicitly on the capability approach, with a view of broadening the definition of deprivation, and encouraging a wider and better-informed discussion about its causes. The report defines poverty as capability deprivation, and wealth as the possession of a very extensive capability set (Arndt and Vokert, 2011, p. 315). In order to identify the capabilities and functionings to be monitored in the report, the government organised a set of meetings and workshops with academic and civil society experts working on poverty, followed by a “National Poverty Conference” which intended to gather the views of the poor, and involve them in the measurement and analysis process. Given the very public nature of the discussion, process of publishing the reports in turn raises awareness of the policy issues surrounding deprivation, thereby encouraging public involvement and trust in the resulting policies.

Along similar lines, the capability approach was used as the theoretical basis for the Equality and Human Rights Commission (EHRC) Measurement Framework, which was intended as a tool to

for the Commission to evaluate progress on equality and human rights, and to decide on policy priorities (Burchardt and Vizard, 2011). As with the previous example, the framework was developed using theoretical insights in conjunction with a process of public reasoning and democratic deliberation. A set of central capabilities was identified from theory, human rights conventions, interviews with experts, and workshops with a representative sample of the general public, held at a range of locations across the UK.

As in the previous example, the process was intended to be fair and inclusive, with the aim of providing a broad-based view of the things that people value in their lives. The resulting set of indicators included both objective and subjective outcomes (a range of achieved functionings), indicators to capture process (such as unequal treatment, discrimination, lack of dignity and respect), and indicators to capture autonomy or agency (such as empowerment, choice, control). A great deal of emphasis was placed on understanding constraints experienced by particular groups, and the resulting inequalities in outcomes, process, and agency.

While these two examples are national in nature, we argue that the capability approach could be used in a similar way to inform the theoretical framework of a regional development agenda, achieving a shift in focus without necessarily requiring changes to the way policies are implemented in practical terms. For instance, a capability-inspired regional development programme would acknowledge that the ultimate policy goals differ from the intermediate (or instrumental) ones, that the ultimate opportunities and outcomes of value for individuals extend well beyond short-term economic objectives. This could work in both a place-based context, where goals are defined with reference to local specificities, or in a people-based context, with policies designed without a specific location in mind. As an example, a national programme aimed at improving transport links in rural areas could still focus on the outcomes of ultimate value, such as the ability to visit friends and family, or the ability to shop for essential goods, without necessarily differentiating between particular types of rural areas.

Related to this, a capability-inspired theoretical framework would acknowledge that not all individuals are able to convert resources into valuable capabilities and functionings, and carefully consider the role of contextual factors in shaping programme outcomes, while steering away from the use of purely aggregate (or population averaged) measures of success, such as GDP per capita. The framework would therefore explicitly incorporate strategies for dealing with unequal access to the opportunities generated by the policy programme.

Further to this, capability-based approach would aim structure and assess local and regional policies based on how they contributed to capability development. Hence, a traditional regional policy, such as building a new road, would not just be assessed using a Cost-Benefit Analysis (CBA) that foregrounded economic activity, but rather require a justification in terms of how far the new piece of transport infrastructure added choice and opportunity to (the widest number of) local residents' lives. This sophisticated approach to policy framing could also include a weighting for residents currently considered to have the most limited capabilities, meaning perhaps that the 25% of non-car owning households would loom larger in transport infrastructure development. A focus on ultimate objectives would also require individual policies or infrastructures to 'stack up' against a far wider range of options - in this case included improved telecoms investment, or a service decentralisation that reduced the need to travel.

Finally, a capability-inspired theoretical framework would stress the important role played by agency and process in shaping people's views of a particular policy programme. A theoretical framework underpinning regional policy could emphasise the value individuals place on having the freedom to choose whether and how to exercise new opportunities, as well as transparency and perceived fairness in the design and implementation of the programme. This does not have to involve an explicit democratic deliberation process, which we discuss in the next section.

3.2 The capability approach as a tool for policy design and implementation

Beyond a theoretical framework, the principles of the capability approach can be incorporated into the policymaking process in more extensive and practical ways, for instance, as a tool to guide the selection and design of particular policies, or as motivation for involving citizens more fully in the implementation process in order to promote transparency and trust in government institutions. While this can be done at a national level, it is arguably most effective when taking place at a more local level, in a way that explicitly acknowledges differences in the experiences, constraints, and preferences of residents across different local contexts (as the burgeoning debate on participatory budgeting suggests; Holdo, 2020).

As discussed earlier, the capability approach places great emphasis on the opportunities and outcomes of each individual, the "principle of each person as an end", and as such its practical implementation would almost certainly require some form of deliberative participation, where local residents are directly involved in the decisions that affect their lives. There are many models of participatory democracy, and a comprehensive review is beyond the scope of this paper, but for our present purposes they all share three key elements, as highlighted by Fung and Wright (2001):

(a) a focus on specific and tangible problems, (b) the involvement in the deliberative process of individuals directly affected by those problems, as well as their local elected officials, and (c) the development of solutions to these problems through a deliberative method.

