



HM Government

# Levelling Up the United Kingdom





# Levelling Up the United Kingdom

Presented to Parliament by the Secretary of State  
for Levelling Up, Housing and Communities  
by Command of Her Majesty

2 February 2022



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# Foreword by the Prime Minister



From day one, the defining mission of this government has been to level up this country.

To take the radical steps needed to make us more prosperous and more united by tackling the regional and local inequalities that unfairly hold back communities and to encourage private sector investment right across the UK.

Because while we are without doubt one of the biggest and strongest economies in the world we are also one of the most unbalanced. A country in which the place of your birth is one of the clearest determining factors in how you'll get on, what opportunities will be open to you, even the number of years for which you can expect to live.

This is not a new observation. Politicians have been aware of this regional inequality for as long as it has existed, yet have been content to focus instead on the big picture of national growth – a waste of talent and a waste of this country's economic potential.

The answer to it lies not in cutting down the tall poppies, or attempting to hobble the areas that are doing well. Instead I am determined to break that link between

geography and destiny, so that it makes good business sense for the private sector to invest in areas that have for too long felt left behind.

If places that are currently underperforming start firing on all cylinders, national GDP will rise by tens of billions each year. That means more growth, more jobs, and higher wages right across the UK. And if we can level up this country – and close our productivity gap – we will have the most prosperous economy in Europe.

That is the theory; this White Paper describes the practice. The practical steps this government will take in everything from education to art to investment that will make this a better, fairer country for us all.

It's no small task. The challenges we face have been embedded over generations and cannot be dug out overnight. But this White Paper is the crucial first step in doing so. The most comprehensive, ambitious plan of its kind that this country has ever seen.

A vision for the future that will see public spending on R&D increased in every part of the country; transport connectivity reaching London-like levels within and between all our towns and cities; faster broadband in every community; life expectancies rising; violent crime falling; schools improving; and private sector investment unleashed.

We'll usher in a revolution in local democracy. Harness the incredible power of data not just at a national and

regional level but all the way down to neighbourhoods. Introduce a whole new way of thinking in central government, recognising that national success alone is not enough if it masks local failings.

We'll use the freedoms restored by Brexit – in trade, regulation, immigration, public procurement and more – to help businesses, communities and individuals in every part of the country.

And that is just the beginning. Because everyone knows that talent and energy and enthusiasm and flair are not located solely in isolated pockets of our country. They are and have always been evenly spread right across the UK. It is opportunity that is not.

Fixing that is the economic, social and political challenge of our time. And, with this White Paper, it is a challenge to which this government will continue to rise.

# Foreword by the Secretary of State and Andrew Haldane



“Stay local, go far.”  
This was the rallying cry on a recent poster in Teesside.

Teesside is making good on that ambition, with

the recent rebirth of its high tech, high skill, high wage economy under mayor Ben Houchen’s inspirational leadership. We see similar success stories throughout the country.

But this is not the whole picture of the UK. There are stark geographical inequalities between and within our cities, towns and villages. For every local success, there is a story of scarring and stagnation elsewhere. While talent is distributed evenly across the UK, opportunity is not. For many, if you want to get on you need to get out.

Levelling up is a mission – part economic, part social, part moral – to change that for good. It is about unleashing opportunity, prosperity and pride in places where, for too long, it has been held back. It is about growing the pie and everyone sharing in the fruits of this

success, increasing not only peoples' living standards but the length and quality of their lives.

No single, short-term intervention can effect this change. We need to mobilise all the forces that drive progress and human flourishing – investment, skills, innovation, finance, trust and institutions. And we need to bring all sectors of society together, with the very best of government, the private sector and civil society working in partnership.

It is these forces that transformed Renaissance Florence, that spurred the Industrial Revolution in Britain and which drive today's super-cities like Seoul, New York and London. To level up and unite our country, we must follow a similar path. This requires a new model of government and governance of the UK.

This new model is anchored around an ambitious set of missions, galvanising action across sectors to improve jobs, incomes, health, skills, transport, pride in place, safety and well-being across the UK. These clear, quantified missions mean no-one can any longer be in any doubt about what is meant by success in levelling up.

Meeting these missions will require a country-wide effort, with the UK Government working with all tiers of government, including the devolved administrations, civil society and the private sector. At the same time, we are rewiring Whitehall to put place at the heart of decision making, including by moving more civil servants outside London. It also requires a further devolution of decision-

making powers to local leaders where decisions are often best taken. A new devolution framework provides a roadmap for doing so.

Underpinning all of this will be improved data and transparency, oversight and analytics, evaluation and experimentation. With local powers come local responsibilities. Monitoring local performance and policies is crucial if they are to be understood and responded to by local citizens and improved by local leaders over time. A new local government body will have oversight and drive transparency, and there will be a statutory responsibility on government to report on progress towards the missions.

This is a clear, measurable, actionable plan for levelling up the UK, from Aberdeen to Antrim, Newport to Norwich. And while the White Paper is a long-term plan for changing the UK, it also establishes some important first steps. They include inviting local leaders representing nine million people to begin negotiations to agree new devolution deals; a transformative new online UK National Academy and 55 new Education Improvement Areas; 20 new transformative regeneration projects; significantly increased R&D spending outside the Greater South East, with new Innovation Accelerators to catalyse innovation clusters; a transformation in the quality of housing, in particular in the private rented and social housing sectors; details of the £2.6bn Shared Prosperity Fund to restore pride in place across the UK; boosting

investment in culture where it's been absent for too long; and greater powers and money for local communities.

As this long-term programme of change is delivered, the difference will begin to be felt in communities, high streets, workplaces, pubs, restaurants, football grounds and theatres. People deserve to live in a country where life is not a postcode lottery, where by staying local you can go far. The publication of this White Paper marks an important step towards that goal.

# Executive summary

The United Kingdom is an unparalleled success story – a multi-cultural, multi-national, multi-ethnic state with the world’s best broadcaster; a vibrantly creative arts sector; a National Health Service which guarantees care for every citizen; charities and voluntary groups which perform a million acts of kindness daily; globally renowned scientists extending the boundaries of knowledge every year; entrepreneurs developing the products and services which bring joy and jobs to so many; and millions of citizens whose kindness and compassion has been so powerfully displayed during the COVID-19 pandemic.

But not everyone shares equally in the UK’s success. While talent is spread equally across our country, opportunity is not. Levelling up is a mission to challenge, and change, that unfairness. Levelling up means giving everyone the opportunity to flourish. It means people everywhere living longer and more fulfilling lives, and benefitting from sustained rises in living standards and well-being.

This requires us to end the geographical inequality which is such a striking feature of the UK. It needs to begin by improving economic dynamism and innovation to drive growth across the whole country, unleashing the power of the private sector to unlock jobs and opportunity for all. While there are world-leading and enterprising

businesses and innovators right across the UK, economic growth and the higher productivity which drives it has been over-concentrated in specific areas, particularly the South East of England. A long tail of low-productivity businesses and places explain why UK productivity growth is too low compared to competitors.

It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities. But it is equally critical that we improve productivity, boost economic growth, encourage innovation, create good jobs, enhance educational attainment and renovate the social and cultural fabric of those parts of the UK that have stalled and not – so far – shared equally in our nation's success.

The UK Government has made progress towards spreading opportunity around the country since 2019, alongside mitigating the worst effects of the pandemic, with:

- £5bn for Project Gigabit to bring gigabit-capable broadband to 85% of the UK by 2025, and the £1bn Shared Rural Network deal with mobile operators delivering 4G coverage to 95% of the UK by the end of 2025;
- five-year consolidated transport settlements amounting to £5.7bn in eight city regions outside London, £5bn of funding for buses and active travel over this Parliament; and £96bn for the Integrated Rail Plan delivering faster, more frequent and more reliable

journeys across the North of England and the Midlands;

- a new schools funding formula in England ending the previous postcode lottery, and an extra £4bn for schools in England next year, rising to £4.7bn in 2024-25
- investment of £3.8bn in skills planned by 2024-25 and a Lifetime Skills Guarantee in England, enabling 11m adults to gain an A Level or equivalent qualification for free, as well as a new UK-wide adult numeracy programme and skills bootcamps;
- £23.3bn extra for the NHS in England over the 2021 Spending Review (SR21) period, a commitment to build 40 new hospitals by 2030 and an ambition to deliver 50,000 more nurses;
- a lower Universal Credit taper rate – down from 63% to 55% – and a higher National Living Wage, making work pay for millions of people, and letting them keep more of what they earn;
- 20,000 more police officers on our streets by 2023 and a £70m Safer Streets Fund to improve the environment and cut offending in high-crime areas;
- control of our immigration system by ending free movement and introducing a new points-based immigration system, giving the UK the freedom to decide who comes to our country based on the skills people have to offer;

- £1.49bn in City and Growth Deals in every part of Scotland, £791m across Wales and £617m for deals covering the whole of Northern Ireland;
- eight innovative Freeports bringing jobs, investment and prosperity across England with a commitment to deliver more Freeports in each of Scotland, Wales and Northern Ireland;
- 101 towns across England receiving £2.4bn from the Towns Fund to unleash their economic potential, and the £830m Future High Streets Fund regenerating 72 towns and high streets and helping them recover from the pandemic;
- a £2bn Culture Recovery Fund helping museums, theatres, cinemas and heritage organisations survive the pandemic;
- £4.8bn infrastructure investment in towns across the UK via the Levelling Up Fund;
- a £150m Community Ownership Fund, giving people across the UK the chance to become owners of their local pubs or football grounds;
- £26bn of public capital investment for the green industrial revolution and transition to Net Zero; and
- the movement of UK Government functions and civil servants out of Whitehall, ensuring levelling up is not directed from London, creating local jobs and taking decision-making closer to the communities the

Government serves, including HM Treasury to Darlington, the Cabinet Office to Glasgow, the Foreign, Commonwealth and Development Office (FCDO) to East Kilbride and the Department for Levelling Up, Housing and Communities (DLUHC) to Wolverhampton.

This paper sets out the next stages in this programme to level up the UK. This programme has to be broad, deep and long-term. It has to be rooted in evidence demonstrating that a mix of factors is needed to transform places and boost local growth: strong innovation and a climate conducive to private sector investment, better skills, improved transport systems, greater access to culture, stronger pride in place, deeper trust, greater safety and more resilient institutions.

History illustrates what is possible by following this path. The Renaissance flourished in Italian city states that combined innovation in finance with technological breakthroughs, the cultivation of learning, groundbreaking artistic endeavour, a beautiful built environment and strong civic leadership. And the first Industrial Revolution in Britain came about through the interplay of innovative financial instruments, sharper rewards for enterprise, new institutions of learning, improvements in transportation and rivalrous emulation between local leaders and entrepreneurs. Those same concerted forces are needed to drive productivity, innovation and growth across the UK today.

This contemporary Medici model, our twenty-first century recipe for a new Industrial Revolution, depends on harnessing an array of interventions and catalysing a range of sectors. Levelling up will require us to:

- a. boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
- b. spread opportunities and improve public services, especially in those places where they are weakest;
- c. restore a sense of community, local pride and belonging, especially in those places where they have been lost; and
- d. empower local leaders and communities, especially in those places lacking local agency.

Levelling up is not about making every part of the UK the same, or pitting one part of the country against another. Nor does it mean dampening down the success of more prosperous areas. Indeed, by extending opportunity across the UK we can relieve pressures on public services, housing and green fields in the South East. And levelling up can improve well-being in the South East by improving productivity in the North and Midlands.

So, it is about the success of the whole country: realising the potential of every place and every person across the UK, building on their unique strengths, spreading opportunities for individuals and businesses, and celebrating every single city, town and village's culture.

This will make the economy stronger, more equal and more resilient, and lengthen and improve people's lives.

The economic prize from levelling up is potentially enormous. If underperforming places were levelled up towards the UK average, unlocking their potential, this could boost aggregate UK GDP by tens of billions of pounds each year. Levelling up skills, health, education and wellbeing would deliver similarly-sized benefits. Accumulated over time, those gains could easily surpass annual UK GDP. Success in levelling up is about growing the economic pie, everywhere and for everyone, not re-slicing it.

## **The United Kingdom's Geographical Disparities: Drivers and Potential Policy Approaches**

### **What does the economic and social geography of the United Kingdom look like?**

The UK has larger geographical differences than many other developed countries on multiple measures, including productivity, pay, educational attainment and health. Urban areas and coastal towns suffer disproportionately from crime, while places with particularly high levels of deprivation, such as former mining communities, outlying urban estates and seaside towns have the highest levels of community need and poor opportunities for the people who grow up there.

These disparities are often larger within towns, counties or regions than between them. They are hyper-local and pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities. While change is possible, in some cases, these differences have persisted for much of the last century. And some of the UK's most successful cities – such as Birmingham, Manchester, Leeds, Glasgow and Cardiff – lag behind their international comparators when it comes to productivity and incomes.

## **What are the current and future drivers of geographical disparities?**

Over the past century, many trends have combined to create the spatial patterns seen across the UK today. Globalisation, technological progress, advances in transport, logistics and power, and the shift from heavy industry to knowledge-intensive sectors, as well as the rise of foreign holidays and shift from technical training to university education, have had a large and lasting impact on the economic geography of the UK.

These dynamics of the global economy have benefited the UK overall, improving productivity, increasing wealth and driving up living standards through more innovation and competition. These dynamics, however, have not had the same positive economic and social impacts across the UK. While London and much of the South East have benefited economically, former industrial centres and

many coastal communities have suffered. This has left deep and lasting scars in many of these places, damaging skills, jobs, innovation, pride in place, health and wellbeing.

## **What are the factors that will help drive levelling up?**

Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six “capitals”.

- **Physical capital** – infrastructure, machines and housing.
- **Human capital** – the skills, health and experience of the workforce.
- **Intangible capital** – innovation, ideas and patents.
- **Financial capital** – resources supporting the financing of companies.
- **Social capital** – the strength of communities, relationships and trust.
- **Institutional capital** – local leadership, capacity and capability.

The six capitals in this framework are individually important. But their real significance comes in combination, when they act in a mutually reinforcing

fashion as in Renaissance Italy or in the UK at the time of the Industrial Revolution. The sum of these factors is then greater than its individual parts, a process known as agglomeration.

Places with rich endowments of all six capitals benefit from a virtuous circle of agglomeration. They are home to skilled people with high quality jobs and have access to outstanding schools and globally-competitive universities. They have good roads, trains and fast internet. Residents live in fine housing. Funding is available for local businesses to invest and innovate, and communities are bound together by good relationships and a strong sense of belonging. Local leaders are able to build on these foundations to deliver improvements for their local community.

By contrast, where endowments of these capitals are weak or depleted, places are unable to attract or retain talent, businesses are less likely to invest and innovate, civic institutions tend to lack capacity and capability, and pride in local communities is depleted. This vicious and self-reinforcing cycle in some places has seen a depletion of skills, businesses, finance and culture, with communities and town centres declining for decades. These cumulative forces – in some places positive, in others negative – have widened geographical disparities in the UK over time. Without policy action, they will continue to do so.

Levelling up is about aspiring for every place in the UK to have a rich endowment of all six capitals, so that people do not have to leave their community to live a good life. It means taking action to replenish the capitals where they are weak or depleted, transforming vicious circles into virtuous ones. With opportunity spread more equally across the UK, people in places that were once struggling would then fulfil their potential, living longer, healthier and happier lives. With each part of the UK achieving its potential, the economy as a whole would be both larger and more equal.

## **System Change: A New Policy Regime for Levelling Up**

There has been no shortage of attempts to tackle geographical disparities in the UK over the past century. These have been insufficient to close the widening gaps. That is because these efforts have tended to be short-term, lacked scale and coordination, and were hamstrung by a lack of data and effective oversight. Local leaders have also lacked the powers and accountabilities to design and deliver effective policies for tackling local problems and supporting local people. The direction of travel since 2010 has been towards greater local empowerment – with the introduction of the Localism Act, Police and Crime Commissioners, City Deals and democratically elected metro mayors. But a renewed and coordinated focus is now needed to take this forward.

Learning lessons from the past, a new policy regime is needed to reverse these embedded historical trends. At root, that is about creating the right *information*, *incentives* and *institutions* to deliver profound changes to how decisions are made, where they are made and who makes them. System change is not about a string of shiny, but ultimately short-lived, new policy initiatives. It is about root and branch reform of government and governance of the UK. It is about putting power in local hands, armed with the right information and embedded in strong civic institutions.

This new policy regime is based on five mutually reinforcing pillars.

**First, the UK Government is setting clear and ambitious medium-term missions** to provide consistency and clarity over levelling up policy objectives. These will serve as an anchor for policy across government, as well as catalysing innovation and action by the private and civil society sectors. These missions are ambitions that the UK Government has for all parts of the UK. Delivering on them, while being fully respectful of the devolution settlements, will require close and collaborative work with the devolved administrations. The missions are rolling decade-long endeavours and will be reviewed periodically by the UK Government.

| <b>Levelling Up Missions</b>   |  |
|--|--|
| <b>Focus Area</b>  | <b>Mission</b>   |
| <i>Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging</i> |  |
| Living Standards   | By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.   |
| Research & Development (R&D)   | By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.              |
| Transport Infrastructure   | By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.   |
| Digital Connectivity   | By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.   |
| <i>Spread opportunities and improve public services, especially in those places where they are weakest</i>                                 |  |
| Education  | By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third. |
| Skills   | By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.                    |
| Health   | By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.  |
| Well-being   | By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.   |

| Levelling Up Missions  |  |
|--|--|
| Focus Area   | Mission  |
| <i>Restore a sense of community, local pride and belonging, especially in those places where they have been lost</i> |  |
| Pride in Place   | By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.   |
| Housing  | By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas. <sup>1</sup> |
| Crime  | By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas.   |
| <i>Empower local leaders and communities, especially in those places lacking local agency</i>                        |  |
| Local Leadership   | By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.  |

**Second, central government decision-making will be fundamentally reoriented** to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall. This will require greater transparency around the geographic allocation of funding and simplification of local growth funding. It will mean running levelling up through central government decision-making as a golden thread for which departments are held accountable. And it will mean extra resources being deployed to local areas, including moving 22,000 civil servants out of London by 2030.

<sup>1</sup> Government will consult on the impact on the private rented market and particularly those on the lowest incomes. Further detail will be set out once the review of the Decent Homes Standard has concluded.

**Third, the UK Government will empower decision-makers in local areas** by providing leaders and businesses with the tools they need. A new framework will extend, deepen and simplify local devolution in England. Ongoing support will be provided to existing City and Growth deal areas in Scotland, Wales and Northern Ireland, pan-regional partnerships like the Northern Powerhouse and Midlands Engine, and local private sector initiatives. The UK Government will support existing and embryonic private sector clusters of economic activity, which exist in all parts of the UK and are the wellspring of new innovation and job creation.

**Fourth, the UK Government will transform its approach to data and evaluation** to improve local decision-making. In the past, it has been difficult to see what is being spent, where and how it is being spent, and its impact. The Office for National Statistics' Subnational Data Strategy aims to improve the UK's subnational data, mapping local economic geographies and helping improve transparency and accountability to the public. The UK Government is making available interactive tools and maps to facilitate this process. It will also encourage innovative uses of real-time data at the local level, giving leaders across the UK the information they need to deliver, experiment and evaluate swiftly and effectively.

**Fifth, the UK Government will create a new regime to oversee its levelling up missions**, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory

Council. The Council will support Ministers by advising on the design, delivery and impact of levelling up policy. The annual report will update the public on progress against the missions so that levelling up is subject to rigorous external scrutiny, including by Parliament.

Over time, these five pillars acting in combination will improve the information and incentives facing decision-makers locally and nationally, and strengthen the institutions driving local transformation. And it is those shifts in the system of governance and government across the UK that will anchor success in meeting the medium-term levelling up missions.

## **How will levelling up be delivered across the Union?**

Levelling up can only succeed as a shared national project. The six capitals – physical, human, intangible, financial, social and institutional – straddle areas of responsibility and tiers of government across the UK. The capitals are interdependent and success will only be achieved if each of them is thriving in a given place. For example, the UK Government can use its collective economic might to attract investment and job creation, but education outcomes, delivered by devolved administrations, are crucial to developing a workforce able to take advantage of these opportunities.

Devolution settlements in Scotland, Wales and Northern Ireland recognise that devolved governments are best

placed to deliver certain services, like health and education. But outcomes are a shared interest for the whole of the UK. Our broad UK-wide tax base already funds public services across the UK, ensuring for example that the NHS can deliver for people whether in Scotland, Wales, England or Northern Ireland. In practice, this means all layers of government need to come together with a common purpose. The UK Government is committed to facilitating collaboration and engagement with the devolved governments and stakeholders in Scotland, Wales and Northern Ireland.

## **The Policy Programme: Policy Initiatives to Level Up the United Kingdom**

Achieving the ambitious medium-term missions will require a new model of economic growth, public and private investment, a business friendly environment, incentives for inward investment and a high skill, high wage labour market.

The time horizon for our missions is 2030. But we also recognise that certain communities and people need greater support in the more immediate term. The policies set out here will begin to have visible effects, on high streets and in local communities, in the next few years.

## Boosting productivity, pay, jobs and living standards by growing the private sector

A well-functioning and productive economy in every part of the UK is essential to levelling up. By 2030, the UK Government wants to ensure that pay, employment and productivity has risen in every area of the UK, with the gap between the top performing and other areas closing (Mission One).

That means supporting the private sector – the real engine of wealth creation – to invest more, grow more and take more risks. As well as developing a more flexible and better regulatory model for business outside the EU, we will also reform outdated EU rules restricting investment from pension funds and others so we can see more money flow into long-term capital assets.

And also, outside the EU, the UK is putting competitive advantage in science and technology at the heart of a new economic model. A series of new Research and Development (R&D) investments will strengthen our science base across the country. The increase in public R&D investment to £20bn by 2024-25 and the target for total UK R&D investment to reach 2.4% of GDP by 2027 must see every region of the UK experience an uplift in investment. The **Department for Business, Energy and Industrial Strategy (BEIS)** will aim to invest at least **55% of its total domestic R&D funding outside the Greater South East by 2024-25**; the Department of Health and Social Care (DHSC) will increase National

Institute for Health Research investment outside London, Oxford and Cambridge; and the Ministry of Defence (MoD) will expand the regional footprint of the Defence Science & Technology Laboratory (Dstl). These will contribute towards our ambition to increase total domestic public R&D investment outside the Greater South East by at least a third over the Spending Review period and at least 40% by 2030, with that additional government funding seeking to leverage at least twice as much private sector investment over the long-term to stimulate innovation and productivity growth (Mission Two).

In addition, the UK Government will target **£100m of investment in three new Innovation Accelerators**, private-public-academic partnerships which will aim to replicate the Stanford-Silicon Valley and MIT-Greater Boston models of clustering research excellence and its direct adoption by allied industries. These pilots will be centred on Greater Manchester, the West Midlands and Glasgow City-Region. These new clusters will be our Fourth Industrial Revolution Foundries, leveraging our global lead in scientific research.

We must support high-growth businesses and reverse the historic decline in manufacturing in the UK with more of the sort of innovation which characterises economies such as South Korea and Israel. The new Britishvolt gigafactory in Blyth, the investment by GE to establish a new wind turbine blade manufacturing centre at Teesworks in Redcar, the renewed commitment by

Nissan and Envision to manufacture electric vehicles in Sunderland, and the new hydrogen buses being built in Ballymena, which are already on the streets of Aberdeen, are all examples of green manufacturing innovation bringing high-skill and high-wage jobs to areas which have faced economic headwinds in the past.

So we must also spread financial capital and investment to the places, projects and people that need it most. The £3bn the UK Government is investing in the **next generation of British Business Bank Regional Investment Funds** and the new **Global Britain Investment Fund** will improve access to finance for SMEs and increase globally mobile investment across the UK. This builds on progress made to support local banking, through more challenger banks and mutuals.

Levelling up requires mobilising previously underutilised sources of capital. That is why we're using the tax system to incentivise private sector investment, through Freeports, Enterprise Zones and the Super-deduction. It is also why the Prime Minister and Chancellor have called on the UK's institutional investors to seize the moment for an "Investment Big Bang" to boost Britain's long-term growth. The UK Government will go further and work with **Local Government Pension Funds to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas.**

Outside the EU, we will harness the power of public procurement to support communities, moving away from the complex EU rules-based approach that was designed first and foremost to facilitate the EU Single Market, and adopting instead a new simplified approach that prioritises growth and productivity in the UK. We have already introduced a policy which allows smaller contracts to be reserved for UK suppliers and will legislate to put social value at the heart of government spending – weaving a thread of social improvement and civic responsibility through the UK Government’s £300bn annual expenditure on procurement.

Cities, towns and communities must be physically and digitally connected if they are to thrive. We want transport networks in all our major urban centres to be significantly closer to the standard of London. We will implement the £96bn Integrated Rail Plan, improving the rail network in the North and Midlands, and invest £24bn in our busiest roads and motorways, £5.7bn in City Region Sustainable Transport Settlements and £5bn for buses, cycling and walking networks. Together, this will bring local public transport connectivity across the country closer to London’s standards (Mission Three).

We will enhance digital connectivity through Project Gigabit and the Shared Rural Network so that by 2030, the UK Government and private sector will deliver nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population (Mission Four).

To help address the disparities of low pay seen in areas across the country, the UK Government will continue to increase the National Living Wage. Meanwhile, the introduction of a points-based immigration system gives the UK greater control over who comes to this country based on their skills, aligning this to the needs of the economy.

The support of the private sector is essential to deliver on these missions. The UK Government is committed to enabling and empowering the private sector to increase investment, jobs and growth at a local level.

## **Spreading opportunities and improving public services**

Improving productivity, and spreading prosperity, crucially depends on enhancing people's education and skills – giving everyone access to good schools and the opportunity to receive excellent education and training. Good health is just as important in spreading opportunity, contributing not only to the economy but also ensuring that everyone, wherever they live, can enjoy fulfilling, happy and productive lives. Strong public services not only support positive health and educational outcomes but also attract new talent and investment to an area, boosting local economies.

The UK Government will drive further school improvement in England through 55 new **Education Investment Areas (EIAs)** in places where educational

attainment is currently weakest. The Department for Education (DfE) will support strong multi-academy trusts to expand into these areas and offer retention payments to help schools with supply challenges in these areas to retain the best teachers in high-priority subjects. More intensive investment will be available across some EIAs to tackle wider issues that may be limiting school improvement. The UK Government will ensure that talented children from disadvantaged backgrounds have access to a post-16 provider with a track record of progress on to leading universities by opening new 16-19 free schools targeted in areas where they are most needed, such as high priority EIAs.

In addition, we will create the **UK National Academy**. Just as the UK pioneered the Open University, this new digital education service will support pupils from all backgrounds and areas of the UK to succeed at the very highest levels. The UK National Academy will be free and made available online to support the work of schools up and down the country. It will allow students to acquire additional advanced knowledge and skills, offering even more opportunities for every child to thrive.

With the help of these reforms, we will focus on eliminating illiteracy and innumeracy. By 2030, our aim is that 90% of all primary school children in England will achieve the expected standard in reading, writing and maths, with the percentage of children meeting the expected standard in the worst performing areas improving by a third (Mission Five).

We will also step up efforts to give all students the skills employers need. Our reforms will aim to put local employers at the heart of skills provision; to strengthen locally accessible institutions, notably the national network of further education colleges; ensure that all individuals have lifetime access to training; and offer new opportunities to access high quality work and progress in the workplace.

The funding of courses and the governance of colleges will be overhauled in line with employers' needs. **Local Skills Improvement Plans**, together with supporting funding, will be set up across England to set out the key changes needed in a place to make technical skills training more responsive to skills needs. Nine new Institutes of Technology with strong employer links will be established in England, helping to boost higher technical skills in STEM subjects.

We will introduce the **In-Work Progression offer** to help people on low incomes address barriers to better employment opportunities. The Department for Work and Pensions (DWP) will provide £1.3bn over the SR21 period to provide employment support for disabled people and people with health conditions. This builds on the National Disability Strategy, Health and Disability Green Paper and Health is Everyone's Business consultation. The Multiply scheme will target disparities in numeracy levels across the UK, investing £560m in courses for adults.

Through our skills reforms and investment, by 2030, we will aim to have significantly increased the number of people to have successfully completed high quality skills training in every part of the UK, including 200,000 more people successfully completing high quality skills training annually in England, driven by 80,000 more people completing courses in the lowest skilled areas (Mission Six).

One of the gravest inequalities faced by our most disadvantaged communities is poor health. The COVID-19 pandemic powerfully underlined the disparities in health across this country. The DHSC will shortly publish a **White Paper designed to tackle the core drivers of disparities in health outcomes**. However, we will act now to deal with one of the biggest contributors to ill health: poor diet and obesity. We will take forward recommendations from Henry Dimbleby's independent review towards a National Food Strategy including piloting Community Eatwell and a school cooking revolution. We will introduce a new Tobacco Control Plan and set up at least 100 Community Diagnostic Centres in England by 2025 to improve access to diagnostic services.

These and other changes will contribute to narrowing the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest by 2030, and increasing Healthy Life Expectancy by five years by 2035 (Mission Seven).

Taken together, these missions will help achieve the overarching ambition to improve well-being in every area of the UK, with the gap between top performing and other areas closing (Mission Eight).

And because responsibility for spreading opportunity and improving public services sits across all tiers of government, we will work with local leaders from across the UK and devolved administrations to bring together evidence on “what works” from policies to reduce spatial disparities, particularly in areas where policy responsibility has been devolved and different groups have delivered policies in innovative ways.

## **Restoring a sense of community, local pride and belonging**

The £2.6bn UK Shared Prosperity Fund will be used to restore local pride across the UK by focusing investment on three main areas for investment: improving communities and place, people and skills, and supporting local business. We will slash away the bureaucracy of the old EU regional funds. Instead, local leaders will be empowered to direct funding towards their own, locally identified priorities, whether that be promoting new outdoor markets, reducing litter, graffiti and anti-social behaviour, reviving high streets, supporting local businesses or introducing skills provision to match local labour market need and support those furthest from the labour market.

We will also **regenerate 20 of our towns and cities** by assembling and remediating brownfield land and working with the private sector to bring about transformational developments combining housing, retail and business in sustainable, walkable, beautiful new neighbourhoods. These new developments amongst others will be supported by an Office for Place which will pioneer design and beauty, promoting better architectural aesthetics to ensure they enhance existing settlements, gladden the eye and lift the heart.

We will explore what further measures can make high streets and town centres the thriving hearts of our communities again, including ways to incentivise landlords to fill vacant units. For instance, powers for local authorities to require landlords to rent out long-term vacant properties to prospective tenants, such as local businesses or community groups.

Ensuring natural beauty is accessible to all will be central to our planning system, with improved Green Belts around towns and cities, supported by Local Nature Recovery Strategies reflected in plan making, and woodland creation supported across the UK.

Building on this White Paper, we will publish the second report on rural proofing in England this spring. This report will set out how government departments are working to support levelling up in rural areas, through targeted approaches where needed, and how we are strengthening the rural economy, developing rural

infrastructure, delivering rural services and managing the natural environment.

For levelling up to mean something to people in their daily lives, we need to reach into every community in the country, from city centres to rural areas, in order to start to rebuild social capital and self-reliance in our most abandoned neighbourhoods. This needs to flow through central and local government, through MPs and their local offices, philanthropists, volunteers, schools, GPs and other community leaders. We will pilot a set of Community Covenant approaches: new agreements between councils, public bodies and communities themselves to empower communities to shape the regeneration of their areas and improve public services.

Community-led regeneration cannot be achieved with a stop-start funding stream that first builds hope, then destroys it, leaving people less optimistic and trusting, and feeling more disempowered than ever. We will consider a Community Wealth Fund, financial inclusion and other social investment as part of our consultation on £880m in Dormant Assets funding, and focus lottery cash to reach into the most deprived small areas of the country. In this spirit of civic renewal, we will also ensure that access to sporting and cultural excellence is spread more equitably across the UK.

With the Football Foundation in England, and Football Associations in Scotland, Wales and Northern Ireland, we are **delivering grassroots pitches** across the UK – this

year the UK Government has contributed funding to enable over 800 new grass pitches and 60 new artificial grass pitches in England alone. The UK Government has committed £205m to build on this across the UK over the next three years. This will ensure local clubs and school teams have the facilities they need to thrive. We have also endorsed in principle the main recommendation of the Fan Led Review of Football Governance that football requires a strong, independent regulator, and have written to Football Authorities to ask what action they will take immediately to protect local identities, traditions and facilities.

We will also ensure that great cultural institutions play their part in spreading access to excellence. As we significantly **increase cultural spending outside the capital**, 100% of the Arts Council England funding uplift announced at SR21 will be directed outside London, with support for theatre, museums and galleries, libraries and dance in towns which have been deprived of investment in the past. We will explore how more flagship national cultural institutions can support the strength of our historic cultural heritage in great cities such as Stoke and Manchester.

Further, £560m will be invested in young people for new and improved youth facilities, services and experiences in England where they are needed most, launching a new **National Youth Guarantee** so that by 2025 every young person in England will have access to regular out of school activities, adventures away from home and

opportunities to volunteer. We will ensure the Duke of Edinburgh Award is offered to every state secondary school in England. We will give more students the transformative opportunity to join the cadets, providing more support to the state school sector to **increase Combined Cadet Force participation**. This will include linking funding of cadet units in private schools with a requirement to ensure support for the expansion of cadet forces in state schools and open access to nearby state school students.

Government will also lead by example, **relocating more senior civil service roles** out of London. We have already established a new economic campus in Darlington, a Home Office hub in Stoke and DLUHC's second headquarters in Wolverhampton. More civil service roles will move to locations across the UK, including Glasgow, Edinburgh, Cardiff, Belfast, Manchester, Newcastle, Birmingham, Bristol and Leeds, as key decision-makers are re-deployed to be closer to those they serve. The White Paper reinforces our commitment to the Places for Growth programme and confirms departments' detailed numbers and locations for relocation of roles to 2025 and 2030.

Our aim with these reforms is to improve pride in place in every area of the UK, with the gap between top performing and other areas narrowing (Mission Nine).

Poor housing quality, overcrowding and a reliance on temporary accommodation for vulnerable families also

contribute to unnecessarily poor health and quality of life for many. We will take action on two fronts. First, building more housing in England, including more genuinely affordable social housing. Second, we will launch a new drive on housing quality to make sure homes are fit for the 21st century.

We will ensure home ownership is within the reach of many more people. The Help to Buy scheme launched last year is focussing entirely on first time buyers and we will build on the success of the Mortgage Guarantee Scheme by working with the lending industry to maximise the availability of low deposit mortgages. Alongside this, we will improve the home buying and selling process, working with the industry to ensure the critical information buyers need to know is available digitally wherever possible from trusted and authenticated sources. We will also scrap the 80/20 funding rule that focused investment in Greater London, and instead invest in more homes in the North and Midlands to relieve pressure on the South East.

To deliver our mission to improve housing conditions, we will introduce new legislation to improve the quality and regulation of social housing, give residents performance information so that they can hold their landlord to account and ensure that when residents make a complaint, landlords take quick and effective action to put things right. And we will publish a landmark White Paper in the spring to consult on introducing a legally binding Decent Homes Standard in the Private Rented Sector for the first

time ever, explore a **National Landlord Register** and bring forward other measures to reset the relationship between landlords and tenants, including through ending section 21 “no fault evictions”.

This will all help to ensure that by 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and our ambition is for the number of non-decent rented homes to have fallen by 50% with the biggest improvements in the lowest performing areas (Mission Ten).

We are intent on tackling the crime, drug abuse and anti-social behaviour which blight so many communities. We are investing **£50m from the Safer Streets Fund** every year of the SR21 period to give Police and Crime Commissioners and local authorities in England and Wales the resources they need to tackle crime and anti-social behaviour. Through this, by 2030, we will have reduced homicide, serious violence and neighbourhood crime, focused on the worst-affected areas (Mission Eleven).

We will also clamp down on the factors that damage people’s pride in their area and expect that people will give back to their communities when they are found to have broken the law. Too many communities are blighted by anti-social behaviour and criminality, sometimes committed by children. We will therefore **work with partners across the youth justice system** to make sure 16- and 17-year olds who commit crimes pay their

community back with visible labour to improve the local environment.

## **Empowering local leaders and communities**

Mayors have already shown how strong local leadership can enhance economic and other opportunities in urban areas, and we will ensure that the model is strengthened, extended and adopted more widely. With a direct mandate, fixed term, convening power, a clear incentive to demonstrate economic improvement and accountability for extending opportunity, mayors work for their communities. And meaningful devolution of power and responsibility for economic growth to an accountable local leader has been proven to help once declining areas to recover.

We will extend, deepen and simplify devolution across England so that by 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution with a simplified, long-term funding settlement (Mission Twelve).

We want to usher in a devolution revolution, introducing a new model for counties with mayors or “governors”. We will open negotiations on **trailblazer deeper devolution deals with the West Midlands and Greater Manchester** combined authorities. These deals will act as the blueprint for other mayoral combined authorities (MCAs) to follow, with bids for more powers welcome. We will likewise recast the geography of MCAs, where necessary, to ensure there is greater economic

coherence. We will further invite nine areas to agree **new County Deals** and seek to agree **further MCA deals**, extending devolution to much more of England.

It is also important that devolution is accompanied by sharper and clearer accountability. Across the local government sector, we will strengthen transparency for local people and publish rigorous, comparable data on performance. A **new independent body** will be set up to drive this, empowering citizens, strengthening local leaders' knowledge of their services, and increasing central government's understanding of the sector. And we will support local leaders to make a difference in their communities by simplifying the disparate funding landscape so that local leaders can better support economic growth, as well as bringing local leaders into the heart of government decision-making with a new role for mayors and strong local leaders in the shaping of local growth strategy.

## Next Steps

Levelling up is a long-term endeavour. It is a programme of change that requires a fundamental shift in how central and local government, the private sector and civil society operate. The UK Government will embark on a process of sustained and systematic engagement and consultation with a wide range of stakeholders, including devolved administrations, on the White Paper.

We will be setting out further detail on a number of these policy commitments in future publications. In addition, we will introduce legislation to Parliament to underpin in statute the changes fundamental to levelling up, alongside wider planning measures.

This White Paper is the catalyst for delivering a long-term programme of change to unlock the potential of people and places in every part of the UK. This will create jobs, drive productivity, improve people's quality of life and help restore their pride in the places where they live.

# Chapter 1

## The United Kingdom's Geographical Disparities: Drivers and Potential Policy Approaches

To reduce spatial disparities, it is first important to understand what causes them. This chapter draws on historical, theoretical and empirical evidence to explain the drivers of spatial disparities, in the UK and internationally. It then sets out a framework for assessing and understanding these disparities; the benefits of addressing them; and how public policy might most effectively do so.

### 1.1 A Brief History of Geographical Disparities

All natural and social systems undergo slow-moving fluctuations over the course of decades or even centuries. These long waves of expansion and contraction are driven by shifts in the natural environment, technology and behaviour. Economic systems are no exception.<sup>2</sup> As economies expand and

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<sup>2</sup> Economists call these long cycles Kondratiev waves. Kondratiev, N. D. *The Major Economic Cycles (in Russian)*. The Long Wave Cycle. Richardson & Snyder, 1984.

contract over time, so do the economic fortunes of the places and communities embedded in them.

Differences in the economic geography of a nation or locality at any one point in time, and changes in economic geographies over time, are an inevitable feature of dynamic, evolving economies. To some extent, these changes can be desirable as economies adapt to new circumstances and seize new opportunities. For that reason, the Austrian economist Joseph Schumpeter called this dynamic process “creative destruction”.<sup>3</sup>

The history of economic growth, nationally and subnationally, shines a light both on the opportunities it presents for places expanding but also the challenges for places contracting. It illustrates the natural undulations in economic performance over time and the cumulative growth process in expanding cities and communities. It also illustrates the long-term economic scars left when places contract. At the spatial scale, change is often as destructive as it is creative.

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3 Schumpeter, J., *Capitalism, socialism, and democracy*. Harper & Brothers. 1942. Note: Throughout this chapter, UK-wide data is used where it is available on a consistent basis.

**Figure 1.1 Largest Cities in the World since 7,000 BC<sup>4</sup>**



<sup>4</sup> The Guardian. [From Jericho to Tokyo: the world's largest cities through history](#). Exploring Urban Data Hub.

As social animals, humans have always congregated in groups. These communities were typically found close to natural resources and seaways, for food and trade. The earliest known permanent settlement to be classified as urban was Jericho around 10,000 years ago (Figure 1.1). The city had natural irrigation from the Jordan River, allowing it to produce and export the most expensive essential oil in the ancient world. This enabled Jericho to become a hub not only for commerce and trade, but for people and skills, culture and finance.

Constantinople was the capital of the Roman/Byzantine Empire (330-1204 and 1261-1453), the Latin Empire (1204-1261) and the Ottoman Empire (1453-1922).<sup>5</sup> Its growth followed a similar model. Built on the Bosphorus Strait, it was easily accessible to other parts of the Roman Empire via the Mediterranean Sea, Black Sea and Danube River. It too became a magnet for commerce, culture and finance.

The strategic importance of London's location was first recognised by the Romans, with the town of Londinium established around AD 47-50.<sup>6</sup> Its location on the deepest and second longest river in the UK allowed large military and trading vessels access to the world's seaways. This quickly established London as a multicultural hub for people, commerce, finance and culture, a position

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5 See Turnbull, S. The Walls of Constantinople AD 324-1453. Osprey Publishing. 2004. and World History Encyclopaedia. Constantinople Timeline.

6 Williams, T. The foundation and early development of Roman London: A social context. *Antiquity*, 64(244), 599-607. 1990.

(unusually by historical standards) that it has retained for 2,000 years.

Across Europe, the Renaissance period in Italy and the Golden Age in Holland offered examples of similar periods of transformative, city-centric growth.<sup>7</sup> In both cases the recipe was a familiar one – the magnetic attraction of people, culture, commerce and finance spreading ideas, innovation and ultimately growth. Indeed, in deference to the role of the Medicis in driving success in 15th century Renaissance Italy, this creative crucible is sometimes referred to as the “Medici effect”.<sup>8</sup> This process was replicated throughout pre-Industrial history. By the time of the Industrial Revolution in the late 18th century, similar patterns of growth had been in place for several millennia. Cities emerged and grew rapidly as creative and commercial hubs were formed and built cumulatively, and persisted for centuries. But it was not permanent, and few of the world’s largest cities of the pre-Industrial past are in the world’s top 100 today and a number are now small and poor by global standards.

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7 Fouquet, R., Broadberry, S. *Seven Centuries of European Economic Growth and Decline*. Journal of Economic Perspectives, pp. 227-44. 2015.

8 The Medici effect is innovation that happens when diverse industries, cultures and disciplines intersect, bringing ideas from one field into another. See Johansson, F. *The Medici Effect: Breakthrough Insights at the Intersection of Ideas, Concepts, and Cultures*. Harvard Business Review Press. 2004.

After the Industrial Revolution, these spatial forces continued, but widened and deepened due to the world's first-ever period of sustained economic growth. This was led by industrial cities, which transformed the world's economic geography. In 1750, more than 50% of the world's industrial output was produced in China and India, compared to 18% in Western Europe. The following 80 years saw Western Europe's industrial output more than double and the UK's rise seven-fold.<sup>9</sup>

Subnationally, the Industrial Revolution saw the emergence of large industrial cities. These were typically still located close to waterways and natural resources such as coal. But these benefits were now amplified by the needs of industry. The rapid growth in industrial cities followed a similar spatial pattern to the past, with a convergence of business, finance, people and culture. But as economies grew as never before, this process of clustering of assets and people occurred at a greater pace and scale than had ever happened previously.

By 1900, all 20 of the US's largest cities were on major waterways.<sup>10</sup> Europe was now home to half the world's urban population and more than half of its 100 largest cities, including industrial centres such as Hamburg, Munich, Milan, Rotterdam, Turin and Lille.<sup>11</sup> In the UK, the

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9 Crafts, N. & Venables, A. Globalization in History: A Geographical Perspective. Globalisation in Historical Perspective. University of Chicago Press. 2003.

10 Glaeser, E. *Triumph of the city: how our greatest invention makes us richer, smarter, greener, healthier, and happier*. Penguin Publishing Group. 2011

11 Satterthwaite, D. The world's 100 largest cities from 1800 to 2020, and beyond. International Institute for Environment and Development. 2020.

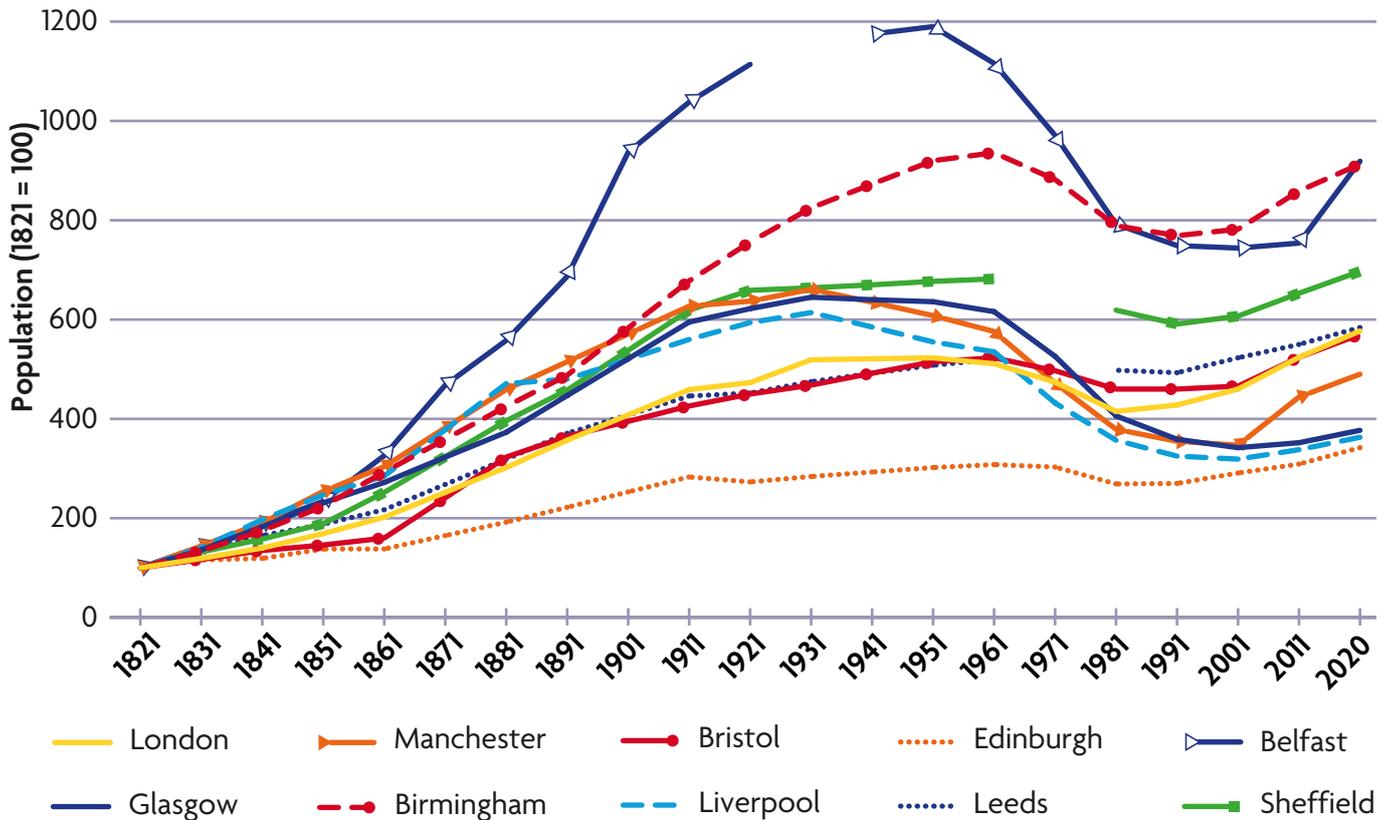
industrial powerhouses of Manchester, Birmingham, Glasgow and Liverpool were all among the world's 20 largest cities, with their populations rising tenfold (Figure 1.2).<sup>12</sup>

Since the turn of the 20th century, the forces of globalisation and technological progress had once again reshaped the world's economic geography. Advances in transport, logistics and energy had reduced the cost advantages traditionally offered by industrial cities. And increasing globalisation meant that manufacturing businesses have often found it cheaper to offshore lower skilled, more routine activities such as assembly production lines.<sup>13</sup>

That has resulted in a seismic shift away from heavy industrial cities in advanced economies. At the end of the 19th century, Detroit was a hotbed of innovation. Its economic power peaked in 1950 when it became the third richest city in the US.<sup>14</sup> As car production has shifted towards cheaper competitors, Detroit has been losing residents for 50 years. Its population today is the same as a century ago. A third of its residents now live below the poverty line, even if in more recent times, regeneration efforts are helping the city turn the corner.<sup>15</sup>

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- 12 GB Historical GIS / University of Portsmouth. [Cardiff District through time, Population Statistics, Total Population](#). A Vision of Britain through Time.; Census of Ireland 1911. [The Online Historical Population Reports](#) Accessed: via Histpop in Dec 2021.
- 13 Swinney, P., Thomas, E. [A century of cities: Urban economic change since 1911](#). Centre for Cities. 2015.
- 14 Moretti, E. *The new geography of jobs*. Houghton Mifflin Harcourt. 2012.
- 15 Moretti, E. *The new geography of jobs*. Houghton Mifflin Harcourt. 2012.

**Figure 1.2 Change in population of selected UK cities 1821-2021 (1821=100)<sup>16</sup>**



This pattern has been replicated elsewhere. Eight of the ten largest US cities in 1950 have lost at least a sixth of their population. Six of the 16 largest cities in 1950 – Buffalo, Cleveland, Detroit, New Orleans, Pittsburgh and St. Louis – have lost more than half their population. In Europe, cities like Liverpool, Glasgow, Rotterdam, Bremen and Vilnius are all much smaller than a century ago.<sup>17</sup> At its peak in 1937, Liverpool had 867,000

16 GB Historical GIS / University of Portsmouth. Population Statistics. Taken from UK Census data 1801-2011, Total Population. *A Vision of Britain through Time*.; ONS. *Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland*. Mid 2020. Note – data not available on a consistent basis for all years. Changes in the population of selected UK cities might reflect changes to the geography used to report these figures. Census figures for Belfast for 1926 and 1937 have been moved to 1921 and 1941.

17 Glaeser, E. *Triumph of the city: how our greatest invention makes us richer, smarter, greener, healthier, and happier*. Penguin Publishing Group. 2011

residents. Since then, it has lost nearly half its population (Figure 1.2).<sup>18</sup>

In place of these fallen industrial powerhouses, a new generation of knowledge-intensive super-cities emerged during the late 20th and early 21st centuries.<sup>19</sup> This includes London, New York, San Francisco and Tokyo. These super-cities have benefited from a modern-day version of the Medici effect, with a creative and commercial critical mass developing through the clustering of people, business, finance and culture. Digital technologies have made agglomeration effects more powerful than at any time in the past as globalisation has reduced the barriers on cross border trade and investment.<sup>20</sup>

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18 Glaeser, E. *Triumph of the city: how our greatest invention makes us richer, smarter, greener, healthier, and happier*. Penguin Publishing Group. 2011

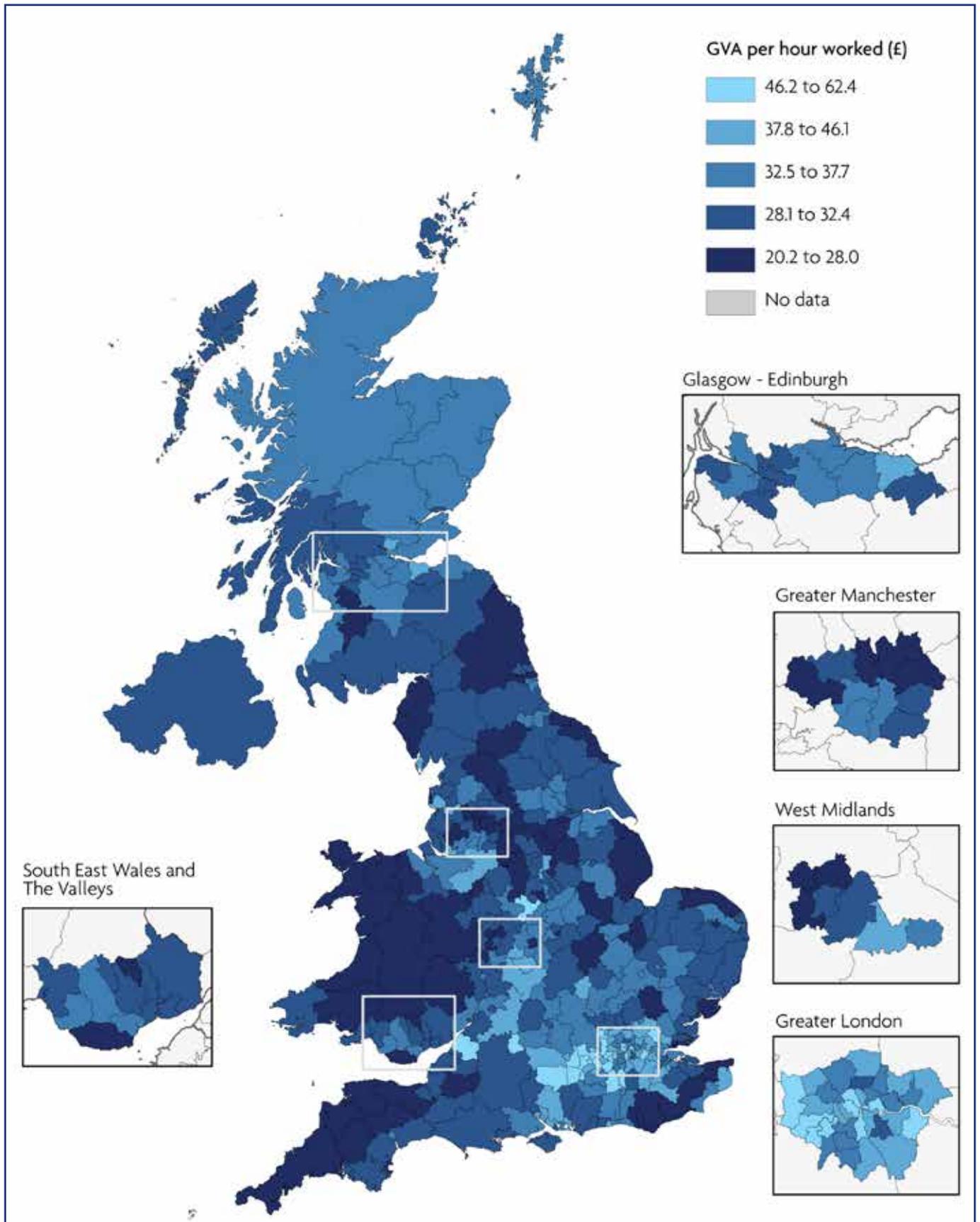
19 United Nations, Department of Economic and Social Affairs, Population Division. World Urbanization Prospects: The 2018 Revision. United Nations. 2019.

20 OECD. Foreign direct investment and reverse technology spillovers: The effect on total factor productivity. 2015.; Tranos E., Ioannides, Y.M. Ubiquitous digital technologies and spatial structure: an update. PLoS ONE 16(4): e0248982. 2021.

# Productivity

Productivity varies substantially across and within regions. Although London and the South East are the only regions above the UK average, they also host some of the UK's least productive local authorities. Local authorities in Scotland, the Midlands and the North West are also some of the most productive.

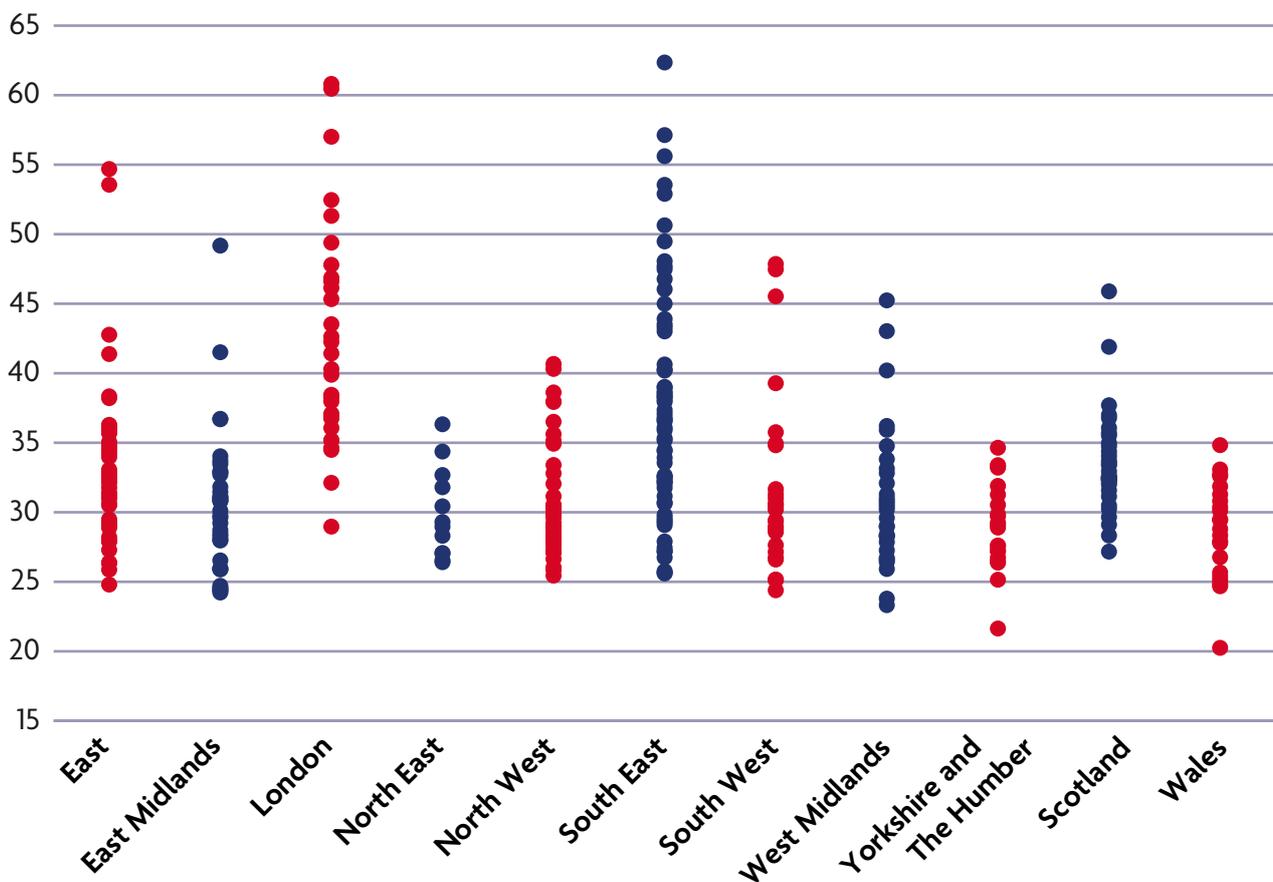
**Figure 1.3 Nominal (smoothed) GVA per hour worked (£), GB local authorities and Northern Ireland, 2019**



**Table 1.1 Size of the gap: Differences in GVA per hour worked in £ and percent, UK and GB countries and regions/local authorities, 2019**

|   | Lowest performing<br>Difference compared<br>to UK average in £<br>and (%) | Highest performing<br>Difference<br>compared to UK<br>average in £ and<br>(%) |
|---|---|---|
| <b>Regional (ITL1)</b>  | Northern Ireland<br><b>£6.41 (-18.24%)</b>                                | London<br><b>£11.23 (+31.95%)</b>   |
| <b>Sub-regional<br/>(district/ unitary<br/>local authorities,<br/>Great Britain only)</b> | Powys<br><b>£14.90 (-42.39%)</b>  | Runnymede<br><b>£27.20 (+77.38%)</b>  |

**Figure 1.4 Distribution of GVA per hour worked (£), local authorities by GB countries and regions, 2019**

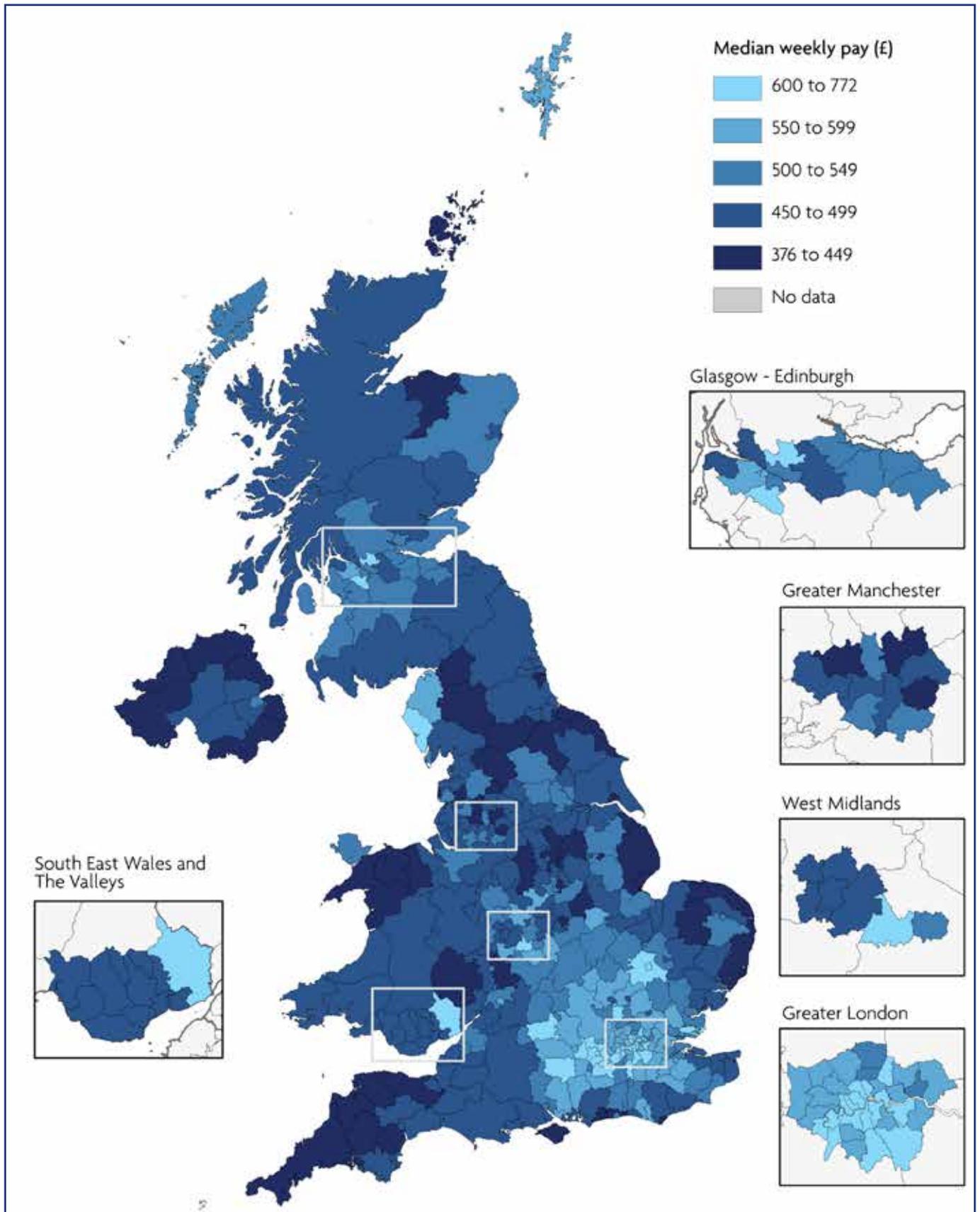


Source: ONS. [Subregional productivity in the UK: February 2020](#). 2020.

# Earnings

Incomes track productivity closely, with average pay in the South East and London significantly above the national average. However, there is significant variation within regions. In the East of England median weekly pay in South Cambridgeshire and St Albans is nearly double that of Norfolk, whilst median pay in Monmouthshire/Sir Fynwy in Wales is higher than half of London's local authorities.

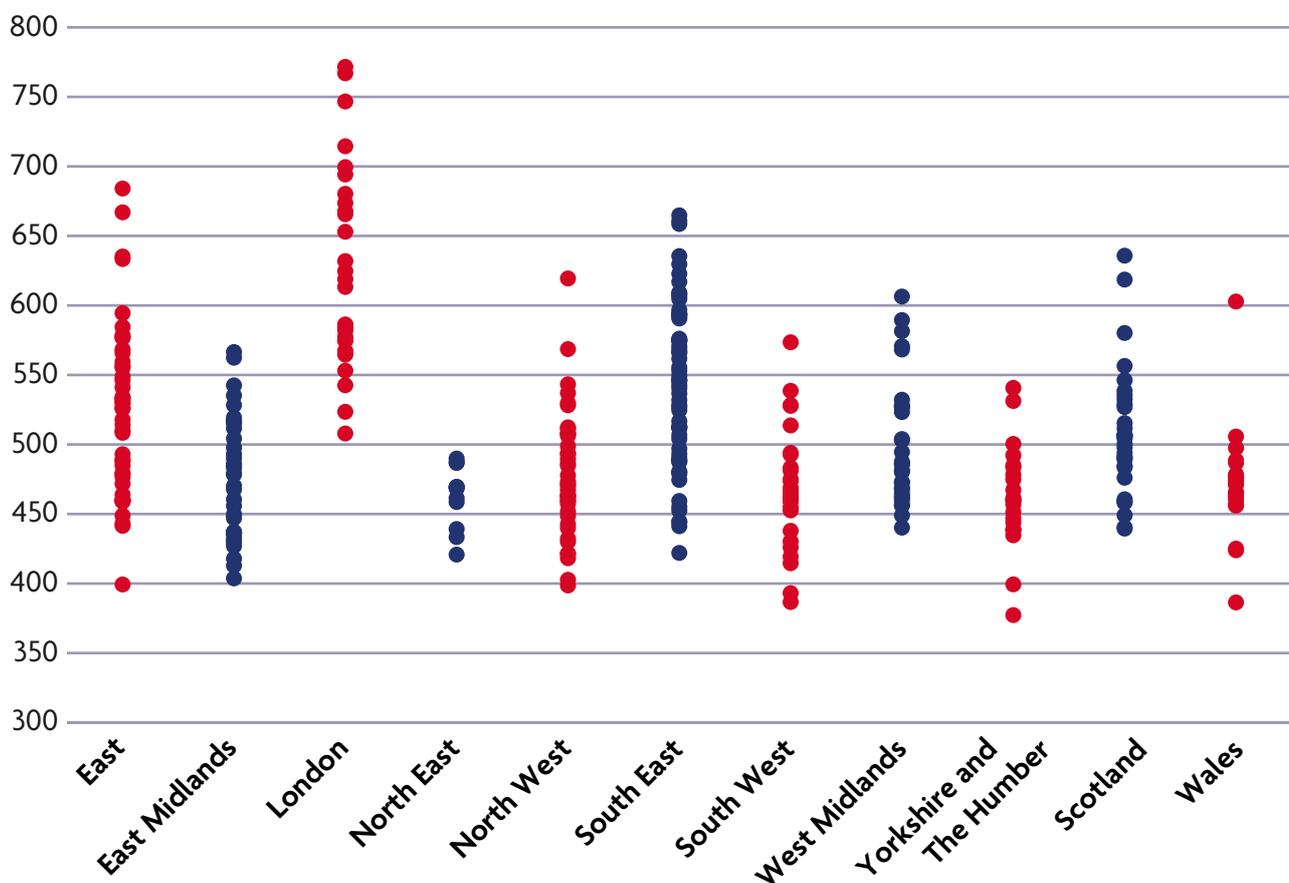
**Figure 1.5 Median gross weekly pay (£) for all employee jobs, UK local authorities, 2021**



**Table 1.2 Size of the gap: Differences in median gross weekly pay in £ and percent, UK countries and regions/local authorities, 2021**

|   | Lowest performing<br>Difference compared<br>to UK average in £<br>and (%) | Highest performing<br>Difference<br>compared to UK<br>average in £ and<br>(%) |
|---|---|---|
| <b>Regional (ITL1)</b>  | North East<br><b>-£41 (-8.21%)</b>  | London<br><b>£109 (21.59%)</b>  |
| <b>Sub-regional<br/>(county/ unitary<br/>local authorities)</b> | Ards and North Down<br><b>-£128 (-25.3%)</b>                              | Westminster<br><b>£267 (52.97%)</b>   |

**Figure 1.6 Distribution of median gross weekly pay (£) for all employee jobs, local authorities by GB countries and regions, 2021**

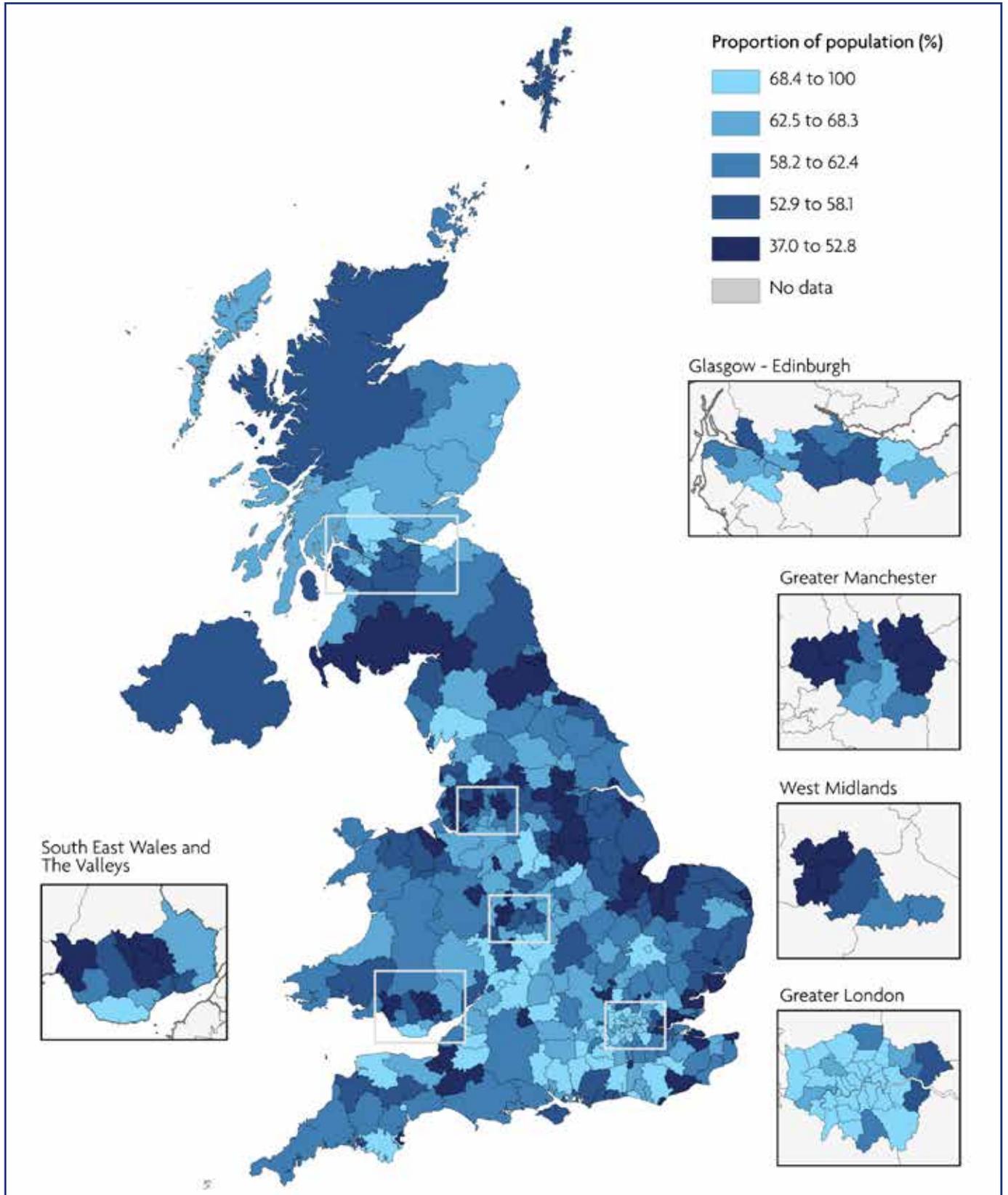


Source: ONS. Earnings and hours worked, place of residence by local authority: ASHE Table 8. 2021

# Skills

The North East is the lowest performing region with seven out of twelve Local Authorities falling in the bottom quartile of the UK distribution. The East Midlands has the largest within region variation, with the population of Rushcliffe having a level 3+ attainment rate of 77.2% compared to 37% for Bolsover.