In order to be effective, this requires a participatory process that goes beyond the usual consultative or petitionary model, where the role of local residents is restricted to providing information, or airing their grievances and opinions, while the elected officials and civil servants select and implement the final policy programme (Crocker, 2007). Our proposed capability-inspired regional framework would require officials to go further than this and involve local residents in the policy design process in a more meaningful way, by encouraging them to engage in a discussion on priorities, opportunities, and constraints with policymakers and, crucially, deliberate amongst themselves to agree on a solution. In what follows, we highlight a few case studies in order to show that it is possible, and indeed not particularly complex, to implement such an approach in the context of local and regional development.

A particularly good example is the New Deal for Communities (NDC), a policy initiative that ran in the UK between 1999-2011, and which involved 39 urban areas with high levels of multiple deprivation. The aims of the programme were to devolve power and funding to local communities, with budgets of around £50 million each over a 10-year period. The aim was to allow these communities to directly identify the priorities that mattered most to local residents, involve local residents in a meaningful way in the running of the programme, and thereby generate agency and trust in the regeneration process.

While the national government decided on a set of overarching policy targets, covering crime, community, housing and physical environment, education, health and worklessness, each local area had considerable autonomy in selecting and implementing specific local development projects. The programme was delivered through local NDC Partnerships, each led by a public, private, or third sector representative, but involving a significant number of local residents, as well as representatives of the local health, education, police, and job-centre officials. The extent of resident involvement varied by location, and was affected by local skills and capacity, but crucially, residents were invited to attend as independent participants, rather than through their representatives in community organisations. Evaluations of the programme have highlighted the subsequent deepening of community ties and the empowerment of local residents that resulted from the structure of the programme (Beatty et al., 2000). Moreover, NDC Partnerships were expected to consider both objective and subjective outcomes, and to focus on long-term structural

factors, in order to enable improvements in the specific aspects of local residents' lives that they had identified as being most valuable.

A more extensive model for involving local residents in the policy implementation process is Participatory Budgeting (PB), an approach that emerged in the city of Porto Alegre in Brazil in 1989 and was later rolled out across Brazil in the 1990s, as well as to the Indian state of Kerala, and a large number of cities, towns, and rural communities around the world (Shah, 2007). The key principle is that individual residents should have a direct say over how public funds are spent in their local area, beyond their indirect influence over local government via the election of public representatives. It usually operates through a tiered structure, with local assemblies tasked with identifying and developing policy proposals that matter the most to local residents, which are then further discussed and voted on in higher-level assemblies, comprised of representatives of the lower-tier groups. The government provides funding, training, and support, identifies the available budget, and commits to implementing the final funding decisions.

Evidence has shown that participatory budgeting can lead to better long-term policy outcomes for local residents, with greater amounts of funding allocated to health and education spending, improved health outcomes such as lower infant mortality rates (Gonçalves, 2014), greater fiscal discipline, and greater engagement by participants in other forms of civic life, such as increased participation in elections (Johnson et al., 2021). However, PB on its own does not guarantee that local residents will see an improvement in their capabilities and functionings or will necessarily feel empowered by the process. It is also important that the ultimate aims of the process are clearly stated at the outset, that challenges such as elite capture and uneven participation are addressed, and that there is information on conversion factors that might affect uneven benefits for different groups of residents.

A final example is worth mentioning here, as it comes closest to the principles of our capability-inspired framework, as discussed in Section 2. The town of Whistler, a popular skiing resort in Canada, developed a community plan in 2005, with the aim of improving the economic, social, and environmental sustainability of the community (Whistler2020). This followed the principles of participatory democracy and was developed by several task forces composed of local residents, government officials, business representatives, tourism organisations, and other local bodies, who agreed on the programme priorities, and developed strategies in order to achieve them. While not a fully-fledged participatory budgeting framework, the plan is unusual in that the community is also fully involved in the ongoing monitoring and evaluation of the programme. The community has agreed on “descriptions of success” for each of the programme priorities, identified indicators

to measure success, and commissioned the collection of appropriate data, while progress on all priority areas is shown on a website, which is fully accessible to local residents. The ultimate aim of this process is to ensure transparency and trust in the community plan.

4. Conclusions

In this paper we have outlined a set of guiding principles that could fundamentally improve the way regional development programmes are conceptualised, designed and implemented. We argue that a capability-inspired regional policy framework can help to achieve better economic and social outcomes, generate trust in the policymaking process, and promote community cohesion and agency.

What does a capability-inspired regional policy framework look like? It should clearly articulate its ultimate, rather than instrumental, goals, with reference to residents living in the targeted areas, and the expected improvement in the real opportunities (capabilities) to be or do the things that they consider valuable. References to intermediate goals, such as productivity, connectivity, skills, and so on, must be placed in this context. It should explicitly identify and address contextual factors that limit the ability of some individuals from translating resources into valuable capabilities. Finally, it should build a participatory element into the programme in order to promote agency, allowing individuals to have a greater control over their local context and circumstances, and resulting in greater individual empowerment and trust in governance structures.