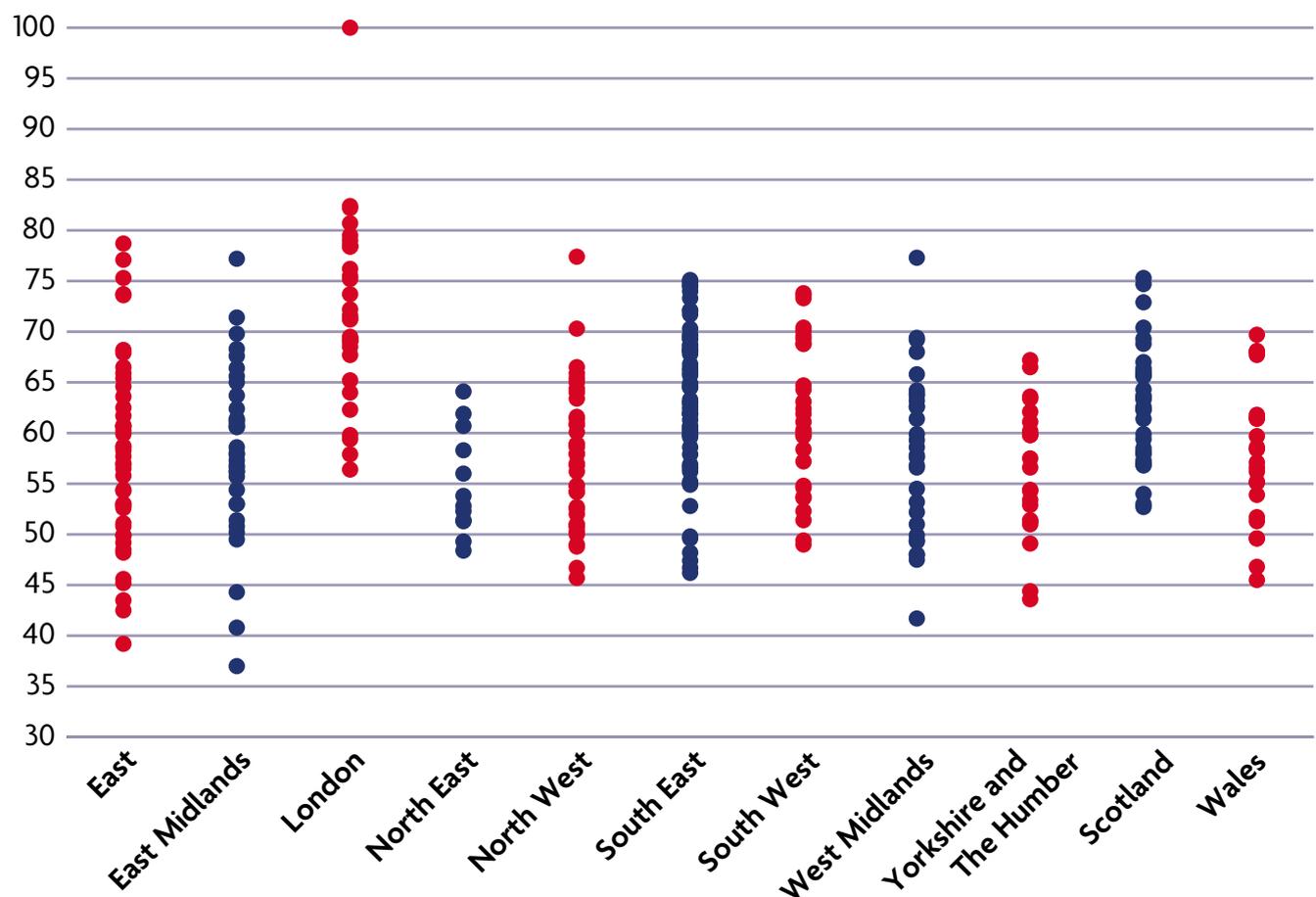
**Figure 1.7 Proportion of the population aged 16-64 with level 3 + qualifications by local authority, UK, 2021**



**Table 1.3 Size of the gap: Differences in Level 3+ qualifications population in percent, UK countries and regions/local authorities, 2021**

|   | Lowest performing<br>Difference compared<br>to UK average (%) | Highest performing<br>Difference<br>compared to UK<br>average (%) |
|---|---|---|
| <b>Regional (ITL1)</b>  | North East<br><b>(-6.1%)</b>                                  | London<br><b>(+9.8%)</b>  |
| <b>Sub-regional<br/>(district/ unitary<br/>local authorities,<br/>Great Britain only)</b> | Bolsover<br><b>(-24.2%)</b>                                   | City of London<br><b>(+38.8%)</b>                                 |

**Figure 1.8 Distribution of the proportion of the population aged 16-64 with level 3+, local authorities by UK countries and regions, 2021**

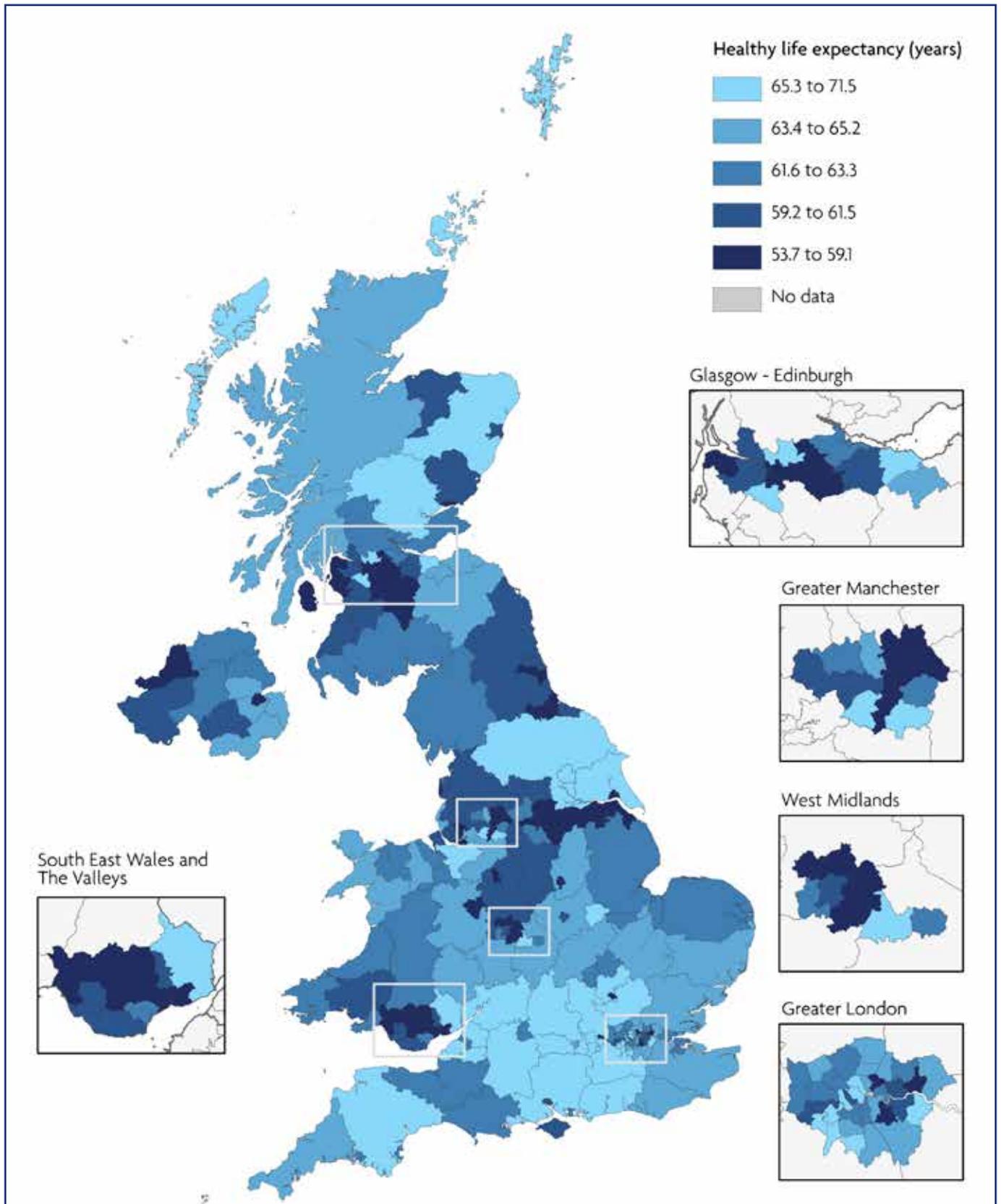


Source: ONS. Annual Population Survey: All people aged 16-64 with Level 3+ skills, by local authority. NOMIS. 2021.

# Health

At the national level, male and female healthy life expectancy between 2017 and 2019 was highest in England (63.2 and 63.5) and lowest in Scotland (61.7, 61.9). At a local level, people in the top decile (least-deprived) areas of the UK can expect to live around a decade longer than people in the bottom decile (most-deprived) areas.

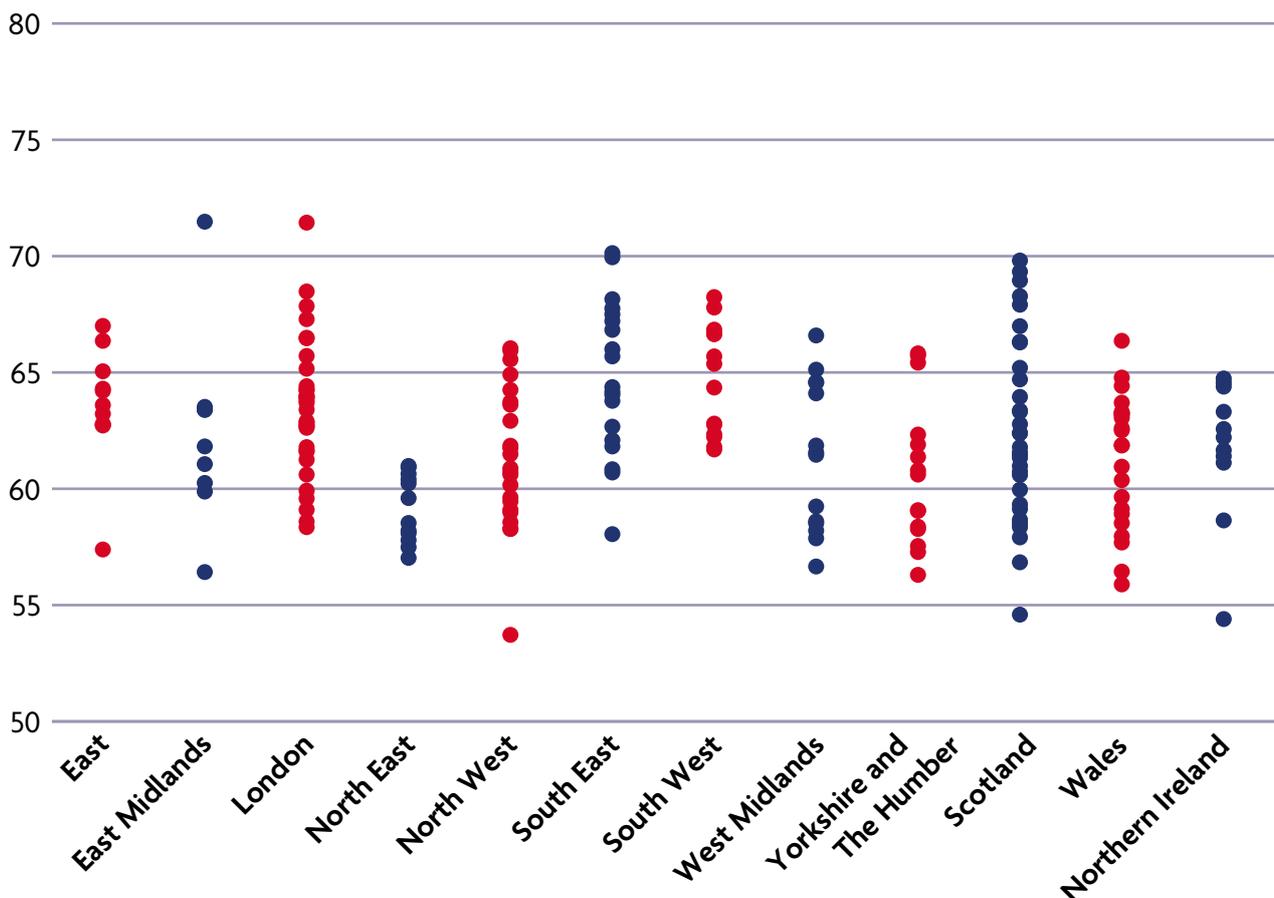
**Figure 1.9 Healthy life expectancy at birth (Males), UK local authorities, 2017-2019**



**Table 1.4 Size of the gap: Differences in healthy life expectancy (Male) in years and percent, UK countries and regions/regions/local authorities, 2017–19**

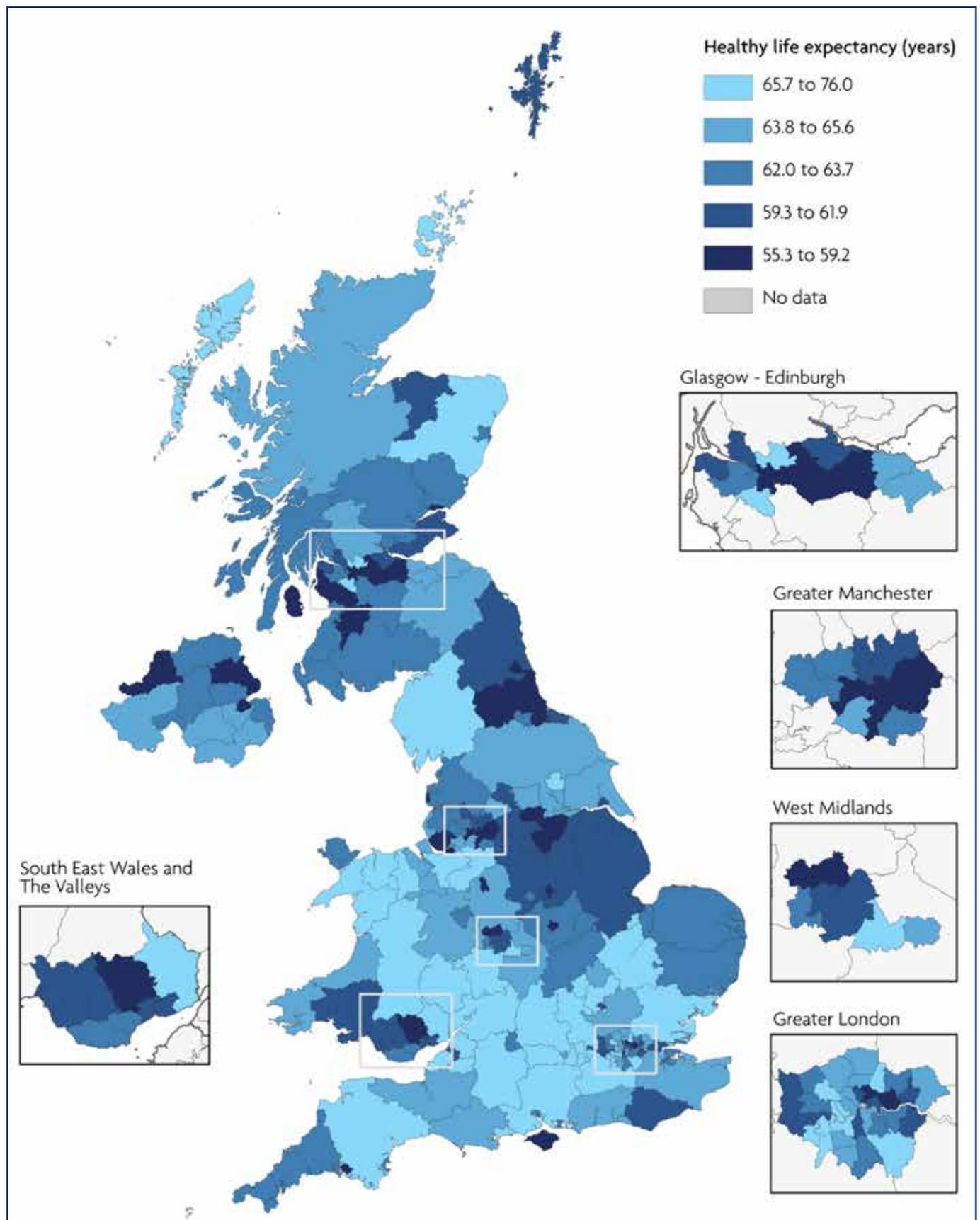
|   | Lowest performing<br>Difference compared<br>to UK average in<br>years and (%) | Highest performing<br>Difference compared<br>to UK average in<br>years and (%) |
|---|---|--|
| <b>Regional (ITL1)</b>  | North East<br><b>-3.5 years (-5.61%)</b>                                      | South East<br><b>+2.4 years (+3.85%)</b>                                       |
| <b>Sub-regional<br/>(county/ unitary<br/>local authorities)</b> | Blackpool<br><b>-9.2 years<br/>(-14.59%)</b>                                  | Rutland<br><b>+8.6 years<br/>(+13.64%)</b>                                     |

**Figure 1.10 Distribution of healthy life expectancy at birth (Males), local authorities by UK countries and regions, 2017–2019**



Source: ONS. Health state life expectancy at birth and at age 65 years by local areas, UK. 2019

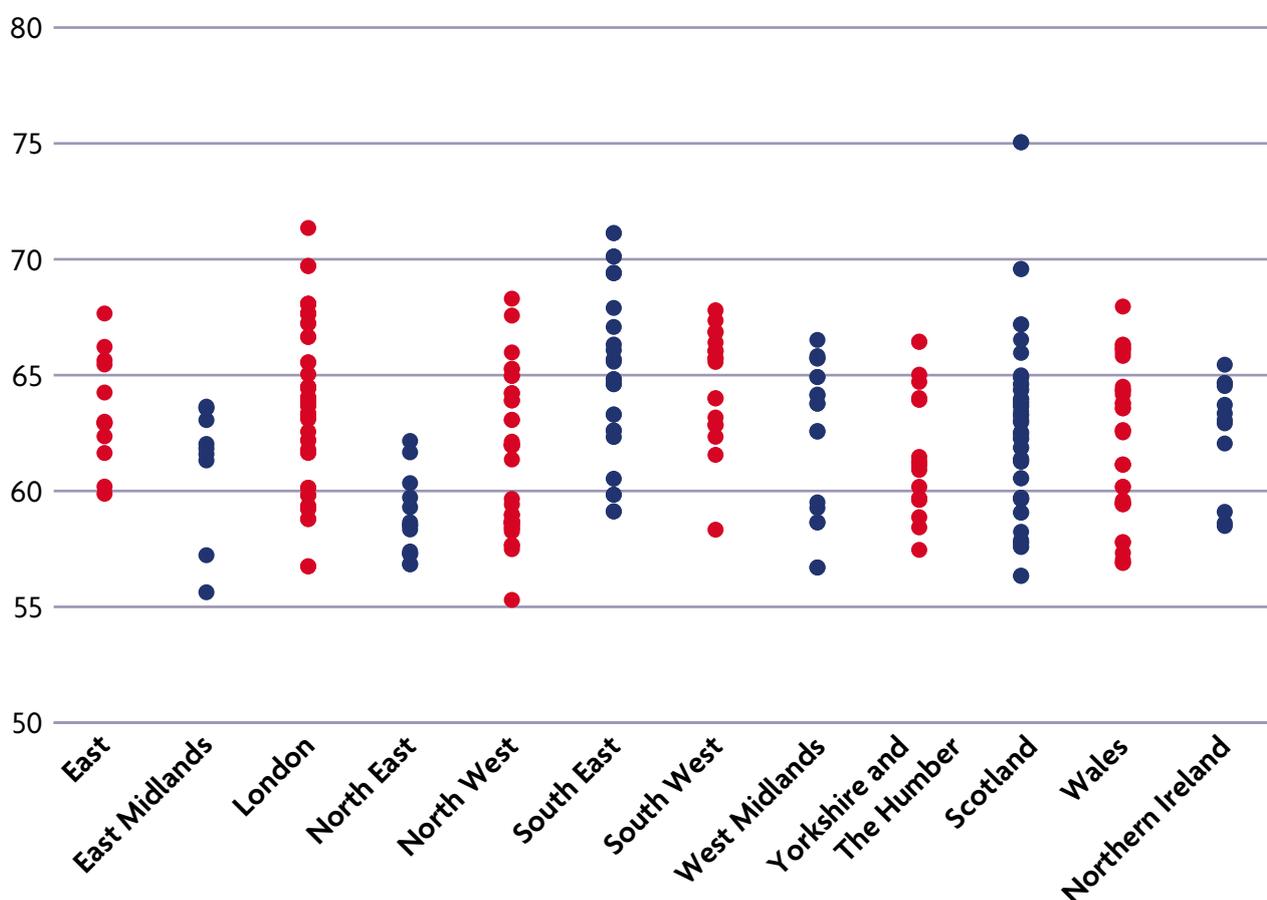
### Figure 1.11 Healthy life expectancy at birth (Females), UK local authorities, 2017-2019



**Table 1.5 Size of the gap: Differences in healthy life expectancy (Female) in years and percent, UK countries and regions/local authorities, 2017–19**

|   | Lowest performing<br>Difference compared<br>to UK average in<br>years and (%) | Highest performing<br>Difference compared<br>to UK average in<br>years and (%) |
|---|---|--|
| <b>Regional (ITL1)</b>  | North East<br><b>-4.2 years (6.70%)</b>                                       | South East<br><b>+2.6 years (4.06%)</b>  |
| <b>Sub-regional<br/>(county/ unitary<br/>local authorities)</b> | Blackpool<br><b>-8.0% years (12.61%)</b>                                      | Orkney Islands<br><b>+11.7 years (18.6%)</b>                                   |

**Figure 1.12 Distribution of healthy life expectancy at birth (Females), local authorities by UK countries and regions, 2017-2019**



## 1.2 Geographical Disparities across the UK

These global economic growth dynamics have been mirrored in the UK over recent decades, with long waves of expansion and contraction. But these dynamics appear to have been both more powerful and persistent in the UK than in some other countries. They also appear to have left deep and long-lasting economic and social scars. The result has been larger spatial differences across the UK than elsewhere, which have persisted and widened over time. This section outlines the nature and evolution of these spatial differences.

This section shows that the UK displays large spatial disparities compared to most other OECD countries (1.2.1), with a large gap between London and most other regions – in both absolute and relative terms (1.2.2) – contributing to substantial differences in living standards (1.2.3). These differences are long-lived and mean that the UK is not taking full advantage of the economic potential that all parts of the country have to offer. This in turn holds back aggregate productivity and growth and imposes costs on both poorly and well-performing places alike. These differences are also typically hyper-local and differences within UK regions or cities are often larger than differences between regions on most performance metrics (1.2.4). It is also clear that while the UK has a large number of clusters of innovative economic activity (1.2.8), its second tier cities underperform international

counterparts (1.2.6). All of these differences in place performance matter since they have a lasting impact on the life outcomes of the people who grow up there (1.2.7), not just in economic terms but across a wide range of social indicators.

## **1.2.1 The scale of geographical disparities across the UK**

Across a broad range of economic and social metrics, geographic differences in the UK are large in absolute terms and have widened over recent decades. Figures 1.3 to 1.12 plot four different areas of performance of the UK at the local authority level: productivity, pay, educational attainment and health. For each of these areas, there is a relatively high degree of geographic similarity, with the most productive places generally having higher earnings, longer life expectancy and higher levels of skills. . As the Commission on Race and Ethnic Disparities emphasised, geography is a key factor affecting equality of opportunity and social mobility.<sup>21</sup>

The differences between the best and worst performing areas are large. For productivity at the regional level, the gap between the highest (London) and lowest (Northern Ireland) is around 60%. In general, productivity tends to be higher in larger city-regions due to economies of scale and scope. Nonetheless, even this pattern is not entirely uniform.

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21 [The independent report of the Commission on Race and Ethnic Disparities](#). 2021.

Even in high productivity cities, such as London, there are areas with low productivity. Haringey and Lewisham have productivity levels of 91% and 82% of the UK average respectively.<sup>22</sup> In some of the UK's other large cities, such as Birmingham and Sheffield, productivity also lies below the national average.<sup>23</sup> Cities are not always highly productive.

Nor are towns and rural areas always underperforming. Some towns and rural areas are thriving in productivity terms. For example, Darlington has the same level of productivity as central Manchester.<sup>24</sup>

These differences in productivity are mirrored, broadly, in measures of pay and skills. Pay in the top region for earnings (London at £823 per week) is 1.5 times greater than the lowest region (the North East at £550 per week).<sup>25</sup> The difference in the proportion of the adult population with a level 3 qualification or equivalent between these two regions is almost 16 percentage points.<sup>26</sup> These differences are larger still at a more local level. Nearly half of adults aged 16-64 have a qualification at level 4 or above in York compared to a quarter in Doncaster.<sup>27</sup>

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22 ONS. [Subregional productivity in the UK: July 2021](#). 2021.

23 ONS. [Subregional productivity in the UK: July 2021](#). 2021.

24 ONS. [Subregional productivity in the UK: July 2021](#). 2021.

25 ONS. [Apr-June 2021 gross weekly earnings data – not seasonally adjusted](#). Gross weekly earnings of full-time employees by region. 2021.

26 ONS. [Annual Population Survey, 2004-2021](#). Data from: Jan-Dec, 2020. UK Data Service. 2021.

27 ONS. [Annual Population Survey, 2004-2021](#). Data from: Jan-Dec, 2020. UK Data Service. 2021.

Some of the most striking spatial disparities are in health. The difference in healthy life expectancy at birth for females between England and Scotland is only 1.6 years.<sup>28</sup> But at a local level, these differences are much larger. Females born in Wokingham can expect to live twelve years longer in good health than those born in Southampton.<sup>29</sup> This is mirrored in other health-based metrics, such as the incidence of obesity and smoking.<sup>30</sup>

Figure 1.13 combines these four performance measures. There are clear typologies of places that have poor socioeconomic outcomes. These include coastal communities previously associated with tourism, parts of the North and Midlands with industrial legacies, and rural parts of Scotland, Wales and Northern Ireland. The UK's cities tend to perform better in general, but often harbour both some of the best and the worst-performing areas.

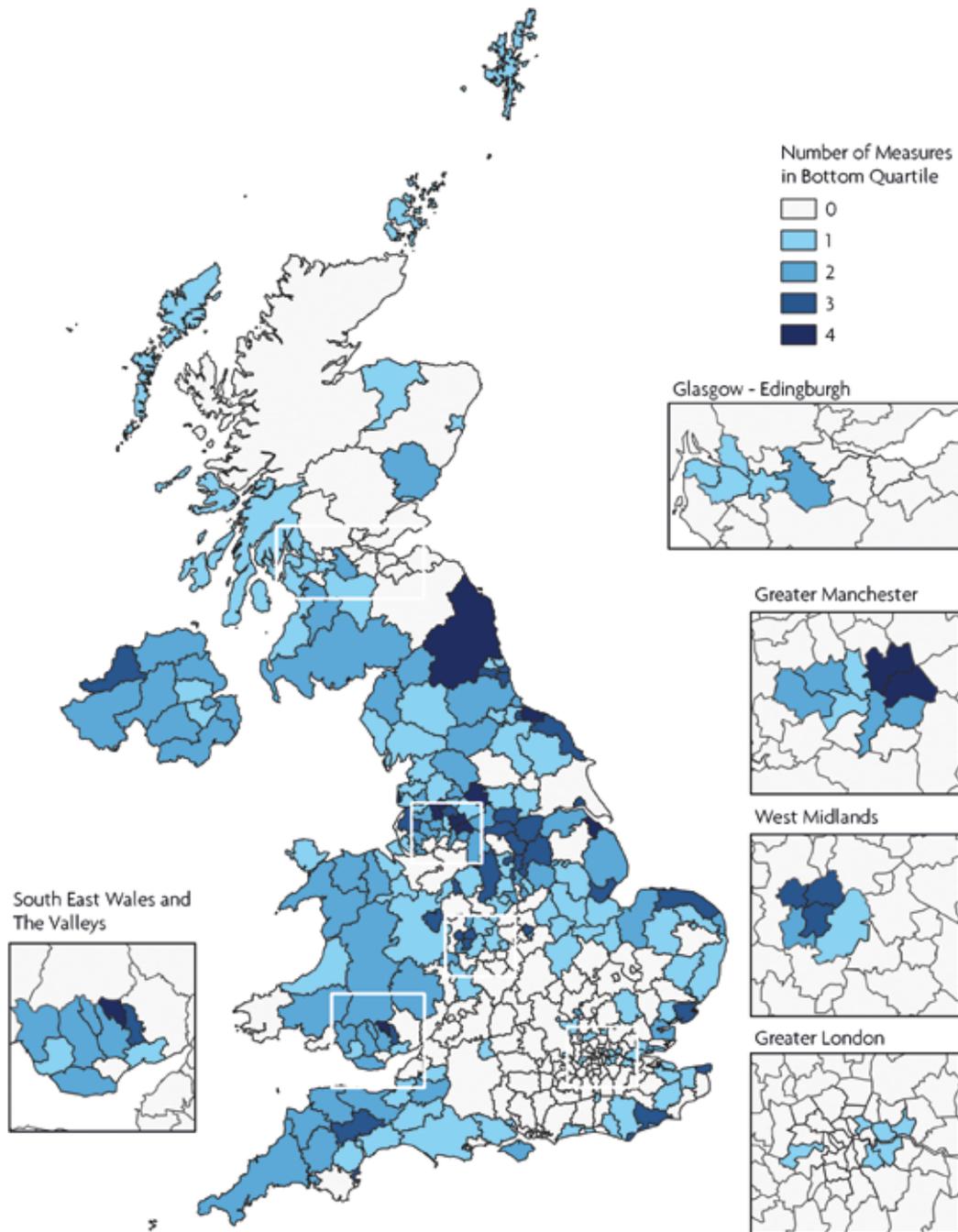
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28 ONS. [Health state life expectancy at birth and at age 65 years by local areas, UK](#). 2019.

29 ONS. [Health state life expectancy at birth and at age 65 years by local areas, UK](#). 2019.

30 ONS. [Health state life expectancy at birth and at age 65 years by local areas, UK](#). 2019.

**Figure 1.13 Spatial patterns: Which places are most left behind? Local authorities in the bottom quartile for level 3+ equivalent skills in the adult population, Gross Value Added (GVA) per hour worked, Median Gross Weekly Pay and healthy life expectancy<sup>31</sup>**



31 This map combines data from the ONS on Gross Value Added (GVA) per hour worked, average life satisfaction, median gross weekly pay and Healthy Life Expectancy. It shows, for each local authority, how many of these measures are ranked in the bottom quartile, when compared against the UK average. Subregional data is not available for Northern Ireland across GVA per hour worked or NVQ3+, therefore we use the Northern Ireland Regional value for these local areas.

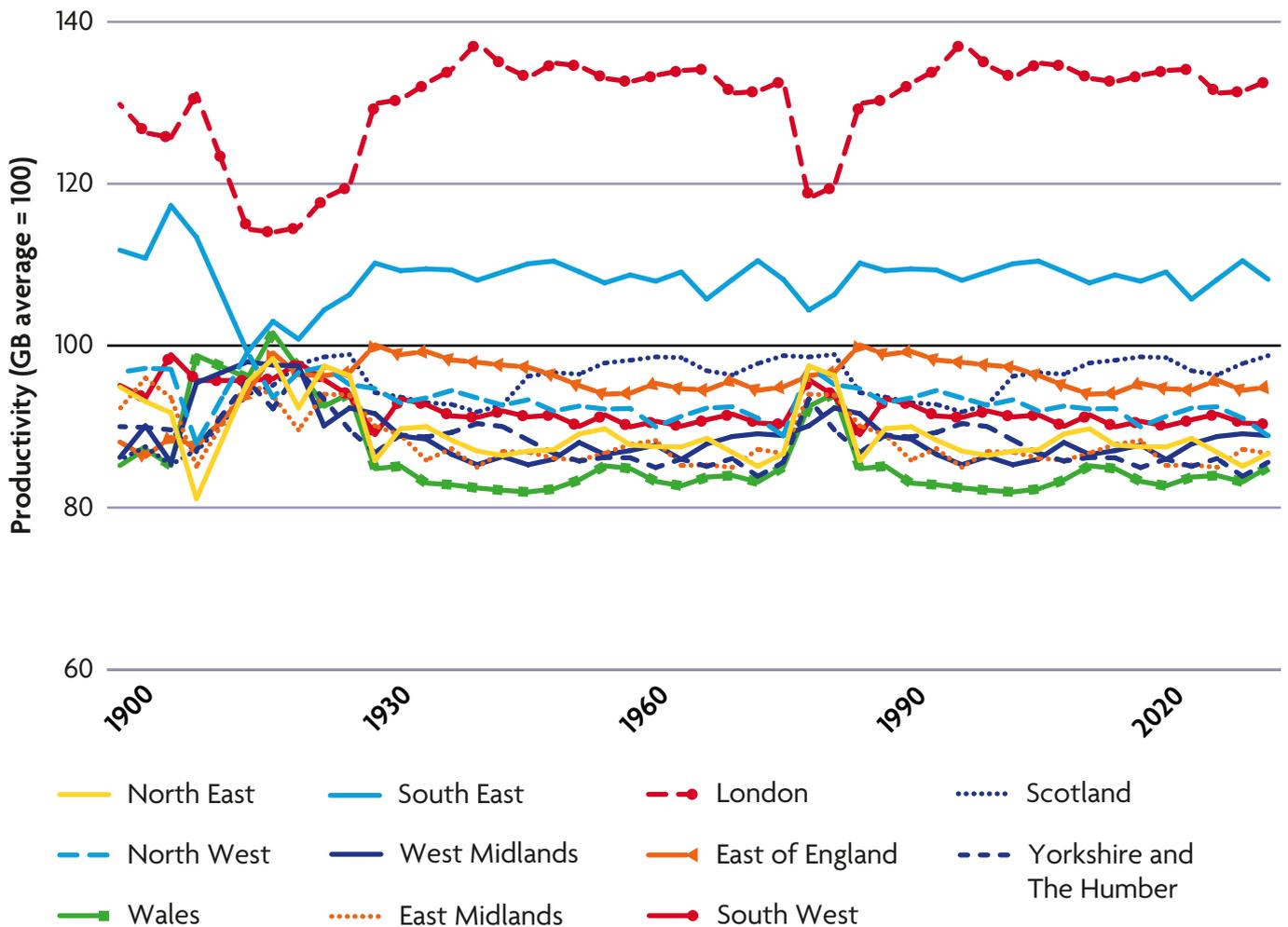
## 1.2.2 How the UK's geographical disparities compare internationally

These spatial differences across the UK are also large by comparison with the past and with international comparators. Figure 1.14 looks at spatial patterns in Gross Domestic Product (GDP) across Great Britain since 1901. These differences roughly halved during the first part of the 20th century. Since then they have re-widened, steadily but significantly, and are now back to levels seen a century ago. Spatial disparities in health have also widened since the late 1970s, having narrowed in the immediate post-war period.<sup>32</sup>

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32 Gordon, D., Kay, A., Kelly, M., Nandy, S., Senior, M., Shaw, M. Chapter 1: The growth of health inequalities in Britain. Targeting Poor Health: Review of rural and urban factors affecting the costs of health services and other implementation issues. 2003.

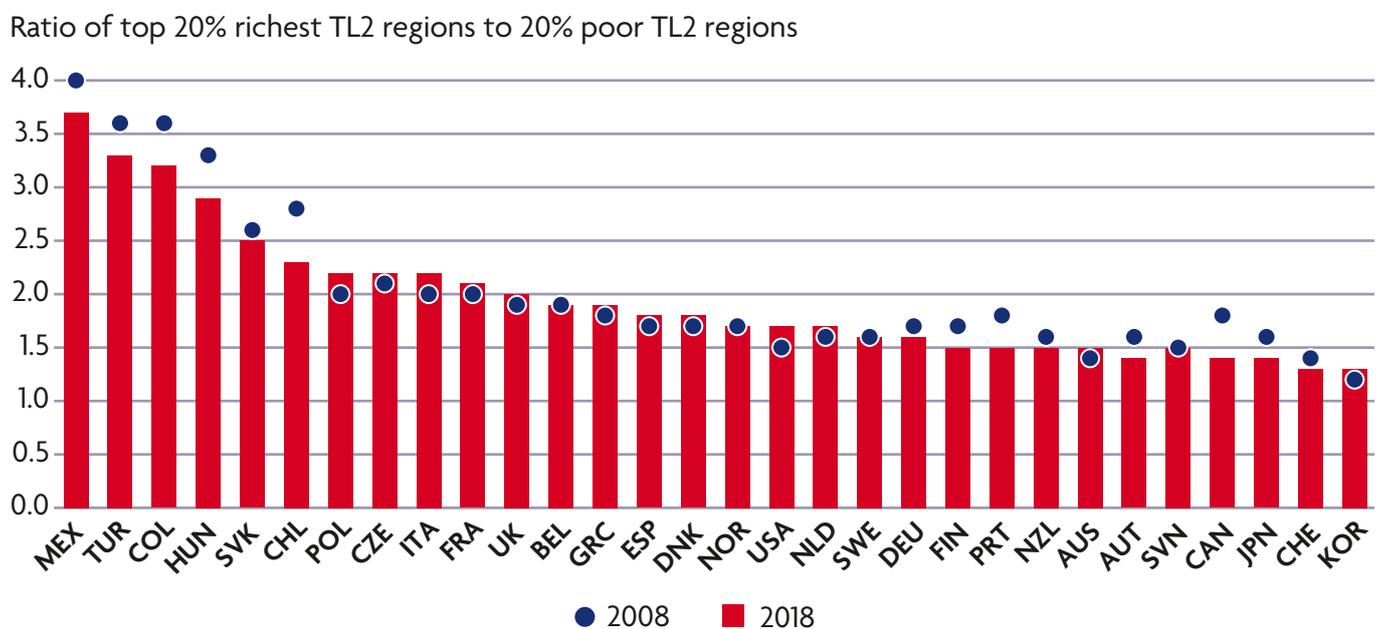
**Figure 1.14 Regional productivity, GB countries and regions, 1900-2019<sup>33</sup>**



33 Geary, F., Stark, T. Data until 2004 based on GDP per capita. 150 years of Regional GDP: United Kingdom and Ireland. 2018.; ONS. Data from 2004 – 2019 based on GVA per hour worked. Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions. 2021.

The UK’s spatial disparities are also among the largest across advanced economies on a number of measures, including productivity and income per head (Figure 1.15).<sup>34</sup> When assessed across 28 different measures – using different spatial units of analysis, different measures of prosperity and different indices of inequality – the UK has been found to be one of the most spatially unequal countries among the OECD.<sup>35</sup>

**Figure 1.15 Ratio of top 20% richest regions to 20% poorest regions, OECD countries, 2008 and 2018<sup>36 37</sup>**



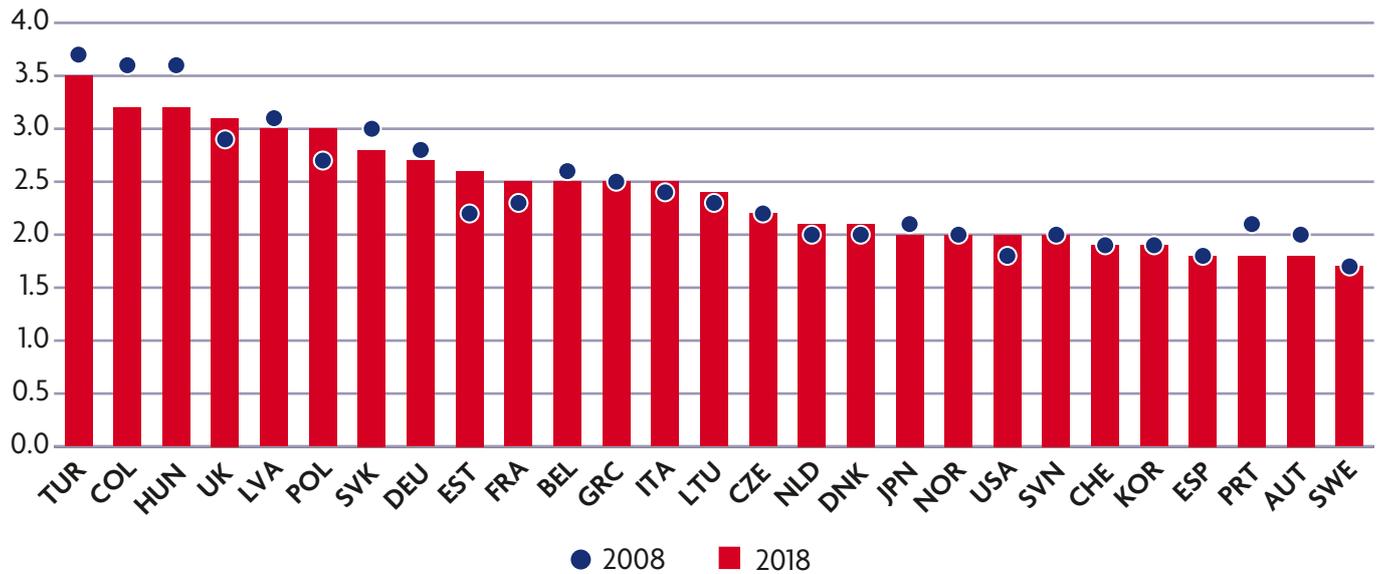
34 Industrial Strategy Council. UK Regional Productivity Differences: An Evidence Review. 2020.

35 McCann, P. Perceptions of regional inequality and the geography of discontent: insights from the UK. *Regional Studies*, pp. 256-267. 2020.

36 OECD. OECD Regional Statistics (database). 2020.

37 Regions within the 38 OECD countries are classified on two territorial levels reflecting the administrative organisation of countries. For the UK, TL2 are the 12 countries and regions of the UK. TL3 are the 179 Upper tier authorities or groups of lower tier authorities or groups of unitary authorities or LECs or groups of districts.

Ratio of top 20% richest TL3 regions to 20% poor TL3 regions



### 1.2.3 Broader measures of geographical disparities

Many indicators of economic performance across the UK tell a consistent story of wide and widening spatial disparities. But other metrics tell a more nuanced story about both the scale and location of these differences. As Figure 1.16 illustrates, while many measures of spatial performance are strongly positively correlated some, such as life satisfaction and housing quality (measured as rooms per person), have a negative correlation.

**Figure 1.16 Correlation between labour productivity (GVA per hour worked) and other metrics<sup>38</sup>**

|                   | Productivity | Disposable income | Education | Broadband access | Life expectancy | Employment | Voter turnover | Homicide rate | Life satisfaction | Perceived network | Rooms per person |
|-------------------|--------------|-------------------|-----------|------------------|-----------------|------------|----------------|---------------|-------------------|-------------------|------------------|
| Productivity      | 1.00         |                   |           |                  |                 |            |                |               |                   |                   |                  |
| Disposable income | 0.92         | 1.00              |           |                  |                 |            |                |               |                   |                   |                  |
| Education         | 0.85         | 0.89              | 1.00      |                  |                 |            |                |               |                   |                   |                  |
| Broadband access  | 0.58         | 0.72              | 0.65      | 1.00             |                 |            |                |               |                   |                   |                  |
| Life expectancy   | 0.51         | 0.72              | 0.50      | 0.51             | 1.00            |            |                |               |                   |                   |                  |
| Employment        | 0.40         | 0.67              | 0.62      | 0.67             | 0.55            | 1.00       |                |               |                   |                   |                  |
| Voter turnover    | 0.31         | 0.52              | 0.29      | 0.70             | 0.18            | 0.79       | 1.00           |               |                   |                   |                  |
| Homicide rate     | -0.16        | -0.28             | -0.20     | -0.10            | -0.28           | -0.26      | -0.23          | 1.00          |                   |                   |                  |
| Life satisfaction | -0.27        | -0.12             | -0.12     | 0.17             | -0.12           | 0.10       | 0.40           | -0.05         | 1.00              |                   |                  |
| Perceived network | -0.50        | -0.42             | -0.39     | 0.19             | -0.31           | -0.21      | 0.19           | 0.36          | 0.70              | 1.00              |                  |
| Rooms per person  | -0.59        | -0.46             | -0.37     | -0.26            | -0.28           | 0.18       | 0.07           | 0.10          | -0.30             | -0.03             | 1.00             |

For example, spatial disparities look less dramatic when measures are based on where people live, rather than

<sup>38</sup> Zymek, R., Jones B. UK Regional Productivity Differences: An Evidence Review. Industrial Strategy Council. 2020.

where they work. Productivity (Gross Value Added per hour worked) in some parts of inner London is several times that of other parts of the UK. However, much of the income accrues to people who do not live in the place they work. Inner London incomes measured on a *residency* basis, while still high, are “only” 75% above the UK average.<sup>39</sup>

Beyond these commuting effects, wider costs also impact the scale of spatial disparities. Household income is based on more than pay. It includes other forms of income (investment income, welfare and pension payments) and tax paid. The Department of Work and Pensions (DWP) conducts a detailed survey of household disposable income, adjusted for the number of people living in each household.<sup>40</sup> Using this data, Figure 1.17 shows how spatial disparities differ when looking at household incomes, and the effects of taking into account housing costs. The outperformance of some parts of London relative to other regions is reduced when considering housing costs. And taking into account housing costs, which are significantly higher in well-performing regions, these differences narrow further. The difference in median disposable incomes between London and the North East shrinks from 25% to 11%.<sup>41</sup> Indeed, looking at disposable incomes after housing costs, London is no longer the best performer.<sup>42</sup>

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39 Allas, T. [Metrics Matter: how \(not\) to measure regional inequalities](#). blog post. 2021.

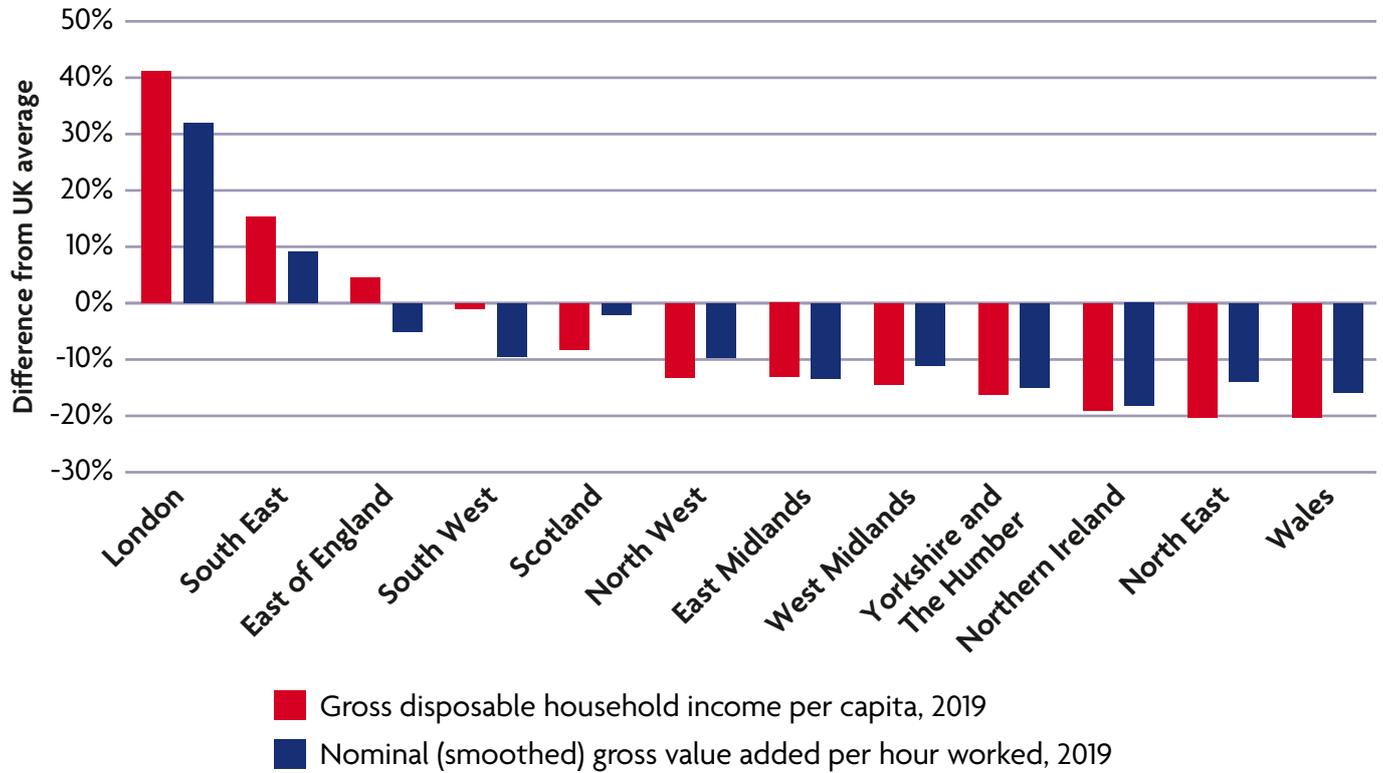
40 DWP. [Households below average income: 1994/95 to 2017/18](#). 2019.

41 DWP. [Households Below Average Income statistics](#) downloaded from DWP Stat Xplore. 2021.

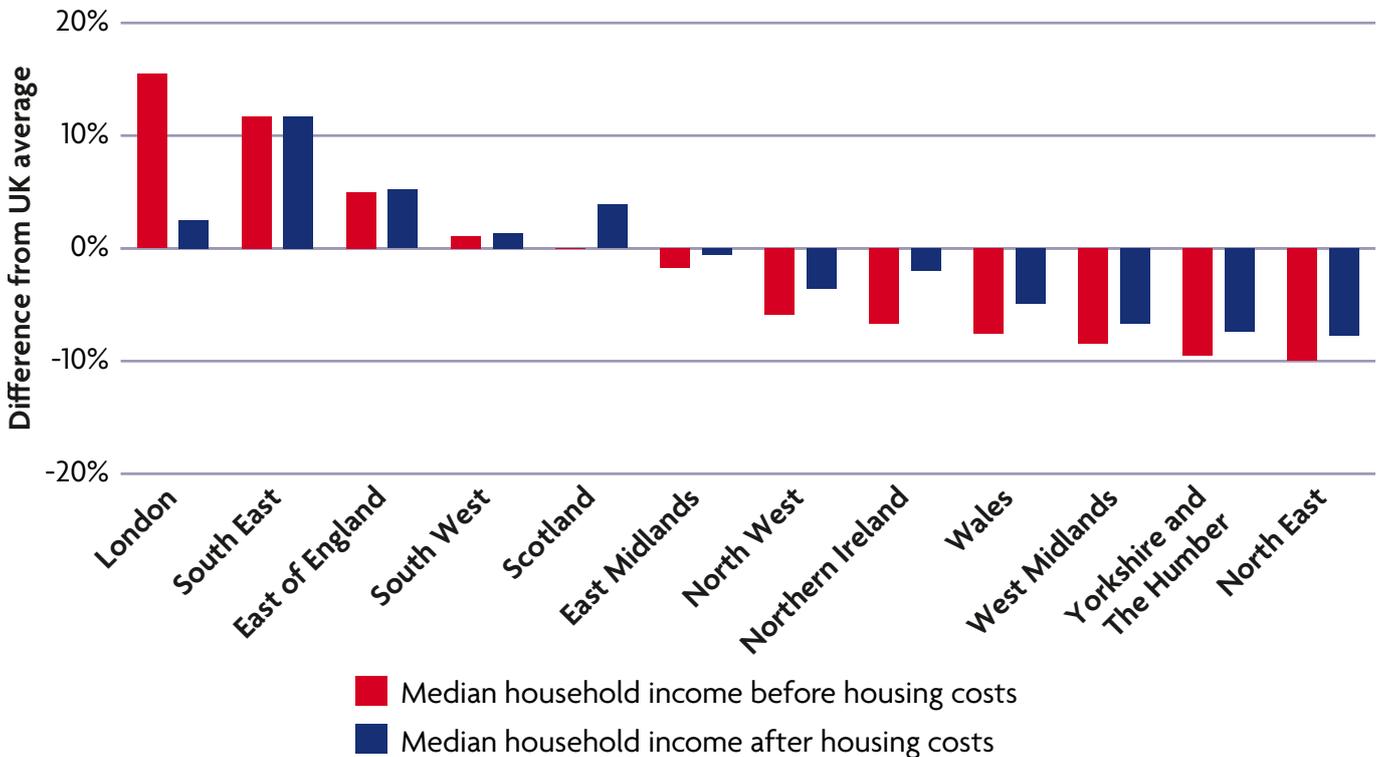
42 Harari, D. [How big are regional economic inequalities in the UK?](#). 2020.

**Figure 1.17 Measures of income and productivity compared to UK average, UK countries and regions, 2019<sup>43</sup>**

Gross Disposable Household Income per capita and gross value added per hour worked, 2019



Household income before and after housing costs by ITL1 region, 2017/18 – 2019/20



43 ONS. Subregional productivity in the UK: July 2021. 2021. Used with: DWP. Households Below Average Income statistics downloaded from DWP Stat Xplore. 2021.

Moving from income to measures of life satisfaction or well-being, geographic differences in performance are different again. On some measures, these patterns are inverted. As Figure 1.18 illustrates, the most productive and, on some measures, prosperous places have the lowest levels of life satisfaction.

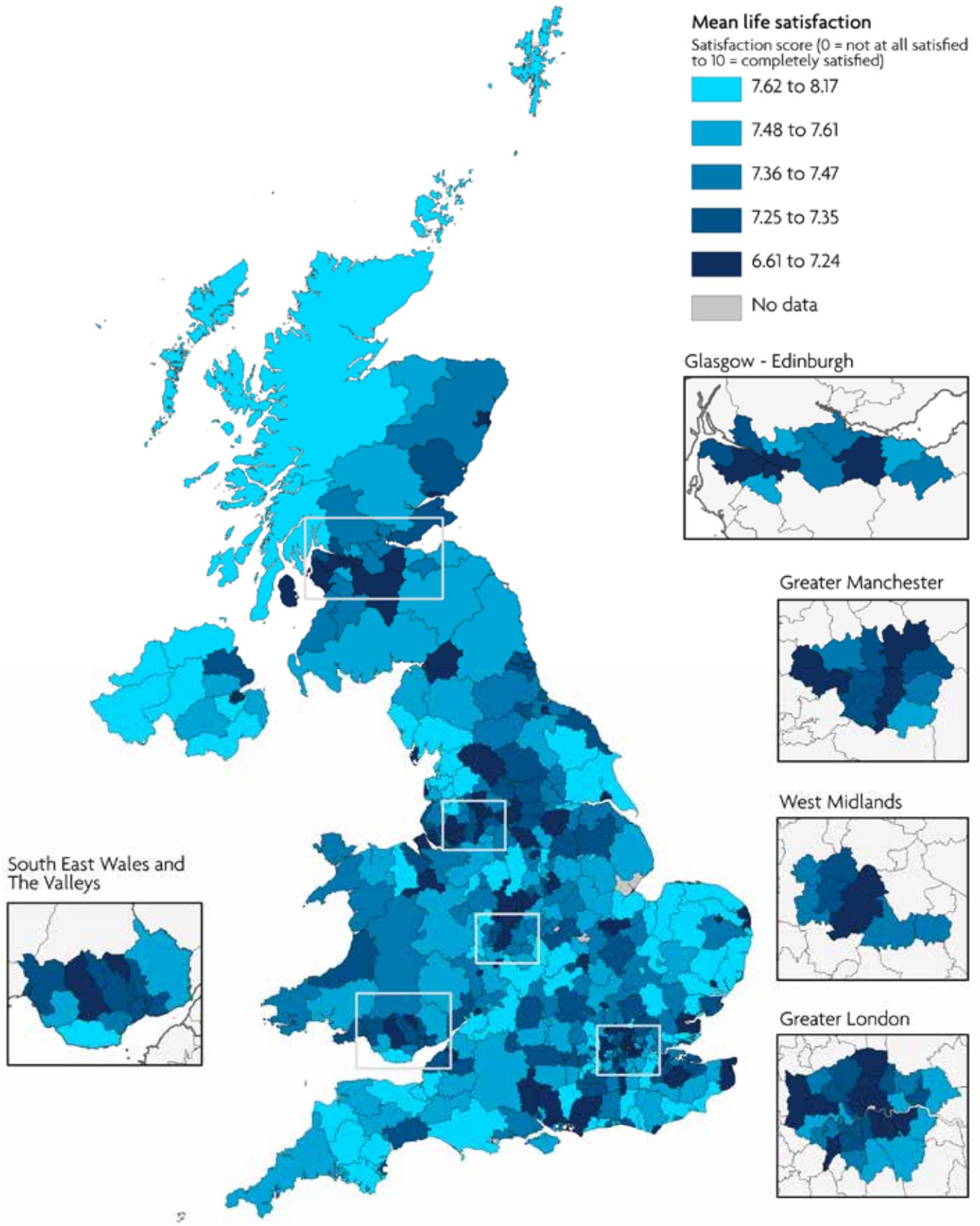
These differences persist even after controlling for personal and economic characteristics, such as age (Figure 1.19).<sup>44</sup> This is a powerful illustration of the importance of factors beyond income, such as people's mental and physical health, quality of work and housing, and relationships in explaining their lived experience in different places.<sup>45</sup> It also demonstrates that the costs of spatial inequality are experienced in the UK's congested economic hubs, such as London, as well as struggling areas.

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44 See for example: Bangham, G. *Happy now?: Lessons for economic policy makers from a focus on subjective well-being*. Resolution Foundation. 2019.

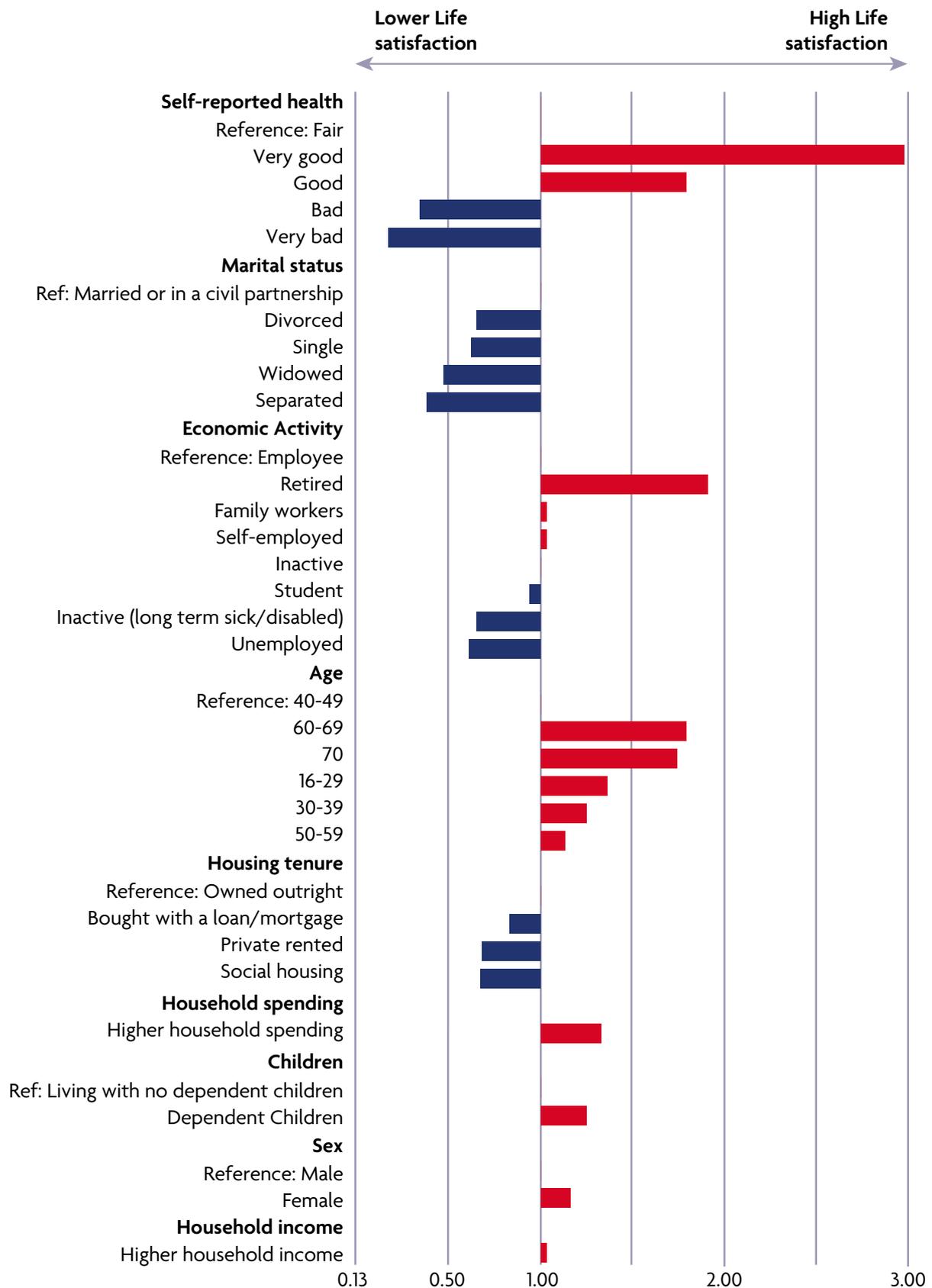
45 Clark, A., Flèche, S., Layard, R., Powdthavee, N., and Ward, G. *The origins of happiness*. Princeton University Press. 2018.; Layard, R., and Ward, G. *Can we be happier?: Evidence and ethics*. Penguin Books UK. 2021; Clark, A., Fleche, S., Layard, R., Powdthavee, N., Ward, G. *Origins of happiness: Evidence and policy implications*. 2016.

**Figure 1.18 Life satisfaction, UK local authorities, 2020<sup>46</sup>**



46 ONS. Annual personal well-being estimates. 2021.

**Figure 1.19 Determinants of life satisfaction: Odds ratios of factors affecting life satisfaction, UK, April 2016 to March 2017<sup>47</sup>**



47 ONS. Personal and economic well-being: what matters most to our life satisfaction? 2019.

## 1.2.4 Local level geographic disparities

Geographical disparities across the UK are hyper local. The UK's economic geography does not conform to simple spatial stereotypes, such as urban/rural, North/South or city/town. Typically, differences *within* UK regions or cities are larger than differences *between* regions on most performance metrics (Figure 1.20). The economic geography of the UK has a fractal pattern, with spatial differences replicating themselves at higher levels of geographic resolution.

Often, these differences are large even within a restricted geographic area, such as a borough or district. Figures 1.21 and 1.22 consider highly granular maps of income deprivation in two small geographic areas – Kensington and Chelsea, and Middlesbrough – and show large disparities in outcomes within geographically-adjacent areas.

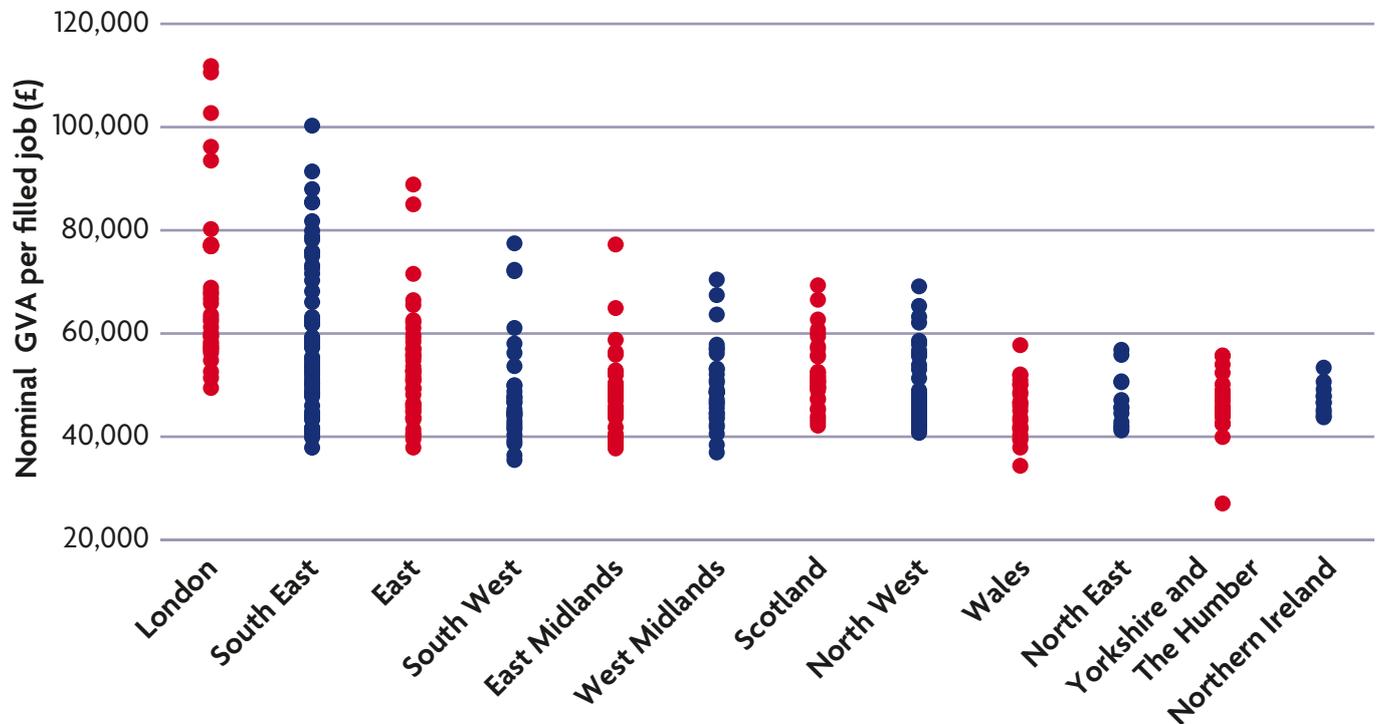
To some extent, this pattern is mirrored across many of the UK's largest cities. Generally speaking, urban local authorities with a higher level of income deprivation have the largest internal disparities.<sup>48</sup> Figure 1.23 shows that, in places characterised by higher levels of overall deprivation, relatively deprived and affluent neighbourhoods often exhibit greater clustering. Despite

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48 ONS. *Exploring local income deprivation*. 2021.