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Table 1. Examples of resources, capabilities, and functionings for different policy contexts.

Policy area	Resources	Consumption	Capabilities	Functionings
Transport	Income Owning a car / bike Driving / cycling skills Time	Miles travelled Weekly journeys	Ability to travel to work and other places Ability to meet friends and family Ability to visit shops and services Ability to enjoy scenic landscapes	Commuting to work Meeting friends Shopping for essentials Enjoying scenic landscapes
Food and nutrition	Income Access to grocery shops Home storage capacity Cooking skills Access to kitchen appliances	Expenditure on food Number of full meals consumed per day Calories consumed per day	Ability to be well nourished Ability to enjoy food with others Ability to provide for family	Being well nourished Enjoying a meal with friends Providing good-quality meals for one's children
Community	Income Social capital Human capital Access to public transport	Town centre footfall Library visits Use of local park	Ability to participate in public events Ability to participate in social events Ability to enjoy nature	Participating in a local cultural event Being part of a local reading group Enjoying nature

Figure 1. Elements of the capability approach.

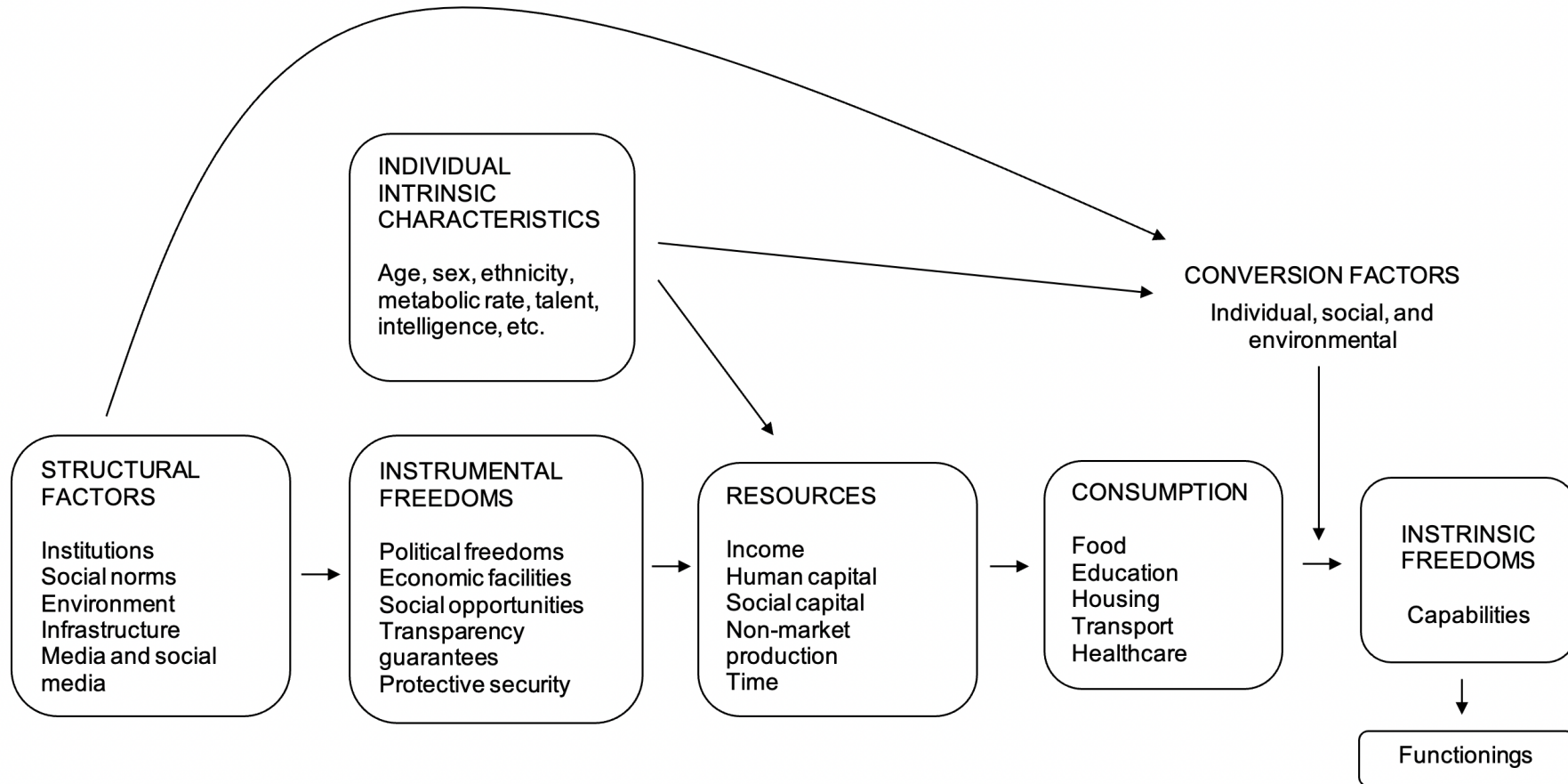


Figure 2. Elements of the capability approach, including comprehensive outcomes.