London being an economic powerhouse, it contains significant pockets of high deprivation.<sup>49</sup>

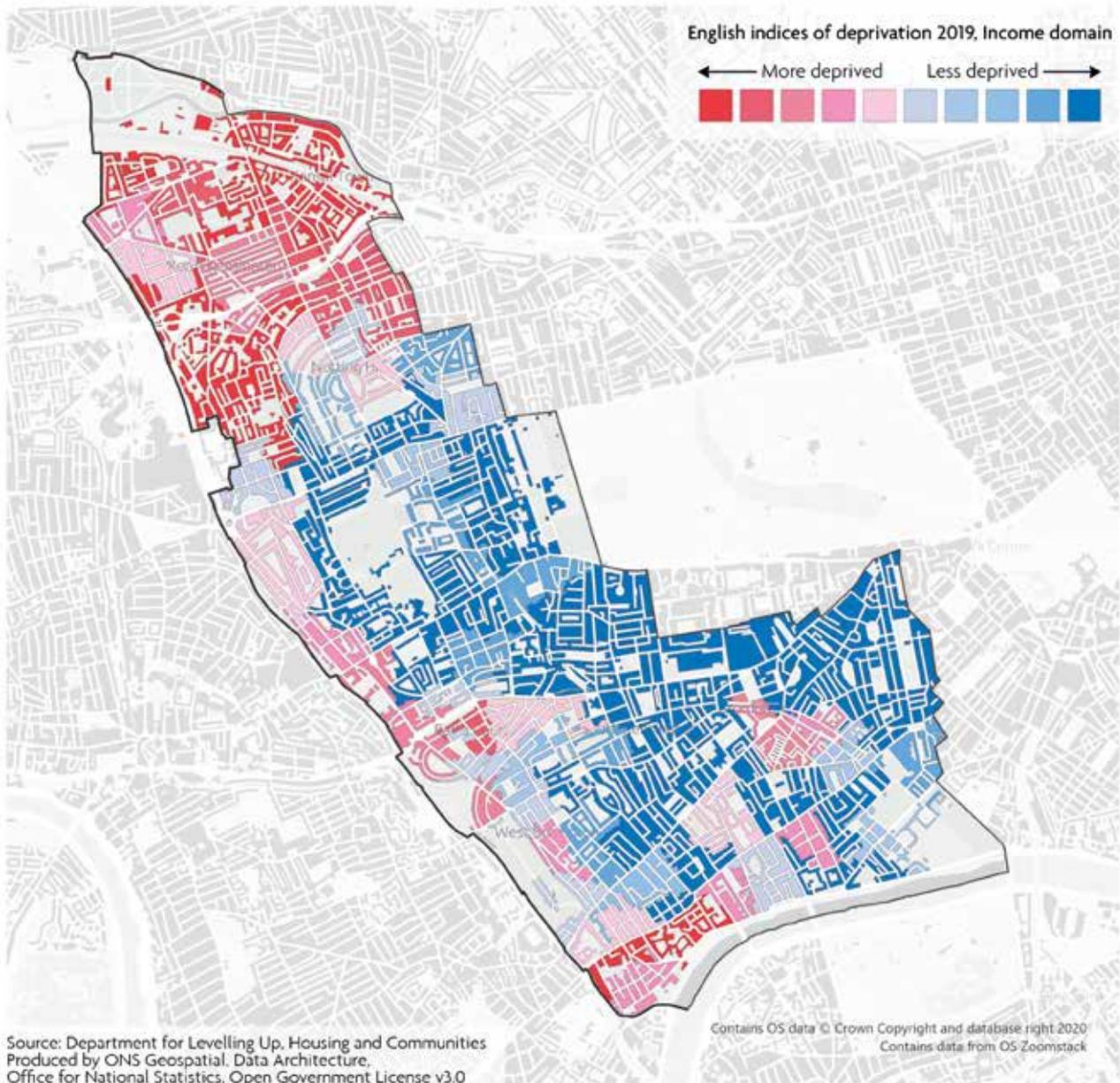
**Figure 1.20 GVA per filled job, local authorities by UK countries and regions, 2019<sup>50</sup>**



49 Ministry of Housing Communities and Local Government (MHCLG). Index of Multiple Deprivation, 2019.

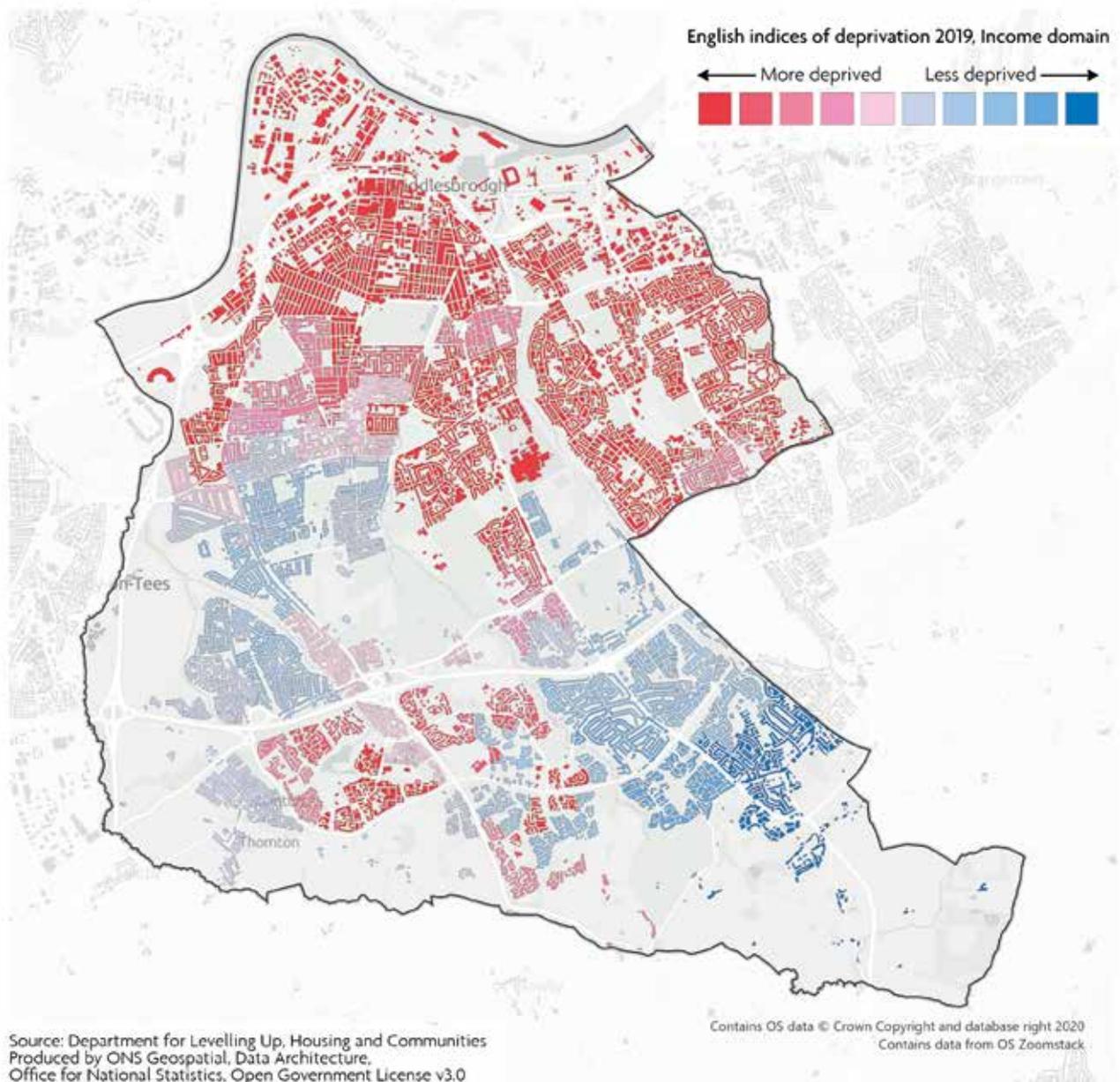
50 ONS. Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions. 2021.

# Figure 1.21 Income deprivation in Kensington and Chelsea<sup>51</sup>



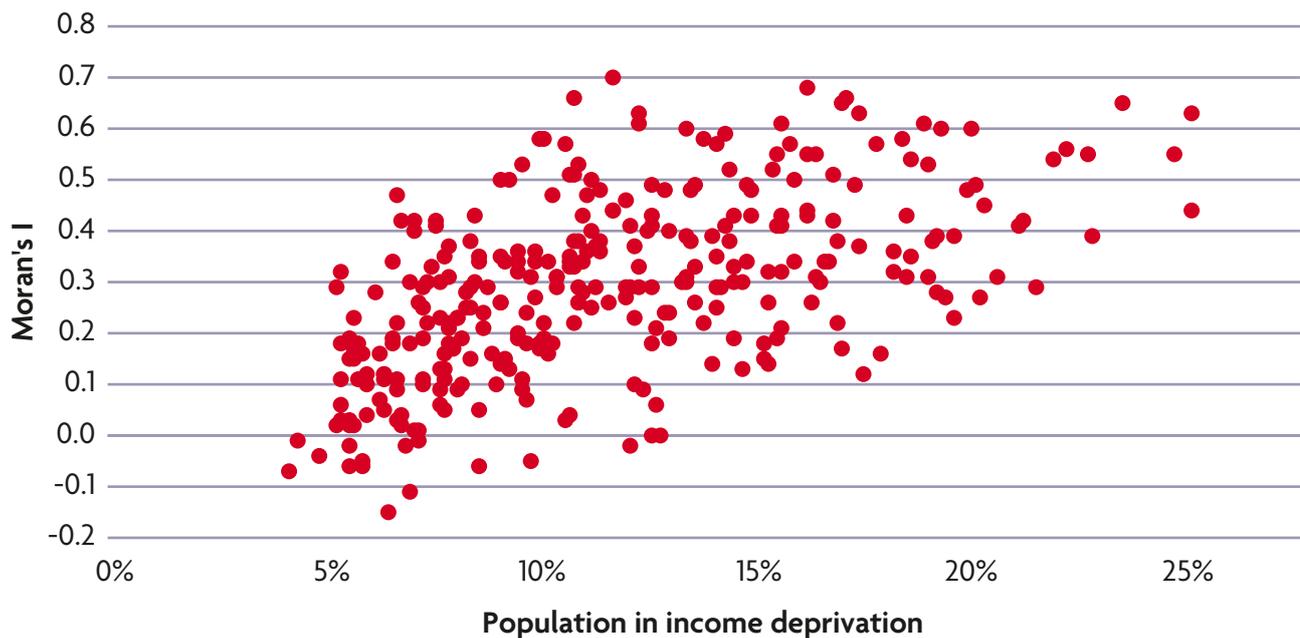
51 ONS. Exploring local income deprivation. 2021.

Figure 1.22 Income deprivation in Middlesbrough<sup>52</sup>



52 ONS. Exploring local income deprivation. 2021.

**Figure 1.23 Income deprivation by Moran's I, England local authorities, 2019<sup>53</sup>**



## 1.2.5 Geographical disparities over time

Geographic differences are long lived: they exhibit a high degree of “stickiness” in the UK, with spatial success and failure both highly history-dependent. Over the past 120 years, whilst the gap between the most and least productive areas has varied, the relative ranking across the UK has been largely unchanged (Figure 1.14). The same is true of employment, with areas such as Wales and the North East of England consistently having lower levels of performance than in London and the South East of England (Figure 1.24).

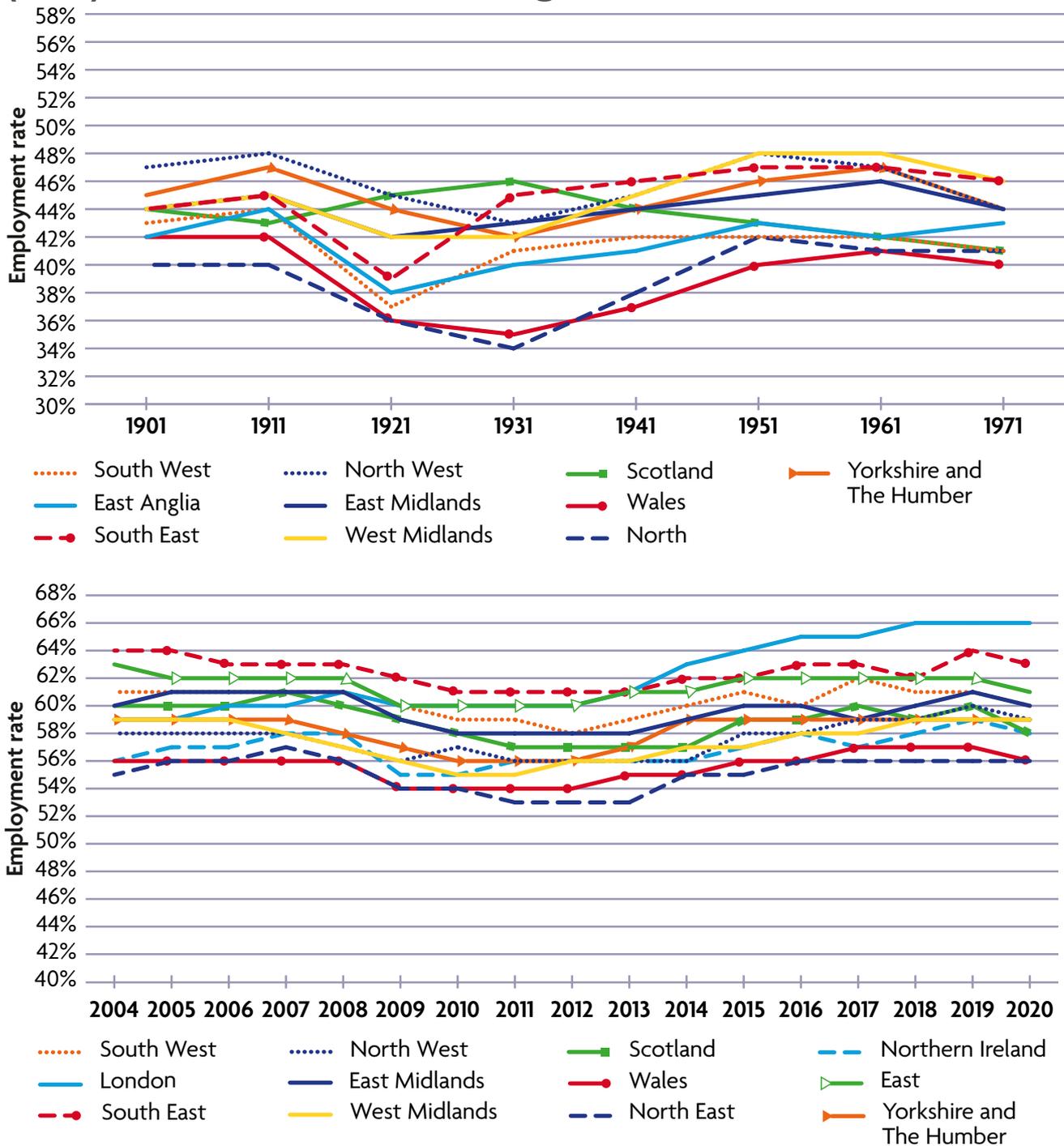
This is also true of health outcomes. Figure 1.25 plots life expectancy at birth over time across the English regions

<sup>53</sup> ONS. [Mapping income deprivation at a local authority level/ 2021](#).

Note: Moran's I is a measure of spatial autocorrelation. The Moran's I value ranges from -1 to +1, where +1 is highly clustered, and -1 is like a chessboard, with a completely uniform mix of high and low deprivation neighbourhoods.

between 1991 to 2014. Like economic measures, health exhibits a high degree of persistence, with disparities largely unchanged over this period. This suggests long-lasting scarring effects in some poorly-performing places across economic, social and health measures.

**Figure 1.24 Employment rates, British SSRs (Standard Statistical Regions), 1901 to 1971;<sup>54</sup> employment rate (16+), UK countries and regions, 2004 to 2020<sup>55</sup>**

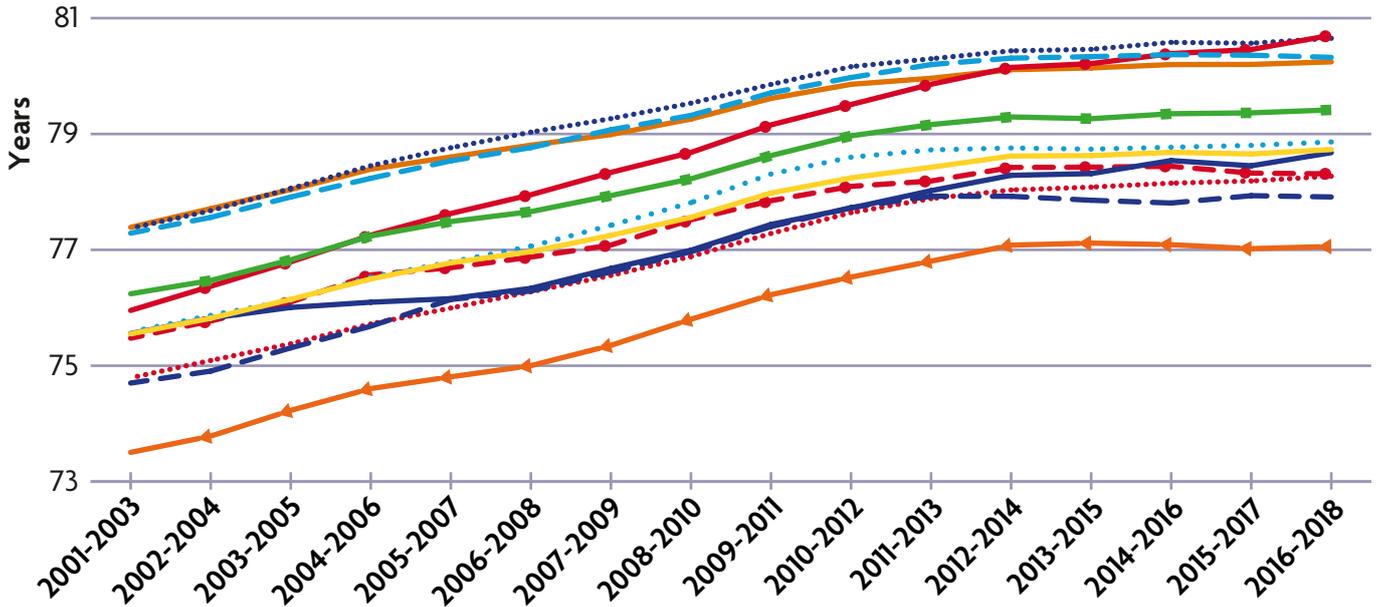


54 Lee, C.H. *British Regional Employment Statistics 1841-1971*. Cambridge University Press. 1979. Taken from: Lee, C. H. *Regional Employment Statistics Series A and B 1841-1971*. ESCO. SSRs were the primary classification for English regional statistics prior to the adoption of GORs in 1994. There were eight SSRs, with Greater London included within a South East region, rather than as a region on its own as is currently the case. Further, the 'North' under the former SSRs refers to the current 'North East' plus Cumbria – see House of Commons Library. *The New Statistical Regions*, 1997. 1941 data is missing so the average between 1931 and 1951 was taken, as had: Geary, F., Stark, T. *150 years of Regional GDP: United Kingdom and Ireland*. 2018.

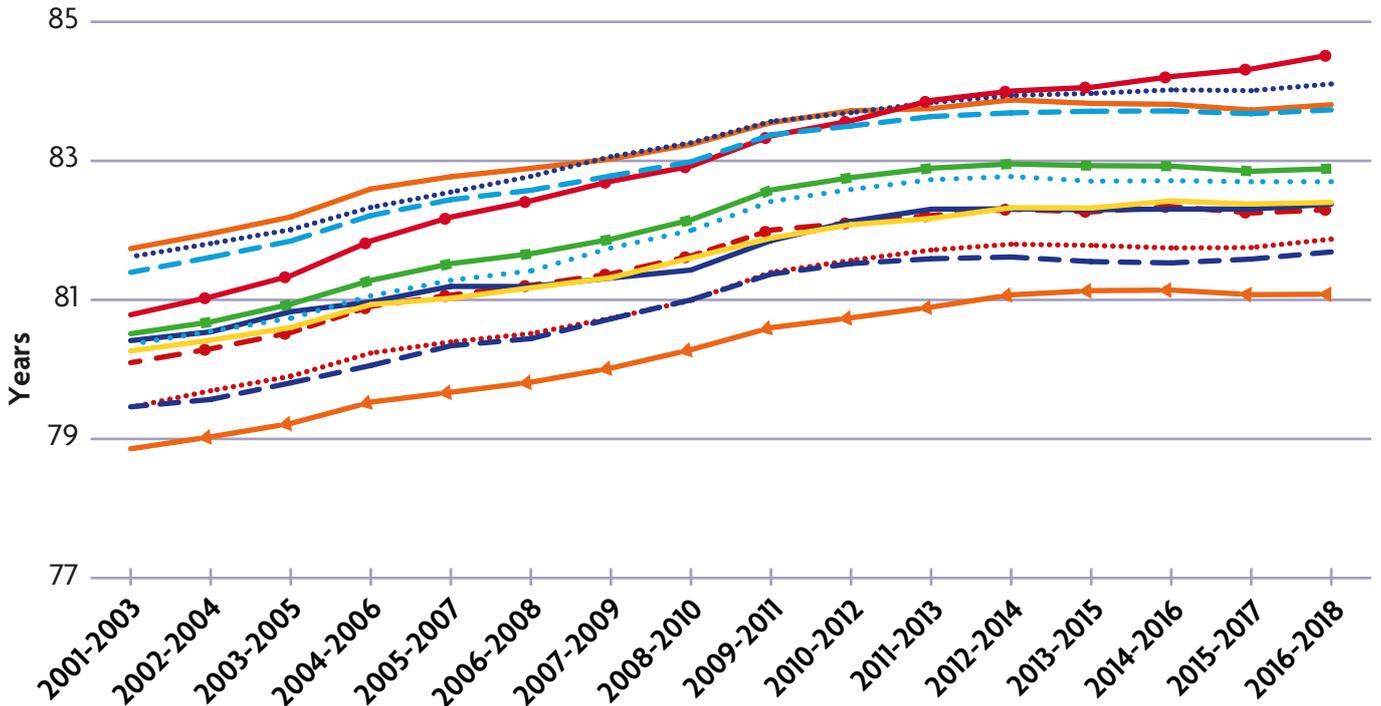
55 ONS. *Annual Population Survey*. Nomis. Accessed: 25 November 2021. 2021.

# Figure 1.25 Life expectancy at birth, UK countries and regions, 2001-2003 to 2016-18<sup>56</sup>

Life expectancy at birth for Males, 2001-2003 to 2016-2018



Life expectancy at birth for Females, 2001-2003 to 2016-2018



- Wales
- South East
- East Midlands
- ▲— Scotland
- London
- Yorkshire and The Humber
- Northern Ireland
- East
- North West
- ▲— South West
- West Midlands
- North East

<sup>56</sup> ONS. *Life Expectancy at Birth and at Age 65 by Local Areas in England and Wales*. 2015.

## 1.2.6 Cities and productivity

Cities play fundamental roles as engines of growth, account for a large share of economic output and are significant players for their regional economies. However, the pattern and performance of the UK's major cities is different to other countries. One important difference is the dominance of London, the UK's largest city, relative to the second tier, in population and performance terms. There is evidence that some of the UK's cities tend to underperform relative to similarly-sized urban areas in other countries.<sup>57</sup> Figure 1.26 plots the relationship between GVA per worker and population across a range of Western European cities. This relationship is positively sloped outside the UK. For UK cities, this relationship is less clear. For their population size, a number of UK cities – including Birmingham, Manchester, Leeds and Newcastle – appear to under-perform international comparators.

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<sup>57</sup> Swinney, P. [So you want to level up?](#). Centre for Cities. 2021.

**Figure 1.26 GVA per hour vs. population size, selected Western European cities, 2011<sup>58</sup>**

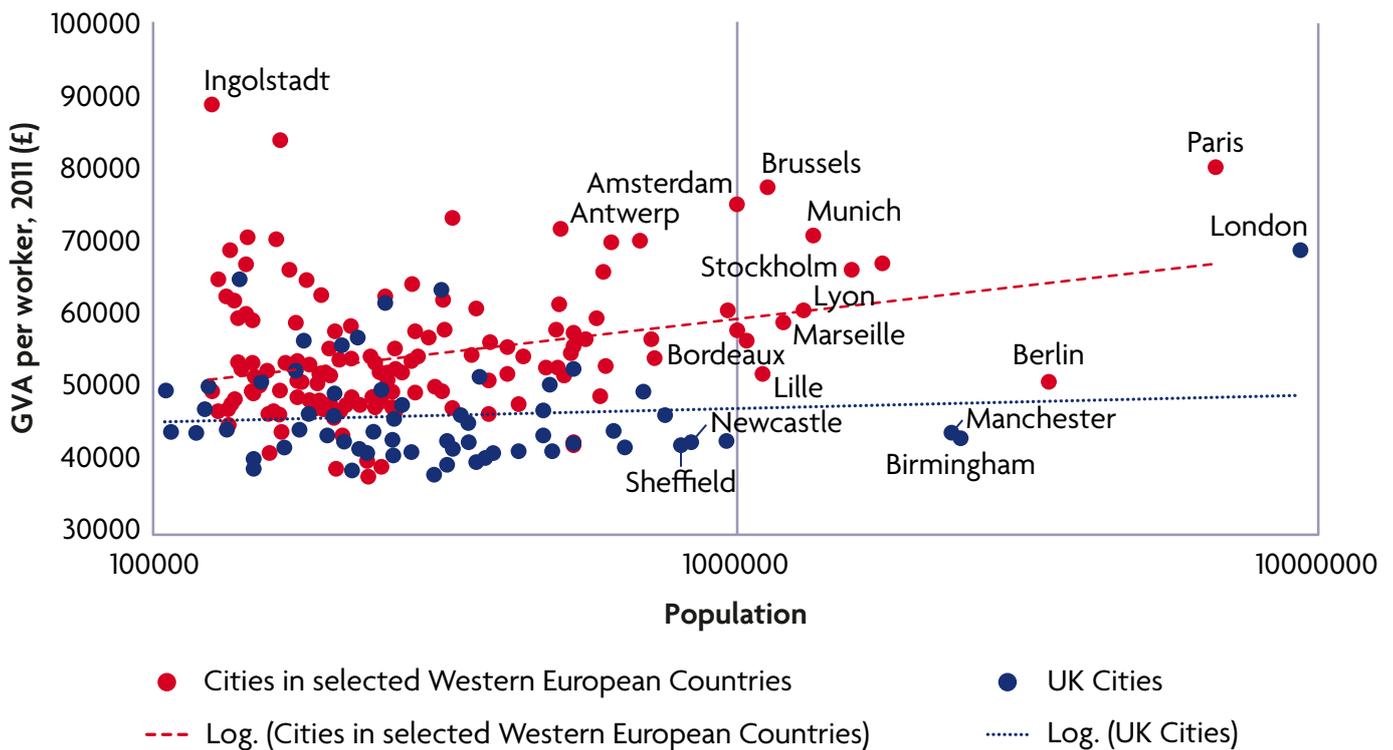
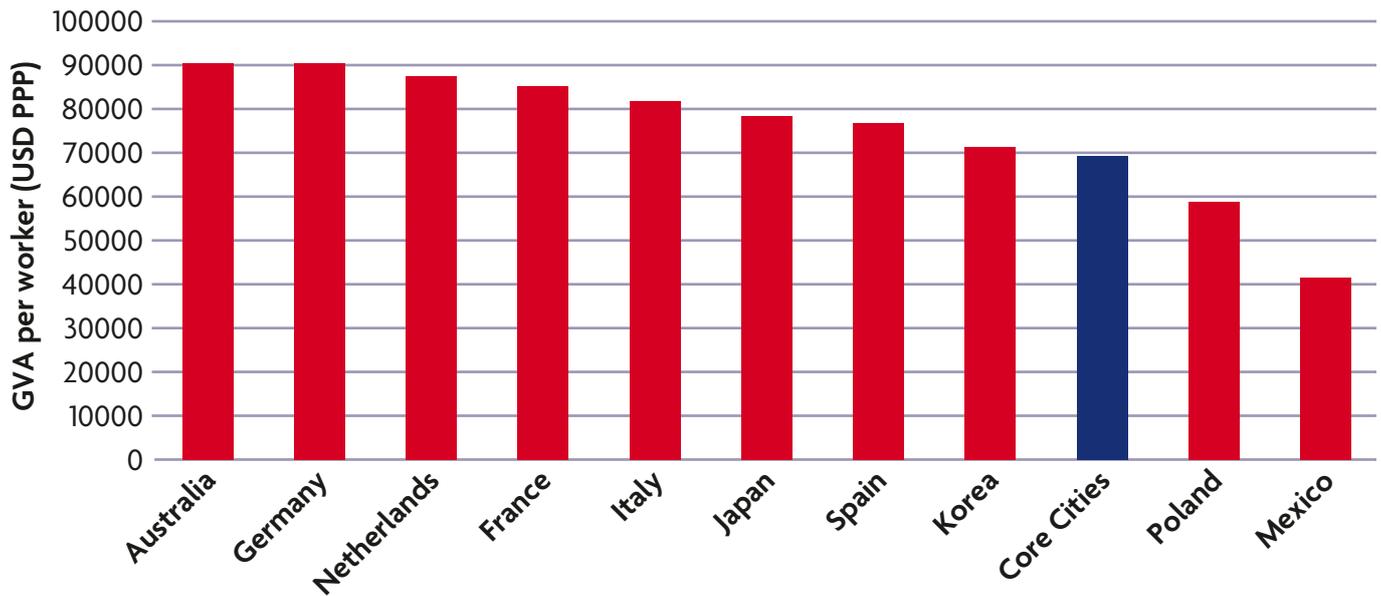


Figure 1.27 compares the productivity and output per head of the UK’s Core Cities with those of other countries.<sup>59</sup> It shows that second-tier cities in the UK lag behind both other countries’ second-tier cities, and also behind the UK’s national average. This suggests a significant under-performance of the UK’s cities relative to their potential.

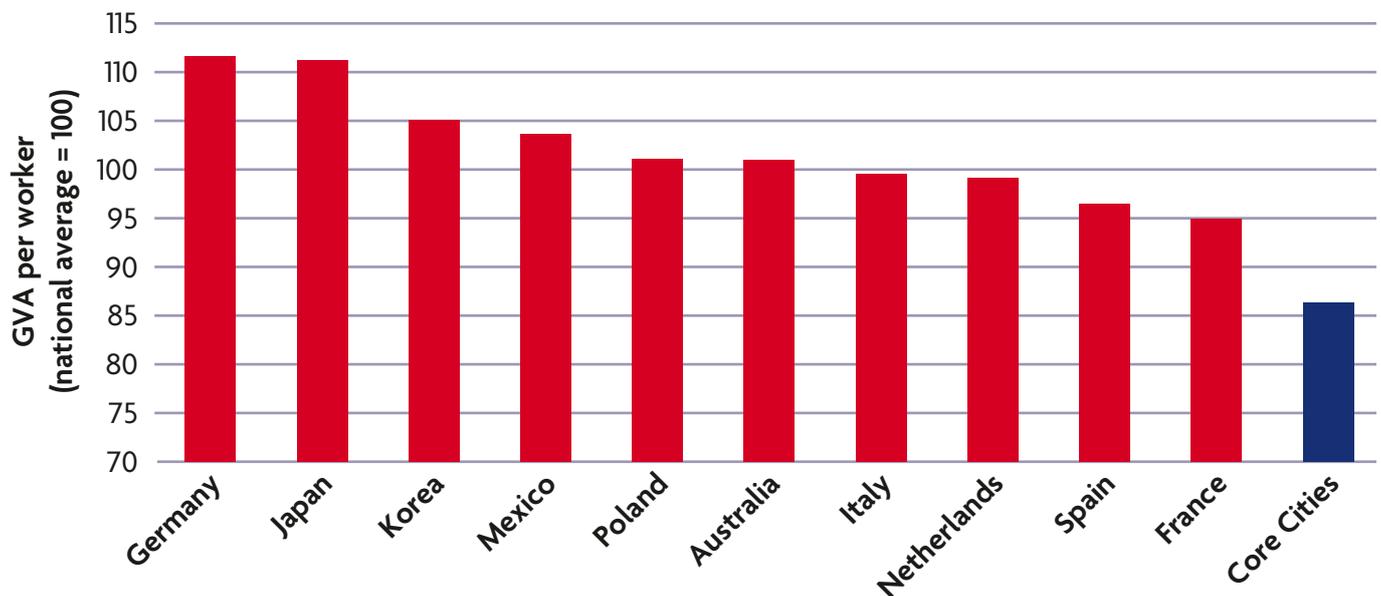
58 ONS. Eurostat; Centre for Cities’ calculations.

59 Defined as Belfast, Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield. Source: OECD. *Enhancing Productivity in UK Core Cities.* 2020.

**Figure 1.27 Productivity in Core Cities compared to second-tier cities in other countries, 2016<sup>60</sup>**



Note: Figure plots the average labour productivity (measured by GVA per worker in USD PPP) in second-tier cities relative to average productivity across Core Cities. Largest cities outside of the capital, for which data is available, are considered as second-tier cities. Data refers to functional urban areas (FUA).



Note: Average GVA per worker in the 10 largest functional urban areas (FUAs) outside of the largest FUA of a country relative to the national average. Only countries with 11 or more FUAs with more than 250,000 inhabitants are shown.

There are several reasons for this, ranging from the distribution of skills to the combined effects of population

60 OECD. *Enhancing Productivity in UK Core Cities: Connecting Local and Regional Growth*. OECD Urban Policy Reviews. OECD Publishing. 2020.

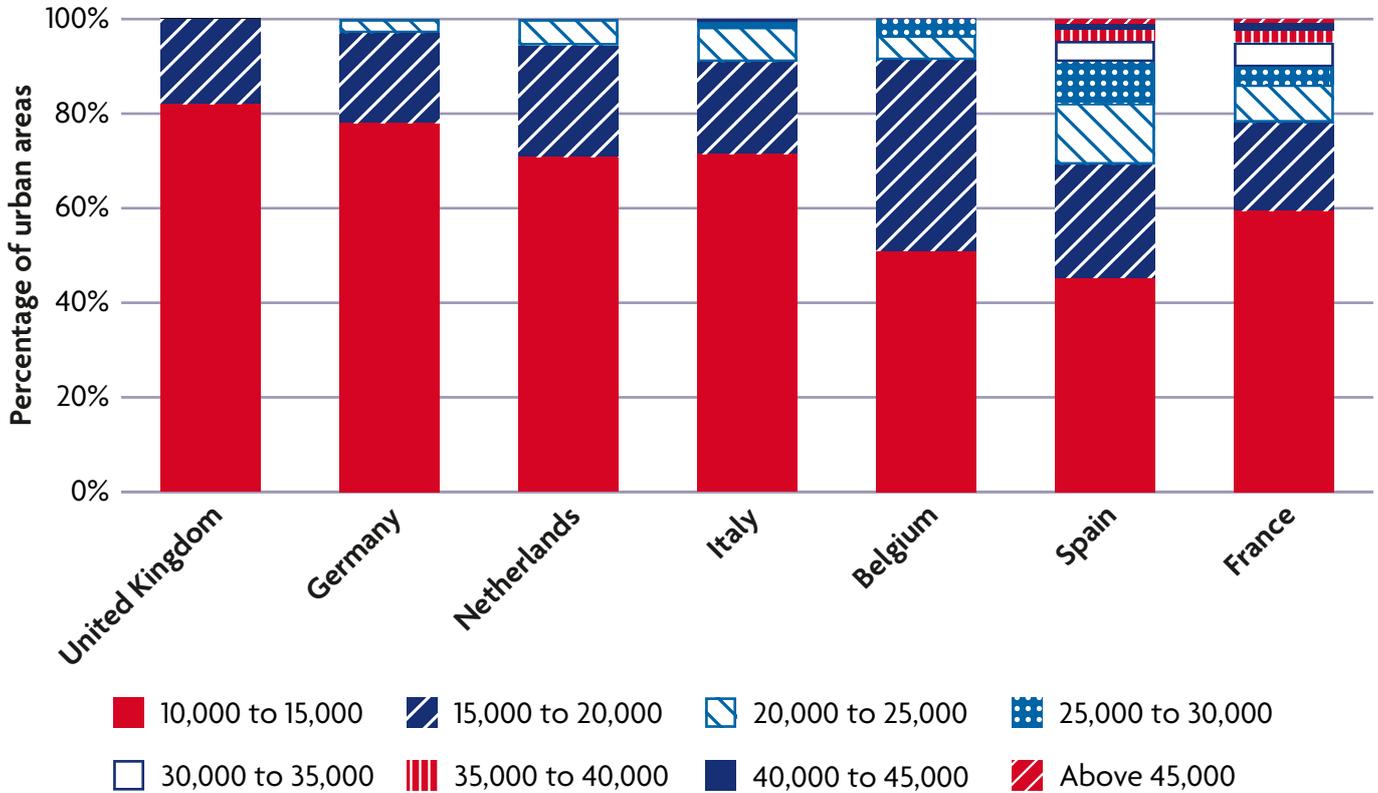
density and transport infrastructure. Strong performing cities have high proportions of high skilled workers and high wages. The UK's second cities have generally lower population densities and relatively poor local transport infrastructures.<sup>61</sup> Centre for Cities, for example, found that in Europe, on average, 67% of people can get to their local city centre in 30 minutes using public transport, compared with 40% in Britain. This suggests public transport in UK cities may limit productivity by reducing effective density and, as a result, agglomeration.<sup>62</sup> As Figure 1.28 shows, population density in UK cities is far lower than cities in similar countries, largely reflecting lower densities in the UK's second cities outside London.

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61 Chart uses Primary Urban Areas as city definitions rather than Travel to Work Areas. Source: Rodrigues, G., Breach, A. Measuring up: Comparing public transport in the UK and Europe's biggest cities.

62 Centre for Cities 2021. Measuring Up: Comparing public transport in the UK and Europe's biggest cities. 2021

**Figure 1.28 Population density in urban areas (excluding Urban areas below 10,000 people per square km), UK and other Western European countries<sup>63</sup>**



63 Quinio, V., Rodrigues, G. Cities need to become denser to achieve net zero: Figure 7. Net zero: decarbonising the city. Centre for cities. 2021.

## 1.2.7 Geographic differences and social mobility

Where people grow up has a lasting impact on their life chances. Evidence shows that geography plays a critical factor in understanding differences between different groups of people.<sup>64</sup> Low levels of social mobility across parts of the UK illustrate that family background matters. Children from disadvantaged backgrounds have poorer future job and income prospects.<sup>65</sup> These differences have become more acute due to the impact of COVID-19.<sup>66</sup> But the chances of these children progressing, given their background, is also affected by where they live. Figure 1.29 plots the median earnings at age 28 of boys on free school meals (FSM) across different parts of England. There are large differences, broadly matching economic performance.

For the most disadvantaged people living in the most disadvantaged places, these effects combine, in part reflecting the fact that people in poorly-performing places tend to be the least geographically mobile.<sup>67</sup> Geography and ethnic background often overlap to compound poor outcomes.<sup>68</sup> People from Pakistani and Bangladeshi

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64 Commission on Race and Ethnic Disparities. [Commission on Race and Ethnic Disparities: report](#). 2021

65 Social Mobility Commission. [The long shadow of deprivation: differences in opportunities](#). 2020.

66 The Social Mobility Pledge. [About the Social Mobility Pledge](#). Accessed: Jan 2022.

67 (See section 1.6)

68 Commission on Race and Ethnic Disparities. [Commission on Race and Ethnic Disparities: report](#). 2021

ethnic groups are over three times as likely as white British people to live in the most income-deprived 10% of neighbourhoods.<sup>69</sup>

While geography has a significant bearing on pay, so do other interpersonal factors such as disability. Disabled people are relatively less likely to be employed and the disability employment gap, defined as the difference in the employment rate between disabled and non-disabled people, was 28.1 percentage points in Q3 2021.<sup>70</sup> The disability employment gap is wider for people who have no qualifications, compared to people with a degree – 39.2 percentage points compared to 13.2 percentage points.<sup>71</sup>

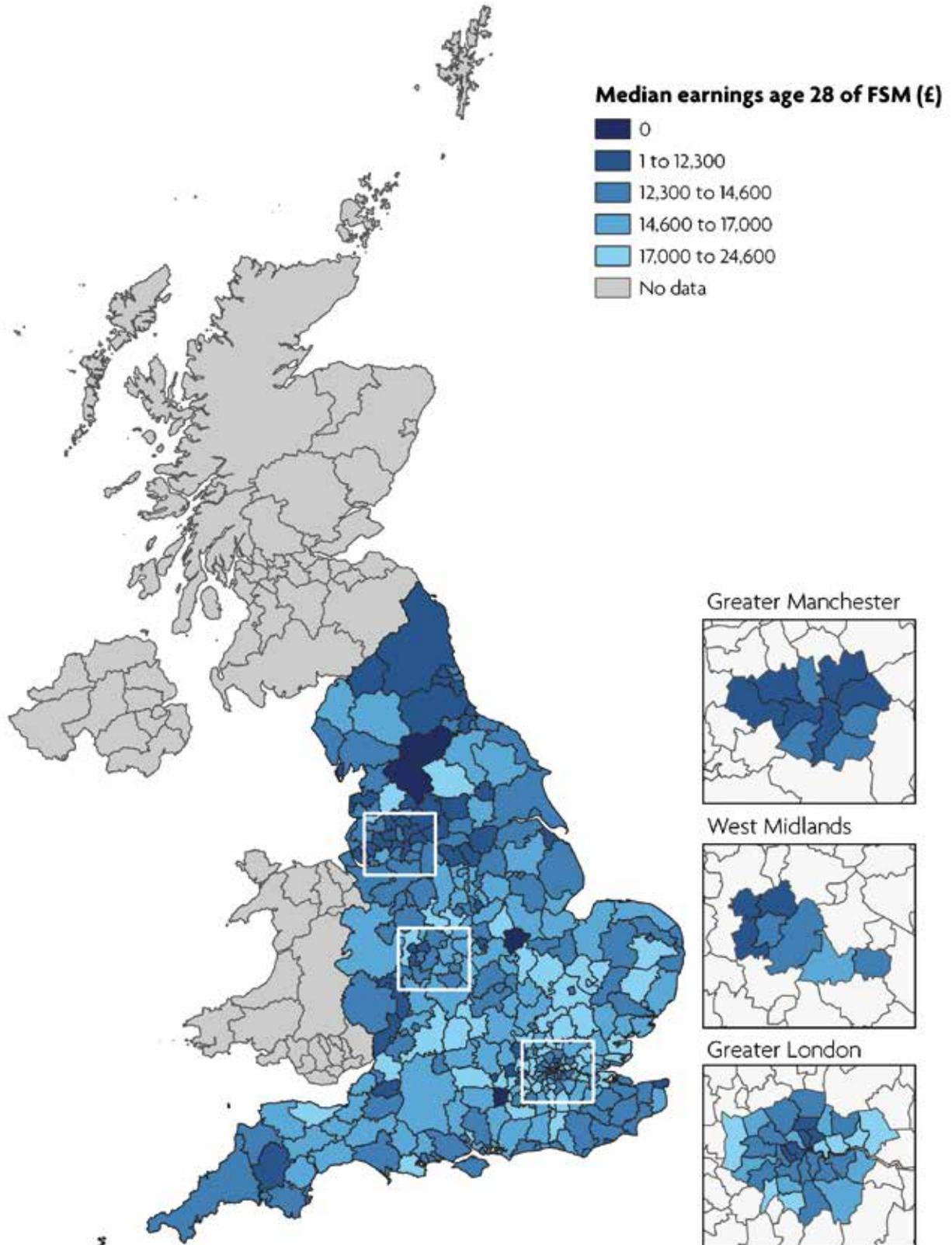
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69 MHCLG. [Ethnicity Facts and Figures: People living in deprived neighbourhoods](#). June 2020.

70 ONS. A08: [Labour market status of disabled people](#). 2021.

71 DWP. [The employment of disabled people 2021](#). 2021.

**Figure 1.29 Median earnings at 28 for boys who were on FSM at age 16, across local authorities in England where they grew up<sup>72</sup>**



72 Social Mobility Commission. The long shadow of deprivation: differences in opportunities. 2020.

## 1.2.8 Geographic and economic clustering

The term *cluster* is used to describe the geographic concentration of interconnected companies and institutions.<sup>73</sup> Clusters are ecosystems in which people meet and exchange ideas, goods and services as part of common supply chains. By locating near one another, firms benefit from the area's pool of expertise, finance and skilled workers, its access to component suppliers and its channels for spreading information and innovation.

Clusters demonstrate that it is not just what happens *inside* companies that matters. The surrounding economic system also plays a vital role in generating jobs, growth and productivity. Clusters of industrial activity correlate with measures of economic value-added, illustrating their potency as drivers of skilled jobs, productivity and GDP in places. Often, they are found close to higher education (HE) institutions, as centres of research and development.

Clusters are a common feature of economic geographies around the world. Across the UK, there are many concentrations of economically-significant clusters of economic activity (Figure 1.30), for example, aerospace in the North West, Motorsport Valley (the concentration of motorsport firms based around the Midlands and Oxfordshire), and IT around the M4 corridor. There are

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73 Porter, M.E. The Competitive Advantage of Nations. Harvard Business Review. 1990.

numerous established or emergent clusters of economic activity across the UK.

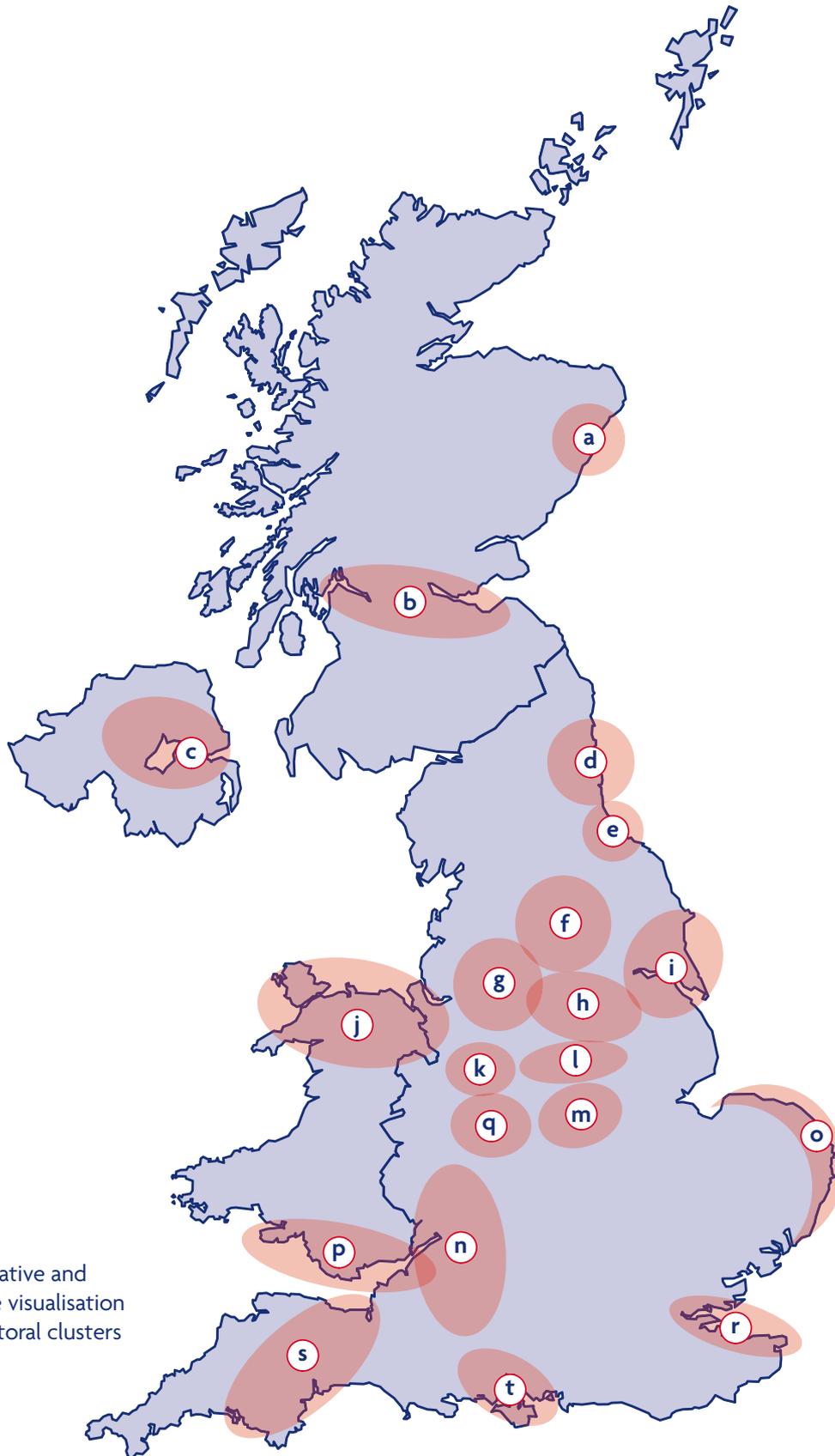
These economic clusters are often located close to HE and research institutions (Figure 1.30), where the UK has particular strengths with 18 of the world's top 100 universities.<sup>74</sup> These research powerhouses of the UK often pioneer the development of new technologies, which are then diffused and commercialised by partnering private companies to create a cluster. The UK's universities and HE institutes, as well as institutions such as innovation catapults and knowledge transfer networks, help companies develop and commercialise cutting-edge products and services, boosting jobs, productivity, incomes and international competitiveness.<sup>75</sup>

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74 [QS World University Rankings](#). 2022.

75 Monaghan, D. *Empowering small and modern universities to help regional levelling up*. In Centre for Inequality and Levelling Up. [Levelling Up: What is it and can it work?](#). 2022.

**Figure 1.30 Illustrative map of the UK's sectoral clusters and strengths<sup>76</sup>**



This is an illustrative and non-exhaustive visualisation of the UK's sectoral clusters and strengths

<sup>76</sup> Map shows 20 locations in the UK identified as potential priorities for investment and for harnessing existing economic assets for levelling up. 2021.

**a Aberdeen**

-  Oil and Gas
-  Life Sciences
-  Renewables and Alternative Energy

**b Glasgow-Edinburgh Central Belt**

-  Life Sciences
-  Data, AI, Fintech and Robotics
-  Strong University Institutions

**c Northern Ireland**

-  Cyber and Fintech
-  Health and Life Sciences
-  Advanced Manufacturing

**d North East**

-  Automotive
-  Advanced manufacturing and life sciences
-  Universities and research centres

**e Tees Valley**

-  Freeport Teesworks
-  Advanced manufacturing catapult
-  Low carbon energy and chemicals

**f West Yorkshire**

-  Meditech - NHS England
-  Universities of Leeds and Bradford
-  Fintech

**g Greater Manchester CA**

-  Cyber
-  University of Manchester
-  Life Sciences

**h South Yorkshire**

-  Energy and Net Zero Research
-  University of Sheffield 'Advanced Manufacturing Research Centre' and High Value Manufacturing Catapult

**+ Health and Wellbeing**

**i Humber Estuary**

-  Freeport
-  Offshore Wind
-  Energy intensive and process industries

**j Menai-Mersey-Dee**

-  Freeport
-  Manufacturing – Stanlow, Stellantis
-  Vaccines research and delivery

**k Stoke and Staffordshire**

-  Ceramics
-  Advanced Manufacturing
-  Keele University

**l Nottingham-Derby**

-  Advanced manufacturing – Rolls Royce, Alstom and Toyota
-  University of Nottingham
-  East Midlands Freeport

**m Leicester and Leicestershire**

-  Aerospace and satellite technology – National Space Centre
-  Universities of Leicester and Loughborough
-  East Midlands Freeport

**n Cyber Valley**

-  Cyber - GCHQ
-  Skills and Innovation
-  Technology

**o East Anglia**

-  Clean Growth
-  Innovation assets and catapults
-  Freeport East

**p Western Gateway (Bristol – Swansea)**

-  Aerospace - Airbus
-  Semiconductors
-  Universities of Bath, Bristol, Cardiff and Swansea

**q West Midlands CA**

-  Automotive – JLR, WMG, Aston Martin
-  Universities of Birmingham and Warwick
-  Advanced manufacturing catapult

**r Thames Estuary**

-  Clean energy/ offshore wind
-  Ports
-  Logistics

**s Exeter M5 Growth Corridor**

-  Aerospace and nuclear
-  Universities of Exeter and Plymouth
-  Marine Autonomy

**t Solent**

-  Port and maritime specialisms
-  Trade
-  Universities of Southampton, Portsmouth and Solent

## 1.3 Explaining Economic Geographies

The patterns of economic and social performance across different parts of the UK are rich, complex and highly granular. By themselves, however, these patterns do not reveal the underlying drivers of the differences in the UK's economic geography. Doing so is necessary to identify the policy actions needed to reverse these spatial differences.

By drawing on existing research, these drivers of economic growth can be identified. This research spans disciplines including economics, history, geography, sociology and complexity science. By drawing on a multi-disciplinary approach, a comprehensive account of the UK's economic geography can be developed.

### 1.3.1 Economic growth theory

Standard growth theory gives prominence to the role of productivity (the amount produced per unit of input) as a driver of economic growth over the longer run.<sup>77</sup> As Krugman (1994) famously remarked: “A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.”<sup>78</sup> This theory is well-supported by evidence from long spans of history and large cross-sections of countries. At the subnational level, there is a clear positive correlation between measures of household income per capita and productivity (Figure 1.31).

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77 Solow, R. M. *A Contribution to the Theory of Economic Growth*. The Quarterly Journal of Economics, vol. 70(1), pp. 65-94. Oxford University Press. 1956.; Swan, T. W. *Economic growth and capital accumulation*. Economic Record, 32 (2), pp. 334–361. 1956.

78 Krugman, P. The age of diminished expectations. Cambridge, MA: MIT Press. 1994.

Economic growth theory categorises the drivers of productivity into investment in a set of capitals.<sup>79</sup> That includes investment in *physical capital*: machines, housing and infrastructure. It also often includes investment in *human capital*: the knowledge, skills and experiences of the workforce. The larger the investment in connectivity, automation and skills, the higher the productivity of a project, place or nation, raising living standards over the long term.

More recent versions of the standard economic growth model have expanded the range of capitals relevant for driving productivity and economic growth. In an increasingly knowledge-based economy, greater prominence has been given to measures of *intangible capital*: innovation, ideas, patents.<sup>80</sup> To these three capitals can be added a fourth – *financial capital* – to support their financing.

Empirical evidence lends strong support to physical, human, intangible and financial capital as drivers of productivity and economic growth. There is a strong positive correlation between measures of companies' physical capital stock, the level of educational attainment of the workforce and levels of productivity, at both the national and subnational level.<sup>81</sup> Access to finance is also positively correlated with subnational productivity.<sup>82</sup>

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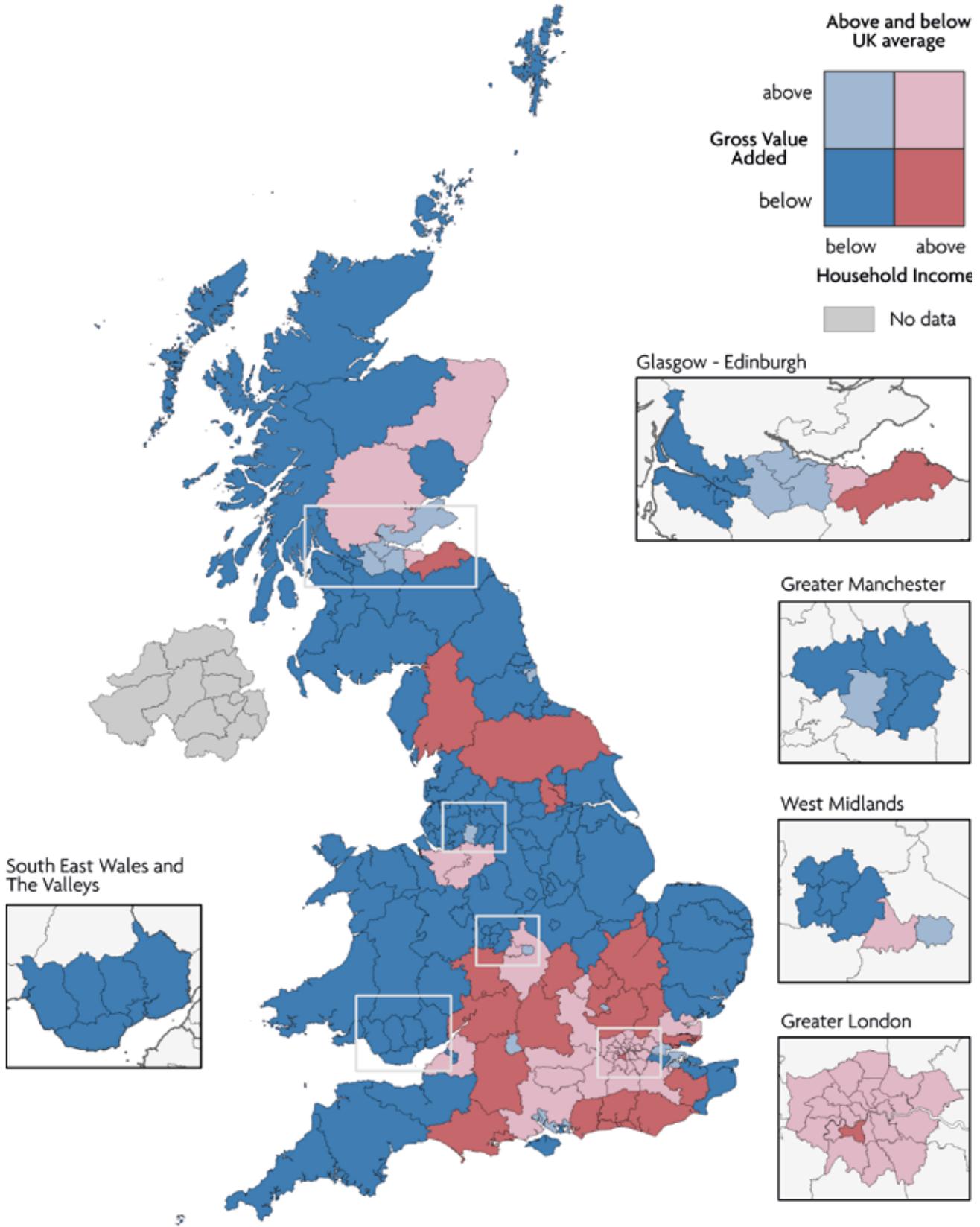
79 Acemoglu, D. *The Solow Growth Model*. Introduction to Modern Economic Growth. Princeton University Press. 2009.

80 Haskel, J., Westlake, S. *Capitalism Without Capital: The Rise of the Intangible Economy*. Princeton University Press. 2018.

81 Gardiner, B. et al. *Regional Disparities in Labour Productivity and the Role of Capital Stock*. The National Institute Economic Review. 253. 2020.

82 Lancheros, S. et al. Financing productivity in the UK: Do sources of finance and geographical location matter?. Productivity Insights Network (Blog). Accessed Dec 2021.

**Figure 1.31 Productivity (GVA per hour worked) against income (gross disposable household income per capita), GB local authorities, 2018<sup>83</sup>**



83 ONS. What are the regional differences in income and productivity? 2021.

In other respects, however, the evidence does not match standard growth theory. This theory implies that convergence should take place over time between high and low income places, with low income areas experiencing higher economic growth either *absolutely* or *conditionally*, once endowments of the capitals are taken into account.<sup>84</sup> It also suggests that the lower the starting level of income, the faster this rate of catch-up or convergence.

In practice, growth patterns do not suggest convergence is occurring, nationally or subnationally.<sup>85</sup> When it comes to countries, there is evidence that many low income countries can remain stuck, often for decades, in a low growth equilibrium.<sup>86</sup> There is also evidence of countries that have reached middle-income status seeing their rates of economic growth slow and convergence cease. This is the so-called “middle income trap”.<sup>87</sup>

These patterns are mirrored at the subnational level. In the UK, incomes in some poorer places have caught up with richer ones, causing convergence. But there are also a number of examples of high-income places where economic growth has remained strong – areas “steaming ahead”; and examples of low-income places where

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84 Barro, R., Sala-i-Martin, X. *Economic Growth*. MIT. 2004.

85 Mankiw, N.G., Romer, D., Weil, D.N. *A contribution to the empirics and economic growth*. The Quarterly Journal of Economics, 107(2), pp.407-437. 1992.

86 World Bank. China 2030: Building a Modern, Harmonious, and Creative High-Income Society. World Bank. 2013.

87 Nelson, R. R. *A Theory of the Low-Level Equilibrium Trap in Underdeveloped Economies*. The American Economic Review, vol. 46, no. 5, American Economic Association, pp. 894–908. 1956.

economic growth has remained stagnant – areas being “left behind” (Figure 1.31).

Over time, the number of places across the UK either “steaming ahead” or “left behind” has tended to increase. This illustrates the UK’s widening geographic disparities over time or the failure of convergence in levels of activity. These dynamics suggest the capitals are unevenly distributed across the UK, with capital deficiencies in left-behind places.

### 1.3.2 New economic geography

Standard growth theory assumes that investment, whether in projects or places, generates diminishing returns the larger its scale. Under this assumption, people, businesses and finance would be expected to relocate over time towards less well-performing places and projects where returns are higher. Indeed, it is this relocation that drives the catch-up or convergence among lower-income places.

Theories of New Economic Geography (NEG) developed over the past 30 years have cast doubt on these dynamics.<sup>88</sup> They suggest there are *increasing* returns to scale when it comes to investment, at the national and subnational level. Specifically, the co-location of people, business and finance can generate positive spillovers, or

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88 See, for example: Krugman, P. *Geography and Trade*. Leuven University Press. 1991; Krugman, P. *Development, Geography and Economic Theory*. MIT. 1995; Martin, R., Sunley, P. *Slow convergence? Post-neo-classical endogenous growth theory and regional development*, *Economic Geography* 74(3), pp. 201–227. 1998; Fujita, M., Krugman, P. R., Venables, A J. *The Spatial Economy: Cities, Regions and International Trade*. MIT Press. 1999.

agglomeration effects as referred to earlier in the chapter, which generate rising returns the larger the scale and scope of activities.

One example of agglomeration effects is knowledge spillovers between businesses or workers. These enhance innovation and its diffusion.<sup>89</sup> Positive spillovers also arise from having a deep pool of skills in a given place, allowing more efficient searching and matching of people to jobs. A third clustering benefit arises from more streamlined and efficient supply chains. And a fourth comes from the availability of a deep, diverse pool of capital to finance innovation. These spillovers generate rising returns to scale.

In practice, movements in people, business and finance strongly support these clustering dynamics. In the UK, there is clear clustering of economic activity in distinct geographies. There is also clear “spatial sorting” of factors towards high-performing places and away from low-performing ones. For example, highly skilled workers are both much more likely to relocate, and to do so towards higher-income places.

These agglomeration effects, and associated factor movements, explain why activity in high and low income places tends to diverge rather than converge over time. Well-performing places benefit from increasing returns to scale as they attract business, people and finance in a

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89 Feldman, M.P. *Location and innovation: the new economic geography of innovation, spillovers and agglomeration*. In Clark, G.L., Feldman, M., Gertler, M.(eds). *The Oxford Handbook of Economic Geography*. Oxford University Press. 2000.

virtuous cycle. These NEG frameworks come closer to explaining geographic divergences across the UK, with strong clustering and agglomeration effects among places steaming ahead, and secular decline in places left behind. These models explain both the creative and the destructive elements of creative destruction, as distinct forces affecting places locked in virtuous or vicious cycles of strength or stagnation.

### 1.3.3 Social geography and infrastructure

Despite this progress, NEG models still provide only a partial explanation of spatial performance. For example, they do not account for low levels of life satisfaction in rich city-regions. Where skills, business and finance locate is driven not only by economic factors, but by social factors too. And economic health is only one element influencing someone's lived experience. Health, security, green spaces, culture and trust also shape peoples' decisions about where to locate, and their lived experience once they are there.

Twenty years ago, Robert Putnam described the crucial role played by the loss of trust – *social capital* – in explaining the decline in US communities.<sup>90</sup> Subsequent research has shown that depleted social capital is a cause as well as a reflection of the under-performance of places.<sup>91</sup> For example, low levels of community

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90 Putnam R.D. *Bowling Alone: The Collapse and Revival of American Community*. Simon & Schuster. 2000.

91 Hamilton, K., Helliwell, J. F., Woolcock, M. *Social capital, trust and well-being in the evaluation of wealth*. 2016.

cooperation and trust reduce the attraction of places as a destination for people, business and finance.

Areas with low levels of social capital often have high levels of crime and anti-social behaviour, poor quality shops, sports and cultural facilities, and few green spaces and community groups. In other words, these places also lack the *social infrastructure* to support communities.<sup>92</sup> This, too, tends to reduce their attractiveness to people and businesses.

Social capital and social infrastructure amplify the forces of economic agglomeration. Good housing, high streets, and leisure and cultural activities serve as a magnet for skilled people, meaning those places continue to steam ahead. Historically, culture and creativity were at the heart of the Medici effect. So it is in many of today's global super-cities.

The opposite dynamic is in play in left behind places. There, poor endowments of social capital and social infrastructure give rise to unsafe and unclean streets, weak community and cultural institutions, and poor sports and recreational facilities. This amplifies the centrifugal economic and financial forces impacting these places.

Endowments of social capital and social infrastructure are closely related to a third element – *social narratives*. These are the stories local people tell about their communities, whether positive or negative. As well as

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92 Bennett Institute for Public Policy. *Townscapes: The value of social infrastructure*. 2021.

reflecting their communities, these social narratives can themselves drive behaviour, and economic and financial decisions.<sup>93</sup> Both optimistic and pessimistic social narratives can to some extent also become self-fulfilling.

Weak endowments of social capital and infrastructure, and pessimistic social narratives, can mirror economic failure in left behind places. Weak growth and job prospects raise levels of crime, weaken civic institutions and make for pessimistic narratives.<sup>94</sup> But there is strong evidence these social factors are important drivers of agglomeration in their own right, influencing where people live and their lived experience in their communities.<sup>95</sup>

The contrasting cases of London and Northern Ireland, from an economic and life satisfaction perspective, illustrate the importance of social factors. These social factors appear to be especially important in poorly-performing parts of the UK. Figure 1.19 shows the results of a survey ranking people by levels of life satisfaction. Social factors, such as high trust and safe streets, play an important role at all levels of life satisfaction.<sup>96</sup> But

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93 Akerlof, G., Shiller, R. *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism*. Princeton University Press. 2009.

94 'Bennett, P., Ouazad, A. [The relationship between job displacement and crime](#). 2016.

95 Chilenski, S.M., Summers, N. *The Value of Social Capital: What Are Its Outcomes?*. In Greenberg A., Gullotta T., Bloom M. (eds). [Social Capital and Community Well-Being. Issues in Children's and Families' Lives](#). Springer, Cham. 2016.

96 Marloes. M., Hoogerbrugge, M.M., Burger, M.J. [Neighbourhood-Based social capital and life satisfaction: the case of Rotterdam, The Netherlands](#). Informa UK Limited. 2018.

these factors feature particularly prominently for places with low levels of life satisfaction.<sup>97</sup>

### 1.3.4 Institutional capital and leadership

The role of well-functioning *institutions* in driving economic development has a long history in the work of Edmund Burke, Karl Polanyi and Elinor Ostrom.<sup>98</sup> For them, this meant well-designed and effective formal institutions, like the legal system, and local and central government. But it also included well-functioning informal and civic institutions, such as schools and universities, trades unions, community and faith groups, and sports and social clubs.

Standard economic theory does not assign these institutions much of a role in explaining patterns of growth. Institutions are typically assumed to be an organisational “veil” that can be looked through when explaining the fundamental drivers of growth, rather than a key determinant or driver of economic health.

Recent research has fundamentally changed that thinking, giving institutions a central role in explaining economic development. The work of Acemoglu, Johnson and Robinson has looked at the drivers of economic success in nation states, empires and civilisations over

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97 McKinsey & Company. *Data-driven perspectives on 'levelling-up'*. 2021.

98 Burke, E. *A Vindication of Natural Society, Or, A View of the Miseries and Evils Arising to Mankind from Every Species of Artificial Society: In a Letter to Lord. R. and J. Dodsley*. 1757.; Polanyi, K. Maclver, R. M. *The great transformation*. (Vol. 2, p. 145). Boston: Beacon press. 1944.; Ostrom, E. *Governing the commons: The evolution of institutions for collective action*. Cambridge University Press. 1990.

several thousands of years.<sup>99</sup> Their research finds effective institutions, formal and informal, are crucial in explaining why some places succeed. Strikingly, weak institutions are often the single most important reason why places fail.

This also appears to be true subnationally. Rodríguez-Pose, Acemoglu and Dell find that good local institutions play a crucial role in subnational development.<sup>100</sup> Storper argues that well-functioning institutions explain why some cities become hubs of knowledge-intensive industries.<sup>101</sup> Barca, McCann and Rodríguez-Pose argue that local institutions play an important role in shaping economic and social outcomes.<sup>102</sup>

The importance of institutions for development can be traced to two factors. First, capacity and capability. With institutions come institutional memory and local capacity. The loss of institutional memory and capacity, if institutions are neglected, reduces local ability to design and deliver change. In the UK, the depletion of civic institutions, including local government, has gone hand-

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99 Robinson, J.A., Acemoglu, D. *Why nations fail: The origins of power, prosperity and poverty*. London: Profile. 2012.; Acemoglu, D., Johnson, S., Robinson, J. A. *Institutions as a fundamental cause of long-run growth*. *Handbook of economic growth*, 1, pp. 385-472. 2005.

100 Acemoglu, D., Dell, M. *Productivity differences between and within countries*. *American Economic Journal: Macroeconomics*, 2(1), pp. 169-88. 2010.; Rodríguez-Pose, A. *Do institutions matter for regional development?*. *Regional studies*, 47(7), pp.1034-1047. 2013.

101 Storper, M. *Keys to the City*. Princeton University Press. 2013.

102 Barca, F., McCann, P., Rodríguez-Pose, A. *The case for regional development intervention: place-based versus place-neutral approaches*. *Journal of regional science*, 52(1), pp.134-152. 2012.

in-hand with deteriorating economic and social performance.<sup>103</sup>

Second, institutions support leadership and longevity. Institutions generate consistency of decision-making. They can also support leadership, which has been found to help drive improved economic and social outcomes in communities.<sup>104</sup> The creation of Mayors across England is a recent example of the important role played by strong, singular local leadership.<sup>105</sup> The role of universities and research institutions in driving innovative clusters of economic activity is well-established. And local voluntary and community groups and trades unions are central for building skills and social capital.

### 1.3.5 Complex adaptive systems

All economies are complex, adaptive systems of many moving, interacting parts – workers, businesses, government and civil society. Each moving part adapts their behaviour in the light of experience and the evolving environment. It is the complexity of these interactions that generates the richness, history-dependence and

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103 Afonso, A., Jalles., J.T. Economic Performance and Government Size. 2011

104 Regan, A. et al. Devolution and Governance in the UK. Industrial Strategy Council. 2021.; Bass, B. M., Avolio, B. J., Jung, D. I., Berson, Y. Predicting unit performance by assessing transformational and transactional leadership. *Journal of Applied Psychology*, 88(2), pp.207–218. 2003.; Just, R. *The Differences In Leadership Styles Among Generation Cohorts Of Small Business Leaders And Their Relationship To Organizational Outcomes*. 2011; Madanchian, M., Hussein, N., Noordin, F., Taherdoost, H. Effects of Leadership on Organizational Performance. Economics and Education. ISBN: 978-1-61804-369-6. 2016.

105 Department for Communities and Local Government. Localism Bill: creating executive mayors in the 12 largest English cities. *Impact assessment*. 2011.

unpredictability seen in local growth patterns across the UK.<sup>106</sup>

Complex system approaches have been used extensively to understand natural, physical and social systems. Until recently, however, they have less often been used to understand economic growth. The recent work of Hidalgo and Hausmann has changed that.<sup>107</sup> They measure the complexity of the industrial structures of different nation states. They find evidence that the greater this complexity and diversity, the larger the value created by these countries. Diversity and complexity are associated with higher economic growth.

At the subnational level, recent research work by Mealy and Coyle, and Sensier and Centre for Cities has found similar effects.<sup>108</sup> More complex and diverse city or local industrial ecosystems are associated with higher productivity and greater high skilled job creation. The economic map of the UK mirrors this pattern, with areas of economic complexity associated with higher levels of productivity (Figure 1.32).<sup>109</sup> This is consistent with the important role played by economic clusters in driving growth.

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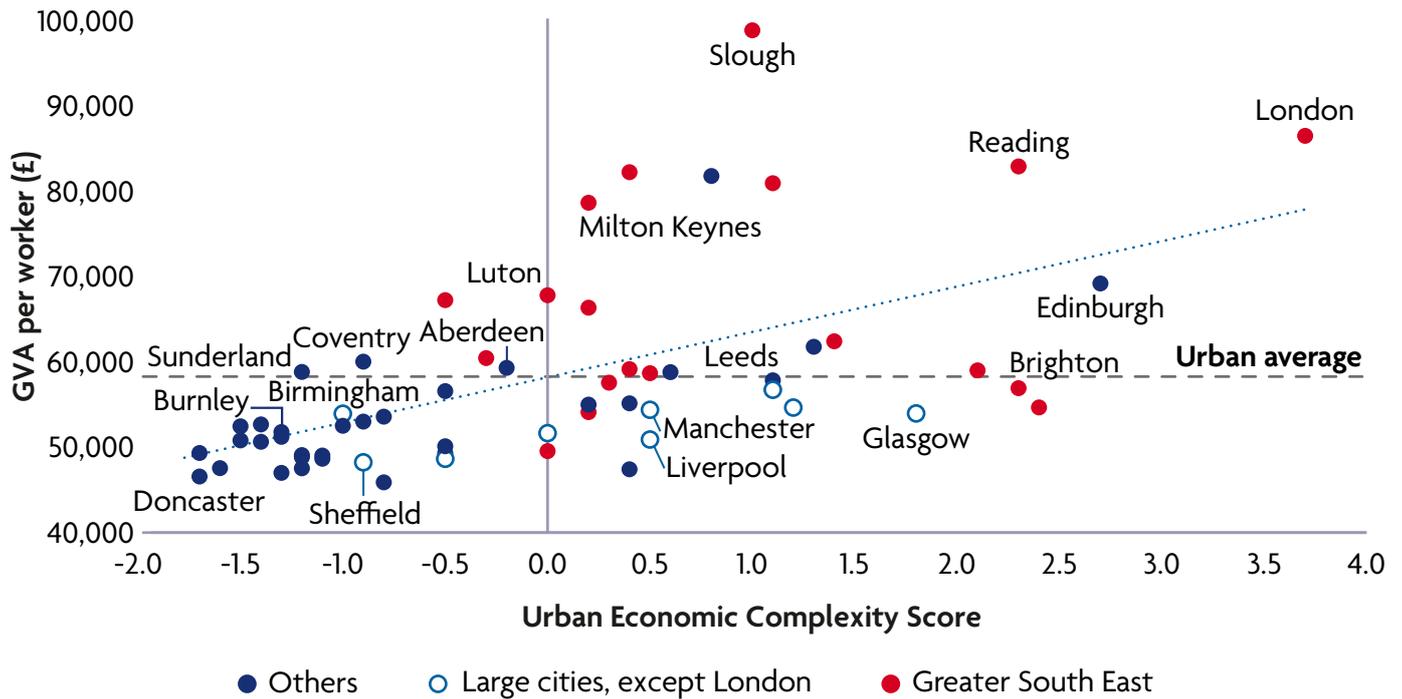
106 Kay, J.A., King, M.A. *Radical uncertainty*. Decision-making beyond the numbers. Bridge Street Press. 2020.

107 Hidalgo, C.A., Hausmann, R. *The building blocks of economic complexity*. Proceedings of the national academy of sciences, 106(26), pp.10570-10575. 2009.

108 Mealy, P., Coyle, D. To them that hath: economic complexity and local industrial strategy in the UK. Bennett Institute for Public Policy. 2019.

109 Rodrigues, G., Breach, A. What levelling up really means: Changing the geography of knowledge in Britain. p.12. Centre for Cities. 2021.

**Figure 1.32 Productivity and economic complexity, GB urban areas, 2019<sup>110</sup>**



Research on international cities has found similar dynamics. A complex mix of culture, business, finance and skills explains why cities experience transformative, Medici-style growth.<sup>111</sup> As with any complex system, it is the mix and interdependence of these factors that generates success, rather than any one factor in isolation. It is the overall recipe, rather than any one of the raw ingredients, that matters for growth. Indeed, it is precisely this feature that explains why complex systems generate economic value in excess of their individual parts.

110 ECI refers to the Economic Complexity Indicator developed by the Centre for Cities, which measures the relative complexity of 62 Primary Urban Areas across GB. Source: Centre for Cities. *The Geography of Economic Complexity in Britain*. 2021.

111 Florida, R. *The rise of the creative class*. Basic Books. 2019.; Glaeser, E. L., Kallal, H. D., Scheinkman, J. A., Shleifer, A. *Growth in cities*. Journal of political economy, 100(6), pp.1126-1152. 1992.

However, although richer, complex systems are also more fragile. With more interacting parts, big shocks have larger knock-on effects, risking a permanent reconfiguration, from a high complexity-high value to a low complexity-low value equilibrium.

Therefore, in economic systems, large shocks can permanently shift the economy's growth path. A clear example is deindustrialisation. The UK experienced greater deindustrialisation, at a faster pace, than any other country in the G7.<sup>112</sup> This caused a large and lasting shock to industrial cities and towns in the North and Midlands of England.<sup>113</sup> Many places were also “mono-industrial” towns, which developed over centuries purely due to the natural resources nearby, making the regeneration challenge even greater with the loss of industry. Later in the 20th century, the rise of cheap international holidays caused a similarly large hit to domestic tourism and a permanent shock to many coastal towns.

For a number of towns and cities across the UK, these large shocks shifted them persistently from a high complexity-high growth to a low complexity-low growth path. The discovery of raw materials in some of these places, and the rise of the tourism market, had earlier shifted these places in the opposite direction in the first

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112 Government Office for Science. De-industrialisation and the balance of payments in advanced economies. 2013.

113 Beatty, C., Fothergill, S. Recovery or stagnation?: Britain's older industrial towns since the recession. *Regional Studies*, 54, pp. 1-12. 2020.

half of the 20th century. In both cases, the effects were large and persistent, with high degrees of history-dependence. Both positive and negative forces have been at work.

### 1.3.6 Synthesising the approaches

By fusing together different disciplinary approaches, the rich empirical patterns in the UK's economic and social geography can begin to be explained. This synthesis of approaches suggests the following broad lessons when it comes to understanding the drivers and determinants of local growth.

- **Multiple factors are responsible for driving widening geographic differences in the UK.** There are a rich set of capitals – *physical, human, intangible, financial, institutional and social* – that explain spatial patterns of growth. These capitals combine as part of a complex, often hyper-local, growth ecosystem. In a complex system, it is impossible to identify one (or a sub-set) of the capitals as the dominant driver of spatial success. Rather these factors are deeply interconnected and interdependent, and it is this rich mix that generates success.
- **Every capital is high in places which grow strongly and sustainably.** Places that are “steaming ahead”, with high levels and growth rates of income, are notable in sharing strength across all or most of the capitals. They experience a “Medici effect”: a self-reinforcing cycle of strength, economically, financially

and culturally. All strong places are strong in similar and multiple ways.

- **For left-behind places, the picture is more complex.** Depletions or deficiencies in any one of the capitals can have knock-on effects to the other capitals in a self-enforcing, vicious spiral of low income and weak growth. Many left behind places are weak in different ways, with a complex and interacting mix of economic, financial and social problems.
- **The dynamics of modern economies are often divergent, not convergent.** Agglomeration and clustering effects are cumulative in successful places, as they serve as a magnet for people, business, finance and culture, locking them into a high growth equilibrium. The reverse forces operate in struggling places, repelling people, business, finance and culture and locking places into a low-growth equilibrium. The co-existence of self-reinforcing economic forces, in a rising number of places, explains the UK's widening geographic divides.
- **These forces have been amplified by large historical shocks.** Relative to many other countries, the UK first benefited and then suffered from large shocks: to industrial structure, to tourism and as a result of globalisation. Over recent decades, these shocks have permanently depleted capitals in some places across the UK, locking places into a low growth trap. At the same time, the rise of knowledge-

intensive, skilled service-orientated businesses, has accelerated growth among steaming-ahead places, including in London.

- **In many places, weaknesses in jobs, incomes and skills have been compounded by weaknesses in the social and institutional infrastructure.** Unsafe and unclean streets, a lack of natural, cultural and leisure facilities, and a loss of civic trust and pride are drivers of, as well as signs of, decline. So too are weak and depleted civic institutions and a lack of local agency and leadership. These features, alongside poor skills and jobs, are common among left-behind places.

## 1.4 Future Structural Factors Driving the UK's Economic Geography

Looking ahead, the economic geography of the UK will be subject to further change, driven once again by changing technologies, behaviours and policies. As in the past, these new waves will reshape the UK's economic geography. They include the transition to Net Zero; the effects of the COVID-19 pandemic; and the effects of technological transformation. This section discusses each in turn.

The transitional effects of these shifts could prove challenging for some poorly-performing places across the

UK, with consequences similar to de-industrialisation and the decline of domestic tourism in the past. But these transitions will also create new opportunities for innovation, businesses, jobs and growth in these places. Learning the lessons of history, policy will need to play an active role in helping places to seize and shape these opportunities.

### 1.4.1 The UK's transition to Net Zero

The UK Government has put into law a Net Zero emissions target by 2050.<sup>114</sup> This structural shift could have large and long-lasting effects on virtually every aspect of the economy, including jobs and skills, infrastructure and technology, and investment and innovation. The Net Zero transition could create huge opportunities for many of the UK's left-behind places, but also poses risks for them which, if unmanaged, could be damaging.

Parts of the UK that need to undergo the largest transition lie outside the South East, often in some of the least well-performing areas of the UK.<sup>115</sup> As home to the largest emitting industrial sectors (manufacturing, aviation and shipping), emissions per capita are higher in the Midlands and North of England, as well as Scotland, Wales and Northern Ireland (as demonstrated in Figure 1.33), more

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114 UK Government. Net Zero Strategy: Build Back Greener. 2021.; BEIS. UK becomes first major economy to pass net zero emissions law. 2019.

115 UK Government. Green Jobs Taskforce. 2021.

than one in every two jobs in carbon-intensive industries are in the Midlands, the North and Scotland.<sup>116</sup>

While the transition to Net Zero will be disruptive for these places, it could also be transformative. The “Green Industrial Revolution” will require significant investment in new infrastructure and production processes using new technologies. This could average £50 to £60bn of capital investment per year by the late 2020s and into the 2030s.<sup>117</sup>

This investment has the potential to benefit disproportionately less well-performing parts of the UK, particularly those with a rich heritage of manufacturing and engineering. Analysis commissioned by the Department for Business, Energy and Industrial Strategy (BEIS) shows that the North East stands to gain an extra 27,000 direct jobs by 2050.<sup>118</sup> Many other places, outside London and the South East, have the potential to build on existing areas of strength, such as renewable energy, electric vehicle manufacture, Carbon Capture, Utilisation and Storage (CCUS) and hydrogen (Figure 1.34).<sup>119</sup>

Some industries will require significant upskilling. Those currently employed in carbon-intensive sectors tend to be most vulnerable to long-term unemployment.<sup>120</sup> To avoid

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116 Christie-Miller, T., Luke, A. Greening the Giants: Getting to Net Zero. Onward. 2021.

117 UK Government. Net Zero Strategy: Build Back Greener. 2021.

118 UK Government. Net Zero in the North East of England. 2021.

119 UK Government. Green Jobs Taskforce. 2021.

120 Christie-Miller, T., Luke, A. Qualifying for the race to net zero: How to solve the net zero skills challenge. Onward. 2021.

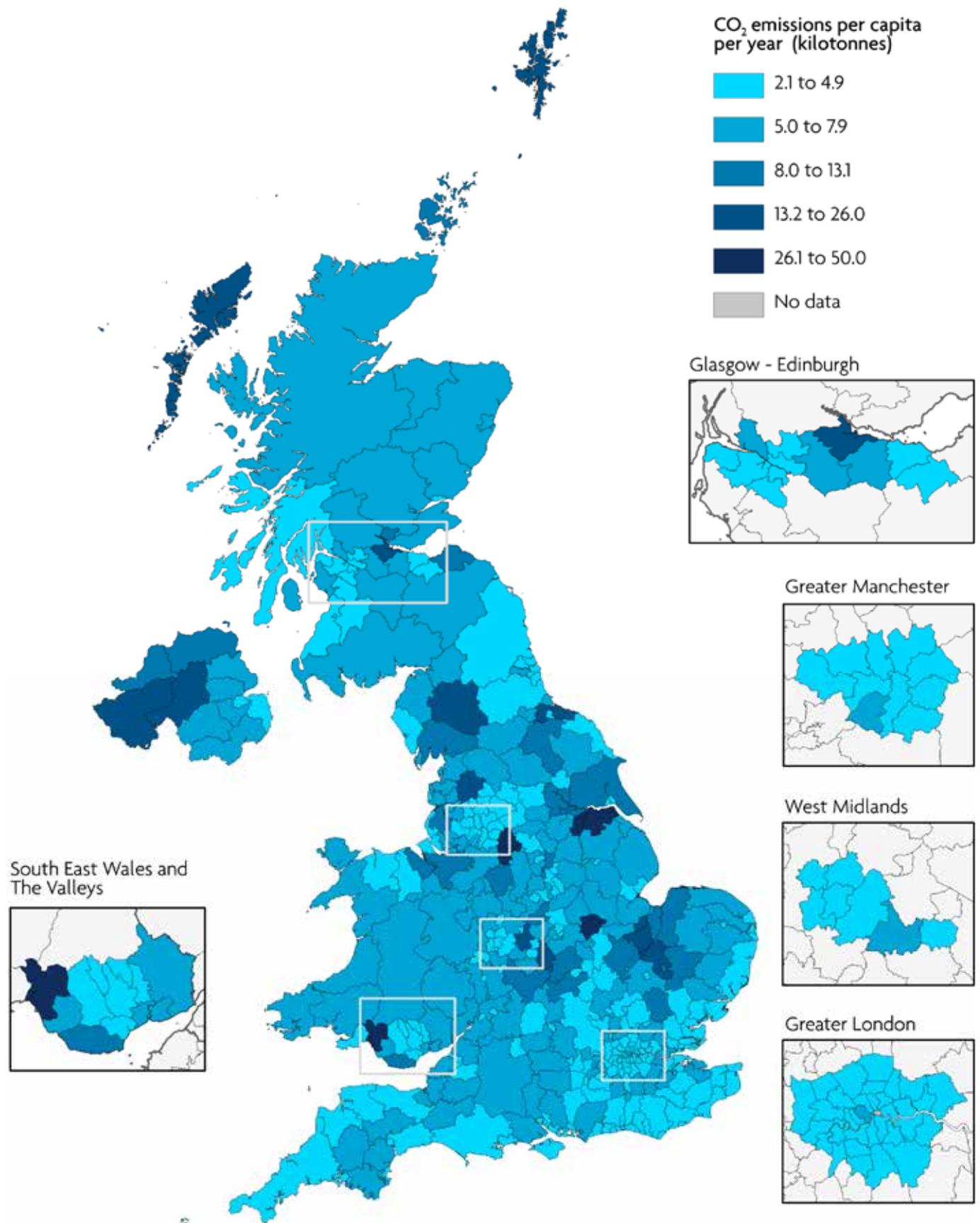
this risk, those places will need to re-skill their workforce so that the new jobs created are located there.<sup>121</sup> As set out in the UK Government's Ten-Point Plan and Net Zero Strategy, successful re-skilling of this type could boost living standards and support jobs in poor places undergoing the sharpest transition.<sup>122</sup>

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121 Christie-Miller, T., Luke, A. Greening the Giants: Getting to Net Zero. Onward. 2021.

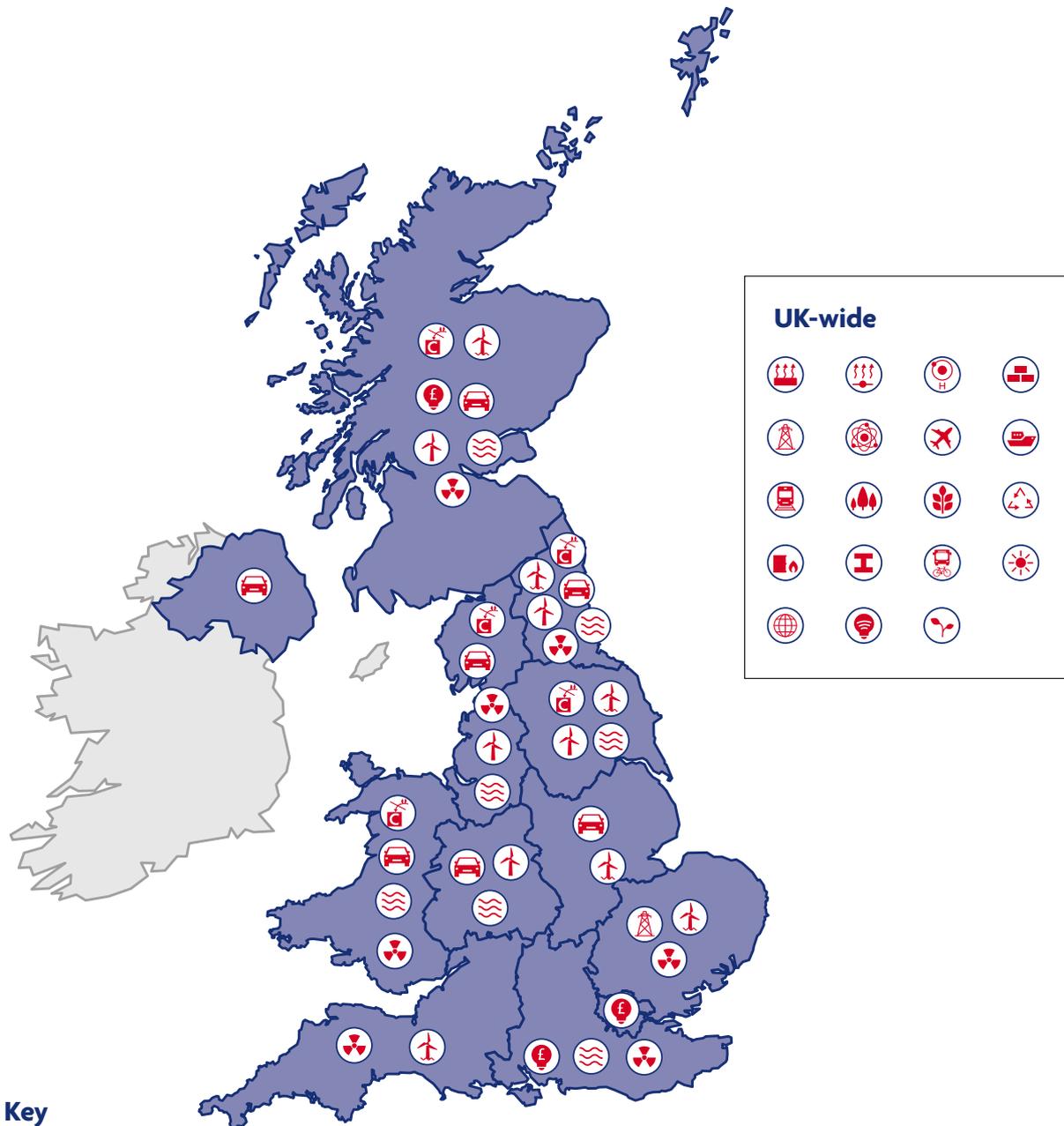
122 UK Government. Net Zero Strategy: Build Back Greener. 2021.

**Figure 1.33 Net emissions of carbon dioxide per capita, UK local authorities, 2019<sup>123</sup>**



123 BEIS. 2005 to 2019 UK local and regional CO<sub>2</sub> emissions: statistical release. 2021.

**Figure 1.34 Potential employment opportunities and skills needs from Net Zero transition, UK countries and regions<sup>124</sup>**



**Key**

- |                             |                        |                      |                                     |
|-----------------------------|------------------------|----------------------|-------------------------------------|
| Heat Pumps                  | Heat Networks          | Low Carbon Hydrogen  | Public Transport and Cycling        |
| CCUS                        | Retrofit               | Electricity Networks | Onshore Wind                        |
| Offshore Wind               | Nuclear                | Green Finance        | Solar                               |
| Automotive                  | Aerospace              | Maritime             | Tidal                               |
| Rail                        | Forestry               | Agriculture          | Smart Systems                       |
| Waste and Circular Economy  | Oil and Gas            | Steel                | Nature and Conservation Restoration |
| Climate Change and Adaption | Science and Innovation |                      |                                     |

124 BEIS. Green Jobs Taskforce report. 2021.

## 1.4.2 The impact of COVID-19

The COVID-19 pandemic has affected every corner of the UK. The health impacts of COVID-19 have hit some of the most deprived areas of the UK hardest, and also disproportionately impacted ethnic minorities and people with disabilities.<sup>125</sup> People with disabilities not only bear greater health risks associated with COVID-19 infection, but have also reported poorer well-being across a range of measures.<sup>126</sup>

There have also been significant distributional effects of COVID-19 on jobs and sectors. Analysis from the Institute for Fiscal Studies (IFS) shows that those employed in sectors that closed due to COVID-19 regulations were more likely to be younger, female and from ethnic minority backgrounds.<sup>127</sup> Work from the Resolution Foundation highlights the unequal and distributional impacts of COVID-19 on health, living standards and housing.<sup>128</sup>

In the short run, large cities and tourist-reliant coastal communities have been most vulnerable to the economic

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125 Office For Health Improvement and Disparities. Deprivation quintile analysis of Public Health England's COVID-19 Health Inequalities Monitoring for England (CHIME) tool. Accessed: 2021.; FT, Deprived areas hit hardest in UK by pandemic, 2020. FT. Deprived areas hit hardest in UK by pandemic, 2020.

126 ONS. Coronavirus and the social impacts on disabled people in Great Britain: February 2021.

127 IFS. COVID-19: the impacts of the pandemic on inequality, 2020.

128 Henehan, K., Gustafsson, M., Cominetti, N., Handscomb, K., Judge, L., Leslie, J., Try, L. An intergenerational audit for the UK. Resolution Foundation. 2020.

impact of the pandemic.<sup>129</sup> Analysis of the recovery across footfall, spending and jobs during 2020 and 2021 suggests London and other large cities with stronger highstreets, and places dependent on international tourism, were hit hardest and saw the slowest recovery.<sup>130</sup> These are not typically the poorest-performing places, though there are some places that have faced the double impact of being left-behind and affected by COVID-19.<sup>131</sup>

Over the longer term, it is plausible that COVID-19 will have some lasting impacts on economic behaviour and, hence, economic geography. The pandemic has already accelerated pre-existing trends, such as increased take-up of either full or partial remote working and increased use of online retail. These consequences, if sticky, could affect the economic geography of the UK, although the precise impact is uncertain.<sup>132</sup>

If distance becomes less of a barrier to working and shopping, this could advantage geographically-remote places in less well-performing parts of the UK, particularly places with attractive leisure and cultural amenities and

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129 Evidence drawn from the number of shut-down sectors, furloughed workers and changes in vacancies – Davenport, A., Zaranko, B. Levelling up: where and how. IFS. 2020.

130 See Resolution Foundation. The Economy 2030 Inquiry, Levelling Up and Down Britain. Centre for Cities. *Did Freedom Day boost the high street recovery?*. 2021.

131 IFS. Green Budget 2020. 2020. Centre for Cities. Cities Outlook. 2021.

132 ONS. Coronavirus and the social impacts on Great Britain. 2021.; De Fraja et al, 2021 (De Fraja, G., Matheson, J., Rockey, J. C. Zoomshock: The Geography and Local Labour Market Consequences of Working from Home. Covid Economics, Issue 64, pp. 1-41. 2021.)

reliable connections to nearby cities.<sup>133</sup> There is already evidence of some people and businesses relocating to these places, supporting local growth.<sup>134</sup> Acting in the other direction, KPMG analysis suggests the UK's largest cities might benefit from increased business densification as a result of hybrid working.<sup>135</sup> This could mean less prosperous cities may face tougher challenges.<sup>136</sup>

### 1.4.3 Technological transformation

Automation (the application of technology to reduce human input in goods and services production) is a key driver of productivity growth. Automation technologies such as artificial intelligence and machine learning are transforming business models, markets and lifestyles in an unprecedented manner. These technologies benefit the economy by making production more efficient, reducing costs and increasing output. But the transition to increased automation, if left unmanaged, could negatively affect certain sectors and places by significantly reducing the number of jobs available in the local economy.

Technological transformations affect employment and wages through the creation and replacement of jobs

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133 Floerkemeier, H., Spatafora, N., Venables, A. Regional Disparities, Growth, and Inclusiveness. Working Paper No. 2021/038. IMF. 2021.; Ahlfeldt, G., Bald, F., Roth, D., Seidel, T. Lockdown shows us it is not work that attracts us to big cities, but social life. LSE. 2020.; OECD. Implications of remote working on place based policies. 2021.

134 London Assembly., Half of Londoners wanting to move home want out of London. 2020.

135 Selfin, Y. Future of Cities Report. KPMG. 2021.

136 Quinio, V. UK city centres that have suffered the least from COVID-19 face the toughest long-term challenges. LSE. 2021.

across sectors and occupations.<sup>137</sup> The transformative nature of automation is highlighted by the fact that nearly two-thirds of US occupations in 2018 did not even exist in 1940.<sup>138</sup>

Technological transformation can be both labour-augmenting and labour-replacing. In the US, studies show job losses have been concentrated in middle-skill jobs among non-college educated adults in urban areas. This means US cities are no longer acting as ladders of opportunity for those without Higher Education (HE).<sup>139</sup>

Estimates of the proportion of UK jobs at risk of automation vary from 7.4% to 35%.<sup>140</sup> The most vulnerable jobs are those with low skill requirements, predictable work patterns and involve interacting with machines rather than people.<sup>141</sup> When mapping these across England, the Office for National Statistics (ONS) finds that the North East, East, South West and coastal areas are particularly vulnerable to automation-induced job losses (Figure 1.35).<sup>142</sup>

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137 Acemoglu, D., Restrepo, P. *Automation and New Tasks: How Technology Displaces and Reinstates Labor*. *Journal of Economic Perspectives*, 33 (2), pp. 3-30. 2019.

138 Autor, D., Mindell, D., Reynolds, E. *The Work of the Future: Building Better Jobs in an Age of Intelligent Machines*. MIT. 2020.

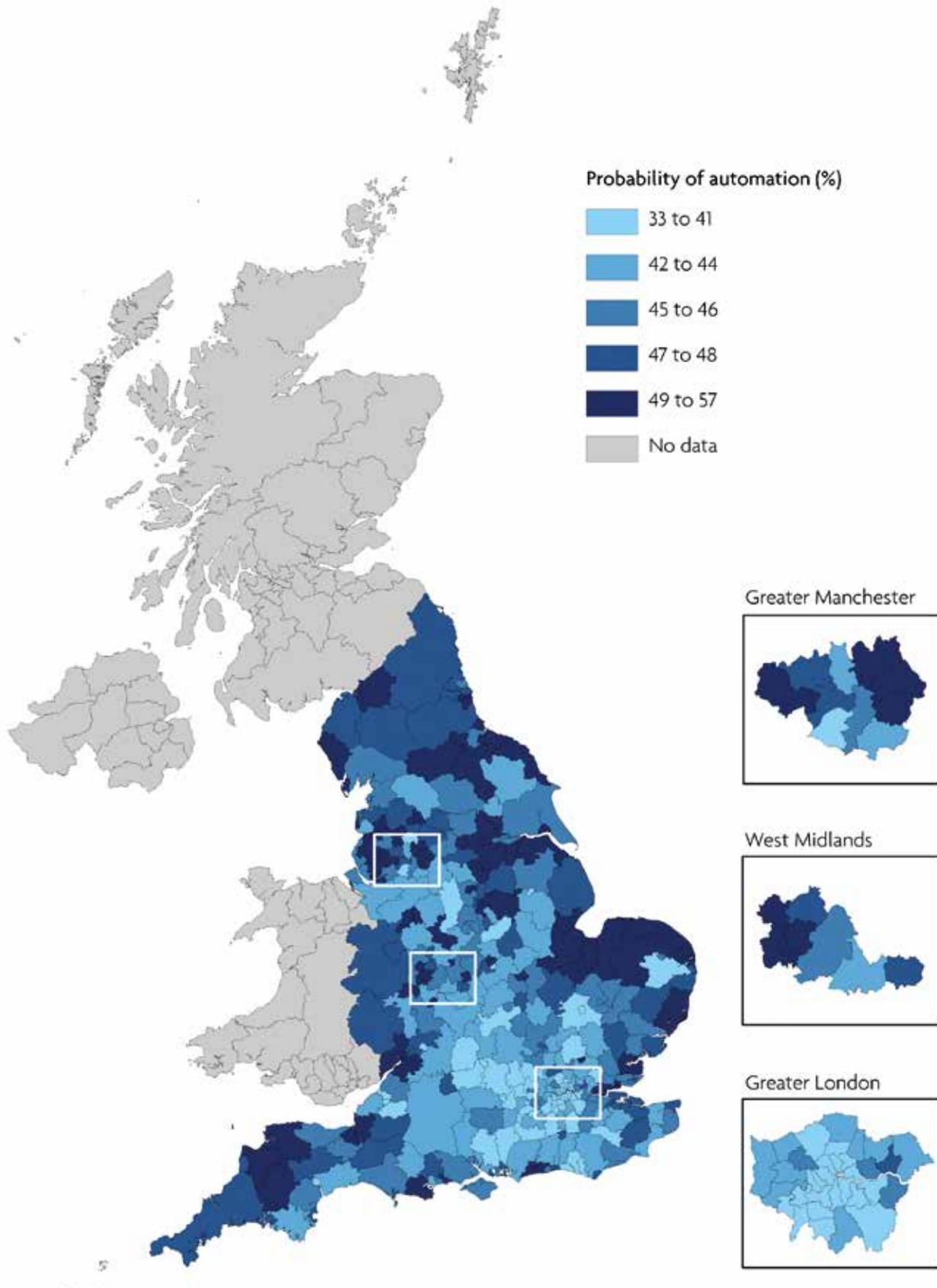
139 Autor, D. *The Faltering Escalator of Urban Opportunity*. MIT. 2020.

140 ONS. *The probability of automation in England: 2011 and 2017*. 2019. Note: ONS analysis did not cover Scotland, Wales and Northern Ireland.

141 Nedelkoska, L., Quintini, G. *Automation, skills use and training*. OECD Social, Employment and Migration Working Papers, No. 202. OECD Publishing. 2018.

142 ONS. *Which occupations are at highest risk of being automated?*. 2019. Note: due to sample size issues, the ONS were unable to do this analysis for Northern Ireland, Scotland and Wales.

**Figure 1.35 Proportion of jobs at high risk of automation, England local authorities, 2017<sup>143</sup>**



143 ONS. Which occupations are at highest risk of being automated?. 2019. Note: due to sample size issues, the ONS were unable to do this analysis for Northern Ireland, Scotland and Wales.

This suggests that policy may need to focus on those sectors and places potentially hardest-hit by technological transformations and where existing skills are least well-aligned with future demand.<sup>144</sup> Nonetheless, by effectively managing this transition, technological transformations could bring potential upsides to left-behind areas, not least from the creation of high-skilled, high-wage employment opportunities. Further, these technological transformations could improve well-being by replacing repetitive task based and lower quality jobs that have been associated with a range of health problems and poor well-being levels.<sup>145</sup>

## 1.5 A Framework for Evaluating Geographical Disparities

This section develops a framework to capture the key drivers of geographical disparities. This framework has similarities with those developed recently by a number of researchers.<sup>146</sup> At its centre are a set of “capitals”. While each capital is individually important as a driver of growth, their significance derives from their interdependence and interaction with other capitals as part of a mutually-reinforcing system.

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144 Industrial Strategy Council. UK Skills Mismatch in 2030. 2019.

145 Burgard, S., Katherine, A., Lin, Y. Bad Jobs, Bad Health? How Work and Working Conditions Contribute to Health Disparities. The American behavioural scientist, vol. (57)8. 2013. Taylor, M. Good work: The Taylor review of modern working practices. BEIS. 2017.

146 Coyle, D. Measuring wealth, delivering prosperity. Bennett Institute for Public Policy. 2019.

Following a multi-disciplinary approach, the framework is defined by six capitals: *physical, intangible, human, financial, social* and *institutional*. The engine of regional growth is a six-cylinder one. These six capitals cross-cut the public, private and civil society sectors. This underscores the importance of partnerships between sectors when growing local economies.

One important capital missing from the framework is natural capital. The importance of natural capital to a thriving economy and society is well-established.<sup>147, 148</sup> As an asset, it underpins sustainable GDP growth, supports productivity over the medium-term and provides resilience to future shocks. As an asset, natural capital has been estimated to be worth £1.2tn in the UK alone.<sup>149</sup>

The exclusion of natural capital from the framework here does not reflect its lack of importance for economic growth, nationally and subnationally. Rather it reflects the fact that there are well-developed policy strategies already in place for protecting and enhancing natural capital, including at the regional, national and international levels.<sup>150</sup> These should be seen as complementary to the local growth strategies discussed in this chapter.

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147 Raworth, K. *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, Random House Business

148 Natural Capital Committee. [The Economic Case for Investment in Natural Capital in England](#). 2015.; Other work from the [Natural Capital Committee on the importance of natural capital](#).

149 ONS. [UK natural capital accounts](#). 2021.

150 Dasgupta, P. *The Economics of Biodiversity: the Dasgupta Review*. HM Treasury. 2021.; HMT. [The Economics of Biodiversity: The Dasgupta Review – Government Response](#). 2021.

Taking the capitals in turn, it is possible to develop a map of the key drivers of the UK's economic geography. This map also helps pinpoint where further investment is needed to replenish these capitals if local growth is to be stimulated and spatial disparities corrected.

### **1.5.1 Human capital**

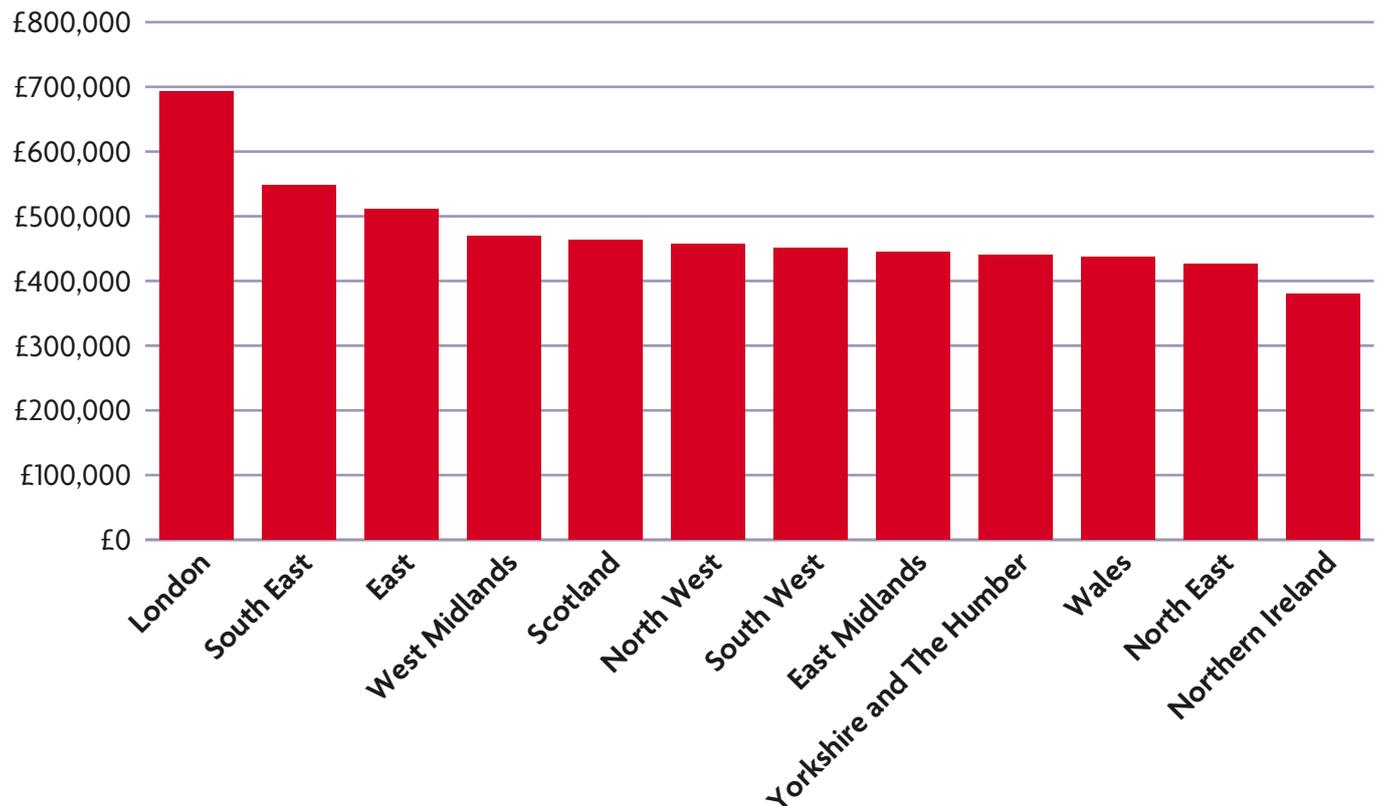
Human capital is typically defined as the stock of knowledge, skills, competencies, health and other attributes embodied in people that are acquired during their life.<sup>151</sup> Human capital per head in the UK, calculated as the sum of an individual's lifetime income, averaged just over £500,000 in 2020.<sup>152</sup> So measured, there are significant regional disparities in stocks of human capital, with a roughly 40% gap between the highest (London) and lowest (Northern Ireland) (Figure 1.36).

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151 OECD. [Productivity, human capital and educational policies](#).

152 ONS. [Regional human capital per capita estimates](#). 2020.

**Figure 1.36 Real Human Capital per head (16-65 years old), UK countries and regions, 2018<sup>153</sup>**



Demographics explain some of these regional differences in human capital, as they determine how many people in an area are able to work. This is particularly true for some rural areas. The proportion of the population of working age is below 55% in Rother, North Norfolk and East Devon, and above 70% in several London boroughs, Brighton, Glasgow, Manchester and Oxford.<sup>154</sup>

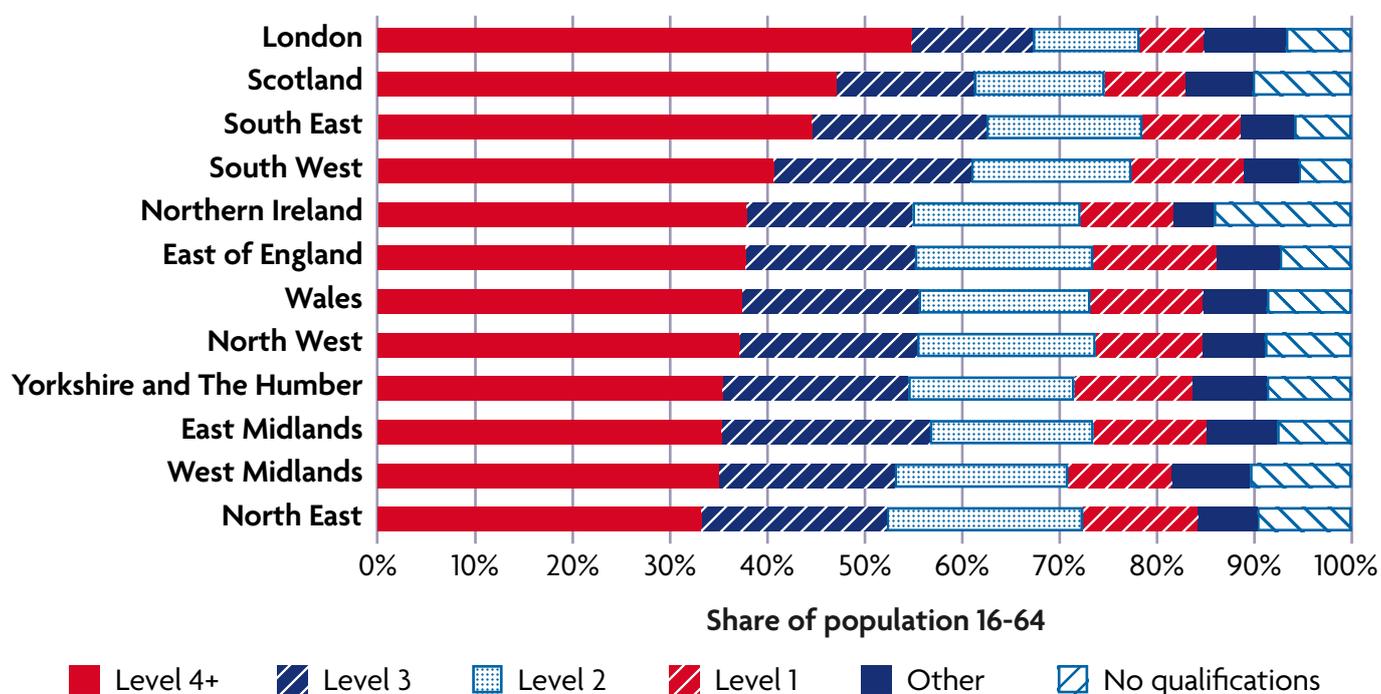
When it comes to skills, there are clear spatial differences, with London again being an outlier (Figure 1.37). More than three quarters of 16-64 year olds have a level 3+ (A Level equivalent) qualification in several

<sup>153</sup> ONS. Regional human capital per capita estimates. 2020.

<sup>154</sup> ONS. Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2020. 2020.

London boroughs, as well as in Edinburgh and Renfrewshire.<sup>155</sup> This is below 50% in 16 local authorities, with the worst performing a mix of ex-industrial towns (North East Lincolnshire, Middlesbrough, Neath Port Talbot), coastal communities (Blackpool, Redcar and Cleveland, Thurrock) and deprived urban areas (Hull, Knowsley, Tameside, Sandwell).<sup>156</sup>

**Figure 1.37 Proportion of population aged 16 to 64 with different qualifications levels, UK countries and regions, 2019<sup>157</sup>**

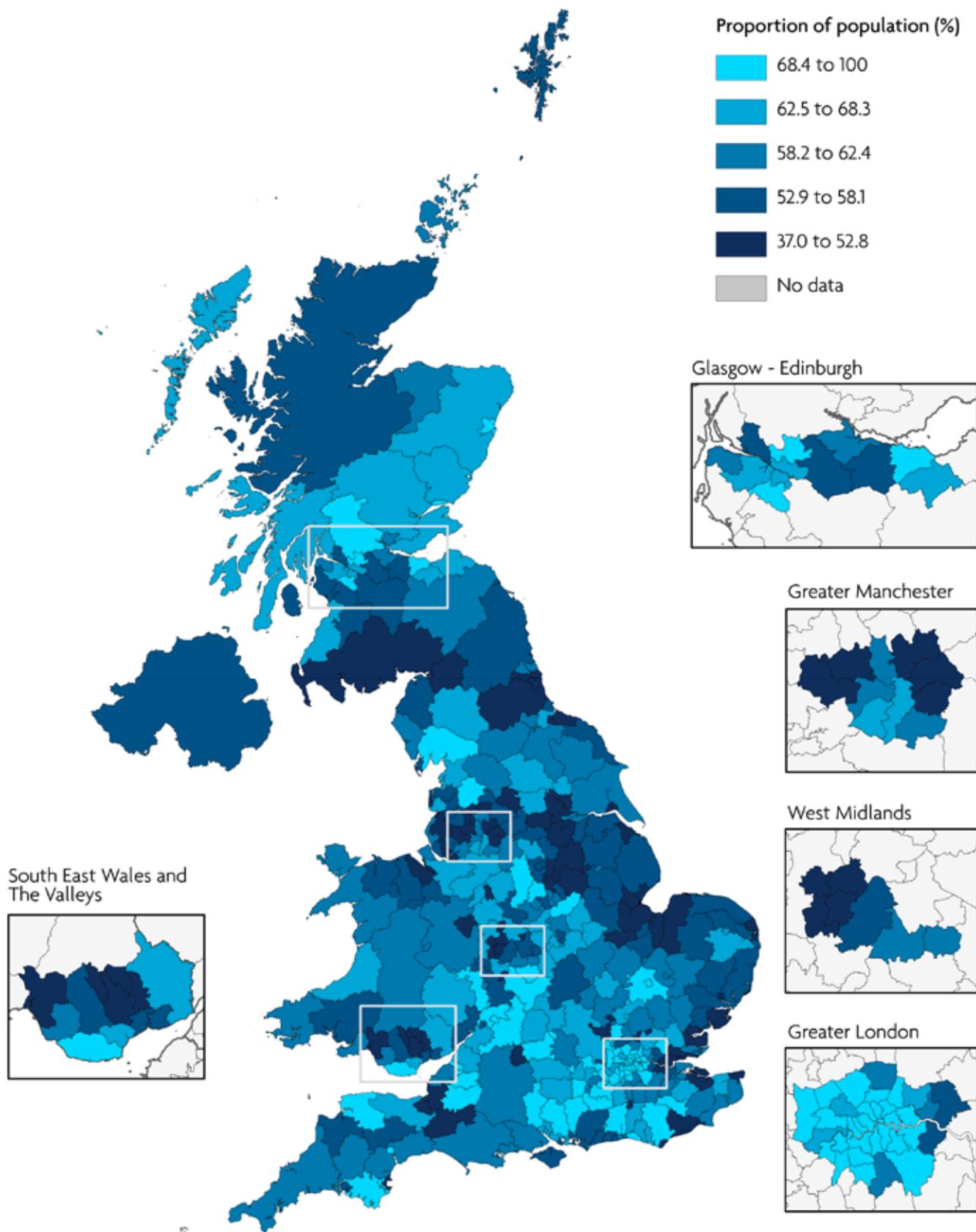


155 ONS. Resident-based Skill level by upper tier local authority. Annual Population Survey. NOMIS. 2020.

156 ONS. Resident-based Skill level by upper tier local authority. Annual Population Survey. NOMIS. 2020

157 ONS. Annual Population Survey. Nomis. Accessed on 30 January 2022.

**Figure 1.38 Proportion of population aged 16 to 64 with level 3+ qualifications, GB local authority districts and Northern Ireland<sup>158</sup>**



158 ONS. Resident-based Skill level by upper tier local authority. Annual Population Survey. NOMIS. 2020.

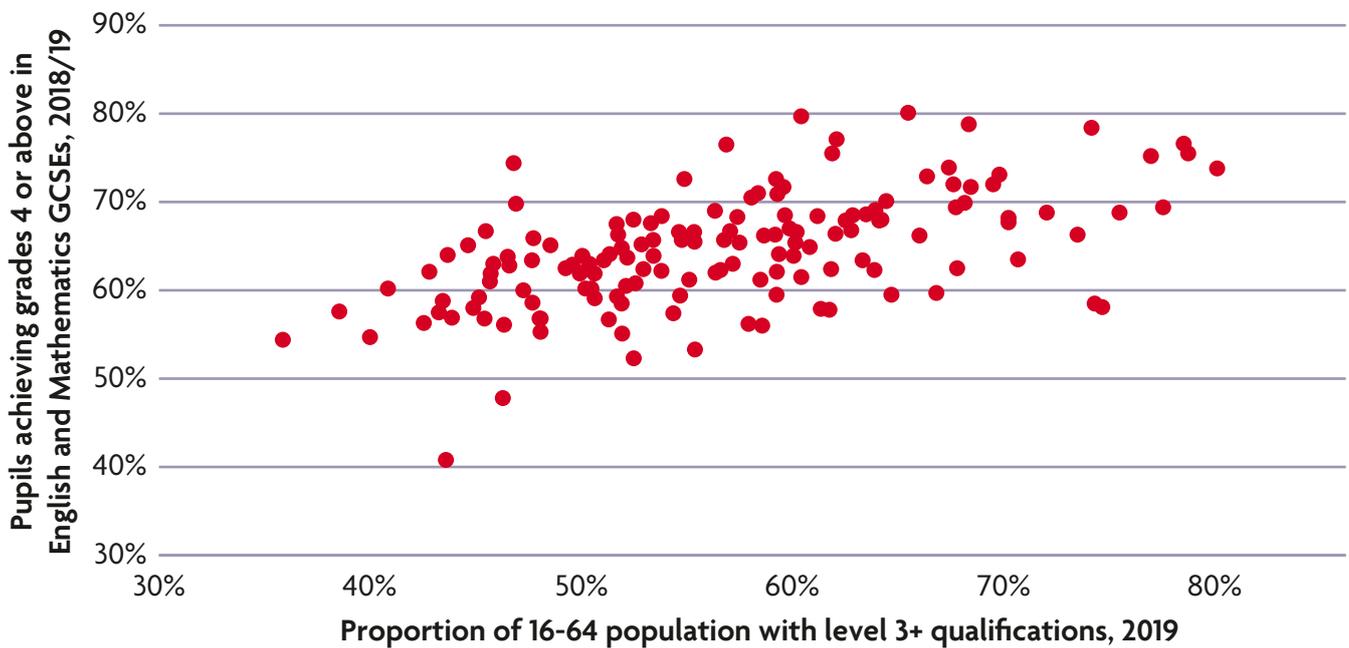
Education shows a similar pattern. A child eligible for free school meals (a measure of deprivation) in London has more than double the chance of going to university by age 19 than a child on free school meals outside London.<sup>159</sup> There are also large differences in attainment between local areas. 80% of GCSE pupils in Trafford and Sutton achieved English and Maths 9-4 in 2019, compared to only 41% in Knowsley and 48% in Blackpool.<sup>160</sup> These trends suggest spatial differences in skills levels are likely to continue to widen looking ahead, given these spatial differences in attainment (Figure 1.39 shows the correlation between these).

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159 ONS. [Widening participation in higher education](#). 2021.

160 The drivers of these differences are not fully understood but a lot of this variation can be explained by pupil and family characteristics and circumstances, which have a complex relationship with the places where they live. It is well documented that performance in London is significantly higher than other parts of the country, especially for disadvantaged pupils. The best available evidence suggests that around two-thirds of this difference is explained by pupil, family and area-level variables, but even after accounting for these factors, there is still a gap between London and other parts of England.

**Figure 1.39 Correlation between level 3 and equivalent or higher qualifications and GCSE attainment, by local authority (England only)<sup>161</sup>**



These spatial patterns in skills are reinforced by the migration of highly-educated and highly skilled people, both within the UK and from outside.<sup>162</sup> Overall, places with the highest existing stock of human capital tend to attract the largest numbers of skilled workers, both from within and outside the UK, amplifying skills differences.<sup>163</sup> These dynamics are discussed further in the next section.

Finally, health outcomes also affect human capital. The number of people out of work for health reasons – measured using the Employment and Support Allowance Caseload rate – is less than 2% in Wokingham, Hart, Windsor, and Maidenhead and Uttlesford, but as much as

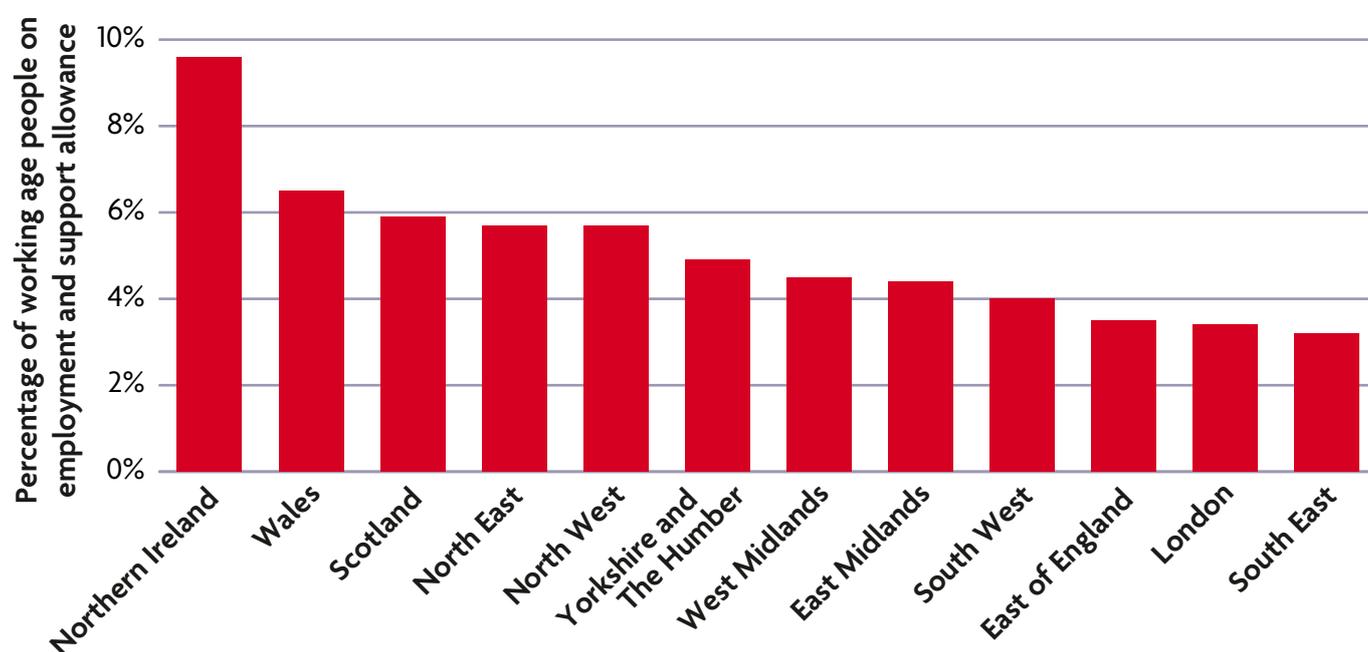
<sup>161</sup> Annual Population Survey: All people aged 16-64 with GCSE grades A\*-C or equivalent combined with those with Level 3+ skills, in 2018/19. NOMIS. 2019.

<sup>162</sup> (See section 1.6)

<sup>163</sup> (See section 1.6)

9% in Blackpool, Blaenau Gwent, Merthyr Tydfil, Neath Port Talbot, Knowsley, West Dunbartonshire, Rhondda and Glasgow (see Figure 1.40).<sup>164</sup> This rate is considerably higher in Northern Ireland, Wales, Scotland and the North of England. This pattern is mirrored in disability employment rates.<sup>165</sup>

**Figure 1.40 Employment Support Allowance caseload rate (working-age population), UK countries and regions, February 2021<sup>166</sup>**



Healthy life expectancy estimates add a quality of life dimension to estimates of life expectancy. Data on healthy life expectancy shows less variation between regions, but more variation at the local authority level.

164 Caseload rate is calculated as the number of people on Employment and Support Allowance divided by the working age population. Note that the shift to Universal Credit means some people receiving out of work benefits for health reasons will not appear in Employment and Support Allowance statistics. Source: Department of Work and Pensions. Source: DWP. [Stat-Xplore](#). Accessed: 2022.

165 DWP. [The employment of disabled people 2021](#). 2021.

166 DWP. [Stat-Xplore](#). Accessed: 2022 Link

The gap between the five least healthy local authorities for males (Glasgow City, Dundee City, Blackpool, Inverclyde and West Dunbartonshire) and the most healthy (Westminster, Kensington and Chelsea, Camden, Harrow and Rutland) is 12 years.<sup>167</sup>

Areas with the worst current health outcomes tend to have the highest smoking and obesity rates. Smoking rates in England range from 8% in Richmond upon Thames to 23% in Blackpool.<sup>168</sup> Figure 1.41 also suggests higher rates of obesity in towns and cities in the North of England. There is evidence that some coastal communities have particularly poor health outcomes.<sup>169</sup>

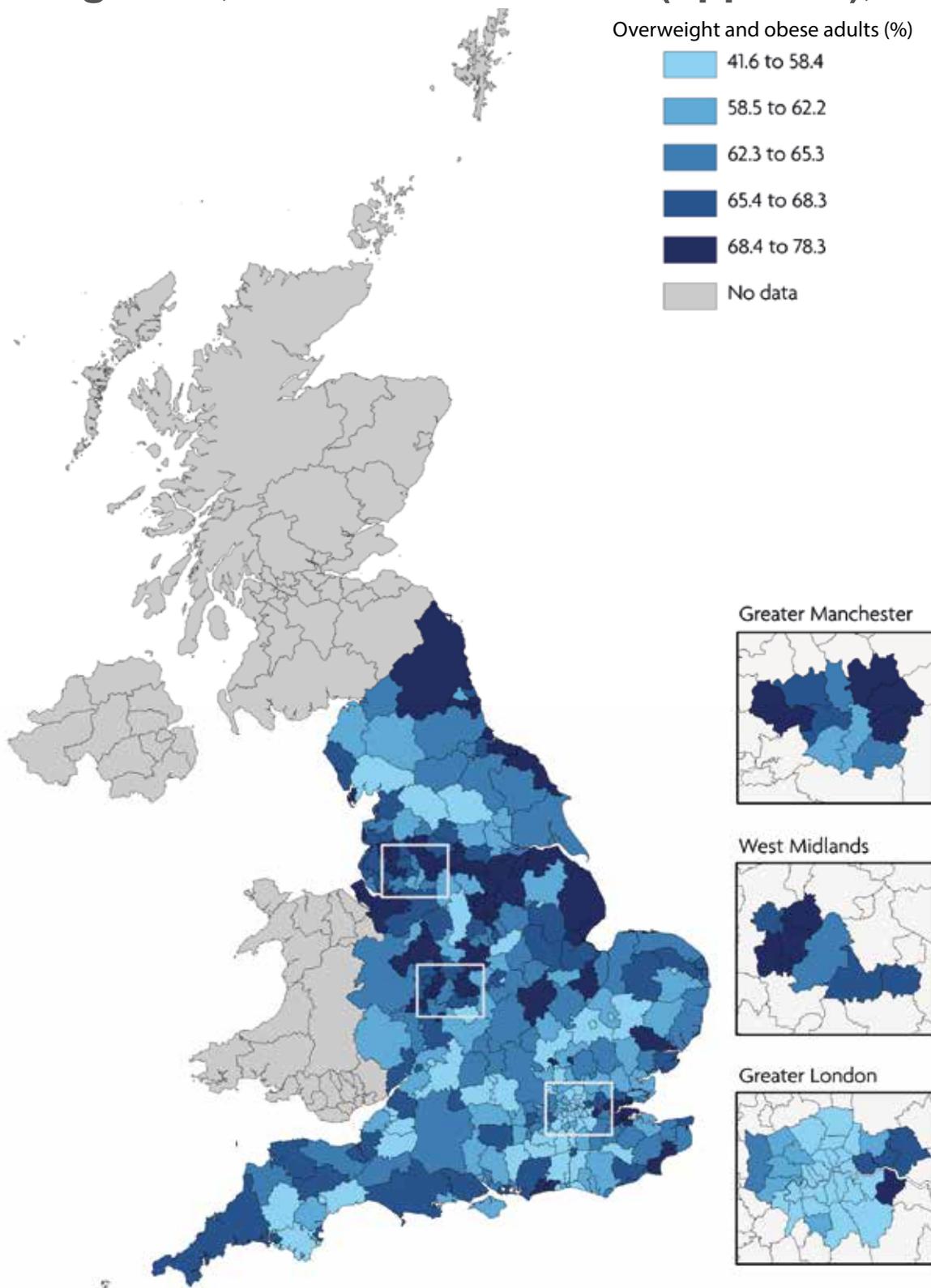
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167 ONS. [Health state life expectancy, all ages, UK](#). 2021.

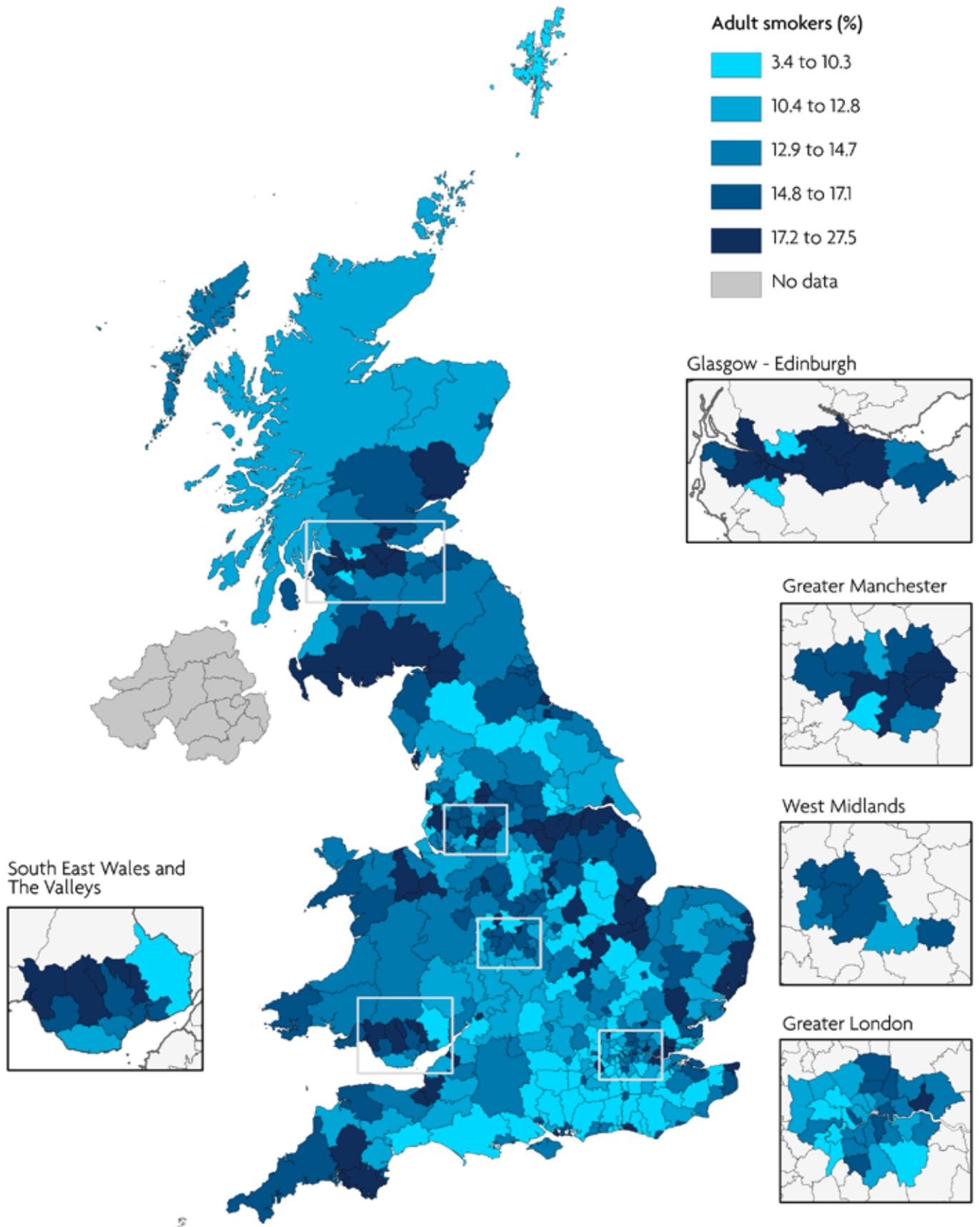
168 ONS. [Smoking habits in the UK and its constituent countries](#). 2020.

169 DHSC. [Chief Medical Officer Report: Coastal Communities](#). 2021.

**Figure 1.41 Overweight and obesity prevalence, England local authorities, 2019/2020 (this page) and smoking rates, GB local authorities (opposite), 2019<sup>170</sup>**



170 ONS. Smoking habits in the UK and its constituent countries. 2020.; Public Health England. Obesity Profile. Accessed: Dec 2021. Note: Prevalence of overweight and obesity estimates are not coherent across the UK. Office for Health Improvement and Disparities. Public Health Profiles. 2022



## 1.5.2 Financial capital

There are sharp differences in access to financial capital across different parts of the UK, with financial activity concentrated in relatively few areas (see Figure 1.42 and 1.43). This actively contributes to spatial differences in productivity, jobs and living standards. Some Small and Medium-sized Enterprises (SMEs) tend to have particular difficulties accessing finance, especially outside the South East of England.

The main source of financing for SMEs is bank lending. At the aggregate level, bank lending makes up 85% of outstanding debt for SMEs, with 50% of this debt coming from large UK banks.<sup>171</sup> This reliance on retail banks plays a role in explaining regional differences in access to finance (see Figure 1.42 and Figure 1.44). Technology is also changing how consumers interact with financial services, with consumers now having greater access to financial services through digital and telephone banking channels. This has resulted in the commercial decision to consolidate bank branches, affecting rural areas (19% of branches closing) more than urban areas (15%).<sup>172</sup>

According to the British Business Bank, the UK has regional debt gaps of between £2-3bn in regular bank lending and £0.9bn in private debt each year. Every region of the UK also faces an equity gap (where potential demand for equity finances exceeds supply),

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171 Bank of England. *Open data for SME finance*. 2020.

172 FCA. *Financial Lives 2020 Survey*. 2021.

which is proportionately worse outside London. The equity gap at the seed and venture stages represents around £1.2bn each year, while the total equity gap is around £2.8bn per year across the UK.<sup>173</sup>

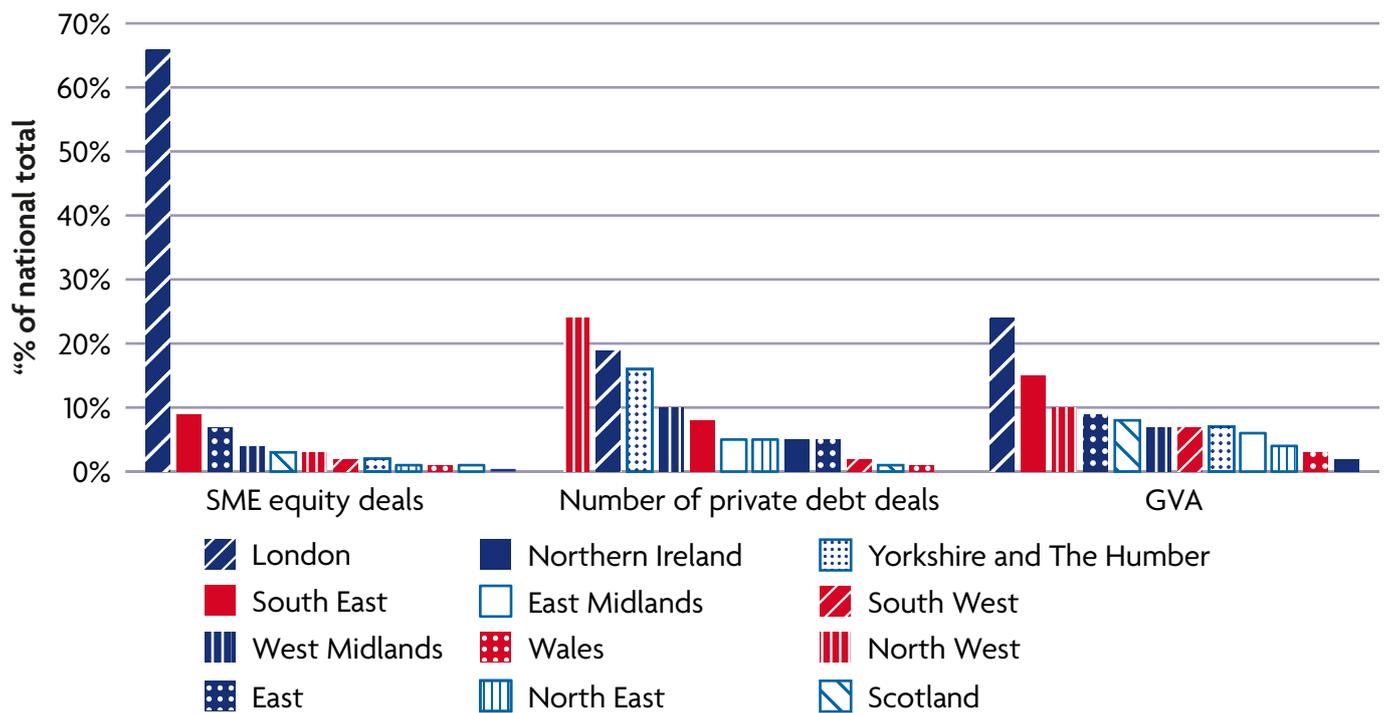
At a regional level, London, the South East, the East of England and the North West host 55% of private sector business in the UK, but receive 86% of equity investment.<sup>174</sup> Equity gaps are largest in the East Midlands, Yorkshire and the Humber, and the West Midlands, where demand is more than six times the flow of equity finance. The absolute gap is larger in London, accounting for 35% of the total finance gap.

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173 BEIS. Equity Finance and the UK Regions. 2019.

174 British Business Bank. Regions and Nations Tracker: Small Business Finance Markets 2021. 2021.

**Figure 1.42 Share of equity and debt finance deals compared to GVA, UK countries and regions, 2021<sup>175</sup>**

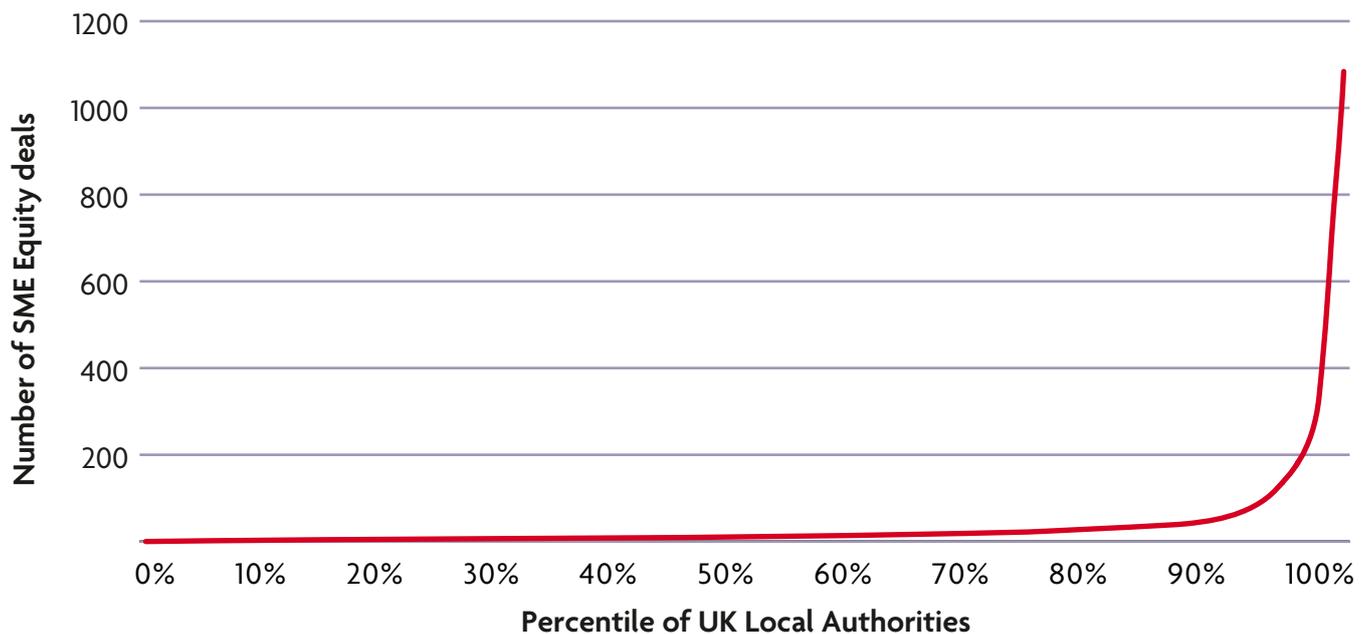


The role of institutions is key in the provision of debt and equity finance. Many SMEs currently suffer from the “liability of distance” – a lack of access resulting from investors not being close enough to form the relationships and collect the information necessary to make investment decisions.<sup>176</sup> More than eight in ten equity investment relationships meet the “two-hour travel time” rule, leaving SMEs outside London and the South East with more costly options, such as overdrafts, lines of credit and bank loans.

175 British Business Bank. Regions and Nations Tracker: Small Business Finance Markets 2021. 2021.

176 Lee, N., Brown R. Innovation, SMEs, and the Liability of Distance: the Demand and Supply of Bank Funding in UK Peripheral Regions. *Journal of Economic Geography*, 17 (1). pp. 233-260. 2017.; Collier, P., Mayer, C. Reforming the UK financial system to promote regional development in post-COVID Britain. *Oxford Review of Economic Policy*, Volume 36, Issue Supplement\_1, pp. S270–S280. 2020.

**Figure 1.43 Distribution of equity activity across UK local authorities, 2011-2020<sup>177</sup>**



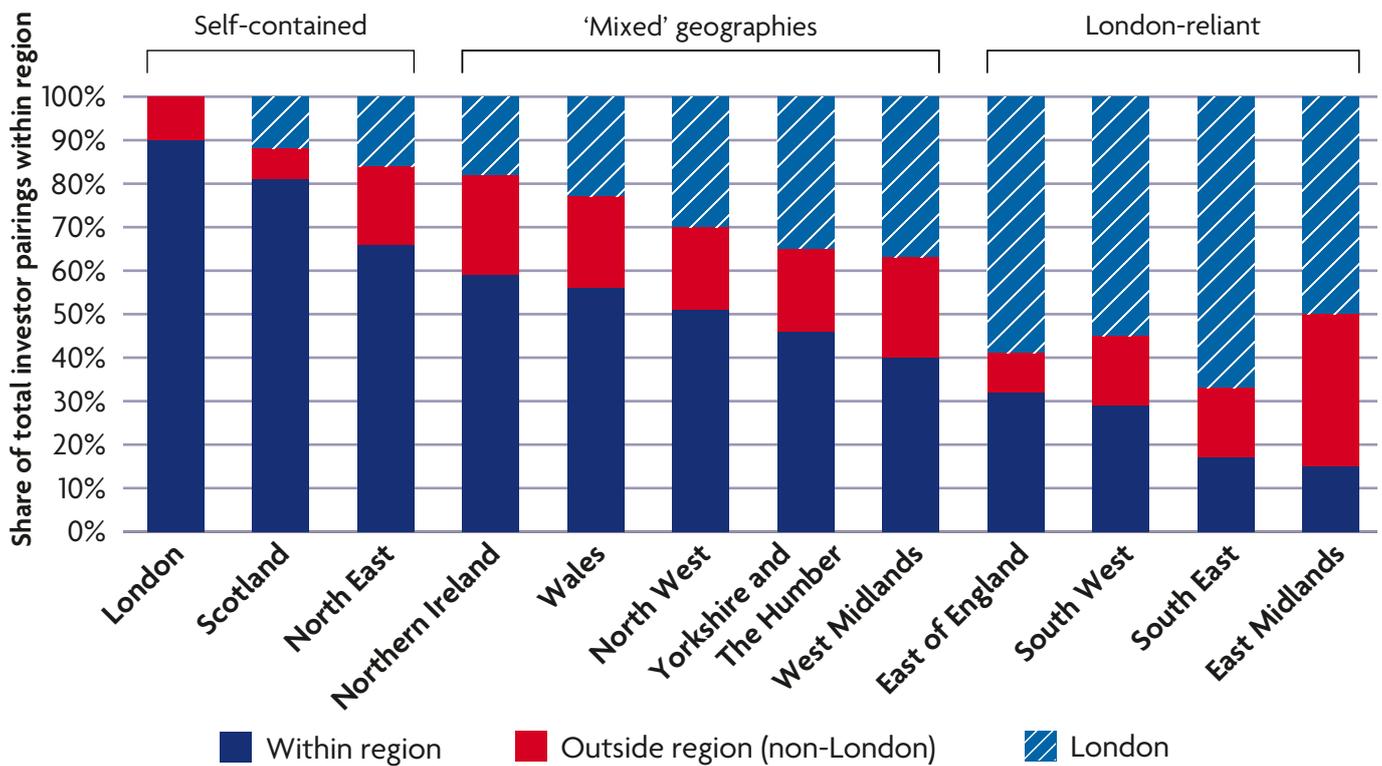
There are large pools of underutilised capital across the UK that could, in principle, be used to support investment. For example, Local Government Pension Funds have assets with a combined market value of £326bn as of March 2020. Only a few funds have so far invested with a local, place-based lens.<sup>178</sup> As discussed further in Chapter 3, there is huge scope to mobilise more financing from UK institutional investors in local projects. Regulatory steps are now being taken to do so.

**Figure 1.44 Geographic location of investor-investee pairings, UK countries and regions, 2011-2020<sup>179</sup>**

177 British Business Bank. Regions and Nations Tracker: Small Business Finance Markets 2021. 2021.

178 MHCLG. Local Government Pension Scheme Funds England and Wales: 2019-20 (Revised). 2021.

179 British Business Bank. Regions and Nations Tracker: Small Business Finance Markets 2021. 2021.



### 1.5.3 Social capital

The distribution of social capital depends on how it is measured and experienced by people. For example, the Local Trust’s Community Need Index (Figure 1.45) – reflecting measures of social infrastructure, connectedness and an active and engaged community – is highest in cities and towns in the North and Midlands, as well as coastal areas in the East and South East of England, such as the Thames Gateway and the Wash. Areas with lowest community need are in and around London, university towns and rural areas in the North of England.

More subjective measures of social connectedness and local satisfaction suggest a somewhat different pattern. Across these metrics, social capital is low in London and urban areas. There are large differences in the degree to

which people feel they belong to their immediate neighbourhood, from 59% in London to 71% in the North East.<sup>180</sup>

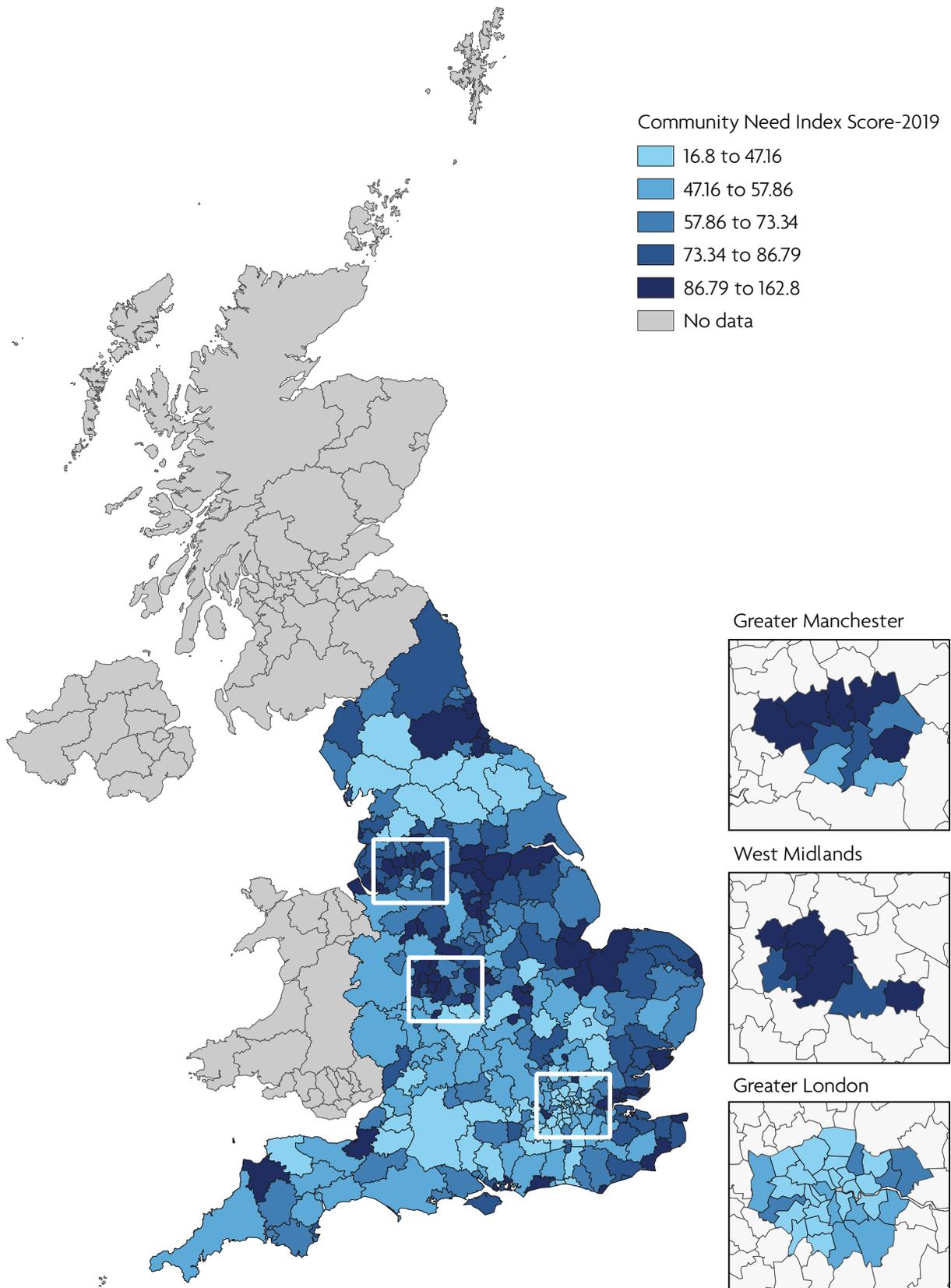
People's satisfaction with their local area does not tend to vary widely by region, but there is some indication it is lower in the West Midlands, North East and North West, and highest in the South West, East Midlands and South East (see Figure 1.46).<sup>181</sup> Rural areas perform much better than urban areas on measures of local area satisfaction, belonging to their neighbourhood and speaking to their neighbours.

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180 DCMS. Community Life Survey: 2020/21: Table B4: Percentage of adults who feel they very or fairly strongly belong to their immediate neighbourhood. 2021.

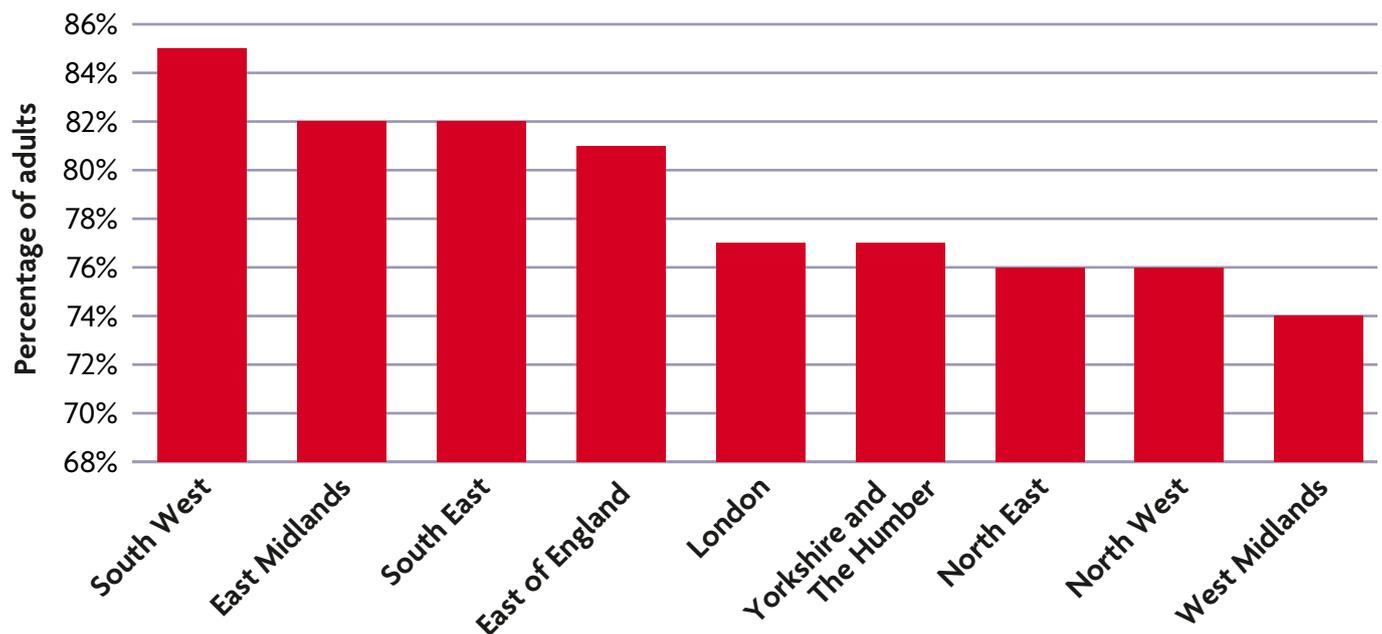
181 DCMS. Community Life Survey: 2020/21: Table B8: Percentage of adults who are satisfied with their local area as a place to live. 2021.

**Figure 1.45 Local Trust Community Need Index Score, England local authorities, 2019<sup>182</sup>**



182 Oxford Consultants for Social Inclusion for Local Trust. Left Behind areas 2020 – Interim Set: Summary findings. 2020.

**Figure 1.46 Satisfaction with local area, England regions, 2020-21<sup>183</sup>**



It is not clear what drives the differences between these measures of social capital. One explanation is that community need reflects access to social capital and infrastructure, whereas subjective measures of well-being reflect how well this capital and infrastructure is used. Subjective measures of social capital are in line with a more general pattern of self-reported well-being in London lagging behind the rest of the UK.

183 DCMS, Community Life Survey: 2020/21: Table B8: Percentage of adults who are satisfied with their local area as a place to live. 2021.

## 1.5.4 Physical capital

Physical capital comes in several forms – transport, housing and digital. The distribution of these different forms of capital differs by place.

Transport infrastructure is an important form of physical capital because it reduces “distances” between places and provides people, firms and workers with increased market access. This brings with it increased economic benefits meaning less well-connected places can get left behind.<sup>184</sup> Transport infrastructure is most expansive in London and the South East. This unlocks access to more jobs in these areas than elsewhere. For example, public transport unlocks double the number of jobs in Aldershot than in Halifax.<sup>185</sup> Intra-city transport is also better in London. In Newcastle and Glasgow, spending an hour on public transport only increases job access by one third, but almost quadruples job access in London (see Figure 1.47).<sup>186</sup>

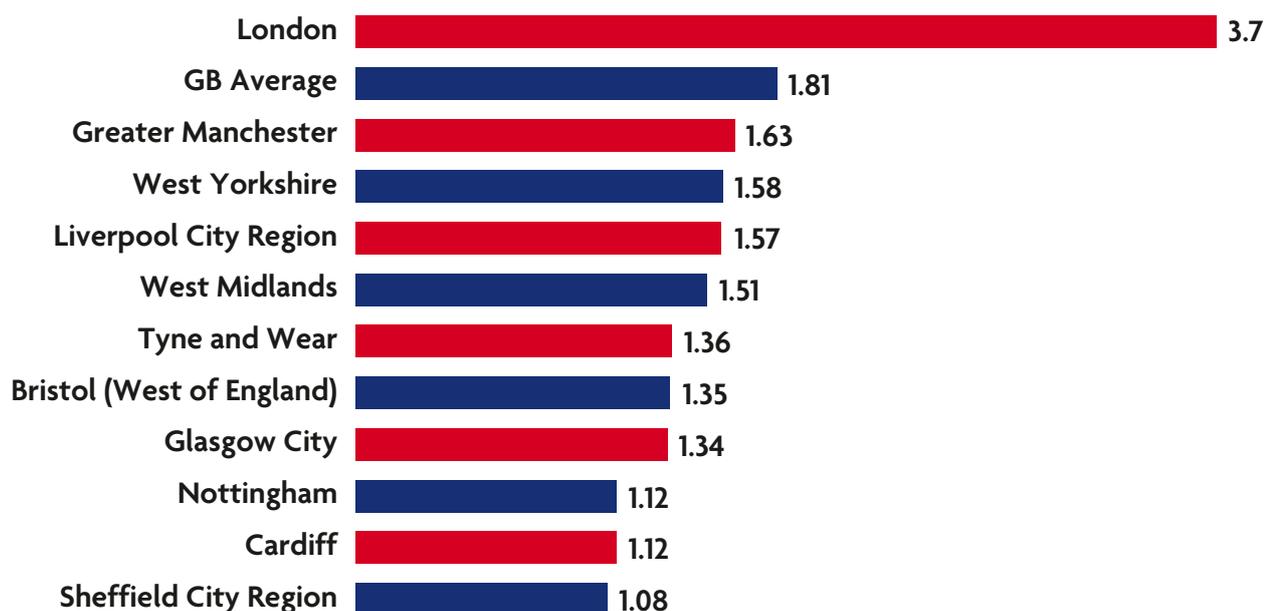
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184 See Donaldson, D., Hornbeck, R. *Railroads and American Economic Growth: A “Market Access” Approach*. 2016.; Donaldson, D. *The Gains from Market Integration*. 2015.; and H Overman, H., Winters, A. *North and South, Centre Piece*. 2004.

185 Blagden, J., Tanner, W. Network Effects: Why levelling up demands a new approach to connectivity. Onward 2021.

186 Blagden, J., Tanner, W. Network Effects: Why levelling up demands a new approach to connectivity. Onward. 2021.

**Figure 1.47 Jobs reachable within 60 mins for each job within five miles<sup>187</sup>**



When it comes to commute time, however, the story is different. Londoners spend by far the longest time travelling to and from work.<sup>188</sup> And while the existing transport infrastructure is most extensive in London and the South East, it is also under the most strain, reflecting the sheer size of London’s labour market.<sup>189</sup>

Transport infrastructure investment has tended to flow to places where infrastructure is under the greatest strain rather than least extensive. The OECD finds that historic investment is considerably higher in London and the South of England than in other parts of the UK. Nearly 30% of all public transport infrastructure spending is in

187 Blagden, J., Tanner, W. Network Effects: Why levelling up demands a new approach to connectivity. Onward. 2021.

188 DfT. National Travel Survey 2020: Purpose of travel. 2021.

189 Transport for London. Mayor’s Transport Strategy: Supporting Evidence. 2017.

London, and spending per capita is double that in Scotland and three times that in Northern Ireland.<sup>190</sup>

These dynamics suggest an important circularity, with a growing labour market increasing the strain on transport systems, attracting greater infrastructure investment and prompting further growth in the jobs market, thereby further increasing pressures on transport systems.

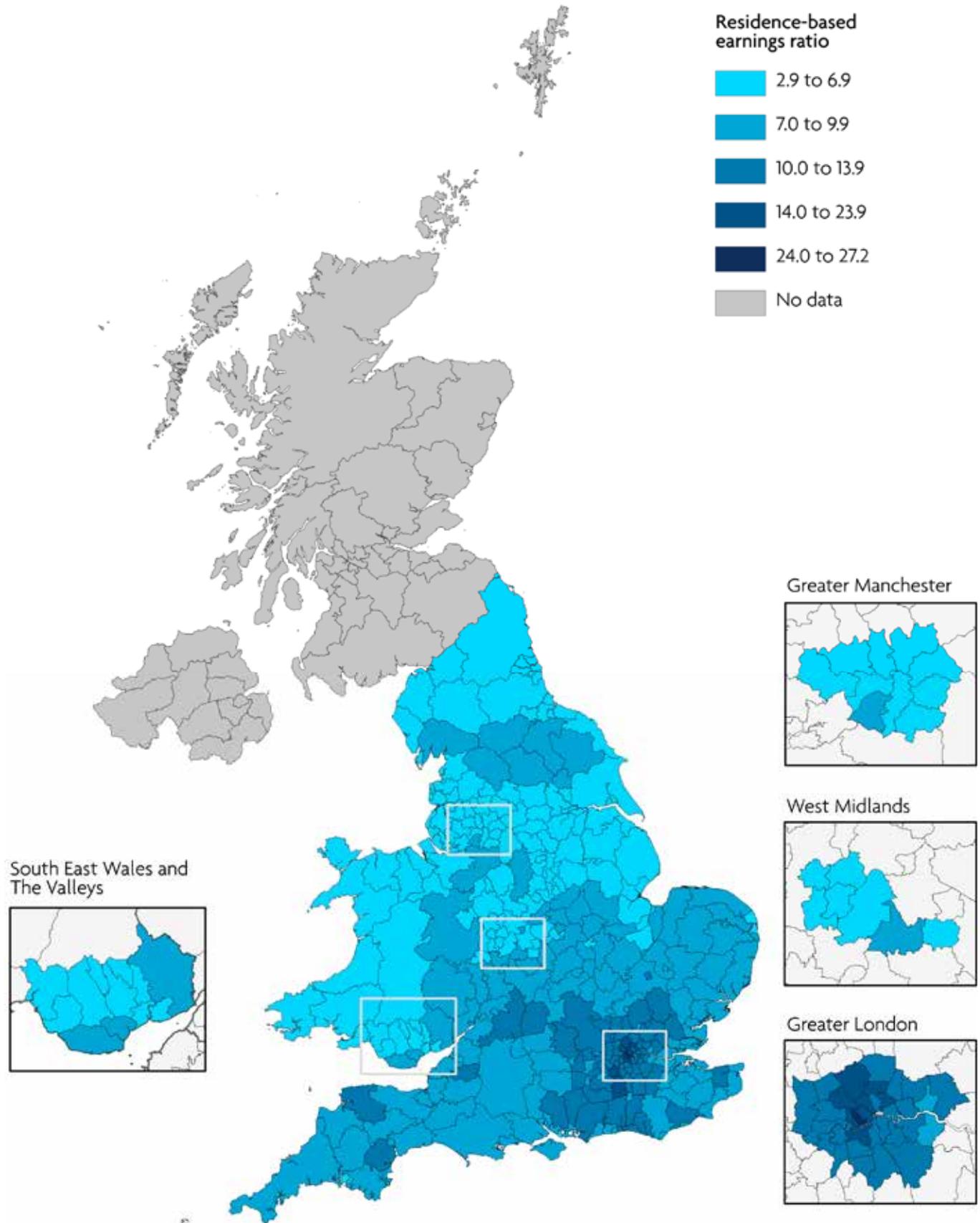
There is a similar circular pattern for *housing*. Total housing wealth is concentrated in London and the South East.<sup>191</sup> But house price to earnings ratios – a measure of the sufficiency of housing supply – are considerably higher in the South and East of England (Figure 1.48), suggesting greater strain on housing supply.

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190 Gal, P., Egeland, J. Reducing regional disparities in productivity in the United Kingdom. OECD Economics Department Working Papers, No. 1456. OECD Publishing. Paris. 2018.

191 ONS. Property wealth: wealth in Great Britain. 2022.

**Figure 1.48 Ratio of house price to residence-based earnings, England and Wales local authority districts, 2020<sup>192</sup>**



192 ONS. House price to workplace-based earnings ratio. 2021.

A more direct measure of housing sufficiency and adequate supply is the degree of overcrowding or number of homeless households. On both measures, London fares far worse than other regions. For example, 8.3% of households in London are overcrowded, more than double the rate in the next highest English region, the West Midlands at 3.4%. The census shows constituencies with the 14 highest rates of household overcrowding were all in London.

More granular data show that places such as Birmingham, Luton, Manchester, Bradford and Leicester all also have pockets of overcrowding in housing.<sup>193</sup>

These geographic disparities reflect substantial differences by ethnicity. For example, 2% of white British households were in overcrowded households in 2019, compared to 24% and 18% for those from Bangladeshi and Pakistani backgrounds, respectively.<sup>194</sup>

*Digital infrastructure* paints a different picture. The greatest disparities are between rural and urban areas. Median fixed download speeds range from 107 megabits per second (mbps) in Hartlepool, Middlesbrough, North East Lincolnshire, Stockton and West Dunbartonshire, to less than 35 mbps in the Orkney Islands, Forest of Dean, the Shetland Islands and Mid Devon.<sup>195</sup> The picture is similar when looking at the percentage of premises with

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193 Wilson, W., Barton, C. *Overcrowded housing (England)*. House of Commons Library. 2021

194 MHCLG. Overcrowded households. September 2020.

195 Ofcom. Fixed Performance, Local and Unitary Authority data. Median download speed. June 2020. Superfast is here defined as broadband connections with download speeds of at least 30 megabits per second.

superfast broadband.<sup>196</sup> Congestion effects on digital infrastructure are less than for transport and housing, which means the extensiveness of the infrastructure is more important than population size. The “digital skill gap”, between the 97% of people aged 18-25 with Foundation level digital skills and the 49% of people aged over 65 at this level, leads to further spatial disparities, with “older” areas being less digitally proficient.<sup>197</sup>

The total physical capital stock also comprises *capital formation by companies*, such as plants and machinery. Analysis from the Productivity Insights Network suggests that the total physical capital stock per worker is highest in Scotland, Northern Ireland and some Southern and Eastern parts of England (Figure 1.49).<sup>198</sup> Wales, the Midlands and much of the North West have much lower levels. The areas with the strongest growth in capital per worker over 2000-2019 were mainly in Scotland, Outer London, Hampshire and Sussex.

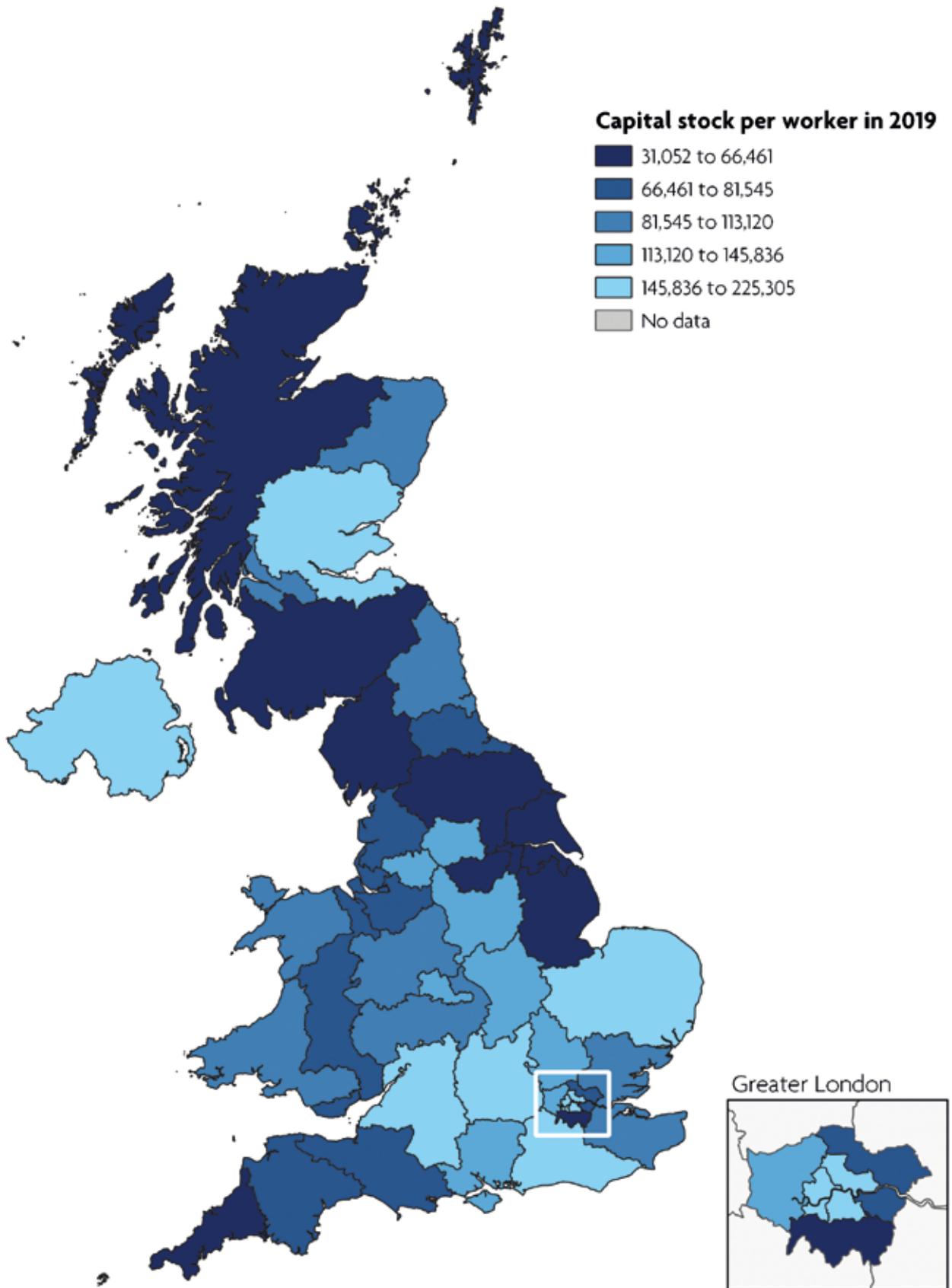
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196 Ofcom. Fixed Coverage, Local and Unitary Authority data. June 2020.

197 Ipsos MORI. Essential Digital Skills. 2021.

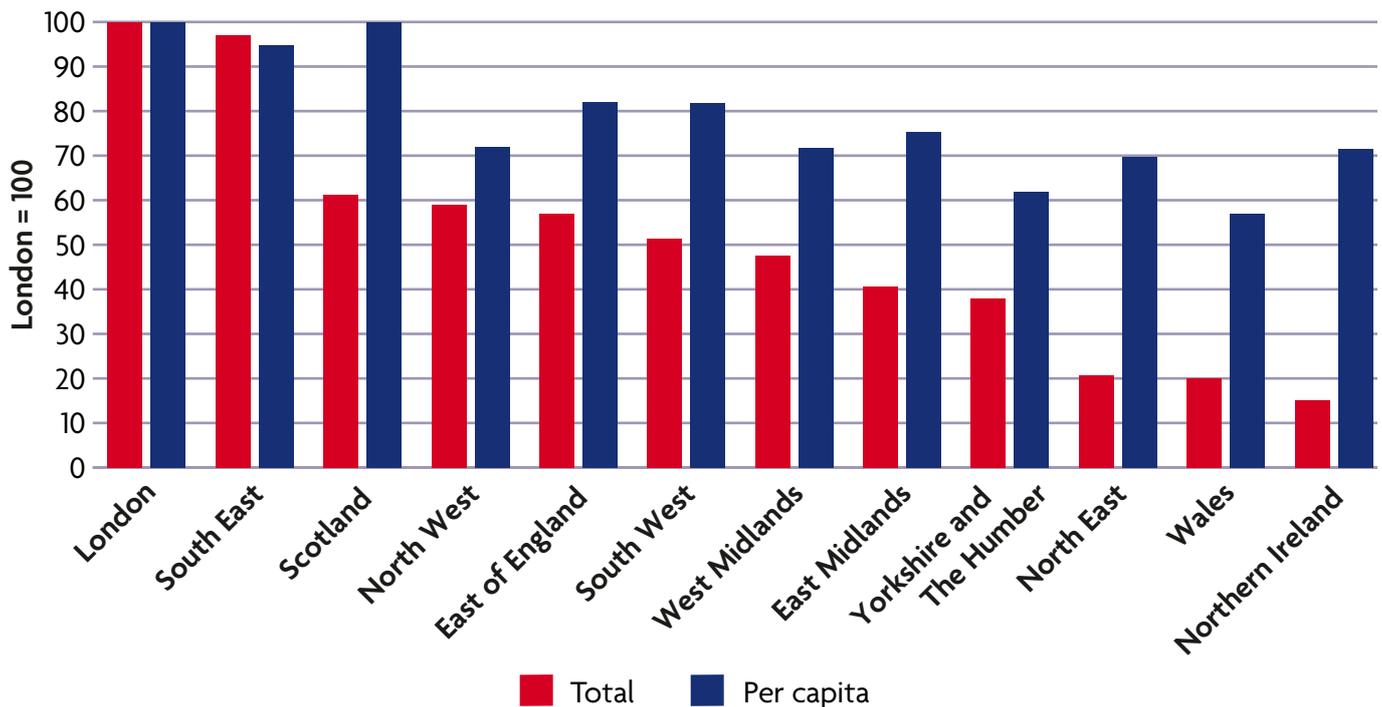
198 Gardiner, B., Fingleton, B., Martin, R., Barberi, L. UK Regional Capital Shocks and Productivity, an Updated Analysis. Economic and Social Research Council. 2021.

**Figure 1.49 Capital stock per worker, UK ITL2 subregions, 2019<sup>199</sup>**



199 Gardiner, B., Fingleton, B., Martin, R., Barberi, L. UK Regional Capital Shocks and Productivity, an Updated Analysis. Economic and Social Research Council. 2021.

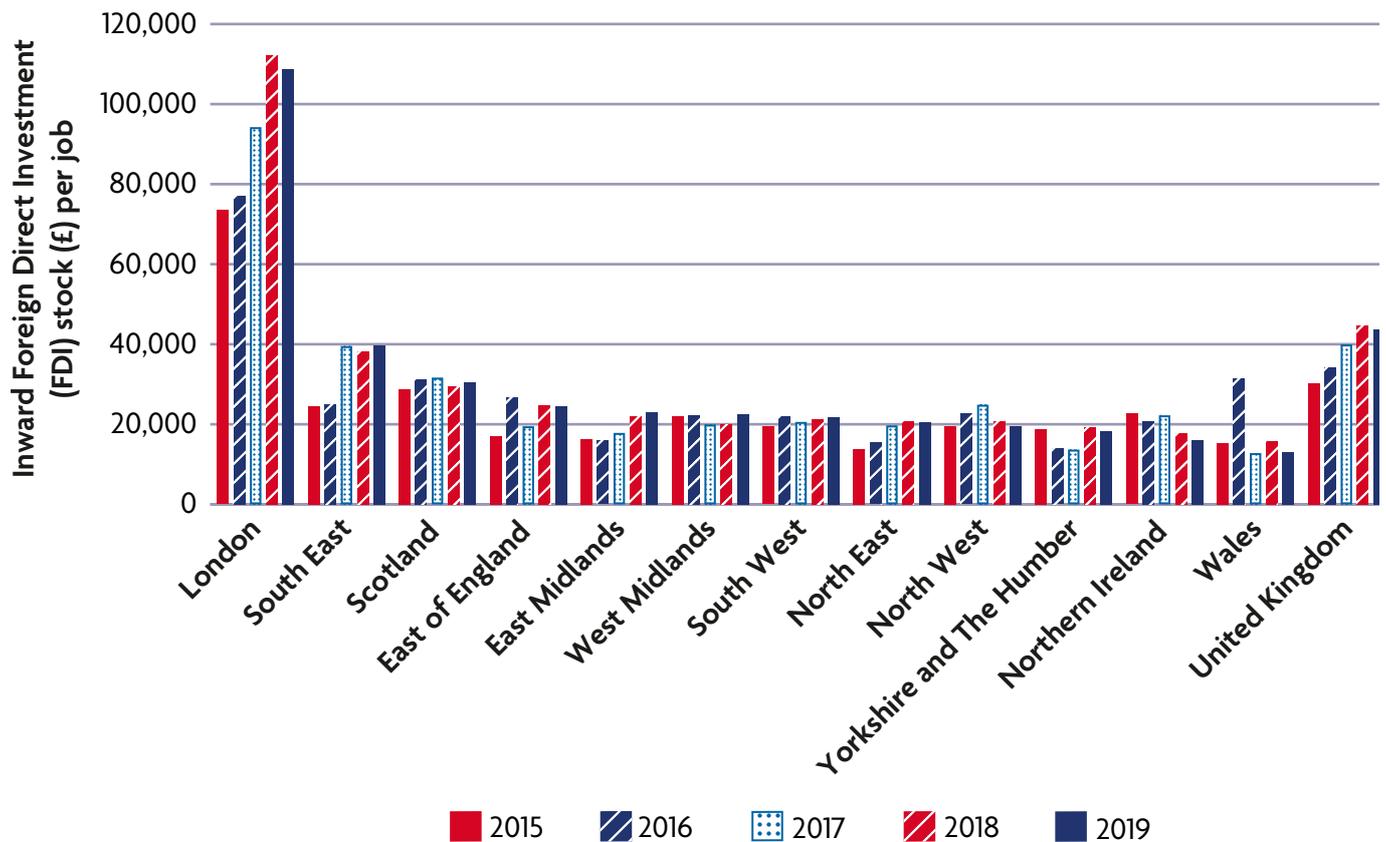
**Figure 1.50 Gross fixed capital formation compared to London, UK countries and regions, 2000-2019<sup>200</sup> 201**



Foreign Direct Investment (FDI) can play an important role in directly increasing the capital stock but also through indirect “spillover effects”. Internationally-mobile companies are among the most productive, innovative and highest-investing in the UK. However, this activity is overwhelmingly, and increasingly, concentrated in the most prosperous parts of the country. Between 2016 and 2019, FDI stocks rose substantially in London and the South East, but plateaued or declined in Northern Ireland and the North West (see Figure 1.51).

200 ONS. Regional gross fixed capital formation, by ITL1 and ITL2 region, 2000 to 2019. 2021.  
 201 Note these estimates also include some forms of intangible capital

**Figure 1.51 Foreign Direct Investment per workforce job, UK countries and regions, 2019<sup>202</sup>**



### 1.5.5 Intangible capital

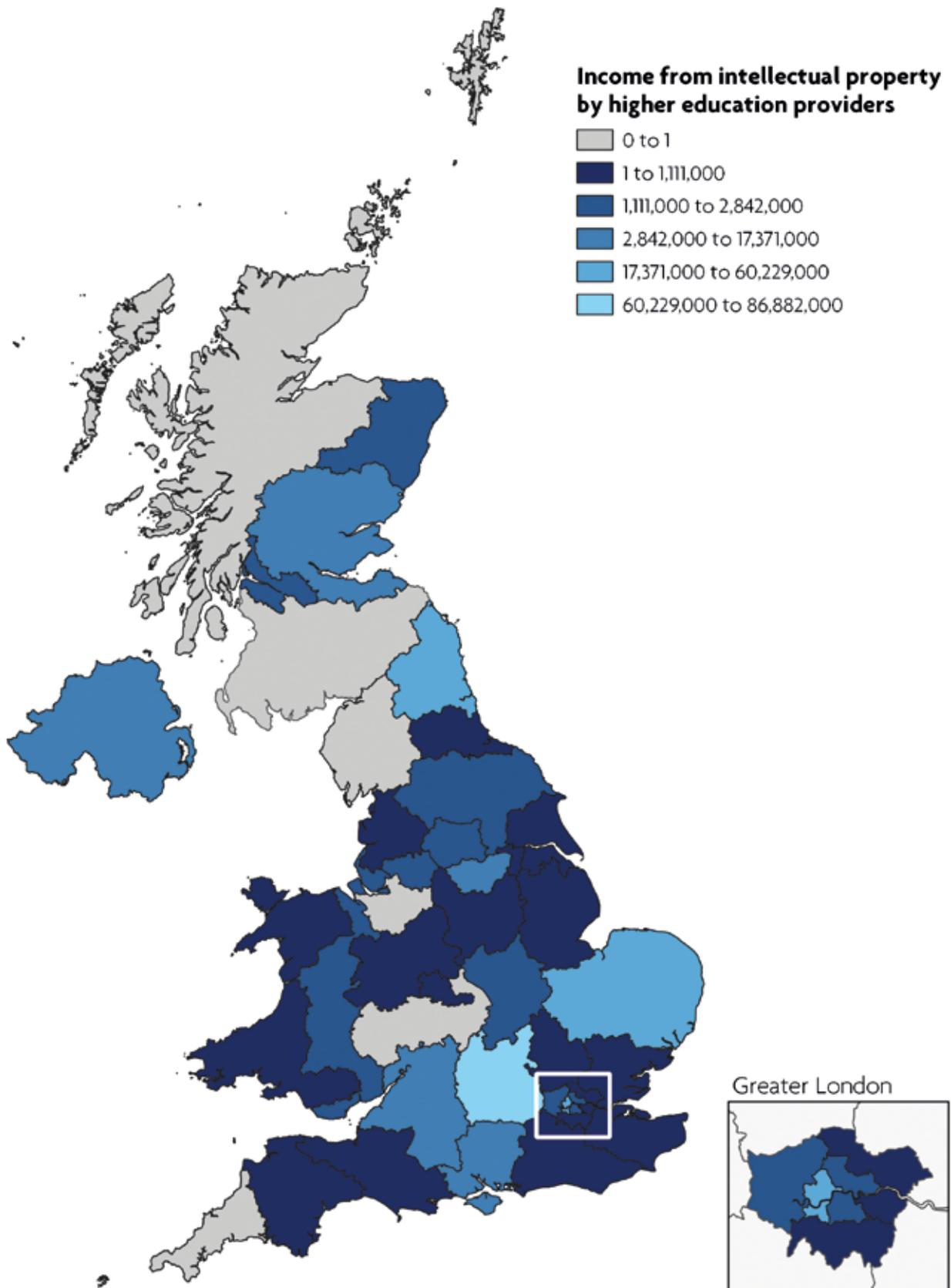
Intangible capital is made up of formal forms of investment, such as intellectual property, software and patents, and informal forms, such as embedded processes and practices.<sup>203</sup> Income from intellectual property – a measure of the total value of intangible capital – is heavily concentrated in Oxford and Cambridge, although research institutes in the North East also perform well (Figure 1.52).

202 ONS. [Statistical bulletin: Foreign direct investment involving UK companies](#). 2020.

203 ONS. [Experimental estimates of investment in intangible assets in the UK: 2015](#). 2018

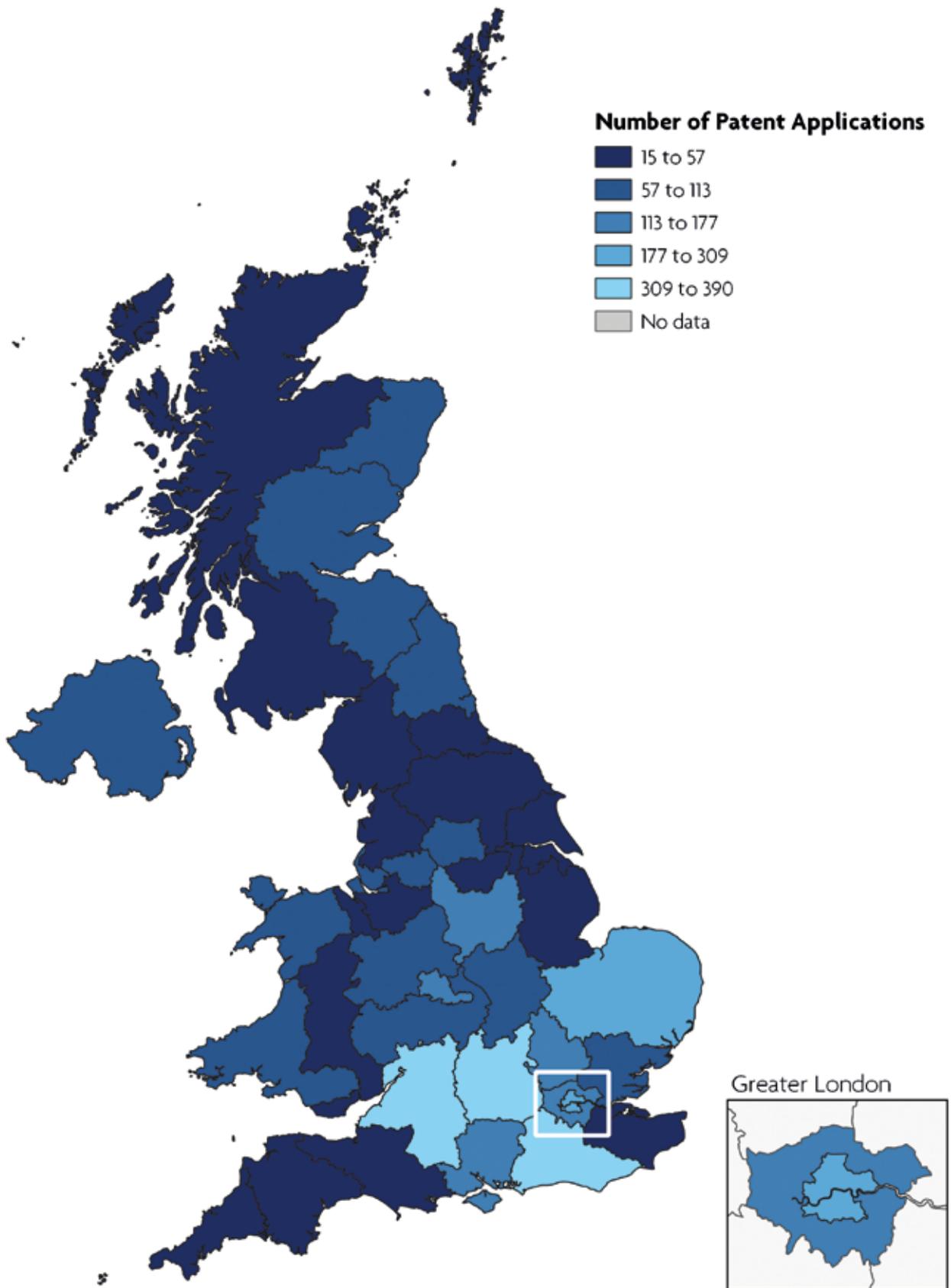
Patents are less concentrated, with clusters in the Midlands, East of England, South East and Scotland. However, high-tech patent applications are less widely distributed, suggesting a greater geographical concentration of more advanced capabilities in and around the Golden Triangle (Figures 1.53 and 1.54). The same is true of employment in high-tech or Science, Technology, Engineering and Maths (STEM) jobs (Figures 1.55 and 1.56).

**Figure 1.52 Income from intellectual property by HE providers, UK ITL2 subregions, 2018<sup>204</sup>**



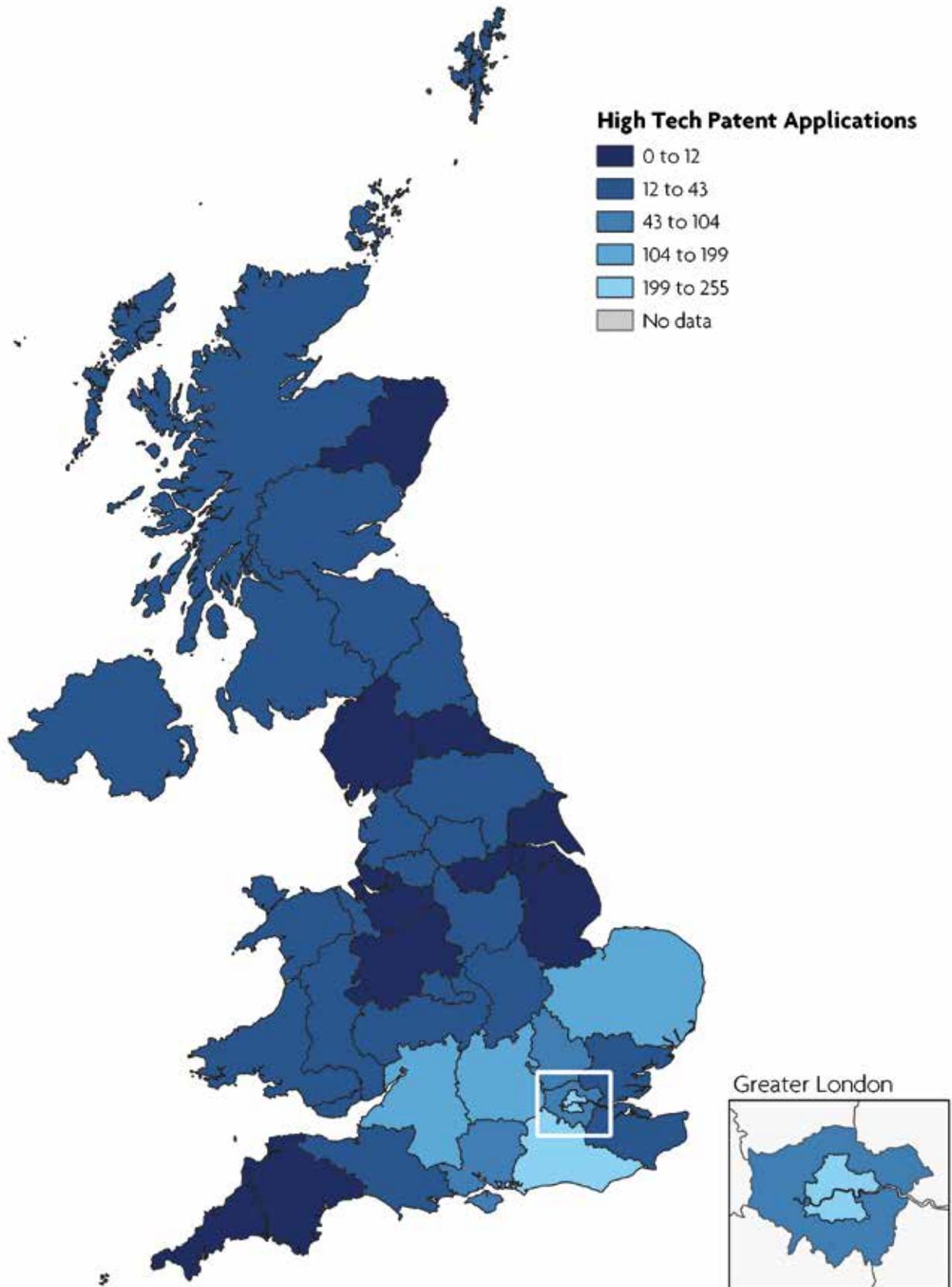
204 BEIS. HE intellectual property income: Income from intellectual property by higher education providers, 2018.

**Figure 1.53 Patent applications, UK ITL2 subregions, 2012<sup>205</sup>**



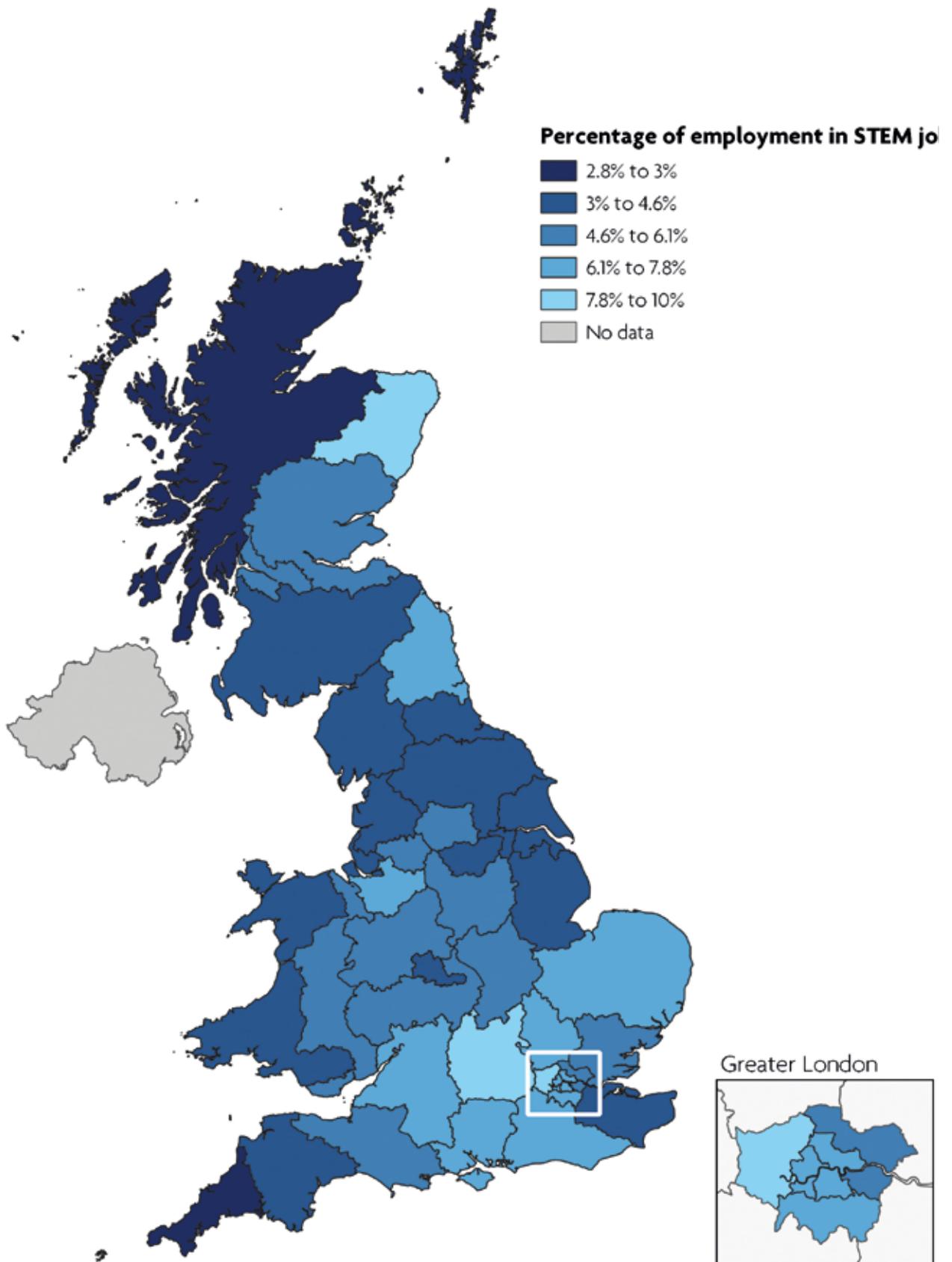
205 BEIS. Patent applications (EPO): Count of patent applications normalised by the number of applicants in a patent if there are more than one. 2012.

**Figure 1.54 High tech patents, UK ITL2 subregions, 2012<sup>206</sup>**



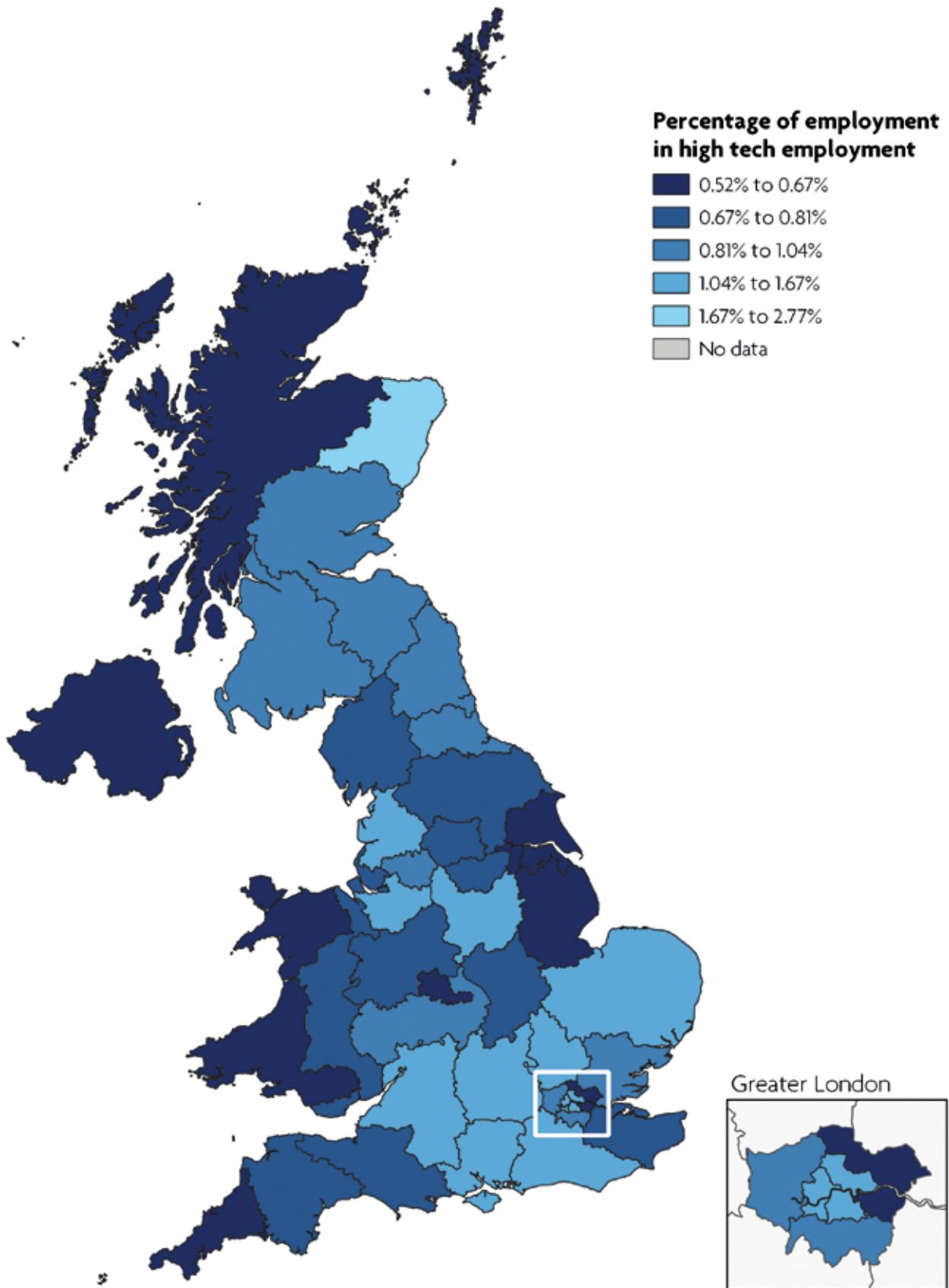
206 BEIS. High Tech Patent applications (EPO): Count of High Tech patent applications normalised by the number of applicants in a patent if there are more than one. 2012.

**Figure 1.55 Percentage employment in STEM jobs, UK ITL2 subregions, 2019<sup>207</sup>**



207 BEIS. STEM employee density: Percentage of population employed in science, research, engineering and technology professional by NUTS 2 regions. 2019.

**Figure 1.56 High-tech employment, UK ITL2 subregions, 2019<sup>208</sup>**



208 BEIS. Location quotient of employment in high tech industries based on the Business Register Employment Survey. 2019.



Firms' management practices and processes are another important element of intangible capital. Figure 1.57 presents an assessment of the quality of management across the UK. It suggests significant geographic disparities, with higher levels in London and the South East, and lower levels in Wales and the South West.

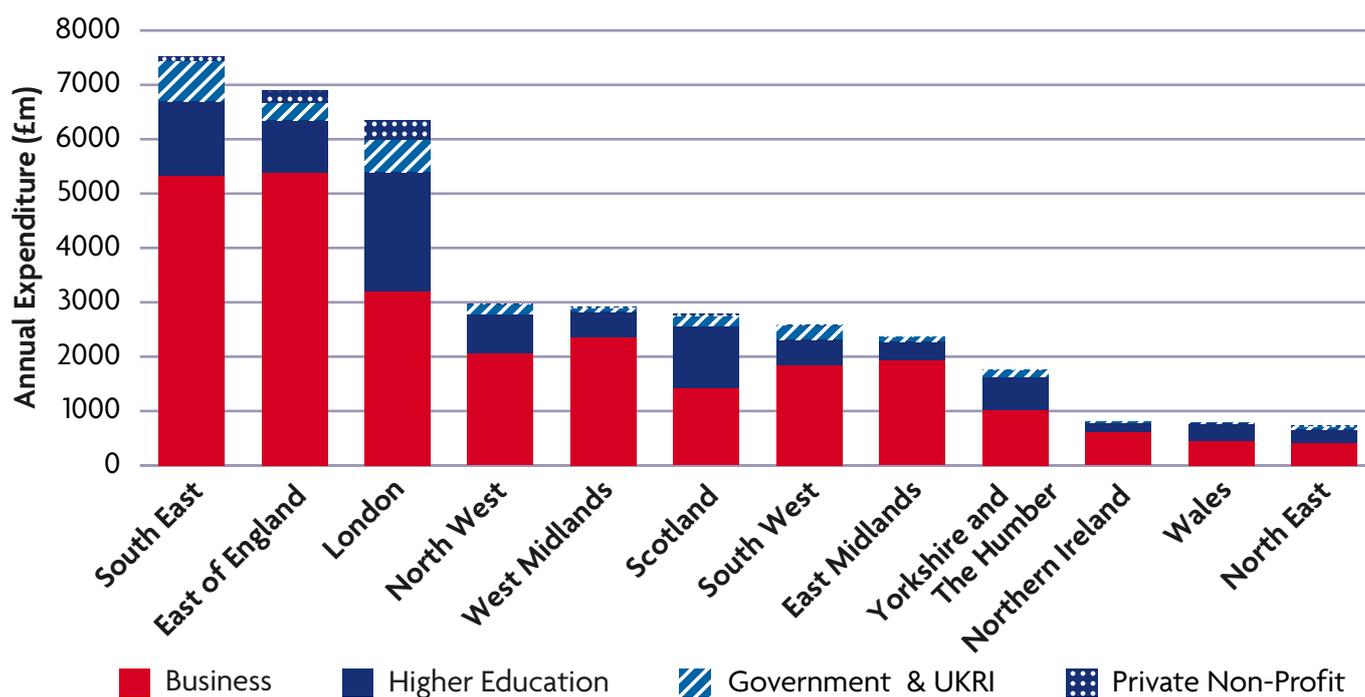
R&D is a key driver of the accumulation of intangible capital. Total R&D expenditure is largest in absolute terms in the South East, East of England, and London (Figure 1.58). Spatial differences are smaller when looking at R&D intensities, though still significant.<sup>210</sup> Only seven of the UK's 41 ITL2 subregions spend more than the OECD average of 2.4% of GVA on R&D.<sup>211</sup>

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210 Just under half of Government R&D spending in 2018/10 was in the form of tax credits (Research council spend, Quality Related (and equivalent) spend, and Innovate UK spend). The 'HQ effect' – in which tax credits are booked to headquarters, which tend to be based in London and surrounds – suggests that funding *may* be more equally distributed. Source: UKRI. Regional distribution of UKRI spend. 2018.

211 These regions are: East Anglia, Herefordshire, Worcestershire and Warwickshire, Berkshire, Buckinghamshire and Oxfordshire, Bedfordshire and Hertfordshire, Derbyshire and Nottinghamshire, Derbyshire and Nottinghamshire and Gloucestershire, Wiltshire and Bath/Bristol area. Source: Eurostat. NUTS2 GERD as a percentage of GDP (R&D intensity). Accessed: Jan 2022.

**Figure 1.58 R&D expenditure, UK countries and regions, 2019<sup>212</sup>**



## 1.5.6 Institutional capital

One proxy for the strength of local institutions is the degree of centralisation of decision-making. The UK is a highly-centralised country compared to the OECD average, with less spent by subnational governments than in other peer countries.<sup>213</sup> Devolved administrations have more autonomy than localities in England, although they account for only a small proportion of the total UK population.

In England, the degree of decentralisation depends on whether regions have a devolution deal and how extensive this is. Eleven areas currently have devolution

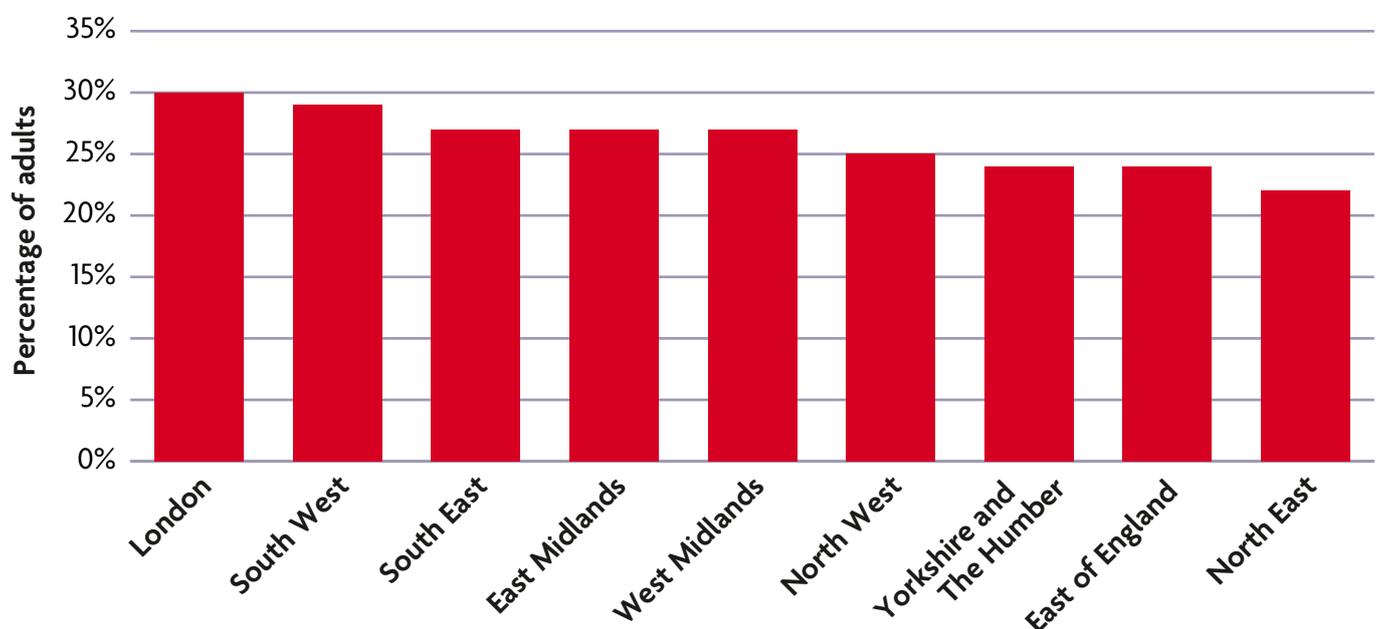
212 ONS. *Gross domestic expenditure on research and development, by region, UK. 2021.*

213 Gal, P., J. Egeland. *Reducing regional disparities in productivity in the United Kingdom.* OECD Economics Department Working Papers, No. 1456. OECD. 2018.

deals – nine Mayoral Combined Authorities (MCAs) plus London and Cornwall – although the depth and breadth of devolution varies. London and Greater Manchester have the greatest levels of autonomy. Around 40% of residents in England are now served by directly-elected city-region mayors.<sup>214</sup>

Having a central government primarily located in London does not formally give London more power, but may have an impact on the degree of influence it has over decision-making. There is some evidence that people in London feel better able to affect decisions about their local area than elsewhere across the UK (Figure 1.59).

**Figure 1.59 Percentage of adults who agree they can influence decisions affecting their local area, England regions, 2020/21<sup>215</sup>**



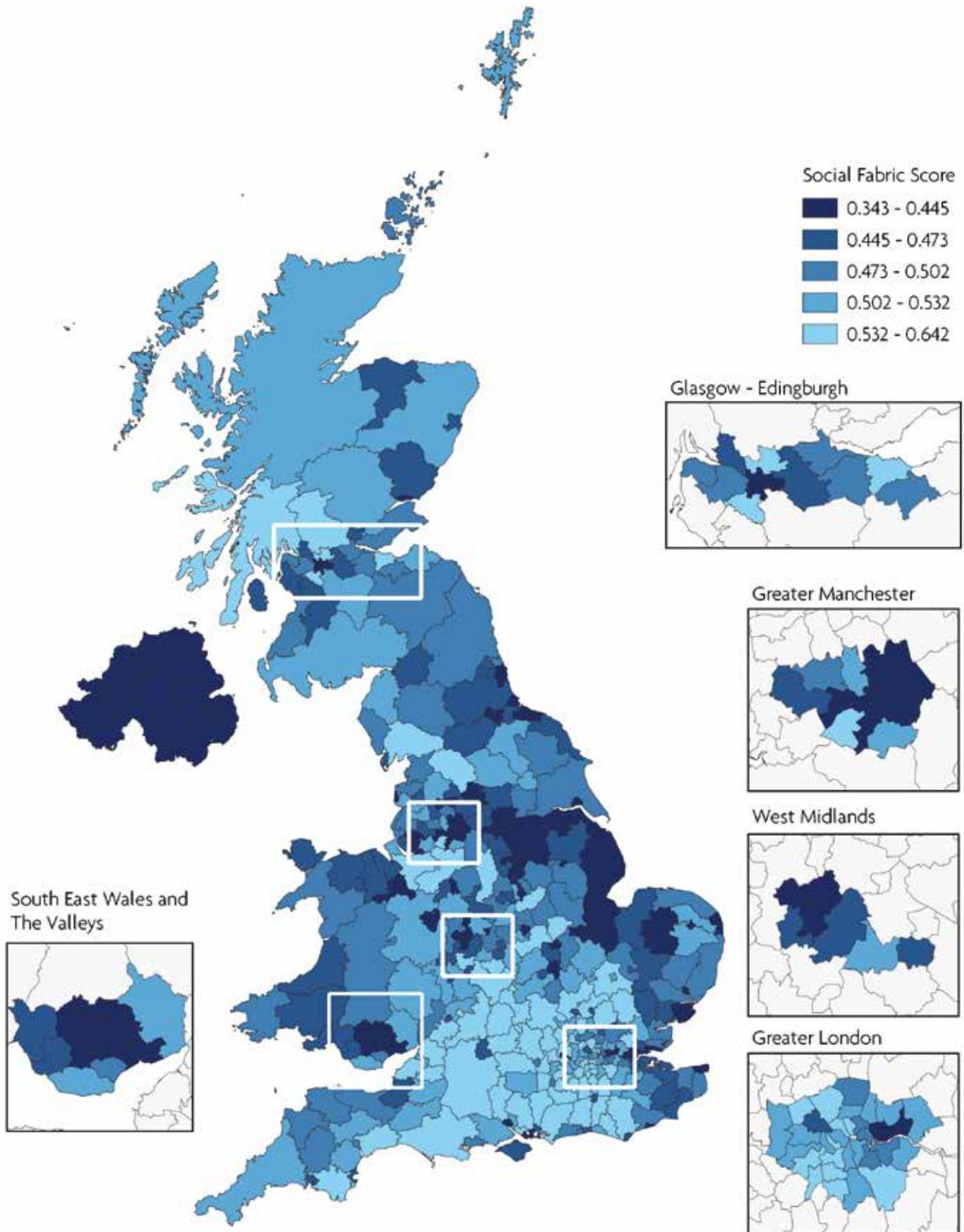
214 ONS. Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland. 2021. Devoconnect. Interactive Devolution Map. Accessed: January 2022.

215 DCMS. Community Life Survey: 2020/21: Table C4: To what extent people agree that they personally can influence decisions affecting their local area. 2021.

A different measure of local institutional strength is provided by the Social Fabric Index produced by the think tank Onward (see Figure 1.60). This index measures the strength of relationships, civic institutions, norms and behaviours, physical infrastructure and economic value in places. For civic institutions, it measures the trust, engagement and quality of institutions in the local area, measured with indicators such as turnout at local and general elections, trust in government and other institutions.

At a regional level, Scotland, the South West and Greater London have relatively strong civic institutions, while the North East, East of England, and Wales have relatively weaker civic institutions. At the local level, places with the least strong civic institutions include Hull, Doncaster and Barnsley, areas that perform poorly across a range of other capitals.

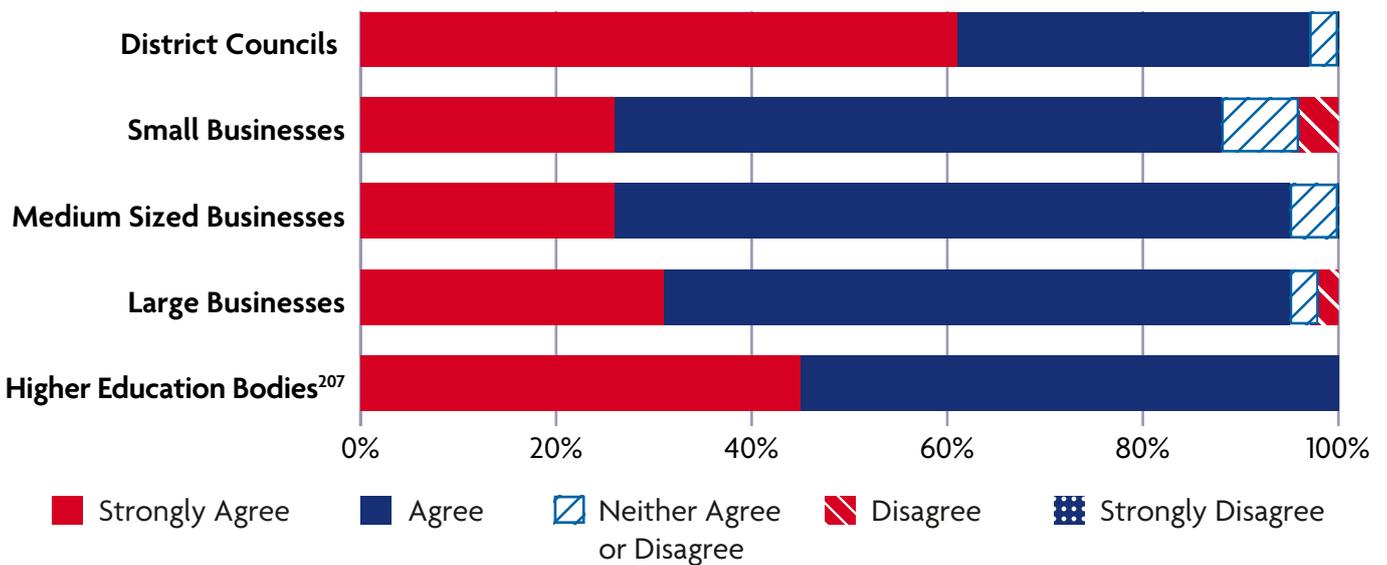
**Figure 1.60 Onward Social Fabric Score, GB local authorities and Northern Ireland, 2020<sup>216</sup>**



216 O'Shaughnessy, J., Tanner, W., Krasniqi, F., Blagden, J. The State of our Social Fabric: Measuring the changing nature of community over time and geography: Index. Onward. 2020.

Institutions such as Local Enterprise Partnerships (LEPs) play an important role in bringing together stakeholders from local authorities and businesses. According to the LEP Census, the majority of LEPs perceive that they have formed strong working relationships with local authorities and higher education providers (shown in Figure 1.61). However, some LEPs perceive that businesses do not play a full and active role. The capacity and capability of LEPs also differs significantly across different parts of the UK.<sup>217</sup>

**Figure 1.61 Strength of LEP’s local networks – Percentage of LEPs agreeing/disagreeing that the following bodies play a full and active role in the LEP, 2015<sup>218</sup>**



217 BEIS. Local enterprise partnerships capacity and capabilities assessment. 2020.

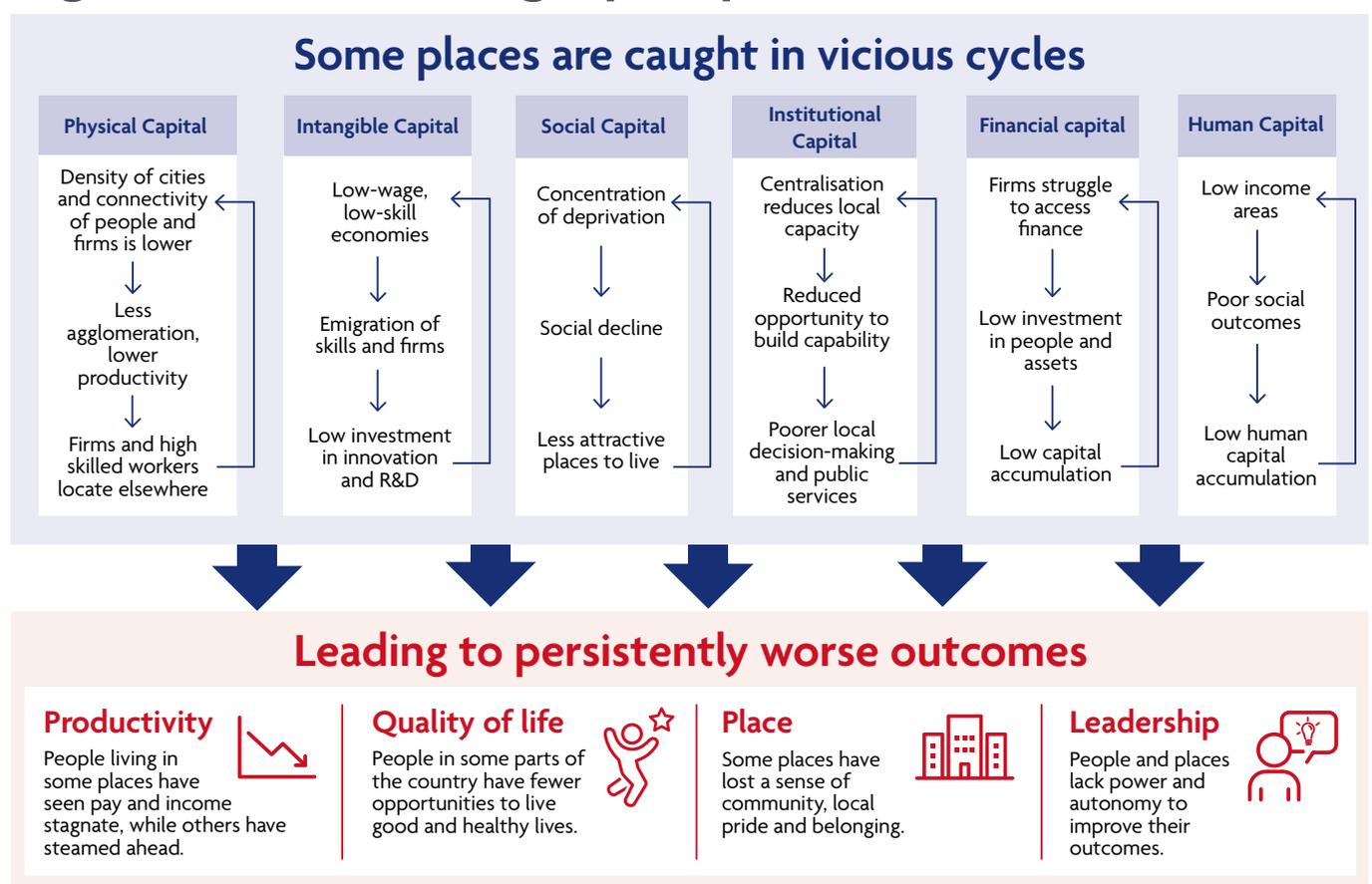
218 National Audit Office. Local Enterprise Partnerships census. 2016.

219 Based on responses from 38 LEPs.

## 1.5.7 Summary and synthesis

There is a significant degree of overlap in how the capitals are distributed, both across and within the regions and nations of the UK. At a local level, if one or more of these capitals are severely lacking, then places can get stuck in vicious cycles, which then impact the performance of the other capitals. The diagram in Figure 1.62 demonstrates this.

**Figure 1.62 Levelling Up Capitals Framework**



There are some clear and well-defined pockets of consistent strength in the capitals – for example, in London and the South East. There are also areas of broadly-based weakness, including Northern Ireland and the North East. For many places, though, the pattern is a mixed one. Local geographies are often distinctive, with

different blends of strength and weakness across the six capitals.

On many measures, London looks quite different from the rest of the UK. On the positive side, it has a much higher level of skills, a higher stock of tangible and intangible capital, and better digital and transport infrastructure. It also has a younger, more mobile population. On the downside, it has worse outcomes in subjective measures of social capital and its transport and housing infrastructure is under the greatest strain, despite higher investment.

These patterns are best explained as a circular, agglomerative process. The co-location of knowledge-intensive businesses and skilled people creates high-paid employment. This attracts highly-educated people which, through London's transport infrastructure, allows the labour market to grow in quantity and quality. But this growth puts pressure on infrastructure and housing, creating a city that is less safe and more expensive, congested and polluted than elsewhere, damaging residents' lived experience.

The reverse pattern is observed in some deprived areas. Stocks of human and physical capital are low, as is often social and institutional capital. This generates a circular process through which skilled people and innovative businesses move out, causing the quantity and quality of jobs and skills to fall, alongside measures of health,

locking some places into a low income, low well-being equilibrium.

A third pattern that emerges is a clear urban/rural divide, at least along some dimensions. This shows up in the distribution of demographics, digital and transport infrastructures and subjective measures of social capital. There is a collection of older, rural communities where local belonging and social connectedness is high, but connectivity, skills and productive capital is low. The opposite is true in some large city-regions.

A fourth pattern is that levels of social and institutional capital – and hence local agency, capacity and capability – differ significantly across the UK. Strong civic institutions provide the foundations for effective local leadership, decision-making, cooperation and trust among partners. The weakness of these institutions in some places is both a reflection of, and a contributor towards, their poor economic and social performance.

## **1.6 Interdependence between the Capitals**

The six capitals are inextricably linked as part of a complex, adaptive economic ecosystem. Indeed, it is interdependence among the capitals that generates the forces of agglomeration, as the strength in one capital cascades to the others in a cumulative, amplifying fashion. One of the main behavioural factors causing

these spillovers between the capitals are the decisions people make about where they live.

The choice of location depends on a wide range of factors. Jobs and skills are one important determinant. But so too are family ties, schools, housing, transport, and culture and leisure facilities. In other words, both economic and non-economic factors are important in determining where someone chooses to live, with their importance differing across individuals – depending, among other things, on their age and skills.

Work is a key driver of where people live. Workers sort between jobs based on their qualifications and job preferences.<sup>220</sup> An agile workforce is important for the strength of the economy overall because it helps match workers' skills to business needs.<sup>221</sup> Labour mobility is particularly important at the beginning of a career when workers are gaining new experiences and developing new skills.<sup>222</sup>

Internal labour market mobility in the UK is driven by young, highly skilled workers. Younger cohorts of the population make up a disproportionate share of people

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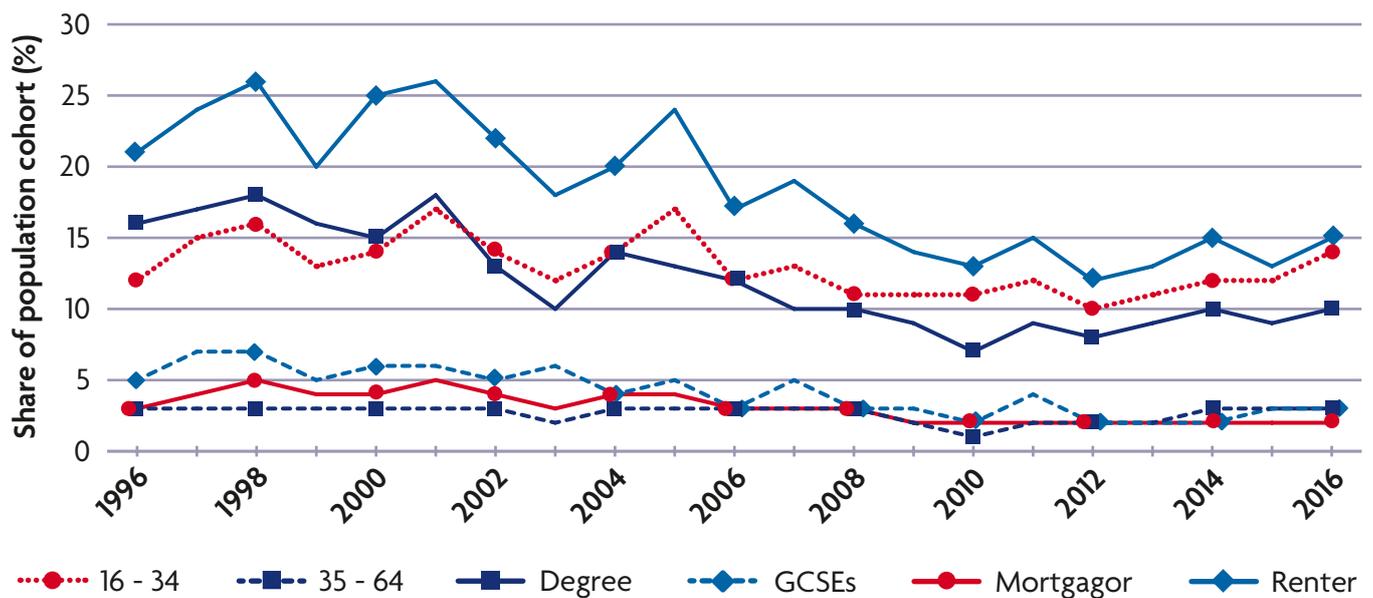
220 Kuminoff, N. V., V. K. Smith., Timmins, C. The New Economics of Equilibrium Sorting and Policy Evaluation Using Housing Markets. *Journal of Economic Literature*, 51 (4): 1007-62. pp.1. 2010.

221 Haldane, A. The UK's Productivity Problem: Hub No Spokes (Speech). Bank of England. 2018.

222 Gardiner, L., Gregg, P. *Study, Work, Progress, Repeat? How and why pay and progression outcomes have differed across cohorts*. Resolution Foundation. 2017.

that move for job reasons (Figures 1.63 and 1.64).<sup>223</sup> Within this group, those with higher skills are much more likely to move. At age 27, around 35% of graduates and 15% of non-graduates have moved from the travel to work area (TTWA) where they lived at age 16.<sup>224</sup>

**Figure 1.63 Shares of population cohort moving ITL1 region and employer, 2017<sup>225</sup>**

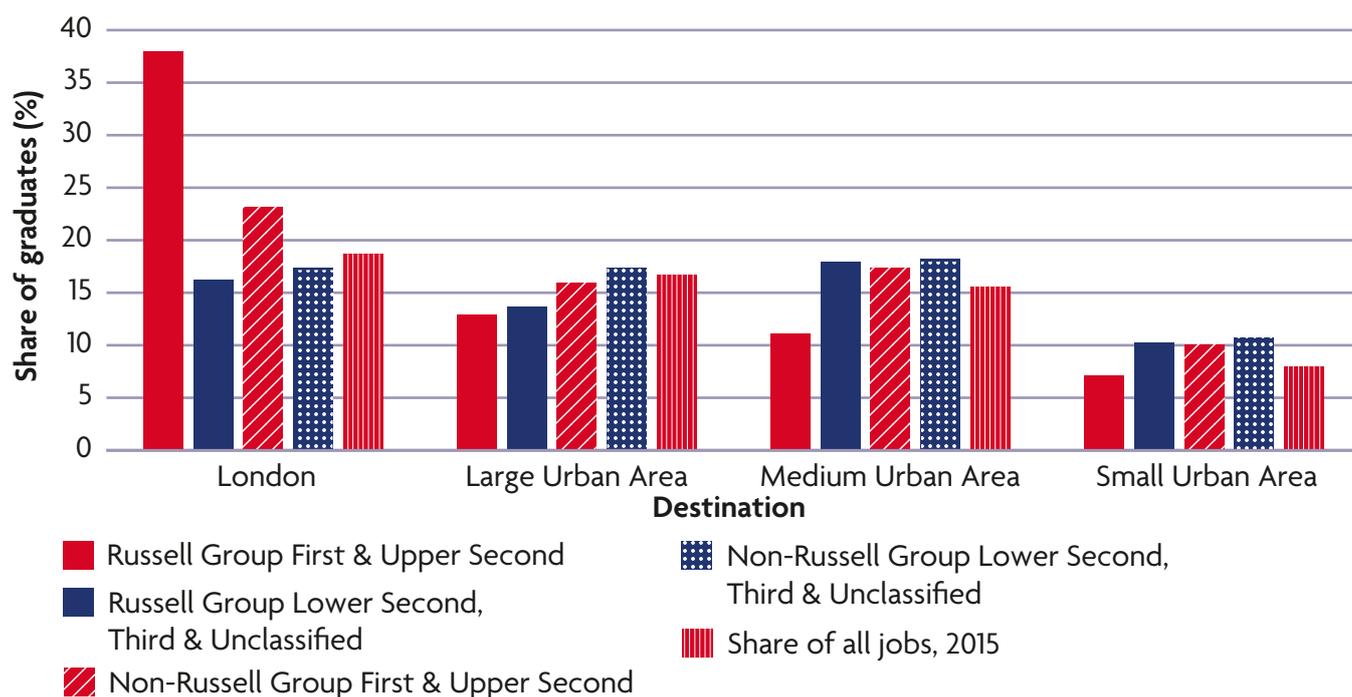


223 Centre for Cities. The Great British Brain Drain: Where graduates move and why. 2016. p.4; CBI. Unlocking Regional Growth: Understanding the Drivers of Productivity across the UK's regions and nations. p. 27. 2017.

224 Britton, J., van der Erve, L., Waltmann, B., Xiaowei X. London Calling? Higher education, geographical mobility and early-career earnings. DfE Report. 2021.

225 Clarke, S. Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay. Resolution Foundation. 2017.

**Figure 1.64 Share of all moving graduates by institution and class of degree 2013/14 to 2014/15<sup>226</sup>**



The depth of local labour markets, and quality of jobs on offer, are the most significant factors determining where younger graduates settle. This is reflected in the link between city size and the quality of graduates it attracts (Figure 1.65).<sup>227</sup> Part of the story is that larger cities offer higher wages.<sup>228</sup> But non-wage factors, such as cultural and social opportunities, are also important.<sup>229</sup>

As the deepest pool of capital of all types, London is the biggest beneficiary of internal migration, attracting a

226 Swinney, P., Maire Williams, M. The Great British Brain Drain: Where graduates move and why. Centre for Cities. 2016.

227 Britton, J. et al. The impact of living costs on the returns to higher education. IFS. p. 28. 2021.

228 Britton, J. et al. The impact of living costs on the returns to higher education. IFS. 2021.; Swinney, P., Maire Williams, M. The Great British Brain Drain: Where graduates move and why. Centre for Cities. 2016.

229 Swinney, P., Maire Williams, M. The Great British Brain Drain: Where graduates move and why. Centre for Cities. 2016. p.3

disproportionate share of graduates that move, although net migration appears to have been falling over time as older graduates leave London.<sup>230</sup> Approximately six in every ten graduates from top universities move to London, compared with around two-fifths at other universities.<sup>231</sup>

A major factor is the London wage premium on offer to graduates, which is substantially in excess of anywhere else in the country, as well as the amenities offered by the city.<sup>232</sup> In contrast, Northern Ireland has experienced significant outflows of skilled residents, particularly students to Great Britain.<sup>233</sup> 2011 census returns found that almost a quarter of graduates of working age born in Northern Ireland were living in England and Wales.<sup>234</sup>

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230 Clarke, S. Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay. Resolution Foundation. 2017.

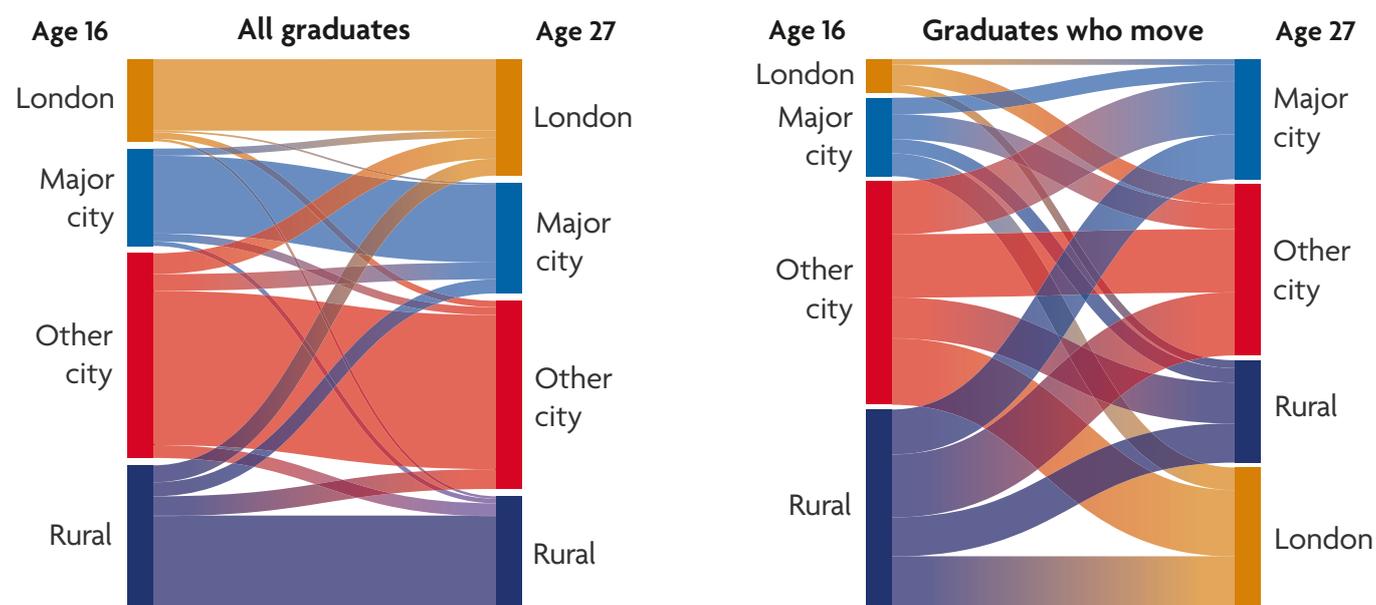
231 CBI. Unlocking Regional Growth. 2017.

232 Britton, J. et al for Institute for Fiscal Studies. London calling? Higher education, geographical mobility and early-career earnings. IFS. p. 25. 2021.

233 Fitzgerald, J., Morengorth, E. The Northern Ireland Economy: Problems and Prospects. Trinity Economics Papers, 2019.

234 Fitzgerald, J. Investment in Education and Economic Growth on the Island of Ireland. Journal of the Statistical and Social Inquiry Society of Ireland Vol. 48 pp. 195-210. 2018-19.

**Figure 1.65 Mobility patterns of graduates, age 16 to age 27, 2013/14 to 2016/17<sup>235</sup>**



Non-wage factors play an important role in explaining where high skilled workers live, such as standard of living considerations and housing costs.<sup>236</sup> For example, graduates over 30 with children tend to move away from city centres to suburbs due to the cost, size and type of housing, in order to be close to good schools and because of the improved safety and security of the neighbourhood.<sup>237</sup>

Incentives to move are, by contrast, weaker for lower skilled people. Non-graduates who move earn no more than those who do not move.<sup>238</sup> Wages in the lower part

235 Britton, J. et al. London calling? Higher education, geographical mobility and early-career earnings. IFS. p. 25. 2021.

236 Swinney, P., Maire Williams, M. The Great British Brain Drain: Where graduates move and why. Centre for Cities. pp. 32. 2016.

237 Swinney, P., Maire Williams, M. The Great British Brain Drain: Where graduates move and why. Centre for Cities. pp. 9. 2016.

238 Britton, J. et al. The impact of living costs on the returns to higher education. IFS. 2021. p. 37.

of the pay distribution are much more alike across regions than those at the top, in part the result of pay compression due to the minimum wage.<sup>239</sup> The absence of a wage premium for lower skilled workers leads to lower financial incentives to move location and is exacerbated by higher housing costs in more productive areas (as shown in Figure 1.67).

But for lower skilled workers the decision not to move is often about more than pay. They also have fewer resources to manage the uncertainty associated with moving and often have stronger ties to the area in which they grew up.<sup>240</sup> Recent research has found that young people from lower income households also often have a stronger local attachment to home than those from higher income households, with fewer resources to travel further afield.<sup>241</sup> Graduates from the top SES quintile are 12 percentage points more likely to move than non-graduates, compared to four percentage points for those from the lowest SES quartile.<sup>242</sup>

Socio-economic background appears to affect people's propensity to move, irrespective of skill. The IFS calculate that, while holding a degree is a key determinant of willingness to move, a large role is played by socio-

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239 Agrawal, S., Phillips, D. Catching up or falling behind? Geographical inequalities in the UK and how they have changed in recent years. IFS. 2020.

240 Social Mobility Commission. The long shadow of deprivation. 2020.

241 Leonard, P., Wilde, R. J. Getting In and Getting On in the Youth Labour Market: Governing Young People's Employability in Regional Context. Bristol University Press. 2019.

242 Britton, J., van der Erve, L., Waltmann, B., Xiaowei X. London Calling? Higher education, geographical mobility and early-career earnings. DfE Report. p.18 2021. 2021.

economic status (SES), prior attainment and the travel to work area of origin. Graduates from the top SES quintile are 12 percentage points more likely to move than non-graduates, compared to four percentage points for those from the lowest SES quartile.<sup>243</sup> Evidence also shows that people born outside of the UK are more likely to move (see Figure 1.68).

It appears that the proportion of the workforce making inter-regional job moves is below its 2001 peak (Figure 1.66).<sup>244</sup> This is the case across all education levels, although the shift has been more pronounced among younger graduates. A number of factors appear to be responsible, including declining regional differences in unemployment. But the weight of evidence suggests falling mobility is the result of rising housing costs in London, reducing the wage premium and lowering incentives to move.<sup>245</sup>

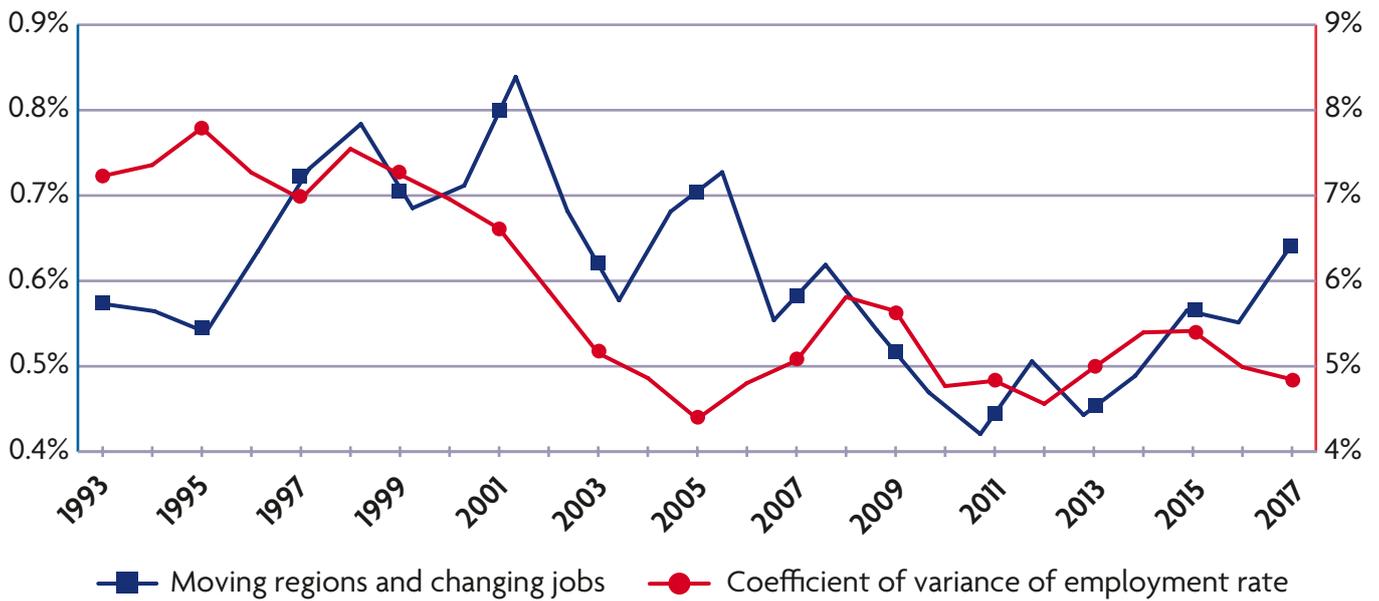
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243 Britton, J., van der Erve, L., Waltmann, B., Xiaowei X. London Calling? Higher education, geographical mobility and early-career earnings. Department for Education Report. p.18 2021.

244 Champion, T., Shuttleworth I. Is longer-distance migration slowing? Analysis of the annual record for England and Wales since the 1970s. Newcastle University. 2016.

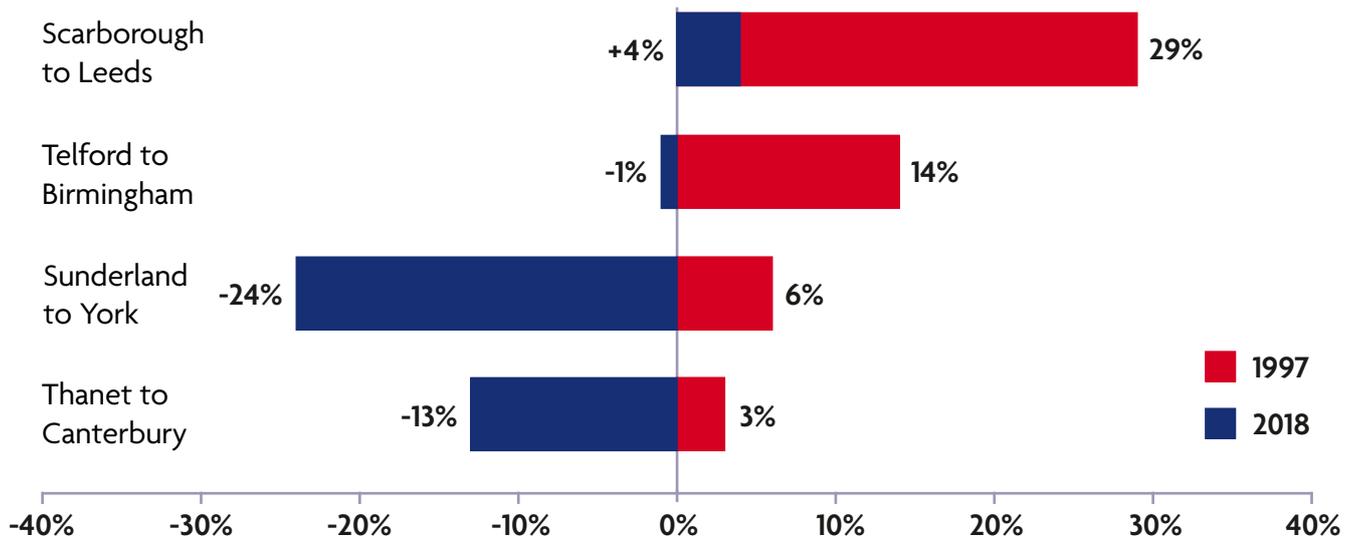
245 Judge, L. Moving Matters: Housing costs and labour market mobility. Resolution Foundation. p.18. 2019.

**Figure 1.66 Share of graduates moving regions and changing jobs and variance in the graduate employment rate<sup>246</sup>**



Notes: The proportion of 18-64 year olds who lived outside their current region of residence one year ago, were employed last year, and have been in their job for less than a year. Regions refers to the 19 sub-regions/nations of the UK. Coefficient of variance is the standard deviation divided by the mean.

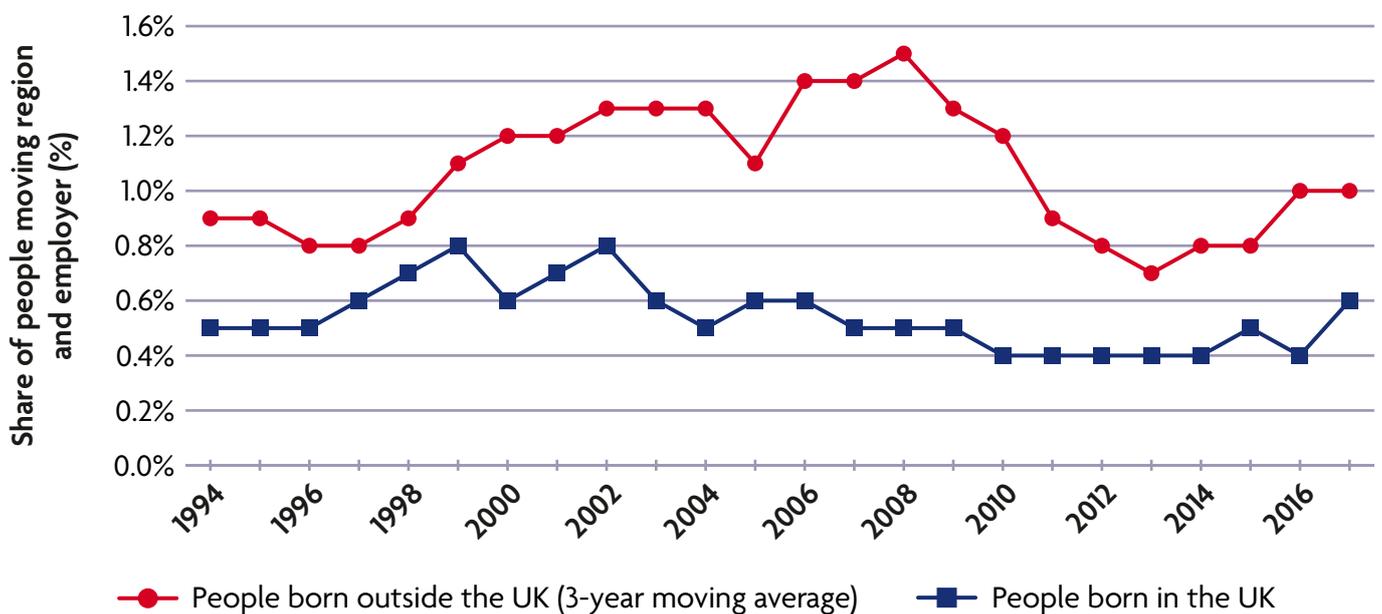
**Figure 1.67 Hypothetical increase in disposable earnings (median earnings less median rent) as a result of moving local authority<sup>247</sup>**



246 Clarke, S. Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay. Resolution Foundation. 2017.

247 Bell, T. Britain has become a less mobile nation – Why?. Resolution Foundation. 2019.

**Figure 1.68 Share of people moving region and employer, for those born outside the UK and those born in the UK, 1994 to 2017.<sup>248</sup>**



Notes: The proportion of 18-64 year olds who lived outside their current region of residence one year ago, were employed last year, and have been in their job for less than a year. Regions refers to the 19 sub-regions/nations of the UK.

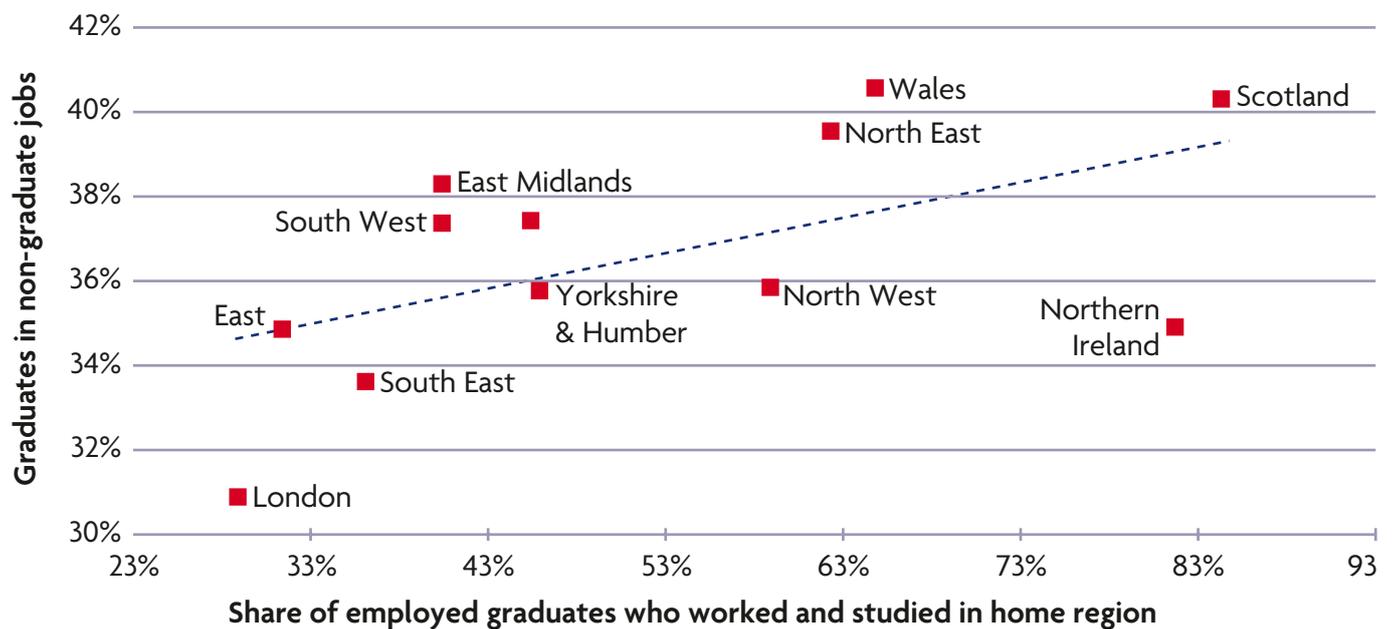
Reductions in labour mobility could have implications for skills utilisation. If graduates are less likely to move to more productive areas, they could be working below their productive potential. There is a positive relationship between graduates remaining in the area in which they grew up and poor skills matching in that area (Figure 1.69).

These patterns of labour mobility are likely to have reinforced agglomeration dynamics across the UK. Skill-based sorting of people has amplified agglomeration in steaming-ahead places, while further depleting human capital in left-behind areas. This has had negative side-

248 Clarke, S. Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay. Resolution Foundation. 2017.

effects for both well-performing and poorly-performing places. For richer places, it has placed pressures on housing costs and living standards, lowering mobility and productivity. For poorer places, it has accelerated decline in the capitals, also lowering growth and productivity prospects.

**Figure 1.69 Shares of graduates remaining at home and in non-graduate jobs<sup>249</sup>**



Notes: Share of employed ‘established’ (out of education for five years or more) graduates of higher education working in non-graduate roles. Share of graduates working one year after graduating in the same region that they studied in and were previously domiciled in.

249 Clarke, S. *Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay*. Resolution Foundation. 2017.

## 1.7 The Role of Public Policy

This section considers what the appropriate role of public policy is in reshaping the economic geography and reversing spatial disparities across the UK.

The framework outlined in the previous section suggests four high-level objectives for public policy:

- a. **boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;**
- b. **spread opportunities and improve public services, especially in those places where they are weakest;**
- c. **restore a sense of community, local pride and belonging, especially in those places where they have been lost; and**
- d. **empower local leaders and communities, especially in those places lacking local agency.**

To be effective in achieving these objectives, public policy needs to satisfy two key criteria. First, it needs to be *desirable* from an economic and social perspective. That is, it needs to correct well-defined market failures, or unlock clear opportunities, to boost growth, jobs and life satisfaction. Second, policy action needs to be *feasible* from a design and delivery perspective, using the tools available, nationally and locally. These are discussed in the next two sections in turn.

## 1.7.1 The desirability of local growth policy

Geographic differences arise from market forces, which cause people, business and money to gravitate to where returns are perceived to be highest. As market mechanisms drive agglomeration, it could be argued that they should generate an economically-efficient outcome, if not necessarily an equal or socially-just one. From an allocative efficiency perspective, there is an argument that public policy should operate in a way that is “geography-neutral” or even “geography-blind”.

The counter-argument is that market forces, left to their own devices, can generate market failures that are both economically and socially costly. These costs are well-illustrated by the UK’s historic experience. Without remedial policy measures in place, wrenching structural changes in the economy caused large and lasting economic damage to significant parts of the UK. This led to decades of foregone opportunities among individuals, communities and regions, and large amounts of foregone growth at the local and national level.

It is clear from UK and international evidence that, unless managed well, the process of structural transition can lock places into a low-growth equilibrium. This is not only socially unjust but also economically inefficient. These economic inefficiencies are more likely, the larger the size and the longer the duration of the shocks hitting a place, and the lower the existing stocks of capital in a place.

Both factors would tend to reduce a place's resilience and capacity for recovery following future shocks.<sup>250</sup>

In this respect, the UK's economic geography starts from a particularly vulnerable position. Existing stocks of capital are depleted in large parts of the UK, as earlier sections described. And the future shocks hitting some of these places, such as automation and climate change, are potentially large and long-lasting. This generates a lack of spatial resilience across the UK and calls for a public policy response.

A well-directed spatial strategy would address two market failures at source – the first affecting left-behind places, the second afflicting well-performing places. By correcting these market failures, potential opportunities and growth are unleashed in places afflicted by these market failures. In other words, by addressing place-based market failures, place-based strategies can grow the pie. They are about unleashing opportunity and boosting allocative efficiency, not redistribution between places per se. That is the essence of levelling *up*.

The first market failure occurs in places locked in a self-reinforcing low growth, poor health, low wellbeing equilibrium. Helping places to spring that trap would potentially unlock growth in a place, by boosting skills, productivity, health, incomes and quality of life. Because this is about unleashing the potential in a place, the gains would not be at anywhere else's expense; they would grow the pie.

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250 See Duranton, G. *Urban Evolutions: The Fast, the Slow, and the Still*. American Economic Review vol 97. 2007.; Moretti, E. *The New Geography of Jobs*. Mariner Books. 2013.

Subject to some assumptions, it is possible to “size the prize” by unlocking places from their low-growth equilibrium (Table 1.6). For example, consider if the performance of the bottom-performing quarter of places by productivity were to be “levelled up” to the median. The boost to productivity would be equivalent to a pay rise of around £2,300 for individuals in the poorest areas. For the UK economy as a whole, this would deliver a GVA gain of around £50bn per year.

**Table 1.6 The Income-Equivalent Benefits of Levelling Up – an illustration<sup>251</sup>**

| <b>What are the benefits of raising the bottom 25% of places to the UK average?</b>   |                     |
|---|---------------------|
| Additional Economic Output (GVA) per year (GVA per hour worked)   | c.£50bn             |
| Average increase in annual income per worker in those areas (Gross weekly earnings, total)  | c.£2,300 per worker |
| Annual increase in life satisfaction (income-equivalent terms) (mean life satisfaction)   | £57bn – £92bn       |
| Annual increase in life expectancy (income-equivalent terms) (Male and Female life expectancy at birth)   | c.£44bn             |
| Total value of the increase in qualifications (additional earnings over lifetime and wider spillover benefits) (% of 16-64 year olds with level 3 equivalent level or higher education) | £46bn – £78bn       |

251 These impacts are not additive, and all values are £2019, undiscounted. They have been calculated based on regions in the bottom quartile for GVA per hour worked and gross weekly earnings achieving the UK median. For life satisfaction, life expectancy and skills, this is based on the bottom quartile of local authority districts increasing to the UK median. Life satisfaction has been converted into income equivalent terms using wellbeing adjusted life years (WELBYs) ([source](#)). Life expectancy has been converted into income equivalent terms using QALYs ([source](#)). Skills have been converted into income equivalent terms by using NPV per start estimates, with the range based on gaining NVQ3+ education via an apprenticeship versus education based ([source](#)).

It is possible to undertake a similar thought-experiment by levelling up educational attainment, health outcomes and well-being among those places where it is lowest to the UK median. If those gains in skills, health and happiness are put in income-equivalent terms, they would deliver a similarly large boost to both individuals and to the economy as a whole, amounting to tens of billions of pounds in aggregate.<sup>252</sup> While these effects are not additive to the GVA boost from rises in productivity, they are complementary to those effects.

While only illustrative, these estimated benefits are similar in magnitude to those recently calculated by other organisations. For example, PWC estimates the GDP benefit of levelling up productivity to be around £80bn per annum.<sup>253</sup> And the CBI estimate the potential boost to UK productivity from levelling up to be around £200bn per year.<sup>254</sup> All of these estimates are subject to high degrees of uncertainty, but all of them are quantitatively significant.

Another way of calculating the growth dividend from levelling up is to look at boosting growth potential in specific places. For example, the Centre for Cities has assessed the potential gains from unlocking potential in the UK's under-performing second cities. They estimate

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252 Based on increasing gross weekly earnings (total) in the bottom quartile of regions to the UK median earnings level. Source: ONS. [EARN05: Gross weekly earnings of full-time employees by region](#). 2021.

253 PWC. [UK Economic Outlook](#). 2019.

254 Curca, A. [Levelling up: the gains from empowering local economic clusters to play to their strengths](#). CBI. 2021.

that, if underperforming cities in the North and Midlands were as productive as London and the South East, UK GDP could be boosted by around £180bn per year, though this is probably an upper-bound.<sup>255</sup>

A second market failure arises not in left-behind places but in well-performing ones. Agglomeration can have negative side-effects for areas steaming-ahead. People living in these places often face the longest commutes, the highest house prices and the worst levels of pollution. Indeed, it is those factors that help to explain why measures of quality of life are often lowest in otherwise well-performing areas of the UK, such as London (Figure 1.18).

If levelling up helped contribute to less congestion, lower pollution and shorter commutes in these areas, it could raise levels of life satisfaction in those places. For example, if the average Londoner's quality of life were levelled up to the median for the UK, this would be the income-equivalent of a pay rise of up to £2,200 per worker per year.<sup>256</sup>

In principle, the gains from unlocking potential in places and correcting the two market failures are permanent and accumulate each year. The all-in benefits from levelling up are then a multiple of the annual dividend. To give an example, assume that levelling up delivered a permanent rise in the level of UK GDP of £50bn per year, around the

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255 Centre for Cities. *Cities Outlook 2020*. 2020.

256 Based on the increase in WELBYs from increasing mean life satisfaction in London (ITL1 region) to the UK median. Source: ONS. *Annual Personal Well-being Estimates*. 2021.

median of the estimates. These future income gains need to be discounted to give the long run benefit (or net present value) of correcting market failures and levelling up.

Assume the income of future generations is discounted at a rate of 4% and the future growth rate of the UK economy is 2%. Both are plausible estimates. The net present value of unlocking growth potential and levelling up is then around 50 times the upfront dividend, or around £2.5 trillion. That gain is roughly equal to annual UK GDP. Over the long run, the improved allocative efficiency from levelling up would result in significant growth in the UK economy.

The uncertainties around these illustrative estimates are large but also two-sided. For example, the boost to potential output in left-behind places could prove to be temporary rather than permanent. There is also some risk that gains in left-behind places could come at the expense of steaming-ahead places due to people, business or finance being displaced from one place to another. This would tend to lower the net present value of levelling up.

On the other hand, it is possible policies to support left-behind places could boost not only the level of activity but also the underlying growth rate. This would significantly boost the net present value of local growth policy. There is little evidence regional policies come at the expense of reduced aggregate economic growth (Figure 1.70). If

anything, evidence suggests large spatial disparities hamper economic growth.<sup>257</sup> This is in line with cross-country evidence linking high inequality to lower levels of aggregate performance.<sup>258</sup>

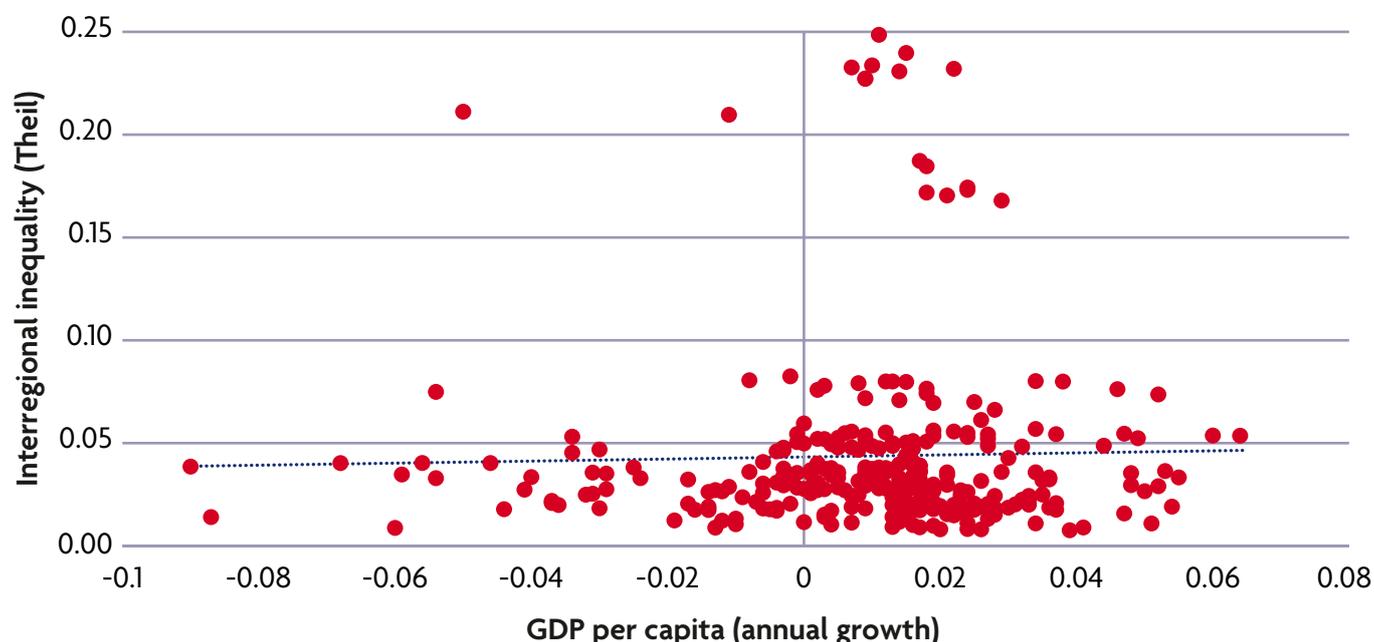
High UK spatial disparities are likely to have hampered growth and well-being, not just in left-behind places but across the UK as a whole. The dividend from unlocking this potential is likely to be large, both in financial (such as productivity) and non-financial (well-being, health, skills) terms. It is also likely to be lasting. Closing geographic imbalances thereby potentially delivers a twin-win, boosting living standards and life satisfaction, durably and significantly, in both left-behind and steaming-ahead places.

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257 Carrascal-Incera, A., McCann, P., Ortega-Argilés, R., Rodríguez-Pose, A. *UK Interregional Inequality in a Historical and International Comparative Context*. National Institute Economic Review, 253, R4-R17. 2020; Floerkemeier, H., Spatafora, N., Venables, A. Regional Disparities, Growth, and Inclusiveness. Working Paper No. 2021/038. IMF. 2021.; Cörvers, F, Mayhew, K. *Regional inequalities: causes and cures*. Oxford Review of Economic Policy, 37(1), pp.1-16. 2021; e Dominicus, L. *Inequality and Growth in European Regions: Towards a Place-based Approach*. Spatial Economic Analysis, 9(2). 2014.; Rosés, J. R., Holmes, C., Mayhew, K. *Over-qualification and Skills Mismatch in the Graduate Labour Market*, London, CIPD. 2015.

258 IMF. Redistribution, Inequality, and Growth. 2014.

**Figure 1.70 GDP per capita annual growth and interregional inequality, OECD TL3 regions (excluding former transition economies), 2000–2017<sup>259</sup> <sup>260</sup>**



## 1.7.2 The feasibility of local growth policy

When it comes to the *feasibility* of local growth policy in delivering these gains, experience internationally is illuminating. Targeted public policies to boost local growth can and have been successful in a number of places, if by no means all, provided the right strategy is put in place. Box 1.1 sets out some case study evidence internationally on where local growth policies have worked and why. Those case studies suggest five generic lessons for successful local growth policy.

259 Carrascal-Incera, A., McCann, P., Ortega-Argilés, R., Rodríguez-Pose, A. *UK Interregional Inequality in a Historical and International Comparative Context*. National Institute Economic Review, 253, R4-R17. 2020.

260 ‘Theil’ refers to the Theil index, which is a statistic used to measure economic inequality. The greater the value of the Theil index, the greater the inequality.

- **Longevity and policy sufficiency:** Spatial disparities are long-lasting and history-dependent. So reversing history requires long-lived, sustained and consistent policy efforts that are commensurate with the scale of disparity. This is a key lesson from international experience, where successful programmes have often spanned decades and have had clear and consistent medium-term objectives.
- **Policy and delivery coordination:** As an economic ecosystem, successful local growth policy requires strategic coordination across the different arms of policy, including transport, skills, health, business, finance, education and infrastructure. It also requires strategic coordination across the different sectors responsible for delivering growth: public, private and voluntary.
- **Local empowerment:** Whilst local devolution is no panacea, local decision-making has tended to generate better local economic performance, as local policies are tailored to local needs. There is an empirical correlation between the degree of decentralisation of decision-making and spatial disparities in economic performance, perhaps reflecting this fact.

- **Evidence, monitoring and evaluation:** The geographical allocation, and economic impact, of government spending and policy has the potential to either mitigate or amplify agglomeration effects. Rigorous evaluation of government spending and policy intervention is needed to understand what is working and the contribution policy is making to closing spatial differences.
- **Transparency and accountability:** Clear accountability for outcomes, at both a national and local level, is also critical to successfully addressing spatial disparities.

As Chapter 2 discusses, in the UK all five of the foundations for a successful local growth strategy have tended, historically, to be relatively weak.

## International Experience on Local Growth Policies

There have been many attempts to reverse the decline or rejuvenate regions, such as in the London Docklands, former East Germany, the Ruhr, the creation of the Tennessee Valley Authority, and France's *metropoles d'équilibre* (a programme to correct the perceived economic dominance of Paris). At the city-level, efforts include attempts in San Antonio, Pittsburgh, Detroit and Grand Forks, North Dakota in the US, and in the European cities of Barcelona, Rotterdam, Malmo and Lille.

All of these examples suffer, to some degree, from selection bias. For every successful effort to rejuvenate a place, there have been a number of less successful counter-examples.<sup>261</sup> Interventions need to avoid displacement and rising spatial inequality. Successful reductions in spatial disparities do not always lead to full spatial equality. Despite extensive efforts, the Ruhr and many areas in East Germany still see many skilled workers leave in search of higher-paid work elsewhere.

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261 Rodríguez-Pose, A. The revenge of the places that don't matter (and what to do about it), *Cambridge Journal of Regions, Economy and Society*, 11: pp. 189-209. 2018.

Many areas in East Germany have a higher proportion of school leavers without a secondary school qualification than the national average. Over 20% of residents in the Ruhr region remain in poverty. Where high skilled employment has been created, jobs have more often gone to high skilled workers from outside the region. Moreover, it is increasingly understood that the displacement of local people – often those the programme is intended to help – can be economically costly.<sup>262</sup> Moreover, reliable evidence on the impact of regeneration programmes is often limited. Few evaluations operate for the duration of the programme. It is also notoriously difficult to identify a realistic counter-factual or accurately account for displacement effects. Some places may have grown even without intervention. And while growth in other cases may appear anaemic, it might have been worse still in the absence of a programme.

One of the common themes from all of the examples considered here is the need for a shift in the *policy regime* which rejuvenates growth in the six capitals, thereby kickstarting economic dynamism. In most cases, central or subnational government made significant and sustained investments in human, physical and institutional capital, which served as a catalyst for higher growth.

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262 Rodríguez-Pose, A. The revenge of the places that don't matter (and what to do about it). *Cambridge Journal of Regions, Economy and Society*, 11: pp. 189-209. 2018

## A clear and shared vision

Most successful interventions have been rooted in a clear and common vision, shared among key stakeholders.<sup>263</sup> Stand-out examples include San Antonio and Pittsburgh in the US.<sup>264</sup> St Antonio, the second most populous city in the state of Texas, escaped its low wage equilibrium in the 1980s by developing and sticking to a clear mission to improve its competitiveness. Pittsburgh's recovery from a period of rapid deindustrialisation was in part the outcome of the shared vision of key institutions to establish the city as a centre for high-tech sectors and an attractive destination for skilled workers.

In a similar spirit, following reunification Germany developed a range of interlinked strategies in pursuit of the high-level goal of “equivalence of living conditions” across the country. This was accompanied by the pursuit of specific policy objectives, such as bringing infrastructure in East Germany up to national standards.<sup>265</sup>

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263 NAO. How European Cities achieve renaissance. 2007.

264 What does it take to 'level up' places. 2021.

265 WWF Germany. Just transition for regions and generations: Experiences from structural change in the Ruhr area. 2019.

## **Policies must be long-term and consistent**

In most successful examples of local growth policy, success is measured in decades not years. Successful places pursued strategies over lengthy periods and across political cycles. In some cases, such as for the 25 years of Barcelona's rejuvenation, single political parties provided policy consistency.<sup>266</sup> But in most cases cross-party consensus was critical.

In pursuit of consistency, shorter-term programmes are often nested in longer-term strategies. The plan to rebuild East Germany following unification is one of the most prominent examples. Spanning multiple governments, 'Aufbau Ost' ('Rebuilding East Germany') was framed around long term (approximately 20 year) overarching strategies with specific goals for smaller programmes to meet specific challenges. In contrast, France's *metropoles d'équilibre* saw a mixed return partly because its "one-size-fits-all" approach saw insufficient attention paid to the specific requirements of different areas.<sup>267</sup>

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266 NAO. How European Cities achieve renaissance. 2007.

267 Parr, J. *Growth-pole Strategies in Regional Economic Planning: A Retrospective View: Part 2. Implementation and Outcome*. Urban Studies. 1990.

## **Investment must take place at scale and be coordinated**

Sustained funding at scale, often from central government but also from local tax-raising powers and private contributions, is a critical component of successful attempts at local growth. Following reunification, an estimated €2tn (roughly £1.7tn) was spent in East Germany between 1990 and 2014.<sup>268</sup> Funds were used to reduce structural weaknesses by addressing backlogs in infrastructure, but also to support innovation, R&D and urban planning.

In the US, places such as San Antonio and Grand Forks were able to use local tax-raising powers to supplement central government support. However, large-scale central government investment is not sufficient on its own. This suggests the need to craft local growth strategies that crowd in private finance.

## **Collaboration between governments and other stakeholders is essential**

Successful programmes require collaboration with stakeholders, residents and neighbouring areas, as well as central government. In many cases, the cooperation of anchor institutions, such as universities and research institutes, financial institutions, non-financial businesses and the voluntary sector, has been

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268 Enenkel, K. What can German Unification teach the UK about Levelling Up?. Centre for Cities. 2021.

central to efforts to improve growth, especially more knowledge-intensive activities and industries.

Greater Lille involved collaboration between local authorities across France and Belgium, as well as metropolitan authorities and other stakeholders, to deliver complex and large-scale regeneration. Using long-standing ties between cities, the Ruhr switched to an integrated rather than sectoral approach to strategy, with new universities underpinning the transition to a knowledge economy, investment in brownfield land to address ecological issues and establishing tourist attractions, and labour market and skills policy to increase the proportion of workers with vocational or degree level qualifications. In many cases, organisations are charged with coordinating funding and overseeing the implementation of strategies. In the US, cities and states often have economic development corporations with a remit to attract investment and facilitate the growth of local firms. Following the 1992 Olympics, Barcelona established a regeneration body, Barcelona Regional, that is still in operation today.<sup>269</sup> Other places benefited from a long history of institutions with strong networks of firms and other actors.

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269 See [Barcelona Regional](#) website.

# Chapter 2

## Systems Reform

### 2.1 Introduction

Chapter 1 described the scale and source of the UK's geographic disparities and the role public policy can play in counteracting them. It showed that there is no simple or singular solution to reversing spatial disparities because local economies are complex systems, shaped by cumulative and interconnected economic, social and institutional factors. Successful policy programmes need to act on the six capitals which underpin the prosperity of places to reverse these forces.

This chapter starts by explaining why past attempts to promote spatial convergence in the UK have been unsuccessful and what lessons can be taken from that experience. In sum, decision-makers nationally and locally have typically lacked the *information*, *incentives* and *institutions* to act in ways which support the closure of spatial disparities in a significant and sustained way.

Drawing on these lessons from the past, this chapter recommends wholesale changes to the information, incentives and institutions which underpin spatial decision-making in the UK. This transformation in the system of government, and in the governance of spatial policy, is supported by five pillars:

- a. a mission-oriented approach to setting policy;
- b. a reorientation of central government decision-making;
- c. greater empowerment of local government decision-making;
- d. a revolution in data and transparency at the subnational level; and
- e. enhanced transparency and accountability of this new regime.

These five pillars are mutually reinforcing. Each performs a necessary role in the new policy regime. But it is their combined effect that is necessary to reshape decision-making and deliver the long-term objectives of levelling up, as part of a new system of governance. That is why the focus of this chapter is the improved information, incentives and institutions underlying the new policy regime.

## **2.2 Principles for Successful Policy Regimes**

This section considers the history of public policy approaches to levelling up in the UK, the lessons that history contains for policy today and where systems change, in other areas of public policy, has enhanced the capacity to deliver longer-term public policy objectives. It concludes with the core principles that need to be

embedded in a policy regime to make a success of levelling up.

## 2.2.1 History of public policy approaches in the UK

Over the past century, the UK Government has introduced many policies to tackle geographical disparities. Since the early 1920s, there have been several different phases of policy, often coinciding with new government administrations (Figure 2.1). Almost all of these policies ran for a relatively short period of time before being replaced or run alongside other initiatives.

Policies to reduce spatial disparities first emerged in the UK during the interwar period as traditional industries declined due to competition from abroad, and were strengthened as unemployment rose in the aftermath of the Great Depression. New initiatives were established to support growth and jobs, such as the Special Areas Act (1934). This provided incentives for firms to relocate to the worst hit areas of the UK, with the aim of stimulating higher, balanced growth.<sup>270</sup>

Post war, there were further interventions to address structural changes in the economy caused by war. The “top-down” policies of this period mirrored earlier models in actively seeking to shape the geographical pattern of industrial development. The Town and Country Planning Act (1947), for example, introduced a system of ‘industrial

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270 The National Archives. *1930s Depression and unemployment*.

development certificates’, whereby firms wishing to locate in congested places were required to obtain the permission of central government.<sup>271</sup>

Many of the policies from this period assumed that resource reallocation by central government would lead to sustainable shifts in the spatial distribution of growth. Top-down policy largely continued during the 1960s and 70s, with an increasing focus on inner-city decline. Following the 1977 Policy for the Inner Cities White Paper, the Inner Urban Areas Act (1978) identified inner-city improvement areas and provided assistance to local authorities to reverse urban decay.<sup>272</sup>

The 1980s saw an expanded role for the private sector in regeneration, notably through Enterprise Zones and Urban Development Corporations. The regeneration of declining inner-city areas, such as Liverpool, began at this time. The 1980s also saw the beginnings of London’s renaissance following its long post war decline. Policy choices played a significant role in that reversal, including the “Big Bang” reforms of 1986 and the creation of Canary Wharf, Surrey Quays, London City Airport and the ExCeL centre through the Docklands Development Corporation (1981-1998).

Through the 1990s and 2000s, policy focused not just on physical regeneration, but on developing skills and social

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271 Airey, J., Doughty, C. Rethinking the Planning System for the 21st Century. Policy Exchange. 2020.

272 Krasniqi, F, Blagden J and Tanner, T. Turnaround: How to regenerate Britain’s less prosperous communities by helping them take back control. Onward. 2021.

infrastructures too. Over this period there was an increased focus on the wider determinants of health outcomes such as work and employment, education and housing, with a focus on the most deprived areas.<sup>273</sup> The archetypal example of this integrated approach was the New Deal for Communities (NDC) programme. Central government invested £1.7bn between 1999-00 and 2007-08 in improving place-related outcomes, including crime, education and worklessness in 39 deprived communities in England.<sup>274</sup>

Government Offices for the Regions (GOs) were established in 1994 to coordinate central government at a local level. Over time, most central government departments were represented at subnational level by the GOs. In 1998, nine Regional Development Agencies (RDAs) were established in each of the English regions to promote economic development in their areas. The geographic scale of RDAs was large, and as their remit grew over time, accountability became more of an issue. In 2003, plans to enhance the accountability of this subnational tier through directly elected regional assemblies were brought forward in legislation, although this was abandoned after people in the North East rejected proposals for an elected assembly in a referendum in 2004.<sup>275</sup>

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273 NAO. Tackling inequalities in life expectancy in areas with the worst health and deprivation. 2010.

274 DCLG. The New Deal for Communities Experience: A final assessment. 2010.

275 Regional Assemblies (Preparations) Act 2003

Recognition of these challenges inspired a new approach from 2010. This saw the abolition of the RDAs and replacement with Local Enterprise Partnerships (LEPs) as part of a wider shift towards localism.<sup>276</sup> The Localism Act 2011 sought to empower communities at a more local level,<sup>277</sup> introducing initiatives such as community rights and neighbourhood planning. Police and Crime Commissioners (PCCs) were elected for the first time in 2012 to increase local operational autonomy and accountability for policing, with some also taking on responsibility for fire services after 2015.<sup>278</sup> Lord Heseltine's No Stone Unturned report in 2012 hastened this direction of travel, with more funding and resources being channelled through LEPs.<sup>279</sup>

The late 1990s also saw significant devolution across the UK through the establishment of the Scottish Parliament and the National Assembly for Wales (later renamed Senedd Cymru (Welsh Parliament)) following referendums in Scotland and Wales, and the establishment of the Northern Ireland Assembly in law following the 1998 Belfast (Good Friday) Agreement.<sup>280</sup> This included the devolution of economic development and local government.

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276 Institute for Government. [Local enterprise partnerships](#). 2021.

277 [Communities and Local Government. A plain English guide to the Localism Act](#). 2011.

278 Institute for Government. [Police and crime commissioners](#). 2021.

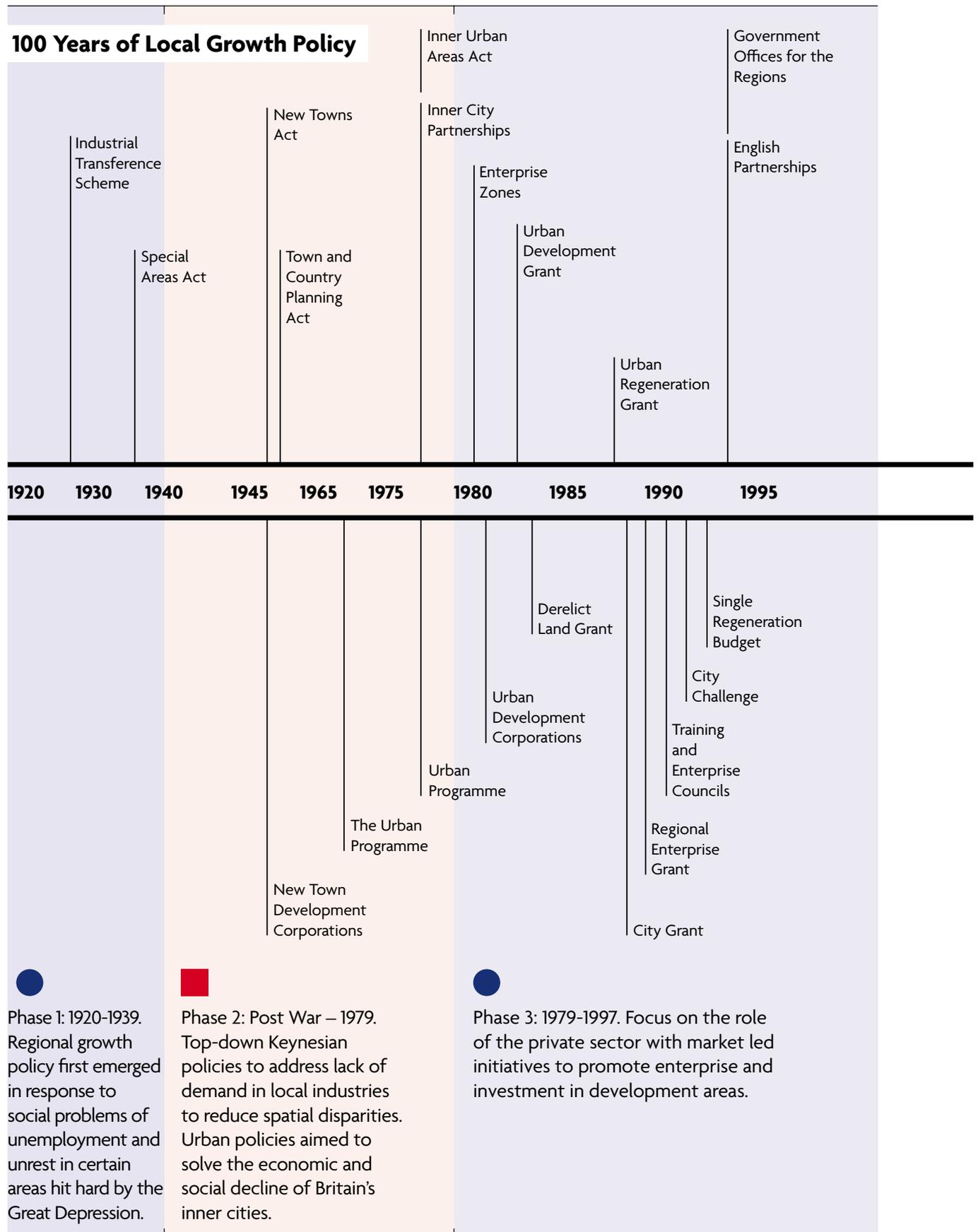
279 Lord Heseltine. [No Stone Unturned in Pursuit of Growth](#). 2012.

280 The Scotland Act (1998), Government of Wales Act (1998) and the Belfast (Good Friday) Agreement (1998).

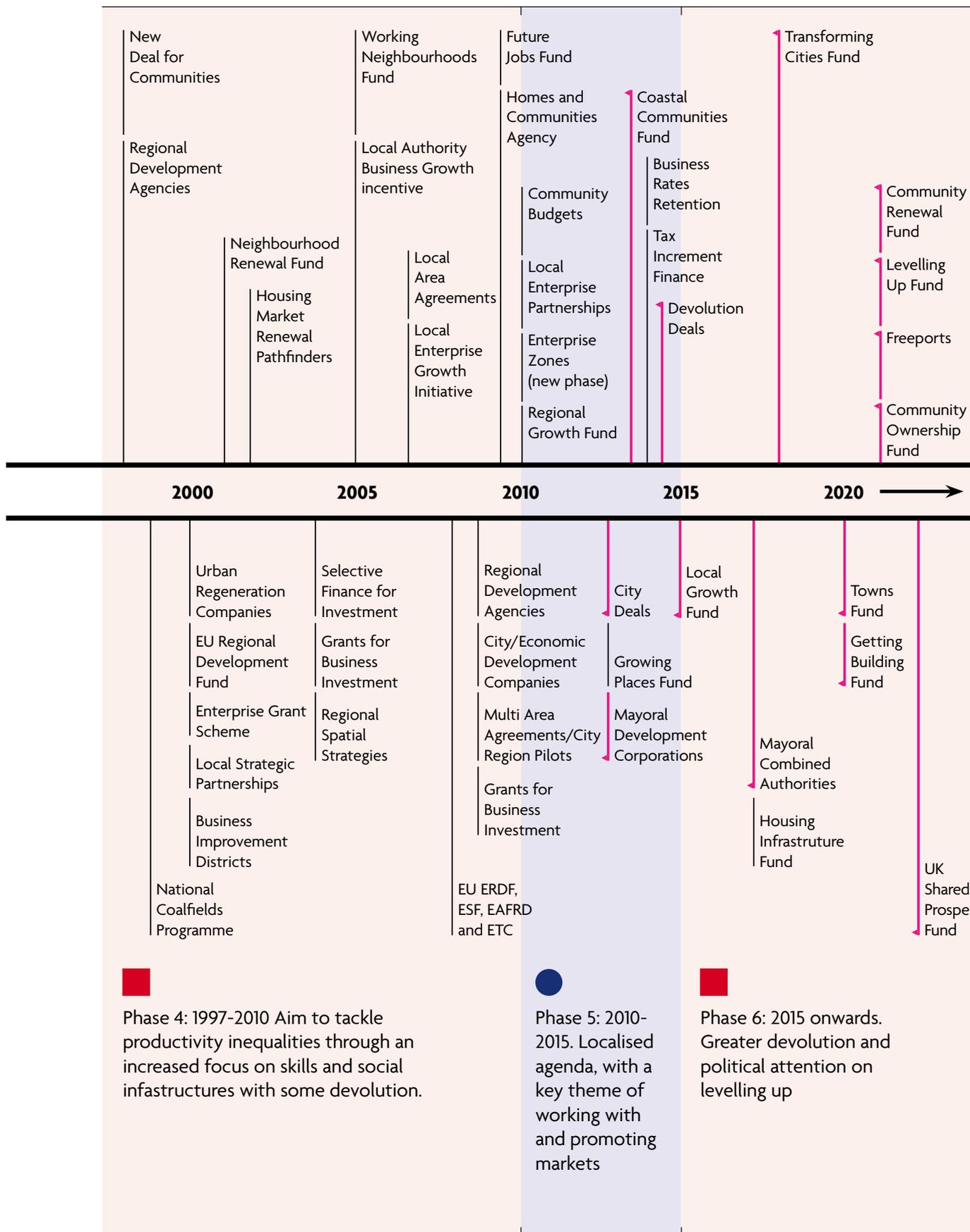
Subsequently, “City Deals” and the process of mayoral devolution was initiated. This handed down powers to elected leaders in collections of local authorities spanning functional economic geographies. Today, there are nine Mayoral Combined Authorities (MCAs) in England.

Following successful city deals in England, the UK Government and Scottish Government co-established the first City and Growth Deal in Glasgow in 2014. Such deals now span all parts of Scotland, Wales and Northern Ireland and aim to support long-term economic growth through partnerships led by local authorities working with private and civil society stakeholders. In some cases, devolved administrations have established, or are in the process of establishing, complementary structures to promote partnership working over strategic geographies. This includes Corporate Joint Committees in Wales and Regional Economic Partnerships in Scotland.

# Figure 2.1 100 years of local growth policy



Key: Ongoing  Complete 



## 2.2.2 Lessons from past policy approaches

These historical interventions had some positive long-term effects. Notably, they led to the revitalisation of some of the UK's cities, supported by international migration, the growth of the service sector and environmental improvements in inner-cities. Since 2003, Gross Value Added (GVA) in the 11 largest cities outside of London has grown 10% faster than the UK average outside of London.<sup>281</sup> This has confounded pessimism about the inevitability of urban decline. Many cities have become more liveable, attractive and investable.<sup>282</sup>

Nevertheless, as Chapter 1 showed, past policy initiatives have not been sufficient to arrest the rise in geographic disparities over the second half of the 20th century in the UK. There is no single explanation for this failure. Rather, it reflects a combination of factors which, taken together, have led to suboptimal decision-making at both the national and local level. Understanding these problems is crucial when designing a policy regime to address them in future.

Five key shortcomings can be identified, a lack of:

- a. longevity and policy sufficiency;
- b. policy and delivery coordination;

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281 These cities are Birmingham, Liverpool, Bristol, Manchester, Sheffield, Leeds, Leicester, Coventry, Bradford, Edinburgh and Glasgow. From: ONS. Regional gross value added (balanced) by industry: city and enterprise regions. 2021.

282 The centres of many towns and cities have doubled in population size over the past 20 years, while the UK population overall has increased by only 10%. Source: Swinney, P and Carter, A. The UK's rapid return to city centre living. 2018.

- c. local empowerment;
- d. evidence, monitoring and evaluation; and
- e. transparency and accountability.

## **Lack of longevity and policy sufficiency**

The experience of successful subnational policy initiatives internationally demonstrates the need for a regime with a clear medium-term target (or set of targets) and a long lived programme of change which is consistent, rigorous and at scale.<sup>283</sup>

Spatial policy in the UK has, by contrast, been characterised by endemic policy churn.<sup>284</sup> There have been repeated changes in the policy landscape over the past century, with each phase signalling shifts at the organisational, legislative and programmatic levels. The result has been a patchwork of policies and ever changing organisational structures.<sup>285</sup> By some counts, there were almost 40 different schemes or bodies introduced to boost local or regional growth between 1975 and 2015, roughly one every 12 months.<sup>286</sup>

This lack of longevity in the objectives and institutions of subnational policy, and the accompanying fragmentation

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283 Taylor, A., Sampson, S., Romaniuk, A. What does it take to “level up” places?. Industrial Strategy Council. 2021.

284 Zymek, R., Jones, B. UK Regional Productivity Differences: An Evidence Review. Industrial Strategy Council. 2020.

285 UK2070 Commission. Make no little plans: The final report of the UK2070 Commission. 2020.

286 Allas, T. Myths and realities of the UK’s regional disparities. 2018.

of policy, has hindered efforts to build local capacity and capability, and civic institutions. It has also failed to provide the stability and predictability necessary to nurture long-term investment by the private sector and civil society.<sup>287</sup>

The stop start approach to policy has also meant the scale of public spending dedicated to closing the UK's spatial disparities has tended to be modest. Out of 35 OECD countries in 2016, the UK ranked 14th in terms of the subnational share of total government investment, with the main comparator countries having shares two to four times larger.<sup>288</sup> As Figure 2.1 earlier in this chapter shows, recent local growth initiatives have increased in number, but not scale.

## **Lack of policy and delivery coordination**

The evidence in Chapter 1 shows that, to stimulate growth on a sustained basis, all six of the capitals need to be strong. That requires coordination across many different arms of policy. Just as the power of agglomeration arises from interdependencies and spillovers between the capitals within places, coordinated policy action is needed in places where weakness across the six capitals has created a low growth trap.

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287 UK2070 Commission. Make no little plans: The final report of the UK2070 Commission. 2020.

288 OECD. United Kingdom, OECD Regional Outlook 2016: Productive Regions for Inclusive Societies, OECD Publishing, Paris. 2016.

Improved coordination means that decisions in one domain, such as transport, take proper account of decisions in another, such as education, health or business.<sup>289</sup> In the UK, where policy is often set centrally, silos can hinder coordination.<sup>290</sup> The UK Government has placed a renewed emphasis on joint working to overcome those silos, most recently through the 2021 Spending Review (SR21), which included additional cross-cutting priority outcomes and funding for important joint programmes of work between departments.<sup>291</sup>

Historically, however, joining up policies in line with the needs of places has been unusual.<sup>292</sup> For example, improving employment and skills is crucial for levelling up, but historically has been split across funding streams, departments and agencies.<sup>293</sup>

Where central government policy has taken a “whole system” approach, the results have been encouraging. For example, the strategy introduced to address inequalities in health and in the social determinants of health during the 2000s successfully reduced some of the differences in life expectancy between the most deprived local authorities in England and the rest of the country.<sup>294</sup>

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289 Dixon, A. The government’s levelling up agenda: An opportunity to improve health in England. The Health Foundation. 2021.

290 Institute for Government. Shaping Up. 2010.

291 HM Treasury, Autumn Budget and Spending Review. 2021.

292 Institute for Government. How to improve collaboration across government. 2020.

293 Local Government Association. Work Local. Accessed: Dec 2021.

294 Barr, B, Higgerson, J and Whitehead, M. Investigating the impact of the English health inequalities strategy: time trend analysis. BMJ. 2017.

More recently, the Supporting Families (formerly Troubled Families) programme adopts a cross-agency approach to help families facing multiple challenges including unemployment, poor school attendance, health, crime and anti-social behaviour and domestic violence. Evaluation of the programme shows it reduced the numbers of children going into care by a third and provided a net benefit to the taxpayer by reducing demand on high cost acute services.<sup>295</sup>

Another example is through the Shared Outcomes Fund, a fund for departments to test innovative ways of working across the public sector, with an emphasis on thorough evaluation. Cross-government programmes established through the Shared Outcomes Fund include Changing Futures (formerly referred to as 'Multiple Complex Needs'), which brings together local authority, health, criminal justice and voluntary and community partners to improve outcomes for people experiencing multiple disadvantage; and Project ADDER, which is driving a whole system approach to combat drug use through coordination between local law enforcement agencies, prisons and health and social care services.<sup>296</sup>

## **Lack of local empowerment**

To replenish the six capitals discussed in Chapter 1 and reverse spatial disparities, it is clear from international

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295 MHCLG. National evaluation of the Troubled Families Programme 2015-2020: Findings. 2019.

296 HMT. Shared Outcomes Fund Round Two. 2021.

experience that the private sector, civil society and government must work in partnership. These actions are best taken and coordinated locally where decision-makers have a finely grained understanding of local economies and the challenges they face. Yet the UK's centralised governance model means local actors have too rarely been empowered to design and deliver policies necessary to drive growth.

This centralised approach has had several negative consequences for past efforts to level up. It under-utilises local knowledge, fails to cultivate local leadership and has often meant anchor institutions in local government have lacked powers, capacity and capability. These shortcomings have gone hand-in-hand with the lack of a clear role for business and civil society in helping to shape and deliver policy locally.

A number of responses to the Scottish Government and the Convention of Scottish Local Authorities' (COSLA) joint Local Governance Review<sup>297</sup> from councils in Scotland argued for greater empowerment, while the Welsh Local Government Association has also made the case for greater freedoms for local authorities in Wales.<sup>298</sup> In England, the Local Government Association has asked for a clearer and more transparent framework to give all areas more freedom to access devolution deals.<sup>299</sup>

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297 Local Government and Communities Directorate. [Local governance review: joint statement](#) 2021.

298 WLGA. [A Manifesto for Localism](#). 2021.

299 National Audit Office. [How European Cities achieve renaissance](#). 2007.

Where devolution has occurred to the subnational level and been complemented with strong leadership and accountability, such as in the creation of the Metro Mayors since 2017, the benefits have been clear. For example, the West Midlands Combined Authority (WMCA) has responsibility for the Adult Education Budget (AEB). This funding, together with the flexibilities afforded through devolution, has enabled the WMCA to ensure skills provision is aligned to local needs. It has invested in the new skills needed in areas including retrofit of buildings, electric vehicle maintenance and was one of the areas to pilot new digital bootcamps.<sup>300</sup>

Past experience suggests approaches which devolve power without accountability and democratic legitimacy can run into problems or out of steam. The experience of the RDAs, which sometimes were distant from local communities and lacked accountability, especially after the plan for regional assemblies was abandoned after 2004, illustrates the importance of having institutions that are both empowered and properly accountable to local people and democratically elected leaders.<sup>301</sup>

## **Lack of evidence, monitoring and evaluation**

Given the complexity of the way in which local economies grow and evolve over time, policies directed at levelling up need themselves to learn and adapt over time. To do

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300 WMCA. Adult Education Budget.

301 Shields, M. Lessons for policy from establishing and running the former North West Development Agency. UK2070 Commission. 2019.

so requires a clear and common understanding of what is going on in places currently, what has worked in the past, and what might work in the future. This means good data, monitoring and evaluation is a key enabler of successful spatial policy.

The UK Government regularly collects and publishes data on the spatial breakdown of its spending, but only at a regional (ITL1) level.<sup>302</sup> The Office for National Statistics (ONS) does publish data on the overall impact of taxes on different regions per head, but there is no regular or consistent data published on place-based initiatives.<sup>303</sup> Other countries' governments, such as in the US, offer an open source data portal of federal spending, including by geography.<sup>304</sup>

In the past this has limited the UK Government's ability to understand whether, and why, resources and funding may be skewed towards or away from places potentially most in need. It also makes it difficult, internally and externally, to understand and evaluate the impact of government action in these places. There is also a lack of comparable data across the whole of the UK in some areas, reducing the scope to learn from the innovative policy approaches devolution supports.

The lack of systematic analysis of the geographical impact of policy is compounded by poor institutional

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302 HMT. [Country and regional analysis](#). 2021.

303 ONS. [Country and regional public sector finances: financial year ending 2020](#). 2021.

304 [USAspending.gov](#). accessed: November 2021.

memory in central government on what has (and has not) worked in the past.<sup>305</sup> This not only creates inefficiencies through duplication, but reduces transparency about what and why decisions were made in the past that might enable mistakes to be avoided and successes built upon in the future.

## **Lack of transparency and accountability**

The four problems described above – institutional stop-start, poor policy coordination, lack of local empowerment, and weak monitoring and evaluation – have been exacerbated by a lack of clear accountability for outcomes. Despite successive waves of policy to reduce spatial disparities, there has been little effective oversight of these policies, nationally or locally. This has weakened decision-making incentives and generated a reluctance to decentralise powers.

The development of performance metrics for public service delivery and other policy areas during the 2000s did include specific requirements to “make sustainable improvements in the economic performance of all English regions ... and over the long-term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006”.<sup>306</sup> However, there was no independent mechanism to ensure accountability for delivery against this target or metrics to track progress over time.

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305 Norris, E., Adam R. All Change. Institute of Government. 2017.

306 HM Treasury. Autumn Performance Report: Progress Report on HM Treasury Public Service Agreement Targets. 2007.

## 2.2.3 Lessons from other policy regimes

Despite many past attempts to reduce spatial disparities across the UK, these programmes have typically lacked the clarity and commitment, coordination and empowerment, and transparency and accountability necessary to reverse geographic disparities. Underlying these failures have been a lack of *information* and poorly designed *incentives*, nationally and locally. And contributing to these failures has been a weakening of the local *institutions* necessary for effective decision-making.

These problems are not unique to place-based policy. Many areas of public policy have faced complex long-term challenges, including monetary policy, fiscal policy, infrastructure policy, climate change policy, environmental policy and healthcare policy. In each case, a new framework has been put in place in the UK over the past 25 years to overcome problems of *information* and *incentives*. This has often been accompanied by the creation of new *institutions* to bolster the credibility of these policy regimes.

These policy regimes include:

- a. the creation of the Office for Budget Responsibility;
- b. the establishment of the National Infrastructure Commission;
- c. the independence of the Bank of England;

- d. the creation of the Climate Change Act and Climate Change Committee;
- e. the 25 Year Environment Plan; and
- f. the National Institute for Health and Care Excellence.

## **The Office for Budget Responsibility**

The Office for Budget Responsibility (OBR) was established in the 2011 Budget Responsibility and National Audit Act. This involved transferring responsibility for producing official economic and fiscal forecasts to an independent institution and assessing the path of public spending against the UK Government's performance against its fiscal rules. The OBR provides credibility to the forecasts on which government policy is based and is internationally respected as an independent fiscal institution for the transparency of its work.

## **The National Infrastructure Commission**

The National Infrastructure Commission (NIC) provides impartial, expert advice to the Government on the UK's major economic infrastructure challenges. Through its National Infrastructure Assessment (NIA) published each Parliament, and studies commissioned by the Chancellor, the NIC provides transparent, expert long-term recommendations to the UK Government. The UK Government publicly responds to these recommendations. The NIC also monitors the progress of the implementation of its endorsed recommendations.

The UK Government partially or fully endorsed over 80% of the recommendations made in the NIC's 2018 NIA.<sup>307</sup>

## **Bank of England Independence**

The Bank of England Act (1998) gave the Bank of England's Monetary Policy Committee (MPC) operational independence for setting interest rates to meet a mandate for price stability set by the UK Government – an inflation target of 2%. By delegating to an expert, independent institution, decisions about monetary policy became significantly more transparent, anchored in data and analysis, and focused on a long-term price stability target. In response, inflation expectations have fallen and remained close to the target, consistent with much improved policy credibility.

## **The Climate Change Act and Climate Change Committee**

The Climate Change Committee (CCC) is an independent body created through the 2008 Climate Change Act to advise the UK Government on mitigation and adaptation to climate change. The CCC provides advice on setting carbon budgets and reports regularly on progress in reducing greenhouse gas emissions.<sup>308</sup> The major innovation in climate change policy has been the creation of a legally binding target to reach Net Zero by 2050, following a recommendation by the CCC. The

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307 HM Treasury. [Response to the National Infrastructure Assessment](#). 2020.

308 Carbon budgets are designed to place a limit or ceiling on the level of economy-wide emissions that can be emitted in a five-year period.

combination of a clear policy objective, the independence of the CCC, and the credibility of the regime through law, has delivered a coherent policy framework within which UK Government departments, devolved administrations, and the private sector can coordinate delivery.

## **The 25 Year Environment Plan**

The Environment Act 2021 requires the UK Government to set legally binding long-term environmental targets for England, informed by independent expert advice. These targets will help to secure long-lasting improvement in the natural environment. The Environment Act mandates that there must be an Environmental Improvement Plan of at least 15 years, reported against annually. These annual reports will include progress against targets and will be scrutinised by the Office of Environmental Protection. The UK Government is required to conduct the first review of its Environmental Improvement Plan by 31 January 2023. As part of this review, the Act requires that the Environmental Improvement Plan is updated to include interim targets of up to five years for each of the long term legally binding targets. The first Environment Improvement Plan is the 25 Year Environment Plan published in 2018.<sup>309</sup>

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309 Defra. [A Green Future: Our 25 year plan to improve the environment](#). 2018.

## National Institute for Health and Care Excellence

The National Institute for Health and Care Excellence (NICE) is an independent public body set up in 1999 to provide evidence-based advice and guidance on improving health and social care in England. NICE provides recommendations on how to make improvements through appraisals of the impact of new technologies on care, publication of clinical guidance and best practice, and reviewing quality standards on treatments and care.

### 2.2.4 Principles for a successful policy regime

These examples illustrate the core ingredients, or principles, underlying a successful policy regime for responding to long-term, complex economic challenges. There are five elements.

- **Longevity and sufficiency.** Well defined medium-term objectives provide clarity about the policy objective and anchor the policy change necessary to meet this objective. Targets like Net Zero for greenhouse gas emissions, used by the CCC, anchor decision-making to the long-term in a clear and consistent fashion. *This suggests a policy regime for levelling up should be anchored in a clear set of medium-term targets or “missions”.*

- **Coordination.** Institutions and frameworks that coordinate policy design and delivery are critical to system-wide success. The NIC's charter enables it to play this role, coordinating across multiple strategic areas of policy. This is also true for the 25-year Environment Plan, which brings together stakeholders from the agriculture and energy sectors. *This suggests a policy regime for levelling up should embed spatial considerations, and coordinate policy actions, across central government.*
- **Local empowerment.** The principle of subsidiarity says that decision-making should take place at the most delegated or localised level at which it can be most effectively performed, provided it has effective leadership and adequate resources. The creation of the metro mayors in England from 2017 delegated decision-making powers over public services and the local economy to democratically accountable local leaders. *This suggests a levelling up regime needs to empower local leaders, subject to appropriate accountability and provided they have effective leadership.*
- **Data, monitoring and evaluation.** The success and credibility of the Bank of England, CCC, NIC, NICE and OBR are all based on extensive and granular data, and deep analysis. They are also based on a quantitative evaluation of the policy actions necessary to meet medium-term targets. *This suggests a levelling up policy regime needs to be grounded in*

*granular data, sound monitoring and rigorous evaluation.*

- **Transparency and accountability.** The OBR, Bank of England, NIC, NICE and CCC have a public duty to publish their assessments of performance to inform policy decisions and debate. There are also clear, transparent and rigorous accountability mechanisms for decision-makers when acting in an independent capacity. *This suggests a levelling up policy regime needs to be transparent, expert and accountable.*

These principles are interlinked and reinforcing. All of them are required to improve *information*, reshape *incentives* and strengthen the *institutions* necessary to make a success of levelling up. One of the failings of past policy regimes for levelling up is that they have put in place some, but not all, of these elements. Almost by definition, this approach has failed to deliver system-wide change or lasting success.

## 2.3 A New Policy Regime

Reversing geographic disparities will require a fundamental rewiring in the system of decision-making, locally and nationally, across the UK. Learning the lessons of past experience, the following five pillars should underpin this policy regime:

- a. medium-term missions;
- b. reshaping central government decision-making;

- c. empowering local decision-making;
- d. data, monitoring and evaluation; and
- e. transparency and accountability.

### **2.3.1 Medium-term missions**

Past approaches to levelling up have been held back by a lack of consistency and clarity over the objectives of spatial policy. They have failed to institutionalise a commitment to a long-term programme of policy change of the type necessary for success. This lack of stability and consistency has in turn inhibited innovation, investment and collaboration with the private sector and civil society, which is needed to drive long-lasting change to productivity and growth.

A levelling up strategy should embed this long-term commitment. One effective way of doing so is to set medium-term targets, or “missions”.<sup>310</sup> This mission-based approach to addressing complex, long-term societal challenges has a long historical pedigree, internationally and domestically (see Box 2.1).

Missions provide a targeted, measurable and time-bound objective, or set of objectives, from which a programme of change can then be constructed or catalysed. The desirability of this approach derives, in part, from it providing a pre-commitment device for the UK

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310 Kattel, R., Mazucatto, M., Ryan-Collins, J., Sharpe, S. [The economics of change: Policy and appraisal for missions, market shaping and public purpose](#). Institute for Innovation and Public Purpose. 2018.

Government's own actions. As importantly, however, effective missions crowd-in ideas, finance and investment from the private sector and civil society, to help deliver ambitious long-term outcomes. A recent example of this approach is the Social Mobility Pledge, which brings together a coalition of 550 businesses and more than 50 universities to catalyse action on social mobility across organisations.<sup>311</sup>

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311 The Social Mobility Pledge. [About the Social Mobility Pledge](#). Accessed: Jan 2022.

## **Box 2.1. Mission-led approach to policy change**

Missions are targeted, measurable and time-bound declarations of the progress needed to address social, economic and environmental challenges.<sup>312</sup> Perhaps the best known examples of mission-oriented approaches are the NASA space missions and the United Nations Sustainable Development Goals (SDGs).<sup>313</sup> A more recent example is the COVID-19 vaccination programme.

The declaration in 1961 by John F Kennedy of a mission to put a man on the moon by the end of the decade launched a 10-year programme of scientific and technological development across aerospace, nutrition, medicine, computation, communications and biology. NASA's vision was simple: "To discover and expand knowledge for the benefit of humanity". Its mission was to: "Lead an innovative and sustainable program of exploration with commercial and international partners to enable human expansion across the solar system and bring new knowledge and opportunities back to Earth".

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312 Mazzucato, M., Dibb, G. Missions: A Beginner's Guide. UCL Institute for Innovation and Public Purpose. 2019.

313 UN. 17 Goals to Transform Our World. Accessed in: November 2021.

A mission-oriented approach is most effective in the face of complex, systemic, interconnected and urgent problems, which require insights from many perspectives and actions from many actors.<sup>314</sup> These problems are not uniform in nature and, consequently, require different types of mission depending on the challenge being addressed. The literature often draws a distinction between *missions* that cover a programme of actions aimed at creating systemic societal and economic change, and *delivery targets* such as the UK Government's Public Service Agreements which are wide ranging but not necessarily linked programmes of change.<sup>315</sup>

The mission based approach has several common features.<sup>316</sup>

- Well designed missions should be bold and ambitious, prompting questions about how they can be achieved. This precipitates a shift away from business-as-usual processes, and the encouragement of action and innovation by governments, businesses and civil society, often working in partnership.

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314 Mazzucato, M. *Mission Oriented Innovation Policy: Challenges and Opportunities*. Royal Society for the encouragement of Arts, Manufacturing and Commerce. 2017.

315 Institute for Government. Public Service Agreements and the Prime Minister's Delivery Unit

316 Balawejder, F., Sampson S., Stratton, T., Lessons for industrial policy from development of the Oxford/AstraZeneca Covid-19 vaccine. Industrial Strategy Council. 2021.

- Missions encourage innovation through setting a clear direction of travel or end-point without prescribing how that goal is to be achieved. This engenders creative thinking and innovative solutions, by all sectors, as well as a culture of learning and adaptation. Committing to long-term missions encourages risk taking, with short-term failure often paving the way for long-term success.
- Missions help break down barriers. Committing to missions provides a consistent and stable framework that can foster collaboration between different parts of government, business and civil society, as well as a coordinated mix of top-down and bottom-up approaches.
- There are often large, unintended, spillover benefits from missions. The technological innovation sparked by Apollo's success found much wider application, from fire protective clothing to cordless power tools.<sup>317</sup> Even if missions are not achieved, collaborative and innovative ways of working often provide benefits far beyond the scope of the mission.

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317 NASA. *Benefits from Apollo – Giant Leaps in Technology*. 2004.

A good recent example of these benefits was provided by the UK's Vaccine Taskforce. The mission was to develop and deliver a COVID-19 vaccine.<sup>318</sup> This brought together the scientific development of the Oxford/AstraZeneca vaccine with politicians, officials and delivery bodies across the UK to approve, procure and roll out a vaccine in record time. Some of the spillover benefits of this innovation, including for vaccines beyond COVID-19, are already being felt.

The UK Government's Net Zero target is another area where a clear and measurable mission is being used both as a means of bringing together several parts of society and policy, but also as a spur to develop new and innovative solutions to a huge social and economic challenge. It too has demonstrated how mission-oriented policy regimes have the power to catalyse innovation and coordinated action in pursuit of a long-term challenge.

For some economic and societal problems, missions are relatively simple to define and singular – for example, the challenge of developing a COVID-19 vaccine. For levelling up, success is neither simple to define nor singular. It will require improvement across a broad range of fronts – economic, social and institutional – and a replenishment of all six capitals in places where they are weakest.

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318 Vaccine Task Force. [UK Vaccine Taskforce 2020: achievements and future strategy](#). 2020.

Powerful missions need to strike an appropriate balance between ambition and realism. Missions need ambition if they are to generate innovation, adaptation and change. But they need also to be realistic enough to catalyse action along this critical path. A smaller, more specific and cross-cutting set of ambitious objectives can drive progress and galvanise action, across government, the private sector and civil society.<sup>319</sup>

As a policy tool, missions are distinct from delivery targets. Missions are intended to precipitate systems change through cooperation across the public, private and voluntary sectors, rather than acting as a mechanism for holding the government to account. This is reflected in mission design: mission end dates are far enough into the future that they are aspirational, with responsibility for delivery resting with a range of governmental and non-governmental actors.

Table 2.1 sets out the missions guiding the UK's approach to levelling up over the next decade. **The missions set the medium-term ambition of the UK Government and are an anchor for the expectations and plans of the private sector and civil society.** They flow from the diagnosis of the UK's geographic disparities set out in Chapter 1 and cover the most important economic and societal challenges facing the UK today where concerted, collective action is required if levelling up is to be achieved. Consequently, the missions will

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319 Parker, S., Paun, A., McClory J., Blatchford, K. Shaping Up: A Whitehall for the Future. Institute for Government. 2010.

serve as the focal point around which the whole of government orientates itself, as well as catalysing new ideas and forging collaboration with the private sector and across different groups in society.

**Table 2.1 Levelling Up Missions**

| Focus Area   | Mission  |
|--|--|
| <i>Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging</i> |  |
| Living Standards   | By 2030, pay, employment and productivity will have risen in every area of the UK, with each area containing a globally competitive city, and the gap between the top performing and other areas closing.  |
| Research & Development (R&D)   | By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.              |
| Transport Infrastructure   | By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.   |
| Digital Connectivity   | By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.   |
| <i>Spread opportunities and improve public services, especially in those places where they are weakest</i>                                 |  |
| Education  | By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third. |

| Focus Area   | Mission   |
|--|---|
| Skills   | By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high quality-skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas. |
| Health   | By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.   |
| Well-being   | By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.  |
| <i>Restore a sense of community, local pride and belonging, especially in those places where they have been lost</i> |   |
| Pride in Place   | By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.  |
| Housing  | By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas. <sup>320</sup>  |
| Crime  | By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas.  |

320 Government will consult on the impact on the private rented market and particularly those on the lowest incomes. Further detail will be set out once the review of the Decent Homes Standard has concluded.

| Focus Area  | Mission  |
|---|--|
| <i>Empower local leaders and communities, especially in those places lacking local agency</i> |  |
| Local Leadership  | By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level <sup>9</sup> of devolution and a simplified, long-term funding settlement. |

Two of the missions are overarching, *outcomes-based*, measures of success for levelling up: boosting *living standards* (pay, productivity, employment) across all parts of the UK, while closing the gap between the best and worst-performing places; and improving measures of *well-being* across every part of the UK, while closing the gaps between the best and worst performing areas.

The remaining missions are *intermediate outcome* measures, relating to the six capitals central to determining local growth. This includes missions related to human capital (education, skills and health), social capital (pride in place and crime), tangible and intangible capital (housing, R&D, transport and digital connectivity) and institutional capital (local leadership). Although there is no separate mission for financial capital, it is a key enabler of all other capitals. Chapter 3 sets out the emerging policy programme that will drive progress towards these missions over the next decade.

Unless otherwise specified, the missions apply across the whole of the UK. Devolution settlements mean the policy levers for achieving aspects of these missions are devolved to administrations in Scotland, Wales and

Northern Ireland. Because levelling up outcomes for citizens needs close collaboration between all levels of government, a period of consultation on the missions will be undertaken with devolved administrations. The best way forward on sharing learning and comparing progress in these areas will be agreed with devolved administrations.

These missions are intended to anchor the programme of change necessary for success in levelling up the UK. These missions should not, however, be set in stone. As the economy adapts, so too might the missions to reflect the changing environment and lessons learned from past interventions. Any changes to missions should be infrequent, however, and fully and transparently explained and justified when they occur. The missions will be rolling ten year endeavours.

To track performance, a longer suite of supporting metrics will be developed for each mission. An initial suite of headline and supporting metrics for measuring and tracking progress against levelling up outcomes are set out in a separate document published alongside this White Paper.<sup>321</sup> That document also explains, in detail, the motivation and calibration of each mission. The metrics and delivery architecture for missions will align with the UK Government's planning and performance framework.

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321 See the 'Levelling Up Technical Annex: missions and metrics'.

## 2.3.2 Reshaping central government decision making

To deliver these ambitious missions, action will be required by all stakeholders across the economy – central and local government, devolved administrations, the private sector and civil society. This section discusses changes to the structure of decision-making by central government necessary for levelling up the UK.

In the past, central government decision-making has weighed spatial considerations insufficiently in the design and delivery of policy initiatives. Indeed, this has been a significant contributor to the UK's widening spatial disparities. Correcting that calls for a radical reorientation of decision-making by central government along four dimensions.

- **Improved transparency about place-based spending:** The spatial pattern of UK Government spending and funding allocations is often unclear due to a lack of high quality, granular data. This means government policy is sometimes acting in a “place-blind” way.
- **Hardwiring spatial considerations into decision-making and evaluation:** The spatial impact of policy, and the evaluation of those decisions locally, is often not hardwired into central government decisions and processes, sometimes leading to outcomes that are contrary to the objectives of levelling up.

- **Improved coordination of central government policies at the local level:** Uncoordinated and siloed policy from the centre can complicate decision-making at the local level. This is particularly salient in the case of local growth funding, with multiple pots each with their own reporting requirements.
- **Greater focus on local places:** The distance between the officials who design policy nationally and those who are affected by them locally, can mean policy is insufficiently place sensitive.

The next sections describe how the UK Government will overcome these problems of a lack of information and misaligned incentives at the centre, and will help build capacity and capability among local institutions in support of the levelling up missions.

## **Improved transparency about place-based spending**

Some public spending responds directly and automatically to socio-economic needs. This is especially true of expenditure which fluctuates automatically with the economic cycle, such as welfare payments. But a large part of government spending is also discretionary. Historically, discretionary spending by the UK Government, especially investment spending, has often been geographically skewed.<sup>322</sup> This has worsened

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322 O'Brien, N., Miscampbell G. Levelling Up Growth-Enhancing Spending. Onward. 2020.

spatial disparities across the UK in productivity and living standards.

For example, R&D funding through UK Research & Innovation (UKRI) is currently at around 51% outside London, the South East and East of England.<sup>323</sup> This is driven by a range of factors including the globally competitive concentrations of excellent research universities, skilled workers, and innovative businesses in London, Oxford and Cambridge.

Separately, transport funding per head has been significantly lower in the North, Midlands and South West than in London and the South East. Though it is not solely those living in these areas that use and benefit from transport links, between 2016-17 and 2020-21 transport spending in London and the South East was 37% higher per person than in the rest of England.<sup>324</sup> In cultural activities, there is a similarly strong skew towards London, which attracts almost 40% of Arts Council England Grant-in-Aid investment.<sup>325</sup>

Ensuring that public spending gets to where it is most needed is not straightforward. The regional breakdown in the Country and Regional Analysis is the best source of data on subnational expenditure on a regular and consistent basis, but is partial and insufficiently granular.

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323 Using the most recent data, for financial year 2018-19; see UKRI. *2018 to 2019 regional distribution of funding*.

324 Figure from HMT's Country and Regional Analysis. The figure includes all transport capital spend from both central and local government between 2016/17 and 2020/21. The figures are in nominal terms.

325 O'Brien, N., Miscampbell, G. Levelling Up Growth-Enhancing Spending. Onward. 2020.

Even with better data, public spending decisions need to be guided by incentives that support the closure of spatial disparities.

The UK public spending system has recently undergone changes that will help to target public spending. These include the following three initiatives.

- **Green Book review:** In 2020, HM Treasury’s review of the Green Book guidance, which is used to appraise new policy proposals in government, concluded that “[the] current appraisal practice risks undermining the Government’s ambition to ‘level up’ poorer regions and to achieve other strategic objectives unless there is a step change improvement.”<sup>326</sup> The review identified a series of specific place-based problems. Responding to these, the Green Book revision made place-based analysis a requirement on a “comply or explain” basis. These changes were implemented at the Spending Review in 2020 and SR21.
- **Business case publication:** UK Government departments are now required to publish Full Business Cases (FBCs) for infrastructure proposals within four months of approval. Through external transparency, this will help to ensure all new policies with a potential geographic impact meet levelling up objectives and are delivered against the new Green Book placed-based guidance.

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326 HMT. Green Book Review 2020: Findings and response. 2020.

- **Reformed Planning and Performance Framework:** The UK Government's planning and performance framework is well suited to support the missions. Building on the priority outcomes and metrics agreed at SR21,<sup>327</sup> departments will produce updated Outcome Delivery Plans (ODPs) covering 2022-25 to be published in spring 2022. The metrics and delivery architecture that underpins levelling up will be aligned with the planning and performance framework. Departments will be expected to set out how their policies would make progress towards levelling up outcomes in their ODPs. Reporting on these plans will ensure the UK Government has ongoing visibility of departmental performance.

One way to support more effective spatial targeting of investment is for central government departments to analyse the spatial breakdown of spending and benefits from the outset of programmes. This approach was trialled during SR21. Learning from this experience, the **UK Government will improve its use of the spatial impact of programmes** to inform future decision-making, including in future Spending Reviews.

A significant proportion of subnationally directed public spending is determined by formulae, such as the National Funding Formula used to allocate money across schools in England.<sup>328</sup> The UK Government has already taken action to review some of the key formulae – for example,

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327 HMT. [Spending Review 2021: Priority outcomes and metrics](#). 2021.

328 Gov.uk. [Guide to national funding formula](#). Updated July 2020.

recent changes to the schools funding formula which now seeks to reduce disparities in school spending across England. **The UK Government will further review its formula-based spending**, to ensure it is targeted where most needed.

## **Hardwiring spatial considerations into decision-making and evaluation**

It is often the case that central government policy is set without a full understanding of the local context. This can lead to unexpected, or uncoordinated, local side effects. It also means local leaders consistently report that they are unable to evaluate how effectively a national policy initiative is operating at the local level. This hinders central government learning about what works.

The establishment of the Department for Levelling Up, Housing and Communities (DLUHC) in September 2021 signalled a fundamental shift in the UK Government's approach to place. With a coordinating role for Levelling Up, the department will place local opportunities at the heart of government policy making – working with places themselves to understand and act on the local implications of national policy.

To support this, a new **Levelling Up Cabinet Committee** has recently been established. It is tasked with embedding levelling up across central government policy design and delivery. The committee will also work directly with local leaders to improve the clarity, consistency and

coordination of policy. The new Cabinet Committee is chaired by the Secretary of State for Levelling Up, Housing and Communities. It will:

- a. **embed levelling up policies** across government, ensuring these reflect the needs of places and people, and align with the missions;
- b. **work directly with places**, putting local ideas and innovations at the heart of government and supporting local leaders to tackle their local challenges;
- c. **deliver measurable change**, by monitoring progress on policies that contribute to delivering against the missions, including the policies in this paper and those developed subsequently; and
- d. **drive forward the new framework for devolution**, by empowering local leaders and communities and improving accountability mechanisms.

This new approach to place must also extend beyond committees to mean real people, with a profound understanding of their communities, to support the shaping of policy and delivery in their areas. Central government will therefore seek to improve the coordination of its collective efforts at the local level, its understanding of local issues and opportunities, and the scale and seniority of its local resourcing. To do so, the UK Government is pursuing **a new approach to places**

**through Levelling Up Directors.** Working with local actors, these roles will have the following objectives:

- a. building local capacity and capability, especially where it is thin;
- b. improving the evidence base for local decision-makers, working with the ONS, and evaluating what works using data, statistics and analysis;
- c. catalysing local change and championing local ideas within government;
- d. bringing strategic coherence, coordination and flexibility to government intervention in places;
- e. forming a key bridge between local actors and central government; and
- f. acting as champions for their places.

Levelling Up Directors will act as a single point of contact for local leaders and a first port of call for new and innovative local policy proposals. They will be based in the areas they have responsibility for, while recognising the different institutional landscapes in Scotland, Wales and Northern Ireland. Levelling Up Directors will bring together government policy and delivery, aligning decisions and funding to support local and national strategic objectives.

It is also important the levelling up missions are reflected in the day to day running of UK Government departments and public bodies. To that end, **a requirement for public**

**bodies to have an objective of reducing geographical variations in the outcomes relevant to their business area is being established.** This requirement will be further developed through the Public Bodies Strategy that is being developed by the HM Treasury and Cabinet Office led Public Bodies Reform Programme.

The UK Government will also hardwire levelling up objectives into its decision-making through reforms to the way the **public sector procures goods and services.** Public procurement is worth £300bn every year, a third of all public expenditure. But the current regime creates too much red tape for buyers and suppliers alike. This results in attention being focused on the wrong activities rather than outcomes, value and transparency.

Outside the EU, and under new rules, public sector buyers are being encouraged to give more weight to bids that create jobs for communities, build back better from the pandemic and support the transition to Net Zero. These “social value” factors mean that buyers will not consider price alone, but look at how public sector contracts can support local communities and disadvantaged groups (see Box 2.2).

The UK Government will legislate to reinforce the message that public procurement should take account of these wider benefits and place a duty on all contracting authorities to have regard to national and local priorities, including creating new jobs and skills, encouraging supply chain innovation and supporting strong, integrated

communities. The new measures will make it easier for small businesses and social enterprises across the country to bid for and win public contracts.

## **Box 2.2. Birmingham 2022 Commonwealth Games**

The Birmingham 2022 Commonwealth Games has embedded social value in its business and supply chain to measure the difference the Games can make to Birmingham, the West Midlands and its people. This includes the benefits and changes for local people around jobs, sustainability, health and well-being, inclusivity and human rights.

Companies bidding for contracts for Birmingham 2022 need to demonstrate a social value component. For every contract, a minimum of 10% of the evaluation weighting is dedicated to social value – a first for any Commonwealth Games.

Birmingham 2022 has an aspiration for two thirds of contracts to be awarded to West Midlands businesses. Other examples of social value include:

- a. official legal advisors Gowling WLG are delivering pro bono legal advice to charities together with volunteer hours to hundreds of beneficiaries;

- b. the Host Broadcaster, Sunset and Vine, has committed to delivering paid training placements in broadcasting for young people; and
- c. IT services provider, NVT Group, will provide paid internships to people from the local area.

## Improved coordination of central government policies at the local level

Securing better outcomes in places relies on effective coordination of national policies. But departmental coordination of place-based policies is still relatively rare, despite recent progress.<sup>329</sup> This means local actors are often left to join up programmes and policies themselves. Programmes such as the Supporting Families programme have demonstrated the benefits of central coordination for people and places.<sup>330</sup>

A similar dynamic is apparent in the local growth funding landscape, where multiple competitive pots have emerged in the last decade (Figure 2.2). This has led to a patchwork of fragmented funds, separate but often overlapping, each seeking to improve local place-based economic development. For example, around £20bn of new funds, across more than a dozen initiatives, were created between 2010 and 2020.<sup>331</sup>

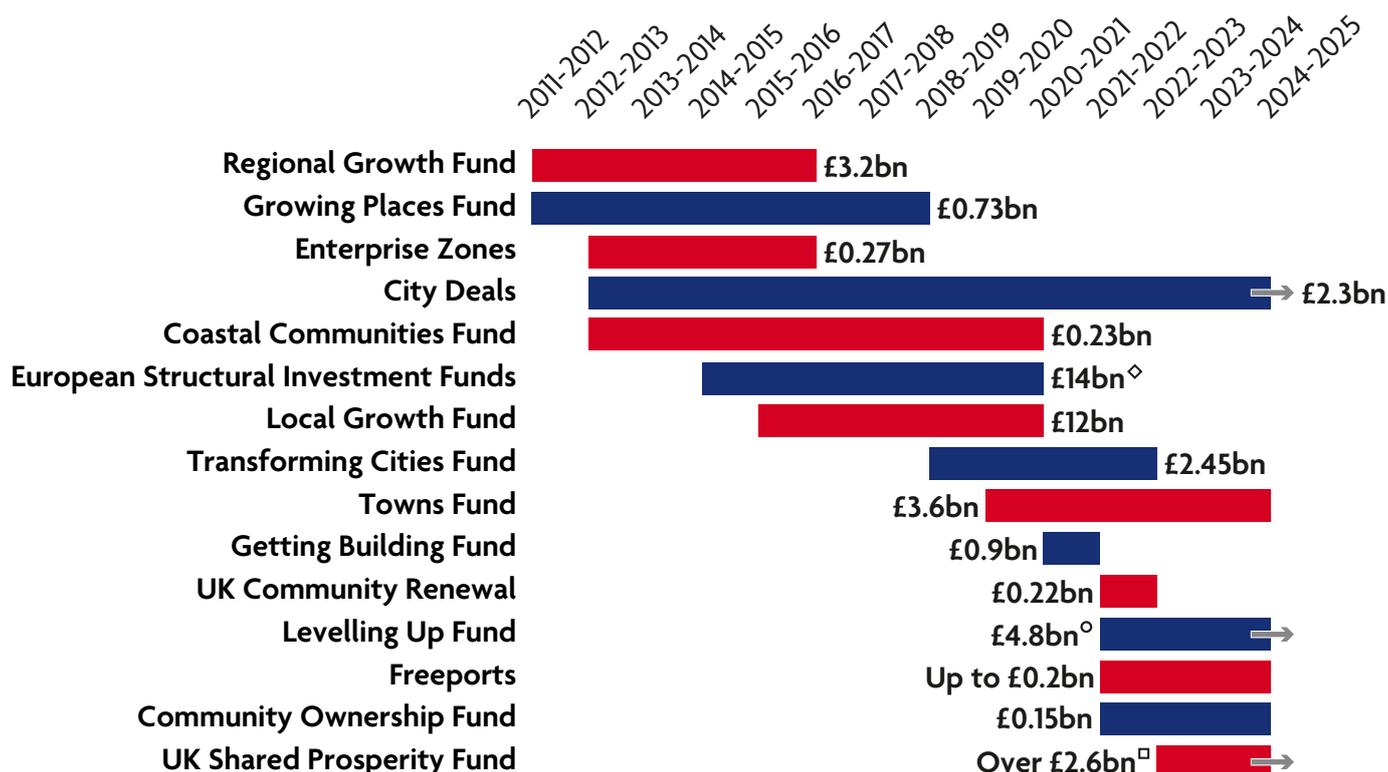
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329 Institute for Government. [How to improve collaboration across government](#). 2020.

330 MHCLG, [National Evaluation of the Troubled Families Programme 2015 – 2020](#). 2019.

331 NAO. [Supporting local economic recovery](#). (forthcoming).

**Figure 2.2 Local growth funding pots introduced in the UK since 2011-12<sup>332</sup>**



<sup>◇</sup> Using an exchange rate of £1 = €1.18. This exchange rate was used in the October 2021 Spending Review calculations used by HMT.

<sup>◊</sup> Of which £0.3bn comes from Towns Fund.

<sup>◻</sup> Of which £1.5bn in 2024/25.

Local government consistently points to the inefficiencies, decision-making complexity and reporting burdens which result from the number of local funding pots and the strings attached to them. Many areas, especially those with limited resources, lack the capacity to navigate multiple funding pots, develop investable projects and get the right mix of capital and revenue to target long-term priorities. Local government and communities have repeatedly asked for a simpler system that reduces the number of competitive bidding pots and removes restrictive ringfences.

332 Funding pot data taken from internal DLUHC analysis.

## The Complex Funding Landscape

Since 2015, one county council reported that it had submitted 61 bids for UK Government funds, ranging from £16k to £41m, to support local economic growth, each with different bid conditions. Of these, eight were unsuccessful with decisions pending on a further six. In many instances, the council was only given 1-2 months to develop their bid.

The preparation of each bid, which can include drafting substantial business cases, requires the council to commit considerable resources for work that may not result in any funding. Some of these bids cost the council hundreds of thousands of pounds to develop. Due to the variance in the nature of funding streams and their criteria, the council has found that it has bid for funding and/or delivered schemes and infrastructure that are not necessarily the top priority for the area's growth needs.

Short bidding timescales have also provided challenges in ensuring elected Members are briefed, match funding secured and resources allocated to ensure that a high quality bid can be submitted. Short timescales have also resulted in the need to commission consultants, increasing the cost of preparing each bid. It has also resulted in some councils choosing not to submit a bid for the Levelling Up Fund and/or Community Renewal Fund.

Initial steps have been taken to address this complexity in the funding landscape. For example, the Levelling Up Fund provides cross-departmental capital investment in local infrastructure. The UK Shared Prosperity Fund (UKSPF) will provide resource focused investment to support people, boost pride in place and strengthen communities. But there is more that could be done.

To deliver a more transparent, simple and accountable approach, **the UK Government will set out a plan for streamlining the funding landscape this year** which will include a commitment to help local stakeholders navigate funding opportunities. This review will be guided by the following principles:

- a. reducing the unnecessary proliferation of individual funding pots with varied delivery approaches;
- b. streamlining bidding, and supporting greater alignment between revenue and capital sources;
- c. ensuring places have robust ongoing monitoring and evaluation plans for the impact and delivery of investments and spending; and
- d. tailoring investment and delivery to the local institutional landscape of each nation of the UK.

In Scotland, Wales and Northern Ireland, where local partners also need to consider funds led by devolved administrations, effective collaboration on UK-wide policies is important to maximise impact and minimise complexity. To maximise simplification across the country,

the UK Government will share lessons from its efforts to streamline funding with devolved administrations.

## Greater focus on local places

There is often a large distance between the officials who design policy nationally and those who are affected by them locally. This can cultivate a culture of policy being done “to” local areas rather than “with” them.

While resources are devoted to dedicated place and area teams in central government departments, the distance to local decision-makers means this knowledge and resource is often not as effective as it might be.

The UK Government has already started to tackle these problems through the **Places for Growth programme**. This will significantly increase the geographic spread of civil servants across the UK, increasing opportunities for people from a wider range of places and closing the distance between national and local decision-makers.

The Places for Growth programme is delivering on the UK Government’s commitment to move 22,000 Civil Service roles, and 50% of UK-based Senior Civil Service roles, out of Greater London by 2030. This aims to bring new jobs and investment to all parts of the UK; increase opportunities for people from a wider range of backgrounds; and help to deliver a Civil Service that better reflects the country it serves, with a wider range of voices from beyond Westminster involved in policy and decision-making.

To date, 15 central government departments and public bodies have announced their relocation plans, with more to follow. This includes:

- a. the establishment of the **Darlington Economic Campus** – a pioneering new cross-government hub bringing together people across departments and public organisations to play an active role in the most important economic issues of the day. It will host a regular ministerial presence as well as being home to over 1,100 Civil Service roles by 2025, drawn from several departments including HM Treasury, the Department for International Trade (DIT), the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Digital, Culture, Media and Sport (DCMS), DLUHC, the ONS and the Department for Education (DfE). Recruitment is currently in progress, with an extremely positive response locally – the latest DLUHC recruitment campaign resulted in over 1,500 applications;
- b. the Cabinet Office establishing its second headquarters in **Glasgow**, with over 500 roles expected to be based there by the end of 2024. Plans also include a regular ministerial presence. There are already 11,300 civil servants in Glasgow from at least 28 departments and the Cabinet Office move creates a great opportunity to strengthen the Union through a visible and strong ministerial and staff presence;

- c. the Home Office (HO) relocating 1,950 roles, including to a new Innovation Centre in **Stoke-on-Trent**, which will accommodate more than 500 roles by 2025. The HO is keen to add value to the city and its people, including through working with local organisations and providers to access and promote opportunities to school leavers, using an apprentice-first approach, as well as attracting higher education graduates. An example of a function to be established in Stoke-On-Trent is a flagship multi-disciplinary caseworking team as part of the Casework Innovation Centre, consisting of some of the best, most highly skilled caseworkers in the department;
- d. the establishment of a second DLUHC HQ in **Wolverhampton**, with 800 roles to be based outside of London by 2030 – including 50% of the most senior positions;
- e. the establishment of the UK Government Hub at Queen Elizabeth House in **Edinburgh**, bringing together nearly 3,000 civil servants from 11 UK Government departments and including Scotland’s first dedicated UK Government Cabinet meeting room; and
- f. further moves to increase the Civil Service presence in locations including **East Kilbride** (FCDO); **Leeds** (DfT, National Infrastructure Commission, DHSC, DWP); **Birmingham** (DfT and BEIS); **Newcastle-upon-Tyne** (DEFRA); **Samlesbury** (the UK’s new

National Cyber Force) and **Belfast, Aberdeen, Cardiff and Greater Manchester** (multiple Departments and agencies).

The majority of **Arm's Length Bodies** are also being targeted for relocation to locations outside of London, with exceptions only for essential operational requirements. No newly created ALBs will be located in London without a compelling operational reason (e.g. front line delivery to citizens in London). In line with their core departments, ALBs are also encouraged to develop specialist clusters to take advantage of local expertise and encourage collaboration, where possible. For example, Loughborough University SportPark, home of numerous world class sports facilities, was identified early as a principal opportunity for developing an ALB sports cluster outside London. The UK Government has been working closely with Loughborough University to support the relocation plans for sport bodies, including UK Anti-Doping and Sport England. Loughborough has recently been successful in securing £6m from the UK Government's Getting Building Fund to build new office accommodation (known as the 4th Pavilion).

As part of this White Paper, the UK Government is reinforcing its commitment to Places for Growth:

- a. **Manchester** is to become a second home for **DCMS**, opening up almost 400 jobs. The move will allow for closer proximity to the department's family of ALBs, boosting links to Media City alongside the North

West's thriving Cyber and Digital sectors, to complement DCMS's policies for digital-led prosperity; and

- b. **Wales** will benefit from the relocation of around 500 non-operational **Ministry of Justice** (MoJ) roles to sites including Cardiff, Swansea, and Wrexham by 2030, as part of wider plans announced by MoJ to create seven new Justice Collaboration Centres and several smaller Justice Satellite Centres across England and Wales, which together will see around 2000 MoJ roles relocated by 2030.

In addition, Government Recruitment Service initiatives such as **Closer to Home**, which delivers better marketing of the Civil Service and available roles in Places for Growth locations, are helping to develop senior policy talent outside Whitehall, supporting sustainable career pathways in all locations and fostering greater diversity of thought and experience within the Civil Service. The **Government Hubs** programme is also supporting this initiative, ensuring that there is a network of inclusive, flexible and collaborative offices for civil servants to access – for example HM Revenue and Customs's (HMRC) new Newcastle hub, Pilgrim's Quarter, where 9,000 civil servants will be located. These efforts are overseen by the People for Places Ministerial Oversight Board.

By 2025, around 15,000 roles will have been relocated outside Greater London (see table 2.2).

**Table 2.2 Places for Growth: Number of roles moving outside London by 2025 and 2030**

| Department | Number of roles by 2025 | Number of additional roles by 2030 | Number of SCS roles by 2025 (forecast) | Main targeted locations for growth   |
|------------|-------------------------|------------------------------------|--|--|
| BEIS       | 1,350                   | 500                                | 87                                     | Salford, Birmingham, Cardiff, Darlington, Belfast, Edinburgh and Aberdeen  |
| CO         | 1,742                   | TBC                                | 69                                     | Glasgow and York, with small growth in Cardiff, Belfast and Edinburgh  |
| DCMS       | 701                     | TBC                                | 31                                     | Manchester, Darlington, Edinburgh, Cardiff, Belfast  |
| DEFRA      | 550                     | 550                                | 18                                     | York, Tyneside, Bristol, Cardiff and Edinburgh   |
| DfE        | 551                     | 400                                | 35                                     | Sheffield, Coventry, Manchester, Darlington, Bristol and Nottingham  |
| DfT        | 688                     | 562                                | 41                                     | Leeds, Birmingham and Edinburgh  |
| DHSC       | 380                     | TBC                                | TBC                                    | Leeds, Burnley, Runcorn, Reading, Edinburgh and exploring potential growth at 16 former Public Health England sites including Newcastle, Sheffield, Nottingham and Cambridge |
| DIT        | 581                     | 193                                | 28                                     | Darlington, Edinburgh, Cardiff and Belfast   |

**Table 2.2 Places for Growth: Number of roles moving outside London by 2025 and 2030**

| Department | Number of roles by 2025 | Number of additional roles by 2030 | Number of SCS roles by 2025 (forecast) | Main targeted locations for growth   |
|------------|-------------------------|------------------------------------|--|--|
| DWP        | 400 (185 DWP; 215 MaPS) | TBC                                | 13                                     | Leeds, Sheffield, Tyneside, Blackpool, Manchester, Glasgow, Birmingham and Treforest   |
| DLUHC      | 917                     | TBC                                | 30                                     | Wolverhampton, Darlington, Manchester, Coventry, Leeds, Birmingham, Bristol, Edinburgh, Tyneside, Liverpool, Belfast and Cardiff   |
| FCDO       | 500                     | TBC                                | TBC                                    | East Kilbride  |
| HMRC       | 500                     | 2,000                              | TBC                                    | Manchester, Liverpool, Edinburgh, Cardiff, Tyneside, Leeds, Nottingham, Birmingham and Bristol                                     |
| HMT        | 300                     | TBC                                | 20                                     | Darlington   |
| HO         | 1,950                   | TBC                                | 80                                     | Stoke-on-Trent, Manchester, Sheffield, Liverpool, Birmingham, Cardiff, Bristol, Durham, Peterborough, Leeds, Glasgow and Edinburgh |
| MOD        | 960                     | TBC                                | 6                                      | Edinburgh, Glasgow, Portsmouth, Cambridgeshire and Wiltshire   |

**Table 2.2 Places for Growth: Number of roles moving outside London by 2025 and 2030**

| Department | Number of roles by 2025 | Number of additional roles by 2030 | Number of SCS roles by 2025 (forecast) | Main targeted locations for growth   |
|------------|-------------------------|------------------------------------|--|--|
| MoJ        | 1,205                   | 800                                | 61                                     | National model with one larger hub per region of England and Wales (Justice Collaboration Centres) supported by a network of smaller offices (Justice Satellite Offices). Hub locations identified in Leeds, Nottingham, South Tyneside, Liverpool, Cardiff, Brighton and Ipswich. Commitment to grow 500 roles across Wales office network by 2030. |

The **UK Government is also proposing to establish an “Islands Forum”** that will provide a regular means of engagement with island communities across the UK. This will support the unique challenges faced by these communities which are often cross-cutting – for instance, issues with connectivity and infrastructure, fuel poverty and demographic trends. The forum will provide the UK Government with the opportunity to better understand these challenges, as well as create space to discuss potential resolutions and shared opportunities.

Separately, leadership and management skills development in the public sector will be reformed. **The**

**centrepiece will be a new, world leading institution: the Leadership College for Government.** The reforms will strengthen the effectiveness of government policy and delivery, by ensuring civil and public service leaders have the skills, knowledge and networks needed to deliver for the country.

The programmes currently delivered by the Civil Service Leadership Academy and the National Leadership Centre will be incorporated into the Leadership College for Government's new rigorous curriculum. Three physical locations in the Midlands, the North East, and Yorkshire and the Humber will be used by the Government Campus for Skills to deliver in-person training, bringing civil servants closer to the communities they serve.

**This new training infrastructure will also be made available to local government executives,** in particular local authority chief executives and senior officers. This will help to build local leadership capability across the UK, supporting accompanying efforts to empower local leaders (discussed in the next section). It will also increase collaboration between central and local government and across local government. The Leadership College for Government will open in April 2022.

### **2.3.3 Empowering local decision-making**

Levelling up will only be successful if local actors are empowered to develop solutions that work for their

communities. This section outlines steps to support local government, local leaders and businesses. This means:

- a. providing a **new framework for devolution** in England, building capacity and capability locally and strengthening institutions; and
- b. supporting **private sector partnerships** and building economic clusters to boost local investment, jobs and growth.

Levelling up requires effective and coherent local institutions with responsibilities defined across appropriate strategic geographies. It also requires adequate capacity and strong leadership to make effective decisions.<sup>333</sup> At present, there is a patchwork of local administrative bodies across the UK, which often overlap and are complicated to navigate. This can inhibit the cultivation of local capacity and leadership.

In England, local governance is split across county councils, district councils, unitary authorities and London borough councils and, at the sub-regional level, mayoral and non-mayoral combined authorities and the Greater London Authority (GLA). Local Enterprise Partnerships (LEPs) and Pan-Regional Partnerships (PRPs) also have some responsibilities for economic strategy. Subnational Transport Bodies (STBs) develop regional transport strategies. These are often overlaid with divergent

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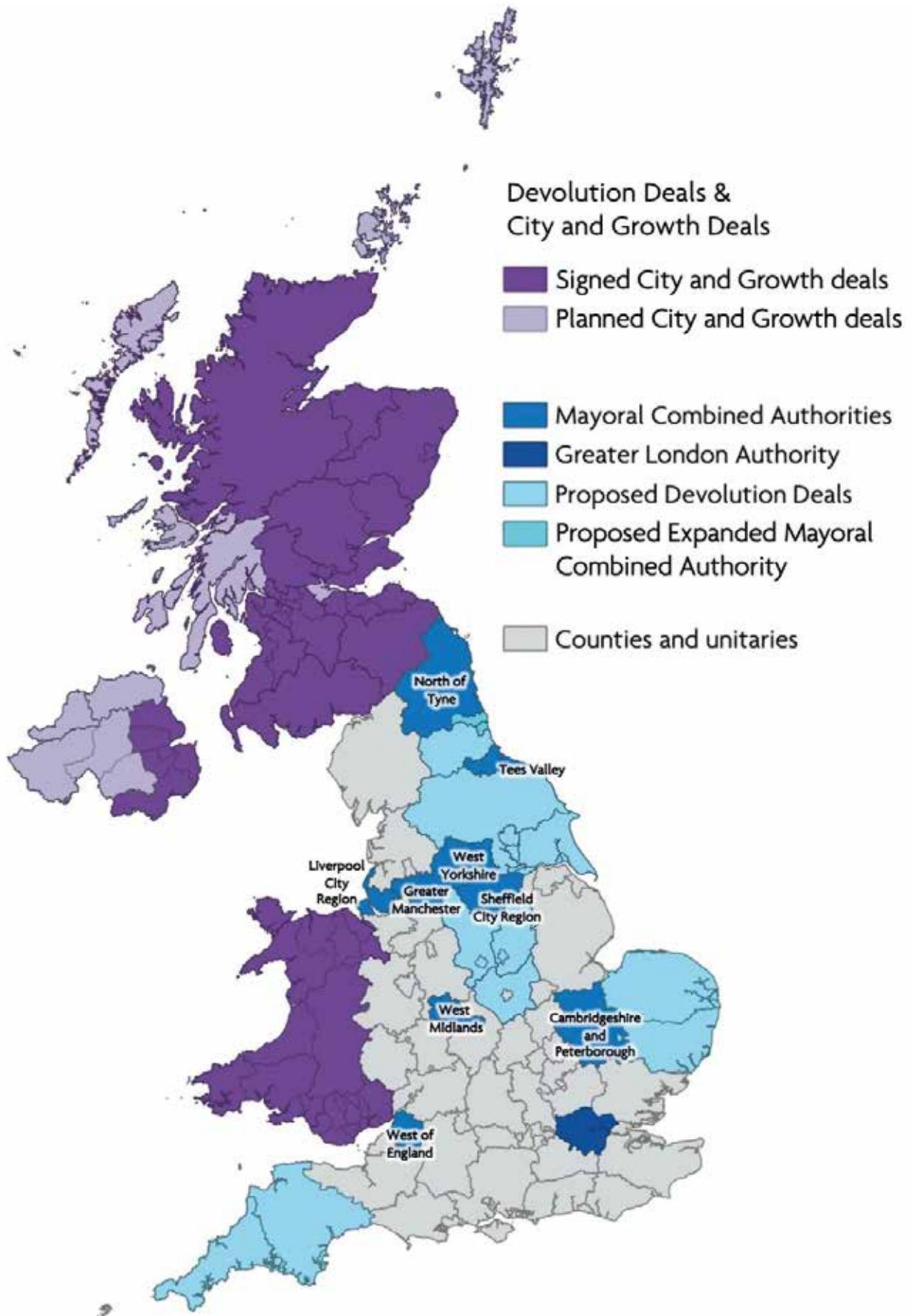
333 Industrial Strategy Council. What does it take to “level up” places? 2021.; Industrial Strategy Council. Devolution and Governance Structures in the UK: Lessons from Evidence. 2021.

geographical boundaries for public service delivery, such as police and health. The result is fragmentation and administrative complexity.

In Scotland, Wales and Northern Ireland, some of this fragmentation has been streamlined, with single-tier local government. In addition, City and Growth Deals were first established with devolved administrations in 2014, bringing together groups of local authorities and wider stakeholders to support local economic growth. They now cover the entire landmass of Scotland, Wales and Northern Ireland. Devolved administrations have built on this further by introducing similar structures to promote economic development, like the upcoming Corporate Joint Committees in Wales and Regional Economic Partnerships in Scotland.

Figure 2.3 shows the current administrative landscape across the UK, alongside the first wave of places where discussions are soon to begin on new devolution deals (see Chapter 3 for more detail).

### Figure 2.3 English Devolution Deal and City and Growth Deal geographies



In addition to its complicated administrative landscape, the UK is one of the most centralised countries in the industrialised world.<sup>334</sup> Some progress towards decentralisation has recently been made. Over 40% of the English population now live in areas with directly elected city region mayors, including 63% in the North of England.<sup>335</sup> However, with less than half of the population in England so far covered by a devolution deal, millions of people still have important decisions over skills and other public services in their area made directly by central government.

Even in areas which have seen devolution, local leaders have comparatively limited powers. The mayors of New York and Paris are responsible for a far broader range of functions than those in England, including welfare, schools and some aspects of health. They also have much greater revenue-raising powers. In the most recent comparable data, prior to the full establishment of the new metro mayors in England, only 35% of public investment was carried out by subnational levels of government in the UK, compared to almost 60% on average across the OECD.<sup>336</sup>

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334 Industrial Strategy Council. Devolution and Governance Structures in the UK: Lessons from Evidence. 2021.

335 ONS. Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland. 2021. *Note: The North of England includes the North East, North West, and Yorkshire and the Humber.*

336 OECD. OECD Regional Outlook 2016: Productive Regions for Inclusive Societies. OECD Publishing, Paris. 2016.

Since 2017, devolution to MCAs in England has demonstrated the difference empowered local leaders can make: Tees Valley bringing their airport into public ownership; Greater Manchester's *A Bed for the Night* scheme, bringing together actors to provide support and accommodation for rough sleepers; and the West Midlands founding Energy Capital to bring together business, utilities and academics to provide low cost, clean and efficient power.

There is a need to widen, deepen and simplify devolution, building on this success and empowering greater numbers of local leaders. For the general public, this will mean greater control and clearer accountability over who is responsible for what and more decisions that shape their area being taken closer to home.

## **The history of local devolution in England since 2010**

The UK has a history of strong local government, which reached its heyday in the 19th century. Over the course of the 20th century, the UK has become one of the most centralised countries in the OECD. In England, there have been numerous attempts to decentralise since the 1970s.

After the abolition of the RDAs in the early 2010s, there was a focus on creating institutions which covered functional economic areas (FEAs). In 2011, 39 LEPs were created as business-led partnerships across FEAs, working with local government. The Greater Manchester Combined Authority (GMCA), which was the first combined authority in England, was also created in 2011, bringing together its ten metropolitan boroughs to collaborate and deliver across the whole City Region. Additionally, in 2012, Police and Crime Commissioners (PCCs) were elected for the first time to increase local operational autonomy and accountability for policing, with some also taking on responsibility for fire services after 2015. The Cities and Local Government Devolution Act 2016 allowed for the establishment of MCAs to provide Combined Authorities (CAs) with strong local leaders with a mandate to deliver local growth. Alongside the GLA, there are now nine MCAs, with West Yorkshire the most recent in 2021.

The devolution deals conducted within the framework of the 2016 Act have used a deal-based approach. They are negotiated bilaterally and each deal is bespoke, with varying powers devolved and varying settlements between the executive authority of the Mayor versus the CA. Statute requires that all constituent authorities in the area must be included in the CA and must unanimously consent to its establishment, making it challenging to agree a deal in some areas.

Mayoral devolution deals have typically included additional investment funding, as well as devolved multi-year transport budgets and bus franchising powers, adult education budget funding, greater local influence over employment support and some strategic planning and regeneration powers. Mayors have received some revenue raising powers too, such as a Mayoral Precept and a business rates supplement.

Mayoral devolution is still in its infancy, but there are early indications of its effectiveness. Mayors have already played a key role as ambassadors for their area, attracting inward investment, and using HMG funding to establish city-wide transit infrastructure and trialling new civic policy innovations. For example, Liverpool City Region (LCR) set up LCR Cares to raise £2m for the city region's community and voluntary organisations tackling COVID-19. In Tees Valley, Mayor Ben Houchen has worked with businesses to trial new approaches to sustainable transport with an e-scooter trial, providing free e-scooter rides for staff of the NHS, armed forces and emergency services. In Greater Manchester, the 'Our Pass' scheme allows young people to travel on most local buses, any day of the week, paying only a one-off £10 fee when they sign up. Our Pass membership also unlocks exclusive offers and experiences: discounts and free tickets, swimming and leisure passes from Oldham boxing club to the Hallé Orchestra.

## **A new devolution framework for England**

**The UK Government is setting out a new devolution framework for England.** This framework is designed to create a clear and consistent set of devolution pathways for places, enabling them to widen and deepen their devolved powers subject to meeting certain pre-conditions. The preferred model of devolution is one with a directly-elected leader covering a well defined

economic geography with a clear and direct mandate, strong accountability and the convening power to make change happen. However, because this may not suit all areas, the framework sets out a flexible, tiered approach, allowing areas to deepen devolution at their own pace.

Devolution in Scotland, Wales and Northern Ireland also supports better outcomes, enabling citizens to benefit from the scale of the UK, while providing the ability to differentiate policy depending on local need. Each devolved administration is responsible for their own local government landscape, including frameworks for accountability and performance.

The following four principles underpin the new devolution framework and will guide future devolution deals in England.

## **Principle one: Effective leadership**

Strong local leadership is essential for delivering better local outcomes and more joined up public services. It provides a focal point for innovation and local collaboration with local accountability. Powers should be devolved to authorities which have the necessary structures and leadership for clear, strong local decision-making.

There are benefits from having a prominent, accountable individual in an area. Ideally, this leader is directly elected. Where an area does not have a directly-elected leader, devolution needs a clear decision-making

structure. For a single large local authority, this means a leader and cabinet system. Where there is a group of authorities, they will need to establish an appropriate institution, i.e. a combined authority. Where a group of authorities are seeking a non-mayoral combined authority, there needs to be clarity on how decisions will be made – for instance, by majority vote.

While not all areas will want a directly-elected leader, those authorities with stronger decision making structures will secure greater powers. These different governance and decision-making models can be grouped into three levels, with each level having different sets of powers. The top level is defined by areas with a directly-elected leader. Lower levels relax this condition. This provides a flexible set of governance options, but with clear incentives to move towards a model with a directly-elected leader.

## **Principle two: Sensible geography**

To date, devolution deals have typically been based on city-region geographies covering a FEA. It is important that new devolution deals are based on geographies that are locally recognisable in terms of identity, place and community, as well as being sensible economic areas that join up where people live and work. On that basis, to access more powers, any future devolution deals should be agreed over a sensible FEA and/or a whole county geography, with a single institution in place across that geographic footprint.

The involvement of district authorities will be encouraged, but deals will only be agreed with county and unitary local authorities. No authority will have a veto over the progress of neighbours who are prepared to move quickly and adopt strong governance models. To ensure decisions are taken over a strategic geography, for any tier of devolution, the council or group of councils seeking devolution must have a combined population of at least 500,000.

While the UK Government does not rule out devolution deals which do not cover a FEA, priority will be given to devolution deals covering either a FEA or a whole county geography, for instance a county council and its associated unitary authorities in the county area. Where neighbouring local authorities in the same FEA or county geography wish to join a deal which is being negotiated, the negotiating area is expected to seriously consider this option to secure devolution. Devolution deals will not be negotiated or agreed with individual councils if they are part of an area already covered by an existing devolution deal involving an MCA or the GLA.

### **Principle three: Flexibility**

The tiers set out in the framework define a clear and consistent set of devolution pathways. Devolution deals will be tailored to each area, with not every area necessarily having the same powers. Table 2.3 sets out what a typical devolution offer may comprise at each level. The framework is designed to enable areas to

deepen devolution over time recognising that, as institutions mature, they can gain additional powers.

## **Principle four: Appropriate accountability**

In providing areas with more powers and funding flexibility, these powers need to be used appropriately to support local and national priorities. This means having local leaders and institutions that are transparent and accountable, work closely with local businesses, seek the best value for taxpayer's money and maintain strong ethical standards. In order to achieve this, mechanisms are needed to strengthen local accountability.

Accountability measures for devolution deals will sit with the broader Local Government Accountability Framework.

Data collected by local government can vary from one place to another, making it difficult to understand how well services are being delivered and the impact they are having. The lack of a singular, shared view of delivery in places, supported by robust and comparable data, curbs the ability to make evidence-based decisions. This matters to local leaders and councils who can learn from being able to compare performance and share best practice.

**The UK Government is establishing a new independent body in England focused on data, transparency and robust evidence.** This will enhance the UK Government's understanding of place-based leadership, quality of local service delivery and organisational efficacy. Strengthening data will be the

cornerstone of this body, supporting councils to learn from one-another, be user-focused and self identify areas for improvement. The key objectives of the body will be to:

- a. empower citizens with information about their local area, enabling them to hold leaders to account, input into service design and participate in building pride in their place;
- b. strengthen local leaders' knowledge of their services, enabling them to share best practice, innovate and drive self improvement; and
- c. increase central government's understanding of the local government sector, measure efficiency and area variation, and enable sector support to be better tailored.

Bringing together this data provides an opportunity for central and local government to work in partnership, with a shared lens on reporting to support local and national decision making. It will draw on successful approaches to data, metrics and outcomes, as exemplified by the Scottish Government's National Performance Framework. Importantly, the new body will build on what is already available nationally, from both government and other external organisations. The UK Government intends to base the headquarters of the new body outside of London, and will co-design this proposal with local government to ensure that it reflects and supports local ambitions.

Local government is a devolved matter in Scotland, Wales and Northern Ireland. While the primary function of this body will operate in England, the UK Government will offer to share insight and data with devolved administrations and local government in all corners of the UK.

Before new devolution deals are agreed, a new accountability framework will be finalised that will apply to all devolved institutions in England. This will ensure that there are clear roles and metrics for assessment and measures to support local areas, alongside strong local scrutiny mechanisms. This is to ensure that local people have confidence that devolution is leading to improvements in their area. The new framework will focus on:

- a. setting out key roles and responsibilities for devolved institutions in England, central government and other stakeholders so they are clear to residents;
- b. ensuring there are appropriate forums for local media, local councillors and local residents to review the performance of authorities with devolved functions – for example, Mayor’s Question Times, regular appearances before local scrutiny and audit committees; and
- c. allowing the public to make a clear judgement on the performance of Mayors against key outcomes to allow comparisons between areas with devolution.

## Devolution framework

Table 2.3 provides an indication of the types of powers and functions that will be considered for each devolution level. These are not minimum offers. Some powers may only be available to certain authorities or geographies. There will also be scope to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities – for example, the improvement of health and social care outcomes.

In addition to the core elements in the table, there may be scope to consider public sector boundaries on a case-by-case basis, when requested, to support devolution. Proposals to pool local authority functions, where it can improve services and increase efficiency, will also be supported.

### Table 2.3 Devolution Framework

**Level 3** – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

**Level 2** – A single institution or County Council without a DEM, across a FEA or whole county area

**Level 1** – Local authorities working together across a FEA or whole county area e.g. through a joint committee

| Function  | Detail  | L1 | L2 | L3 |
|---|---|----|----|----|
| <b>Strategic role in delivering services</b>          | Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies | ✓  | ✓  | ✓  |
|   | Opportunity to pool services at a strategic level   | ✓  | ✓  | ✓  |
|   | Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets                               | ✓  | ✓  | ✓  |
| <b>Supporting local businesses</b>                    | LEP functions including hosting strategic business voice  |    | ✓  | ✓  |
| <b>Local control of sustainable transport</b>         | Control of appropriate local transport functions e.g. local transport plans*  |    | ✓  | ✓  |
|   | Defined key route network*  |    |    | ✓  |
|   | Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations                       |    |    | ✓  |
|   | Ability to introduce bus franchising  |    | ✓  | ✓  |
|   | Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement  |    |    | ✓  |
| <b>Investment spending</b>                            | UKSPF planning and delivery at a strategic level  |    | ✓  | ✓  |
|   | Long-term investment fund, with an agreed annual allocation   |    |    | ✓  |
| <b>Giving adults the skills for the labour market</b> | Devolution of Adult Education functions and the core Adult Education Budget   |    | ✓  | ✓  |
|   | Providing input into Local Skills Improvement Plans   |    | ✓  | ✓  |
|   | Role in designing and delivering future contracted employment programmes  |    |    | ✓  |

| Function  | Detail   | L1 | L2 | L3 |
|---|--|----|----|----|
| <b>Local control of infrastructure decisions</b>              | Ability to establish Mayoral Development Corporations (with consent of host local planning authority)    |    |    | ✓  |
|   | Devolution of locally-led brownfield funding   |    |    | ✓  |
|   | Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding |    |    | ✓  |
|   | Homes England compulsory purchase powers (held concurrently)   |    | ✓  | ✓  |
| <b>Keeping the public safe and healthy</b>                    | Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align <sup>^</sup>     |    |    | ✓  |
|   | Clear defined role in local resilience <sup>*</sup>  |    | ✓  | ✓  |
|   | Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)  |    |    | ✓  |
| <b>Financing local initiatives for residents and business</b> | Ability to introduce mayoral precepting on council tax <sup>*</sup>                                      |    |    | ✓  |
|   | Ability to introduce supplement on business rates (increases subject to ballot)                          |    |    | ✓  |

<sup>\*</sup> refers to functions which are only applicable to combined authorities

<sup>^</sup> refers to functions which are currently only applicable to mayoral combined authorities

The powers and functions set out in Table 2.3 represent progress in devolving decisions and funds. This framework is designed to be dynamic so that it can evolve and be informed by devolution deal discussions over the coming years. Many of the functions listed in the framework will allow local leaders to help shape partnerships with key public sector bodies including Great

British Railways, Homes England and/or the Department for Work and Pensions.

Combined Authorities already have access to the power under the Business Rate Supplement Act 2009 and Localism Act 2011 to levy a business rates supplement. However, these acts have limited the powers of local leaders. Alongside the upcoming revaluation in April 2023, the UK Government will explore with the Combined Authorities further flexibilities to enable them to raise their own funding through the business rates system to fund local priorities, whilst also considering the impacts on business.

## **Linking businesses and the workforce**

Devolution offers an opportunity to bring businesses and residents together to provide areas with the skilled workforce they need to thrive. A key commitment in the framework is devolving the core Adult Education Budget (AEB) as part of the level 2 and 3 offer, allowing places to better shape the adult education provision available to residents to ensure it meets the needs of the local economy. The devolution of adult education funding has been a core part of all MCA devolution deals to date.

Areas with devolved AEBs will also be expected to play a role in the employer-led Local Skills Improvement Plans. This will enable devolved institutions to target local sectors, support local jobs, meet local business needs, and work with local partners to align skills policy with the wider economic levers at their disposal.

The UK Government is keen to strengthen the role of local stakeholders in the broader employment landscape, using local insight and expertise to shape the UKSPF and future national employment provision. This increased partnership working will build on existing work to engage local stakeholders in the procurement and implementation of contracted employment programmes of appropriate scale. Work with local stakeholders to shape the UKSPF and with level 3 devolution deal areas to shape contracted employment programmes will help meet local and national priorities.

## **Shaping the places where we live, work and travel**

This package of powers will allow more parts of England to benefit from London-style transport systems with simpler fares, and more regular and better integrated services. It will also allow local leaders to better plan transport solutions across the areas in which people actually live and work, such as new cycling schemes and bus routes. The UK Government will support any Local Transport Authority (LTA) that wishes to access franchising powers, and which has the capability and intention to use them at pace to deliver improvements for passengers. More detail on transport devolution in England is set out in Chapter 3.

The UK Government will ask Homes England to play a wider role in supporting Mayors and local government to drive their ambitions for new affordable housing and

regeneration in their area. Homes England will use its resources, expertise, experience and buying power in dealing with developers to enable local leaders to leverage all the funding available in a particular place. This will build on the lessons of the successful partnership with GMCA, Homes England and local housing providers in Manchester.

These partnerships will be boosted by the significant devolved funds for transport and housing, as well as the UKSPF and long-term investment funds – which will only be considered for those proposals that represent the strongest governance and opportunities for greater efficiency and economic growth. These will be complemented by the powers that will help them utilise their funds and partnerships, such as through mayoral development corporations and Homes England’s compulsory purchase powers.

## **Keeping the public safe and healthy**

Combined authority mayors also have a key leadership role in public safety and improving public health. That is why the UK Government will look to have all combined authority mayors lead on public safety, taking on the PCC role, where boundaries align. It will ensure that all combined authorities have a clear role for them in local resilience, as part of the work on resilience that was committed to in the Integrated Review.

Strengthening fire governance will be an important element of the fire reform White Paper “Reforming Our

Fire Service”,<sup>337</sup> in which options to transfer governance to an executive leader, such as a mayor, will be consulted on. The devolution framework will be updated following this consultation if appropriate. The UK Government will consider the role that directly elected mayors of local authorities with a county deal could have when it comes to police and fire governance.

The UK Government will take steps to remove barriers to combined authority mayors taking on public safety functions. Where there are existing or planned mayoral combined authorities with coterminous boundaries to PCCs and Fire and Rescue Authorities, the UK Government will look to transfer these functions to the Mayor. For remaining MCAs, resolution to any challenges will be sought, including exploring aligning boundaries.

Opportunities will be explored for MCAs to take on a duty to improve the health of their residents, concurrent with the existing duty of their constituent upper-tier councils. This duty will complement the health improvement role of local authorities and their Directors of Public Health, making it easier for MCAs to participate alongside local authorities in initiatives that can improve health and proactively consider health as part of key strategies and investment decisions. The forthcoming Integration White Paper will set out plans for health and social care integration in early 2022, ensuring responsibility for this is devolved to the right level.

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<sup>337</sup> UK Government. Reforming Our Fire Service. Forthcoming in early 2022.

## **Local Government reorganisation**

Local government reorganisation can help to simplify the patchwork of local government structures, creating institutions with strong and accountable leadership over an optimal geography for delivering high quality public services. Institutional reform can be a route to providing strong and effective local leadership, at both strategic and community level, that places need. These reforms can also increase the sustainability and resilience of local government.

While there is a case for wholesale institutional reform, this could distract from the implementation of improved local government services and outcomes, and delay the agreement and implementation of devolution deals. The UK Government will not impose top-down restructuring of local government. Reorganisation will remain a locally-led avenue available where there is broad local support, but will not be a requirement for a devolution deal. The UK Government intends to follow an incremental approach, using existing legislation to work with areas which are seeking to establish reformed local governance structures.

## **Supporting local leaders and the local government sector**

Stronger local leadership is essential to raise living standards, improve public services, and increase people's pride in place. This goes beyond elected

councillors and mayors, to include the broader public, private and voluntary sectors. As new powers are devolved, the UK Government will provide support to build local capacity and capability.

First, the UK Government will empower local leaders with the resources they need to level up their communities. This means a commitment to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, with some dating back as far as 2000. Over the coming months, the UK Government will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the local government sector before consulting on any potential changes. As part of this, the UK Government will look at options to support local authorities through transitional protection. One-off grant funding provided in the Local Government Finance Settlement in 2022-23 will be excluded from potential transitional protections.

The UK Government will also work to build local government capacity and capability through ongoing sector support and has funded a programme of improvement covering a range of priorities. This is reviewed periodically. Strengthening the sector's commercial and procurement capacity and capability will also be a key focus of this review. The UK Government will extend centrally designed training, advice and guidance, and market and supplier intelligence to the

sector. This will enable local authorities to make sound commercial decisions, achieve savings and service improvements, and support commercial delivery that represents best value to citizens.

## **Supporting private sector partnerships**

Levelling up is a whole of society endeavour. The private sector is essential to levelling up. Government achieves most for places not by acting above, but by enabling and empowering the private sector to increase investment, jobs and growth at a local level. That means removing barriers that inhibit private sector planning and investment, providing public financing where this can crowd-in private finance and serving as a co-ordinating or catalytic device driving forward innovation and transformative change.

Successful local economies are built on a diverse range of businesses, innovators and local partners. It is when they come together to collaborate, exchange knowledge and harness places' distinctive strengths that innovative clusters of economic activity can arise. As Chapter 1 outlined, these innovative clusters operate right across the UK. They are seen in Aberdeen's energy industries, in advanced manufacturing companies in Sheffield, in fintech start-ups in Wales and in cyber-security clusters in Northern Ireland. Innovation breakthroughs in the seven technology families captured in HMG's Innovation

Strategy could,<sup>338</sup> in addition, deliver significant benefits to both the national and local economy.

Table 2.4 provides an illustrative list of some of the potentially transformative private sector partnerships currently underway. These span the whole of the UK and a wide range of sectors. Most involve collaboration between companies and with local universities and leaders. Many more private sector partnerships, and embryonic clusters, could emerge in the coming years in new industries such as artificial intelligence and battery technology, floating offshore wind and low-carbon transport.

The role of government is to support these private sector clusters, existing and embryonic, providing an enabling environment within which innovation and business can flourish. That means ensuring the right sets of skills exist, the necessary digital and physical infrastructure is in place, adequate and appropriate financing has been secured, and an appropriate regulatory framework is operating. By providing these foundations locally, government can help to catalyse private sector innovation, job creation and growth.

The role played by government in securing these outcomes needs to be tailored to local circumstances and opportunities. There are a spectrum of possible interventions to achieve these objectives, ranging from very light touch to larger and more directive. The right

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338 BEIS. [UK Innovation Strategy: leading the future by creating it](#) 2021.

form of intervention will depend on the scale and source of the market failure being addressed at a local level – what barriers need removing or what foundations need building. In each case, however, the aim is to crowd-in private sector finance and investment, catalysing clustering of economic activity.

The sets of interventions that can achieve this objective include the following.

- **Convening.** By convening and bringing together stakeholders, government can help design and deliver a local transformation plan. For example, the City and Growth Deals put in place jointly by the UK Government and devolved administrations over recent years have played a key role in catalysing actors and actions across a set of cities. In Scotland, City and Growth Deals have been the catalyst for collaboration at a strategic geography and have successfully unlocked a series of projects at scale, including through the Glasgow City Region and Edinburgh and South East Scotland City Region. It is important to strengthen and deepen these partnerships over strategic geographies.
- **Influencing.** By signalling its support for initiatives, government can encourage private sector stakeholders to take forward investment and financing. For example, pan-regional partnerships provide an extended network of collaborators and a strong regional brand. The Northern Powerhouse and

the Midlands Engine have provided an opportunity for partners to collaborate at scale and prioritise areas of common interest. Because these partnerships cover large populous regions, with distinct histories, strengths and challenges, they are an important partnership model for levelling up. That is why they have been supported, and will continue to be supported, by the UK Government.

- **Informing.** By providing information, advice, and practical assistance, government can support business clusters. For example, as part of the UK Government's recent Export Strategy, a new Export Support Service has been launched to provide better access to information and support for UK exporters trading to Europe. Using their Investment Atlas, DIT is supporting 42 emerging clusters across the UK to craft coherent and compelling investment propositions, opening the door to global companies making strategic investments at the local level.
- **Funding.** By using seed financing, government can de-risk private sector activity and crowd-in private finance. One example is the £5m provided to Northern Gritstone, a ground-breaking new investment company based in the north of England founded by the Universities of Leeds, Manchester and Sheffield. This aims to be one of the largest investors in academic spin-outs in the UK and is on track to raise £500m to support commercialisation of projects from northern universities.

- **Business environment.** By creating a streamlined, effective and stable regulatory environment which supports the private sector to invest over the longer term, government can catalyse private financial flows to local businesses and projects. An example would be the provision of financial capital from institutional investors, such as pension funds. This is currently constrained by regulation. As discussed in Chapter 3, the UK Government is consulting on measures to reduce regulatory barriers and stimulate the flow of patient private capital to local projects.

For the last decade, LEPs have acted as important organisational means of bringing together businesses and local leaders to drive economic growth across England. They have also been responsible for the delivery of a number of major funding streams. It is important to retain the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters, while at the same time better integrating their services and business voice into the UK Government's new devolution plans.

To that end, the UK Government is encouraging the integration of LEPs and their business boards into MCAs, the GLA and County Deals, where these exist. Where a devolution deal does not yet exist, LEPs will continue to play their vital role in supporting local businesses and the local economy. Where devolution deals cover part of a LEP, this will be looked at on a case by case basis.

Further detail on this transition will be provided in writing to LEPs as soon as possible.

Similarly, City and Growth deals will continue to play a vital role in local economic growth in regions across Scotland, Wales and Northern Ireland. The UK Government recognises the convening power of these groups and is committed to working with stakeholders to strengthen and deepen partnership working to drive local growth. Initiatives such as the Western Gateway, an economic partnership of local authorities, city regions, LEPs and governments in the West of England and Wales, have demonstrated the benefits that can be achieved through effective cross-border collaboration.

Looking ahead, and supporting these efforts, a number of new UK Government initiatives to support private sector partnerships and clusters are underway. For example, the Government is investing £100m to pilot three new Innovation Accelerators in Glasgow, West Midlands and Greater Manchester. These are intended to boost economic growth by investing in R&D strengths, attracting new private investment, boosting innovation diffusion, and maximising the economic impact of R&D institutions. Each Accelerator will develop a plan to grow their local innovation ecosystem, receiving bespoke support from the UK Government. Chapter 3 discusses the rollout of these Innovation Accelerator pilots in more detail.

The £1.4bn Global Britain Investment Fund (GBIF) provides grant support to internationally mobile firms seeking to make or expand brown or greenfield investments. The fund operates across the UK and focuses on attracting investments into key sectors, nurturing new clusters, creating new quality jobs, leveraging private investment and driving local growth. The UK Government's support via the Automotive Transformation fund, has supported the unlocking of £2bn of investment by Britishvolt in its new gigafactory, bringing significant benefits to Northumberland and the wider North East.

The UK Government is engaging with, and supporting, a wide range of other private sector initiatives across the UK, including some covered in table 2.4 below and in Chapter 3. The new Levelling Up Directors will support the development of these clusters across the UK. They will work closely with the Centre for Thriving Regions, a proposal recently put forward by the CBI.

### **Table 2.4 Illustrative private sector initiatives**

**Opportunity North East (ONE)** (North East Scotland) comprises 90 members drawn from business – covering the food and drink, agriculture, fishing, life sciences, tourism, digital and energy sectors – academia and the public sector. ONE delivers high impact projects to support the region's economic growth and is a key partner to the Aberdeen City Region Deal, which is jointly funded by the UK and Scottish Governments.

The **Acorn CCS** project (North East Scotland) is drawing up plans for the off- and onshore infrastructure required to help facilitate the Net Zero industrial transition, built upon a partnership of leading industry figures and academia.

**Smart Nano NI** (Northern Ireland) brings together organisations from across Northern Ireland to form a unique cluster of expertise in smart and nano-manufacturing. In this globally expanding field, the consortium aims to boost the economy and increase skill levels in local communities.

The **Causeway Coastal Route Cluster Group** (Northern Ireland) comprise tourism professionals from the private sector, supported by Tourism NI officials, who are committed to transforming the Causeway Coastal Route into a premier global visitor destination.

The **North East Automotive Alliance** (NEAA) (North East England) is an industry-led cluster group, with over 300 participants, established to support the sustainable economic growth and competitiveness of the sector in the North East of England. The NEAA represents the largest automotive cluster in the UK and one of the fastest growing across Europe.

The **North East of England Process Industries Cluster** (North East England) represents hundreds of organisations across the process and chemicals sectors, and helps to improve business productivity through a mentoring service and networking events.

The **North West Nuclear Arc** (North West England and North Wales) is the largest nuclear energy cluster in the UK, representing business, academia and local leaders. The partnership enables information sharing amongst its members and highlights cross-regional opportunities to drive low-carbon growth.

The **Cheshire Science Corridor** (North West England) is a hub for research, innovation and manufacturing in the energy, pharmaceutical and life sciences sectors, backed by industry and local leaders and providing high-productivity jobs across Cheshire and Warrington.

**UK Food Valley** (Greater Lincolnshire) is at the heart of the UK food chain and the £125 billion UK agri-food industry, underpinned by the Greater Lincolnshire Local Enterprise Partnership, University of Lincoln, UK Fresh Produce Network (led by Lincolnshire Chamber) and Seafood Grimsby & Humber Alliance.

**NEXUS** (West Yorkshire) is a business-academia partnership focused on connecting start-ups and businesses to peer networks, expert R&D, facilities and skills, to drive growth in West Yorkshire.

The **Midlands Industrial Ceramics Group** (Staffordshire/the Midlands) has been established to ensure advanced ceramics help to drive the competitiveness and success of advanced manufacturing in the Midlands.

**Rail Forum Midlands** (RFM) (the Midlands) is an association with c.350 member companies rooted in one of the largest clusters of rail companies in the world. RFM has close links with Midlands Connect, local councils, LEPs, central government departments and other industry groups and stakeholders.

**Media.Cymru** (Wales) is a collaboration of private sector, public sector and universities across the Cardiff Capital Region working together to drive economic growth in the creative industries sector. The collaboration is focusing on making the Cardiff Capital Region a global hub for media innovation by investing in the region’s digital infrastructure, focusing on emerging technologies, increasing small businesses’ capacity for innovation, and addressing skills needs.

**FinTech Wales** (Wales) provides an independent voice for the FinTech industry in Wales and helps to champion the potential of all businesses across the sector. As well as nurturing and supporting businesses already in Wales, it aims to develop an ecosystem that will help new FinTech companies to “start-up” or “scale-up”.

The **Great South West** (South West England) is a powerhouse brand to promote joint working between Cornwall and the Isles of Scilly, Heart of the South West (Devon and Somerset, including Torbay and Plymouth) and Dorset, with a vision is to become the leading region in the UK for the green and blue economy. This includes the field of photonics – the sensors needed for autonomous vehicles in land, sea and air, which are being researched at the UK’s Electronics and Photonics Innovation Centre (EPIC) in Torbay.

**Maritime UK Solent** (South East England) is an industry-led regional body that brings together the Solent’s maritime strengths and champions the region as a globally significant maritime cluster, built upon the region’s natural assets – 340 miles of coastline, three major international gateway ports, an emerging freeport, world-leading training institutions and a rich maritime heritage.

## 2.3.4 The role of data, monitoring and evaluation

Good quality data, monitoring and evaluation are essential to delivering beneficial outcomes for citizens and value for money for taxpayers. For those reasons, high-quality, timely and robust spatial data are a foundational pillar of the new policy regime for levelling up. Granular data are essential for understanding the UK's complex economic geography and tailoring policy to local needs. They enable monitoring of policy impact in places, and facilitate external scrutiny and accountability of those policies, including to the general public.

In these roles, good spatial data, monitoring and evaluation is a clear public good with benefits for multiple stakeholders.

- **Central government:** understanding the problems affecting different places, deciding where and how to allocate spending, designing policy interventions appropriate to places and monitoring the effect they are having.
- **Local government:** understanding the complex, place-specific issues affecting their areas, designing appropriate policy responses suited to those places and evaluating the impact of these policies.
- **Research community:** examining and understanding the drivers and determinants of local growth and the policies necessary to drive this growth.

- **General public:** understanding outcomes in their area and holding local leaders to account for those outcomes.

At present, subnational data in the UK is insufficiently granular and timely to support user requirements. Indeed, data gaps are not new, and may have contributed to weaknesses in the design and delivery of levelling up policies. The Bean Review identified the need for more timely and geographically flexible subnational statistics for policy purposes and the 2020 review of UK regional productivity by the Industrial Strategy Council highlighted particular subnational data gaps.<sup>339</sup>

There are four broad gaps in subnational data.

- First, data at lower levels of geography beyond the UK, Great Britain, constituent nation or regional level. This is sometimes because of poor data quality due to low coverage or issues around confidentiality.
- Second, problems in the quality, frequency or timeliness of subnational statistics. This includes data on public sector finances, business investment (including research and development), firm exports and sectoral labour productivity.
- Third, coverage across the UK. A strength of devolution is that it allows decision makers to take different approaches in devolved areas. However, if

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339 Bean, C. Independent Review of UK Economic Statistics. 2016.; Zymek, R., Jones, B. UK Regional Productivity Differences: An Evidence Review. Industrial Strategy Council. 2020.

data is not collected in ways that are comparable, it is sometimes not possible to compare performance between each nation on a number of measures. The UK concordat on statistics, which sets out a framework for cooperation between the UK Government and the devolved administrations, recently refreshed in 2021, provides a strong basis for data sharing.

- Fourth, new subnational statistics are needed to reflect modern economies and emerging priorities – for example, statistics on climate change or new and rapidly-growing industries, such as the digital and green economy.

Accompanying this, there is often a lack of experimentation, piloting and trialling of policy at the local level. There are legitimate reasons to avoid randomisation in some areas of government policy.<sup>340</sup> However, there is clearly room to make greater use of experimental methods when understanding what drives local growth. The Cabinet Office's Evaluation Taskforce is leading these efforts.

To tackle data gaps and harness the potential of new data, visualisation and experimentation techniques in support of levelling up, **the UK Government is putting in place a transformative data and analysis strategy**

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340 Ravallion, M. Should the Randomistas (Continue to) Rule?. Centre for Global Development. 2018.

**at the subnational level.** This strategy has four elements:

- a. producing and disseminating more timely, granular and harmonised subnational statistics through the **Government Statistical Service’s Subnational Data Strategy**;
- b. making granular data publicly available through a number of tools, including a **new ONS interactive subnational data explorer**;
- c. harnessing data visualisation techniques and building capacity within the ONS to **help decision-makers better understand and compare outcomes**; and
- d. **increasing incentives to evaluate, monitor and experiment** in levelling up policies and programmes.

## **Producing and disseminating more timely, granular and harmonised subnational statistics**

**The Government Statistical Service’s (GSS) Subnational Data Strategy** was published in December 2021.<sup>341</sup> It provides a framework for producing and disseminating more timely, granular and harmonised subnational statistics, in line with the needs of users. The Strategy will, over time, mark a step change in the availability of subnational data and the capability to make

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341 Subnational Statistics and Analysis Division. [GSS subnational data strategy](#). 2021.

best use of these data. To achieve this objective, the GSS Subnational Data Strategy has four aims.

- *Producing more timely, granular and harmonised subnational statistics*, particularly for small area geographies. This will provide users with the flexibility they need to select geographical options according to their needs, including user-defined areas.
- *Building capability and capacity for subnational statistics and analysis* by improving the way data, methods and expertise is shared across government, the devolved administrations, academia and the private sector.
- *Improving the dissemination of subnational statistics* so that local decision makers and residents are able to access data-led evidence to guide their planning and policy decisions.
- *Creating ‘Explore Subnational Statistics’*, a single service for the dissemination of subnational data and statistics organised by standardised geographies, able to accommodate flexible user-defined areas.

Over time, the UK Government, through the ONS and the Integrated Data Services Platform (IDSP) will expand its use of new and administrative data to improve the timeliness and granularity of local data made available to central government departments, including DLUHC local government finance functions. This will improve estimates of, for example, research and development, public sector

expenditure, transport connectivity and measures of well-being.

To complement this strategy, DLUHC will establish a **new Spatial Data Unit** to drive forward the data transformation required in central government. The Spatial Data Unit will support the delivery of levelling up by transforming the way the UK Government gathers, stores and manipulates subnational data so that it underpins transparent and open policy making, and delivery decisions. This will include improving how we collate and report on UK Government spend and outcomes, including building strong capabilities on data visualisation and insights.

## **Making granular data publicly available**

Producing data at the right geographic level is an important first step. But it must be open source and available in order to allow citizens and decision makers to inform decisions. The UK Government has already started to make data more accessible. For instance, to make regional R&D data more accessible and useful to decision makers, the UK Government launched an open data tool, giving access to system indicators broken down by place and time, with associated easy-to-use visualisation options.<sup>342</sup> This online tool has been developed by BEIS in partnership with Nesta, and includes an open data repository which enables all users to compare critical factors needed for regional R&D

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342 BEIS. [Research and Development spatial data tool](#). 2021.

ecosystems to build virtuous cycles of R&D investment and skills. These factors are organised under four dimensions: public R&D, private R&D, knowledge exchange and commercialisation, and the ability for places to attract innovative firms and R&D workers.

To further enhance transparency, the ONS is making publicly available a Levelling Up **Subnational Data Explorer** (see Figure 2.4). This is aimed at local users and decision makers, making it easier for them to extract insight from a wide range of local authority level data on economic and social outcomes in their area.<sup>343</sup>

**Figure 2.4 ONS subnational data explorer<sup>344</sup>**



**Out of the 21 measures available for Birmingham, 1 was classified as positive and 6 as negative.**

| Negative indicators              | Positive indicators       |
|----------------------------------|---------------------------|
| Employment rate                  | Gigabit capable broadband |
| Cigarette smokers                |                           |
| Early years communication        |                           |
| Early years literacy             |                           |
| Early years maths                |                           |
| Average life satisfaction rating |                           |

343 [ONS subnational data explorer.](#)

344 [ONS subnational data explorer](#)

# Explore all measures

Select areas to compare

Darlington X
Liverpool X
Newcastle upon Tyne X

● Birmingham
 ● Darlington
 ● Liverpool
 ● Newcastle upon Tyne



## **Harness state of the art of data visualisation techniques to improve decision-making**

Making data available is the foundation. Delivering insight and enabling better decision-making with these data is the next step. Insights and data visualisation can help decision-makers and stakeholders understand the issues facing their areas, and can be used to help design policy interventions appropriate to those areas, as international initiatives show (see Box 2.3).

HMG will take a number of steps in improving data-led decision-making at national and local levels. **An ONS-led collaboration platform, powered by the Integrated Data Service (IDSP), will develop a suite of data dashboards to support spatial analysis across government in a coherent and consistent way.**<sup>345</sup> A cross-government team is working to design a levelling up data asset: a connected set of data covering key issues important to levelling up. This will allow data visualisations of the key characteristics of an area to inform ministerial decisions.

Highly granular data helps in understanding current economic geographies but, by itself, is not sufficient when undertaking spatial planning for the future. Doing so requires a spatial modelling capacity. There has been great progress in developing spatial models over recent years, as more granular data has become available. For example, spatial models have been used to simulate new

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<sup>345</sup> ONS. [Integrated Data Service Dashboards](#).

transport infrastructure and patterns of commercial and residential land use.

At present, most local government functions do not have in-house spatial modelling capability. **The UK Government is therefore investing in spatial modelling techniques to help local government in their planning.** This will be supported by a small team of modellers, building on recent research on street level geographies using administrative data. This central modelling suite will avoid replication of modelling effort and expense in multiple local jurisdictions and could result in a step change in evidence-based planning at the local level.

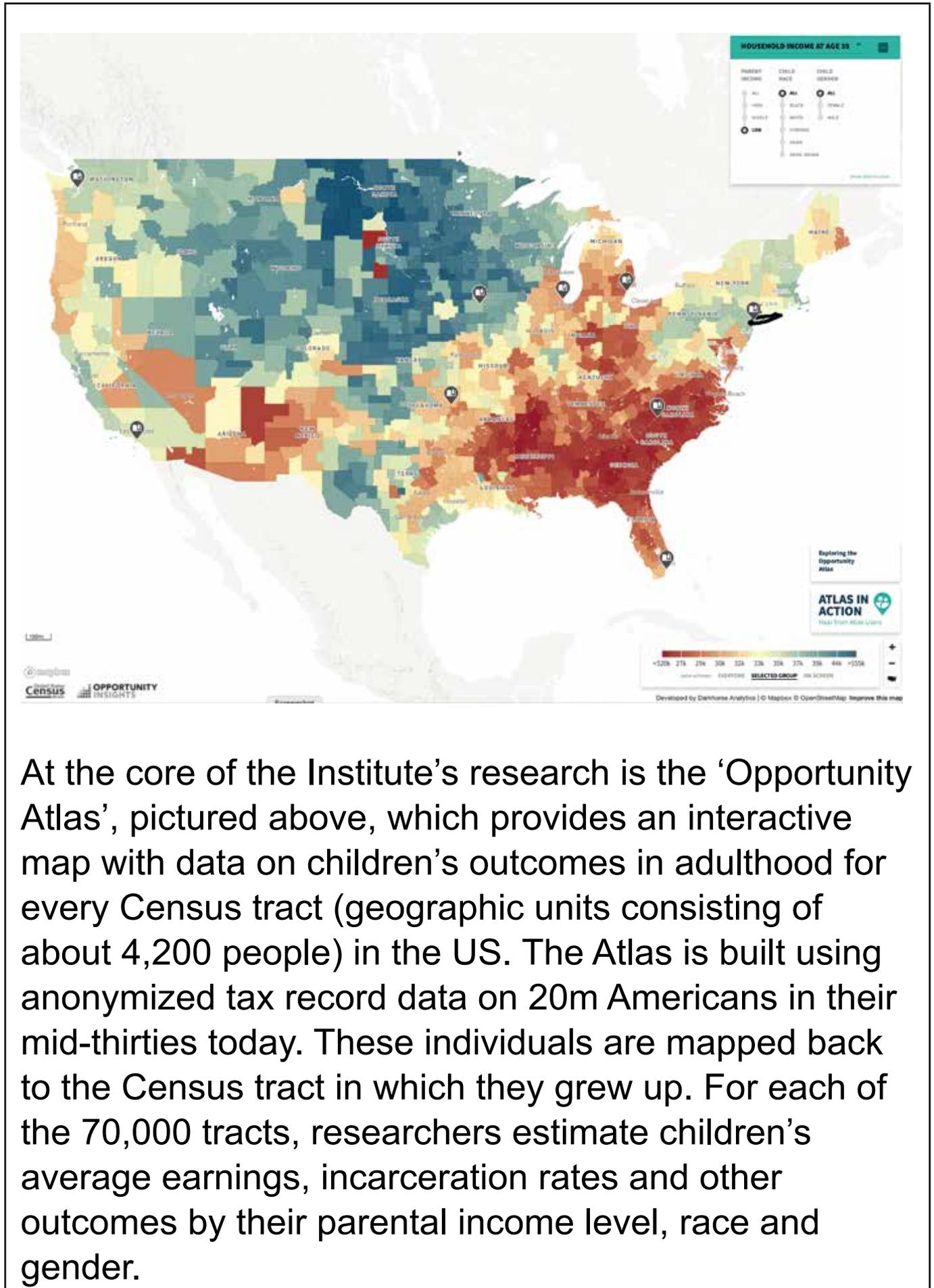
### **Box 2.3 Opportunity Insights – good data and insights changing lives**

One of the clearest examples of the potential for big, administrative data to generate powerful policy conclusions is **Opportunity Insights**.<sup>346</sup>

Opportunity Insights is a non-partisan research and policy institute focused on improving economic opportunity based at Harvard University and directed by Raj Chetty, John Friedman, and Nathaniel Hendren. The Institute's research on economic mobility harnesses the power of big data to locate and understand struggling places and assess potential policies to revive them.<sup>347</sup>

346 [Opportunity Insights](#). Website. Accessed: Dec 2021.

347 Census Bureau., Harvard University., Brown University. [The Opportunity Atlas](#). Accessed: Dec 2021.



At the core of the Institute’s research is the ‘Opportunity Atlas’, pictured above, which provides an interactive map with data on children’s outcomes in adulthood for every Census tract (geographic units consisting of about 4,200 people) in the US. The Atlas is built using anonymized tax record data on 20m Americans in their mid-thirties today. These individuals are mapped back to the Census tract in which they grew up. For each of the 70,000 tracts, researchers estimate children’s average earnings, incarceration rates and other outcomes by their parental income level, race and gender.

Among the many virtues of the project's approach is a willingness to share the datasets used in their analyses with researchers, policymakers and the general public. All the underlying data from the Opportunity Atlas is open-source, available for download directly from the tool. The model is also collaborative, bringing together scholars from multiple disciplines and universities.

Researchers can use the Opportunity Atlas to explore the determinants of upward mobility by comparing areas that have similar characteristics but produce different outcomes for children. And policymakers and practitioners can use the Atlas to design programmes aimed at improving opportunities for disadvantaged children – for example, pre-school programmes, local support programmes and tax credits. A new policy team is working with policymakers and practitioners to increase equality of opportunity in US cities and towns.

## **Improving incentives for evaluation, monitoring and experimentation**

The UK Government plans to embed consistent and regular use of subnational data when tracking UK Government spending and impact. At SR21,<sup>348</sup> HM Treasury published an updated list of priority outcomes and metrics, which will form the basis of updated Outcome Delivery Plans covering 2022-25. The plans will be published in spring 2022. The updated list includes

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348 HM Treasury, [Autumn Budget and Spending Review](#). 2021.

metrics that are crucial for measuring and monitoring levelling up, including on a subnational basis.

Ongoing activities across the UK Government are encouraging improvements in the quantity and quality of evaluations into place-based policies. This includes initiatives by the What Works Centre for Local Economic Growth and the Cabinet Office's Evaluation Taskforce. At a local level, the UK Government is actively supporting local authorities and local growth experts in improving the design and implementation of evaluations of local interventions through workshops and an evaluation panel. To build capacity and capability for monitoring and evaluation of spatial policy, the UK Government will identify the skills needed for understanding spatial data and impact and build these into talent and recruitment programmes systematically. For example, the Cross Government Evaluation Group (CGEG) will work to review and refine evaluation guidance, focused on spatial impacts.<sup>349</sup>

Learning from the success of the Education Endowment Foundation and the National Institute for Health Research, the UK Government will work with academics and industry experts to test and trial how best to **design evaluation of local interventions** and introduce more **experimentation** at the policy design stage.

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349 Previous guidance on assessing spatial impacts of regeneration policies was offered by the likes of Homes and Communities England and DCLG's 3 Rs guidance. Source: HCA. [Additionality Guide](#). 2014.

The UK Government wants to foster a spirit of collaboration and will invite the devolved administrations and local leaders from across the UK to work with them to find new ways to **learn about “what works”** across a range of policy areas. These discussions will consider whether a new body should coordinate this work, and if so what form it should take. A new body would provide a new and important means for policy makers at all tiers of government to learn from different approaches and bring together evidence in different contexts.

### 2.3.5 Transparency and accountability

The cornerstone of a credible policy regime is the combination of well-defined policy goals and policies, alongside mechanisms to ensure that decision-makers are held to account transparently for the choices they make and whether objectives are being met. This is crucial for the credibility of the Levelling Up policy regime.

As discussed earlier in this chapter, effective and credible policy regimes elsewhere in Government often share a number of features.

- **Statutory obligations:** Policy-making needs to be institutionalised in statute where possible. This provides longevity and consistency, helping boost credibility.
- **External expertise:** Policy needs to draw together expertise from a wide range of stakeholders. For example, the CCC draws on expertise from some of

the world's leading climate scientists and the Commissioners of the NIC draw on infrastructure, business and academic expertise.

- **Regular reports:** Effective policy regimes often involve the publication of regular assessments on progress. The OBR's *Economic and Fiscal Outlook* is published with every fiscal event, and the *National Infrastructure Strategy* is published once per Parliament. This enhances transparency and accountability.

Building on these foundations, the UK Government is putting in place a new accountability regime for the design and delivery of levelling up. This has two key features. First, the UK Government will introduce a **statutory obligation to report annually on progress towards meeting the Levelling Up missions.**

The report will draw on the metrics set out in this White Paper and provide rigorous analysis and monitoring of progress in reducing regional disparities. It will also provide progress updates on policy related to addressing spatial differences in living standards and social outcomes across the UK. This annual report will be published and be subject to external and Parliamentary scrutiny.

Second, to bring a diverse, independent and expert group of voices into the policymaking process, the UK Government is creating a **Levelling Up Advisory Council.** The Council will be charged with providing

independent expert advice on matters relating to the design and delivery of levelling up. Its analysis will be commissioned and published, at the discretion of the Levelling Up Cabinet Committee, chaired by the Secretary of State for Levelling Up, working with other ministers.

The Council will consider a range of themes relevant to the levelling up challenge articulated in this White Paper. As part of its work, the advisory group will establish a workstream to consider how to ensure London's complex economic geography and socio-economic spectrum can benefit from the UK Government's levelling up agenda. This work will bring together a range of local leaders, academics and business leaders.

The Secretary of State for Levelling Up has appointed the following leaders from industry, academia and civil society to the Council:

- Katherine Bennett (CEO, High Value Manufacturing Catapult and Chair, Western Gateway);
- Sir Tim Besley (Professor of Economics and Political Science, London School of Economics);
- Sir Paul Collier (Professor of Economics and Public Policy at the Blavatnik School of Government, University of Oxford);
- Cathy Gormley-Heenan (Former Deputy Vice-Chancellor (Research and Impact), Ulster University);

- Sally Mapstone (Principal, University of St Andrews);
- Laxman Narasimhan (CEO, Reckitt Benckiser);
- Sacha Romanovitch (CEO, Fair4all Finance);
- Hayaatun Sillem (CEO, Royal Academy of Engineering);
- David Skelton (Director, Renewal);
- Sir Nigel Wilson (Chief Executive, L&G); and
- Baroness Wolf (Professor, King's College London).

# Chapter 3

## The Policy Programme

### 3.1 Introduction

Chapter 1 discussed the evidence base for levelling up the UK and established the UK Government's four objectives in doing so.

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency.

Chapter 2 set out 12 specific missions and the overall policy regime for the UK Government to deliver against those objectives. For example, achieving the missions on education, skills and health will be central to achieving the objective to spread opportunities and improve public services, especially in places where they are weakest.

This chapter sets out the next steps in the policy programme – with specific interventions designed to

begin to deliver these missions and overarching objectives. It details how new policies will build on initiatives and programmes launched since 2019 and, most recently, at the 2021 Spending Review (SR21).

The policies outlined in this chapter are only part of the answer to levelling up. To meet the ambition of the missions there is a need to go further and faster in a number of areas – from strengthening manufacturing to fighting crime, reforming local taxation to providing communities with new tools to revive high streets. The policies in this chapter are further, significant, stepping stones on what must be a sustained journey of change.

Success will rely on working with local leaders and the private sector to design and deliver interventions that support a high wage, high skill economy for every part of the country. It will also require close collaboration with the Scottish Government, the Welsh Government and the Northern Ireland Executive, as responsibilities for many areas of policy critical to levelling up are devolved. Sharing lessons between all tiers of government will ensure that better outcomes benefit all citizens, whichever part of the country they live in.

## **3.2 Boost Productivity, Pay, Jobs, and Living Standards by Growing the Private Sector**

A vibrant, high wage, high skill economy requires above all unleashing private investment, encouraging enterprise and supporting a dynamic business sector that can create jobs, nurture skills and invest in innovation; secure adequate access to finance, particularly among rapidly-growing small and medium-sized enterprises (SMEs); and improve access to good infrastructure – physical and digital – allowing people to connect and collaborate.

Through this mix of human, physical, intangible and financial capital, the business sector generates productivity improvements, creates jobs and boosts local living standards.

To help drive these improvements, the UK Government is setting four core missions, spanning living standards; research and development (R&D); transport infrastructure; and digital connectivity.

### **3.2.1 By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.<sup>350</sup>**

There are five elements that will support the delivery of this mission on living standards:

- a. Small and medium-sized enterprise (SME) finance;
- b. institutional investment;
- c. mobile investment and trade policy;
- d. adoption and diffusion; and
- e. manufacturing.

## **SME Finance**

### **The case for action**

SMEs are the backbone of the economy. There are 5.9m SMEs in the UK which collectively employ 16.3m people, contributing 60% of all UK jobs.<sup>351</sup> They are particularly important to local economies. In South West England, Wales and Northern Ireland, SMEs account for 70% of jobs in the private sector.<sup>352</sup>

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<sup>350</sup> This mission is supported by other missions, including on R&D, transport, and skills.

<sup>351</sup> BEIS. [Business population estimates 2021](#). 2021.

<sup>352</sup> BEIS. [Business population estimates 2021](#). 2021.

Finance is crucial to private sector growth, but is a constraint for some companies, especially SMEs. Many promising SMEs fail or do not grow because they cannot access finance.<sup>353</sup> As Chapter 1 discussed, these challenges are felt disproportionately by firms outside the Greater South East.

## The policy programme

Real progress has been made on SME access to finance in recent years. The British Business Bank (BBB) has played a key role since 2014, mostly targeting firms furthest from commercial finance, and delivering support through schemes such as the Start Up Loans programme, where around 80% of loans are made to businesses outside London. The BBB's Regional Investment Funds programme, covering the Northern Powerhouse, Midlands Engine, Cornwall and the Isles of Scilly, and Northern Ireland, has delivered over £1bn of public and private sector debt and equity investment to places across the UK with some of the most acute financial challenges.<sup>354</sup>

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353 See, for instance: Besley, T., Roland, I., Van Reenen, J. The Aggregate Consequences of Default Risk: Evidence from Firm-Level Data. Centre for Economic Performance. 2020.

354 What Works Network. Access to Finance. Accessed: Dec 2021.

### **Box 3.1 British Business Bank Northern Powerhouse Investment Fund: Nova Pangaea Technologies**

Nova Pangaea Technologies is a Teesside company which has found a way to use non-food biomass to make biofuels and other chemicals, helping to produce additional revenue for farmers and reduce dependence on fossil fuels without using land or crops suitable for food. It has raised significant investment, including £2.4m in 2021, after three rounds of funding from the Northern Powerhouse Investment Fund.

It completed its demonstration plant at Redcar in Tees Valley in December 2019 and, following successful trials, gained its first international customer in March 2021. Nova Pangaea is now exploring the possibility of building a first-of-its-kind commercial plant, confirming Teesside as a global leader in industrial decarbonisation.<sup>355</sup>

The Department for Transport (DfT) has also awarded £484,000 (€571,000) to Project Speedbird – a partnership between Nova Pangaea Technologies, British Airways and LanzaJet – to fund a feasibility study for the development of sustainable aviation fuel (SAF) in the UK.

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355 [Private Equity Wire](#), 15 September 2021.

There have also been changes made to support local banking. Reforms to the banking licence application process have enabled 26 new challenger banks to expand choice in the sector,<sup>356</sup> supported by schemes such as the £425m Capability and Innovation Fund. Several new mutual banks, such as South West Mutual and North West Mutual, are working with the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) to be granted new banking licences.

But there is more to be done. The UK Government is extending the geographical reach of the BBB partnership model. At SR21, the Chancellor announced £1.6bn of UK Government investment in the **next generation of BBB Regional Investment Funds**. This includes:

- a. £660m for the Northern Powerhouse Investment Fund, including expansion into the North East of England;
  - b. £400m for the Midlands Engine Investment Fund;
  - c. £200m to provide a new fund for businesses in the South West of England, expanding on the Cornwall and Isles of Scilly Investment Fund;
  - d. £150m to provide a new fund for Scottish businesses;
  - e. £130m to provide a new fund for Welsh businesses;
- and

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356 Bank of England. [New banks authorised since 2013](#). Accessed: Dec 2021.

- f. £70m to expand provision for businesses in Northern Ireland.

The BBB will develop this next generation of funds in close collaboration with economic development banks, devolved administrations and other local stakeholders, building on their local knowledge as well as its own experience.

At SR21, the UK Government also announced an additional £150m commitment for the **Regional Angels Programme**, supporting high potential businesses across the UK with early-stage equity finance and reducing geographic imbalances.<sup>357</sup>

Notwithstanding this progress, COVID-19 and structural trends will continue to pose a challenge to SME finance outside London and the South East. HM Treasury (HMT), the Department of Business, Energy and Industrial Strategy (BEIS) and the Department for Levelling Up, Housing and Communities (DLUHC) will work with the Levelling Up Advisory Council to further explore options for unlocking capital for SMEs.

## Unlocking institutional investment

### The case for action

There is huge potential for institutional investment to support levelling up, across infrastructure, housing, regeneration and SME finance. Institutional investors

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<sup>357</sup> BBB. [British Business Investments launches new £100m programme to support regional angel investment](#). 2021.

currently hold UK pension assets of over £3.5tn. Within that, the Local Government Pension Scheme (LGPS) has total investments of over £330bn, making it the largest pension scheme in the UK.<sup>358</sup> Only a tiny fraction of these funds are currently allocated to local projects. If all LGPS funds were to allocate 5% to local investing, this would unlock £16bn in new investment.<sup>359</sup>

## The policy programme

The UK Government has committed itself to removing obstacles and costs to making long-term, illiquid investments in the UK.<sup>360</sup> LGPS funds are investing in a wide range of existing UK and global infrastructure, largely through the eight LGPS asset pools. A dedicated infrastructure platform (GLIL) has been established jointly by the Northern and Local Pensions Partnership Investments and LGPS asset pools, and has around £2.5bn committed, with investments including Anglian Water, Forth Ports (including Tilbury) and Clyde Windfarm.<sup>361</sup>

Infrastructure investment by the LGPS has grown from under £1bn in 2016 to £21bn in 2021. To build on this established capacity and expertise, and ensure that all LGPS funds play their full part, the UK Government is asking **LGPS funds, working with the LGPS asset**

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358 DLUHC. Local Government Pension Scheme Funds England and Wales: 2020-21. 2021.

359 Impact Investment Institute. SCALING UP INSTITUTIONAL INVESTMENT FOR PLACE-BASED IMPACT. 2021.

360 See No10 Downing Street. A challenge letter from the Prime Minister and Chancellor to the UK's institutional investors. 2021.

361 GLIL. GLIL Infrastructure 2021 Review. 2021.

**pools, to publish plans for increasing local investment,** including setting an ambition of up to 5% of assets invested in projects which support local areas.

The new UK Infrastructure Bank, based in Leeds, has a mandate to catalyse investment to support regional and local economic growth, and will help increase the capacity and capability of local authorities to deliver infrastructure in their areas. It will also co-invest, offer guarantees through the existing UK Guarantees Scheme, and provide a range of debt, equity and hybrid products. It is committed to expanding institutional investment in UK infrastructure, including exploring opportunities with the LGPS.

The Prime Minister and Chancellor have called on the UK's institutional investors to seize the moment for an "Investment Big Bang" to boost Britain's long-term growth.<sup>362</sup> In this, the UK Government recognised its responsibility to remove obstacles and costs to making long-term, illiquid investments in the UK. Responding to calls from industry, the UK Government announced at Budget 2021 that it would consult on further changes to the regulatory charge cap for defined contribution pension schemes. It will consider options to amend the cap to ensure that savers can benefit from potentially higher return investments, while unlocking institutional investment. The Department for Work and Pensions

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362 10 Downing Street. [A challenge letter from the Prime Minister and Chancellor to the UK's institutional investors.](#)

(DWP) consultation closed in January 2022 and a response is due in the coming months.

## **Unlocking globally mobile investment and harnessing the UK's independent trade policy**

### **The case for action**

The UK Government's goal is to maximise the opportunities of its independent trade agenda for UK business. Internationally mobile companies are among the most productive, innovative and high investing firms in the UK: UK businesses with inward foreign direct investment (FDI) links were two-thirds more productive than businesses without an FDI link in 2018.<sup>363</sup> However, over half of the UK's inward investment stock is in London and the South East.<sup>364</sup>, <sup>365</sup>

In trade, although the UK exported £600bn in goods and services in 2020, only around one in ten UK businesses currently export. Many companies need support to understand and take advantage of the opportunities of trade liberalisation.

### **The policy programme**

Since 2019, the UK Government has introduced programmes to support the growth of cutting-edge sectors, such as through the Automotive Transformation

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363 ONS. [UK foreign direct investment, trends and analysis: August 2020](#). 2020.

364 DIT. [Estimating FDI and its impact in the United Kingdom](#). 2021.

365 ONS. [Regional economic activity by gross domestic product, UK: 1998 to 2019](#). 2021.

Fund, Medicines and Diagnostic Manufacturing Transformation Fund and Offshore Wind Manufacturing Investment Support Scheme.

The Global Investment Summit in October 2021 showcased the UK to high-profile global investors, announcing deals worth £9.7bn.<sup>366</sup> This included a £6bn investment in the East Anglia Hub offshore wind farms, creating 7,000 jobs; £1bn investment into cutting-edge decarbonisation technology for waste, creating 1,180 jobs; and £500m investment to produce cardboard from paper waste in Shotton, North Wales, creating around 300 new jobs.

Through these efforts, there are signs that a shift is underway in new jobs and FDI projects towards the North of England and the Midlands. FDI projects in the Northern Powerhouse and Midlands Engine rose from a quarter to nearly a third of the UK total from 2016-17 to 2020-21.<sup>367</sup>

The UK Government is going further through:

- a. Freeports;
- b. tax interventions;
- c. the Global Britain Investment Fund;
- d. expanding the Office for Investment (OfI); and

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366 HM Government. Investors pledge almost £10bn at UK Global Investment Summit 2021.

367 HMG. Department for International Trade inward investment results, 2016-17 to 2020-21 (Updated June 2021).

- e. a refreshed export strategy and ambitious trade policy.

The UK Government has announced **eight Freeports** in England. At SR21, the UK Government announced that the first tax sites will be in Humber, Teesside and Thames. Those Freeports are already able to begin initial operations and attract private investment. For example, DP World announced an investment of £300m to support Thames Freeport, while GE Renewable Energy plans to bring their new blade manufacturing plant to Teesport, and Siemens Gamesa are investing £186m in expanding their offshore blade manufacturing plant in the Humber Freeport. The UK Government will also **establish new Freeports in Wales, Scotland and Northern Ireland**, working with the devolved administrations.

The UK Government has also introduced a range of other tax interventions that support and incentivise private sector investment, such as the **super-deduction** (covered further below) and **Enterprise Zones**. At SR21, the UK Government also reformed **R&D tax reliefs** to ensure that they better support cutting-edge research methods and that the UK captures the benefits of R&D funded by the UK taxpayer through the reliefs.<sup>368</sup>

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368 HM Treasury. *R&D Tax Reliefs Report*. 2021.

## **Box 3.2 The automotive sector and Levelling Up: Nissan/Envision case study**

In the 1970s and early 1980s, Sunderland was deeply impacted by structural job losses caused by the decline of shipbuilding and mining. Between 1971 and 1991, the city lost 17,000 jobs, a fall of 16%.<sup>369</sup> With support from the UK Government, Nissan opened a new plant in Sunderland in 1986, marking the beginning of significant growth for the sector in the area. Since then, Sunderland has seen a significant improvement in jobs.

Nissan now supports a thriving ecosystem of jobs in the North East and around the UK. The Sunderland plant employs 6,000 people and supports 24,000 jobs across the supply chain, predominantly in the North East.<sup>370</sup>

Nissan Sunderland is now the UK's largest car plant, with an average annual output of about 450,000 cars a year for the past decade. It is also one of the most productive car plants in Europe. Up to 80% of its output is exported abroad to around 100 different markets.<sup>371</sup>

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369 Swinney, P., Thomas, E. *A century of cities*. 2015.

370 Nissan Motor Corporation. [Nissan unveils EV36Zero – a £1bn Electric Vehicle Hub](#). 2021.

371 Nissan Motor Corporation. [Nissan unveils EV36Zero – a £1bn Electric Vehicle Hub](#). 2021.

In July 2021, BEIS, in collaboration with OfI and the Department for International Trade (DIT), helped secure a £1bn flagship investment from Nissan and Envision AESC. The investment will create a New Energy Vehicles manufacturing hub in Sunderland, including the UK's first large scale gigafactory. This will support around 6,000 jobs at Nissan and their suppliers, including 900 new jobs at Nissan Sunderland and 750 new jobs at Envision AESC.<sup>372</sup>

The UK Government is taking further steps to attract internationally mobile investment into all areas across the UK. The £1.4bn **Global Britain Investment Fund (GBIF)** provides grant support to internationally-mobile firms seeking to make or expand brown or greenfield investments. The fund operates across the UK and focuses on attracting investments into key sectors, creating new high-quality jobs, leveraging private investment, driving local growth and unleashing innovation.

Building on the new trade and investment offices in Scotland, Wales and Northern Ireland, the UK Government announced that the OfI will establish a presence in each part of the UK. This will enable the OfI to partner with city region mayors and growth companies to foster local investment opportunities in all corners of the UK. Finally, the refreshed **Export Strategy** seeks to raise the exporting culture of the UK, including through

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372 Nissan Motor Corporation. [Nissan unveils EV36Zero – a £1bn Electric Vehicle Hub](#). 2021.

the Export Academy which is giving SMEs across the UK the know-how to export with confidence, and creating a network of Export Champions. This will take advantage of the UK's independent trade policy to help drive a high wage, high skill economy at home. The UK Government's Free Trade Agreement (FTA) and Market Access programmes will also deliver significant benefits, including:

- a. the **Japan Comprehensive Economic Partnership Agreement** – from which the North East is expected to be a significant beneficiary, with its businesses exporting goods worth £408m to Japan in 2020;<sup>373</sup>
- b. the **US FTA** – where Scotland, Wales, the North East, the East Midlands and the West Midlands would be expected to receive the highest local benefit from an ambitious FTA;<sup>374</sup> and
- c. the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** – given each part of the UK exported between £0.8bn and £3bn worth of goods to CPTPP countries in 2020, including £2.5bn worth of exports from the East Midlands, £2bn from Scotland, and £1.9bn from the North West.<sup>375</sup>

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373 HMG. UK-Japan CEPA: benefits for the UK. October 2020.

374 HMG. The UK's approach to trade negotiations with the US. March 2020.

375 ONS. UK Trade, all countries, non-seasonally adjusted. 2021.

# Adoption and diffusion

## The case for action

Despite its excellent research base, the UK is 30th in the world for knowledge diffusion and has a significant “long tail” of low-productivity firms.<sup>376</sup> Technology adoption – spanning basic technologies like accountancy software, through to frontier ones like artificial intelligence – is a key driver of productivity and competitiveness for the UK’s service sector. Evidence suggests that companies in London and the South East tend to be quicker to adopt and disseminate new technologies than those in Wales, the North East, Yorkshire and Northern Ireland – all places with a large proportion of SMEs, which tend to be further from the productivity frontier.<sup>377</sup>

## The policy programme

The UK Government’s recent **Innovation Strategy** set out plans to equip more businesses to take advantage of new technologies and processes.<sup>378</sup> The UK Government’s **Help to Grow** initiative will enable over 30,000 SME leaders to enhance their management capabilities and support 100,000 SMEs to adopt productivity-boosting digital technologies. This will be delivered UK-wide. Building on the commitments in the Innovation Strategy, the UK Government will also embed adoption and diffusion into its business support schemes,

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376 Cornell University., INSEAD., WIPO. *Global Innovation Index*. 2018

377 BEIS. Economy and Strategic Analysis: innovation diffusion analysis. Found in: BEIS. [Evidence for the UK Innovation Strategy](#). 2021.

378 BEIS. [UK Innovation Strategy: leading the future by creating it](#). 2021.

particularly in areas with low productivity, and encourage collaboration with similar schemes in Scotland, Wales and Northern Ireland. The new Levelling Up Advisory Council will launch an expert sub-committee on regional adoption and diffusion infrastructure – exploring how to improve the uptake of productivity-enhancing technologies and management practises by businesses.

### **Box 3.3 Creative industries and levelling up**

The creative industries – from film production, to video game design – have a critical role to play in levelling up. Not only are they sources of local pride and improved quality of life, they are drivers of growth and productivity.<sup>379</sup>

The UK Government will launch an **expansion of the Creative Scale Up Programme** with more than £18m of new funding to support high-growth businesses in regions outside London. More than £8m of funding will help support start-up businesses and young entrepreneurial talent in the video games sector through the Dundee-based UK Games Fund. The UK Government also intends to publish a **Creative Industries Sector Vision** in 2022, and will collaborate with the devolved administrations to make this a UK-wide strategy to support the creative industries.

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379 Siepel, J., Camerani, R., Masucci, M., Velez Ospina, J., Casadei, P. and Bloom, M. (2020) Creative Radar: Mapping the UK's creative clusters and microclusters. Multiple: Creative Industries Policy and Evidence Centre and The University of Sussex.

# Manufacturing

## The case for action

Manufacturing businesses provide high skilled, well paid jobs, with 84% of the sector located outside London and the South East.<sup>380</sup> In older industrial towns, manufacturing accounts for almost twice the proportion of jobs as in larger population centres, and three times as much as in London.<sup>381</sup> Outside London, wages in manufacturing are also higher, with a wage premium of over £1 per hour for the UK as a whole – higher in some places, such the North East and North West of England.<sup>382</sup>

While it has fallen from 25% of GDP in the late 1970s to 10% today, it still accounts for half of the UK's goods exports and 64% of UK business R&D.<sup>383</sup> Between 1979 and 2019, output per job in the UK grew nearly twice as fast in manufacturing as it did in the economy as a whole.<sup>384</sup>

Large manufacturing firms also play a key role as anchor institutions in local economies, often helping to support

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380 ONS. Regional Gross Value Added. 2021.; ONS. JOBS05: Workforce jobs by region and industry. 2021.

381 Key Cities. Places with Purpose: The Future of Industrial Cities, Towns and Communities. 2018.

382 Holloway, W., Blagden, J. Making a Comeback: A renaissance in manufacturing. Onward. 2021.

383 Manufacturing Metrics Expert Group. MANUFACTURING METRICS REVIEW REPORT. 2016.;

ONS. Trade in Goods by CPA. 2021.;

ONS. UK Trade. 2021.;

ONS. Business Enterprises Research and Development (BERD). 2021.

384 In manufacturing output per job grew 0.64% per quarter compared to 0.36% per quarter) in the economy as a whole.

local SMEs in their supply chain, as well as generating jobs, driving skills improvement and supporting local communities. Examples include Rolls Royce in Derby, Jaguar Land Rover in Coventry and Warwickshire, and BAE Systems in Lancashire.

## **The policy programme**

From the **Life Sciences Vision**, to the **Defence and Security Industrial Strategy (DSIS)**, to the forthcoming **Food Strategy**, a significant effort is already underway to support and grow manufacturing businesses across a range of sectors.

## Box 3.4 Shipbuilding – National Shipbuilding Strategy Refresh

The refreshed and expanded **National Shipbuilding Strategy Refresh**, due to be published early this year, seeks to reinvigorate the entire naval and commercial shipbuilding sector across the UK. The shipbuilding industry supports 44,000 jobs right across the UK and adds £2.4bn to the UK economy. With the geographic spread of the shipbuilding enterprise spanning the whole of the UK, growing a thriving shipbuilding sector will contribute to levelling up the UK economy by building on the technological strengths of our local areas throughout the supply chain.

Naval shipbuilding makes up a significant proportion of the UK shipbuilding landscape. In 2019-20, the Ministry of Defence (MOD) spent £3.8bn on shipbuilding and repair, directly supporting 27,200 jobs across the UK, plus a further 19,400 indirect jobs. This demonstrates just one way in which MOD spend supports levelling up around the UK.

This is bolstered by a number of interventions to support manufacturing as a whole. The **Made Smarter programme** is the UK's industrial digitalisation initiative, aiming to boost UK manufacturing productivity and growth and to reduce CO2 emissions. It supports the development, diffusion and adoption of transformative technologies such as additive manufacturing, robotics

and autonomous systems, and the industrial Internet of Things. The North West, the first place to receive support from the Made Smarter adoption pilot, has engaged with over 1300 SMEs and is expected to deliver up to £68m in gross value added (GVA). Made Smarter adoption was expanded to the North East, Yorkshire and Humber, and the West Midlands in 2021, and received an additional £24m investment at SR21. The UK Government will work closely with Help to Grow and other business support services to deliver seamless support for SME manufacturers, helping them to increase their competitiveness, resilience and efficiency. The UK Government will also work in partnership with the Made Smarter Commission to help shape the vision for the future of UK manufacturing, enabled by these transformative technologies.

Manufacturing will also benefit from measures detailed elsewhere in this chapter, including new Institutes of Technology, which will be able to react quickly to the evolving technical skills needs of an area; the GBIF, which will attract transformative investments in sub-sectors such as automotive and life sciences manufacturing; our investments in Net Zero, which will support manufacturers to decarbonise and take the lead in developing greener products; and our commitment to increased R&D investment outside the Greater South East, which will help transform the long-term potential of manufacturing businesses.

Looking ahead, the UK Government wants to ensure that manufacturers, from across all sub-sectors and in all parts of the UK, are automating, decarbonising and building resilience by 2030. To that end, the UK Government will engage with manufacturers to ensure that we are maximising existing spending and non-spending policy levers and strategic investments to attract, anchor and grow manufacturing and supply chains to support levelling up. BEIS will work with the devolved administrations, with local leaders, with industry, academia and institutions across the UK to maximise the opportunities for all manufacturers to benefit from the full range of government policy and programmes, including those set out in the Innovation Strategy and Net Zero Strategy that support manufacturing growth, productivity and the transition to Net Zero.

## **Box 3.5 Levelling up and the transition to Net Zero**

The Net Zero transition will have a significant impact on the UK's economic geography. Emissions per capita are regionally concentrated in the areas that are home to the largest emitting industrial sectors, which include some of the areas of the UK with the lowest productivity.

Industrial centres stand to benefit from employment and export opportunities created by the transition to Net Zero. Many are building on a rich manufacturing and engineering heritage and opportunities for synergies between different green technologies and industries provide a strong foundation for place-based clusters to develop.

In 2020, the UK Government set out its **Ten Point Plan for a Green Industrial Revolution**, mobilising £12bn of government investment to create the conditions for the private sector to invest in new green industries and jobs. Since the publication of the Ten Point Plan, the UK Government has mobilised £26bn of public capital investment into Net Zero, in turn leveraging more than £5.8bn of foreign investment in green projects.<sup>385</sup> Approximately 45,000 jobs have already been created.

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385 HMG. [Prime Minister's Ten Point Plan kickstarts green investment boom](#). 2021.

Last year, the UK Government also published a variety of sectoral strategies culminating in the Net Zero Strategy, which outlines measures to support up to 190,000 jobs by 2025 and 440,000 by 2030 through leveraging an additional £90bn of private investment.<sup>386</sup> Further policies and funding announced through the Net Zero Strategy are creating opportunities across the UK, including the following:

- **Carbon Capture, Utilisation and Storage (CCUS):** £1bn of funding to support new investment in CCUS in four industrial clusters or “superplaces” across the UK. The Net Zero Strategy announced the first two clusters in the North West/North Wales and in Teesside/Humberside, and the UK Government will continue to engage with the Scottish cluster as a reserve. These CCUS-enabled clusters will be the starting point for a new carbon capture industry, which could support up to 50,000 jobs in the UK by 2030.<sup>387</sup>
- **Hydrogen:** achieving the UK’s 5GW ambition for hydrogen production capacity and developing a UK hydrogen economy, which could support over 9,000 jobs in 2030.<sup>388</sup> Recent announcements of hydrogen projects, like the Holyhead Hydrogen Hub, will support jobs and investment across the the UK and industrial heartlands.

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386 HMG. *Net Zero Strategy: Build Back Greener*. 2018.

387 BEIS. *Energy Innovation Needs Assessment*. Vivid Economics. 2019.

388 Figures from: HM Government. *UK Hydrogen Strategy (August 2021)*. 2021.

- **Automotive:** investment in the UK automotive sector's transition to zero emission vehicles will support 149,000 existing jobs in areas such as the North East and North West of England, including through the creation of the North East Electric Vehicle Hub, supporting an estimated 6,200 jobs, and the Britishvolt gigafactory, supporting an estimated 8,000 jobs.
- **Offshore wind:** support for offshore wind is creating major opportunities in coastal communities around the UK. In the last year, the UK Government committed up to £95m to help build new offshore wind ports on the Humber and Teesside, supporting a series of investments in production facilities for offshore wind turbine components, totalling c.£1.6bn and creating and safeguarding up to 4,100 jobs up and down the UK.
- **Nuclear:** where UK Government support is helping to create significant opportunities outside London. The UK Government committed £30m in 2020 for three Advanced Modular Reactor (AMR) projects in Oxfordshire, Lancashire and Cheshire, and £210m in 2021 for Rolls Royce-SMR, based in Derby, as part of the Advanced Nuclear Fund. At SR21, the UK Government announced £1.7bn to bring at least one further new large-scale nuclear power plant to the final decision point in this Parliament, subject to value for money and relevant approvals.

- **Green public transport:** in addition to the £96bn Integrated Rail Plan, the UK Government has committed £3bn this Parliament to support and improve bus services across England and introduce new zero emission buses.<sup>389</sup>
- **Decarbonising buildings:** £3.9bn is being invested to make buildings more energy efficient and move to low carbon heat. Upgrading our homes and workplaces could rapidly create new opportunities and support over 240,000 low-carbon jobs by 2035 across the sector – from manufacture to installation and modelling to project management – as part of a green recovery, while also reducing energy bills and delivering better, greener, and healthier homes and workplaces.<sup>390</sup>

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389 Department for Transport. *Bus Back Better*. pg. 13. 2021.

390 As stated in the Energy White Paper and Ten Point Plan, based on BEIS analysis of:BEIS. *Energy Innovation Needs Assessment*. Vivid Economics. 2019.

### **3.2.2 By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.**

This mission is focused on delivering R&D and innovation.

## **R&D and innovation**

### **The case for action**

R&D is key to accumulating capital, generating business innovation and improving productivity. But gross R&D (GERD) spending is currently unevenly distributed across the UK, with 54% taking place in London, the South East and East of England.<sup>391</sup> This share has increased by approximately 1 percentage point per year since 2017.

The Greater South East has world-class assets in research and innovation, and the UK Government is committed to its continued success, as a key driver of future productivity and prosperity. The UK Government is

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<sup>391</sup> Eurostat. [NUTS2 GERD as a percentage of GDP \(R&D intensity\)](#). Accessed: Jan 2022.

also determined to increase research and innovation capacity across the UK, with evidence showing that targeting areas where investment is currently lower may deliver higher returns,<sup>392</sup> with larger boosts to both GVA outside the Greater South East and national GDP.<sup>393</sup>

There are already many high-potential innovation clusters across all parts of the UK, as Chapters 1 and 2 discussed: health innovation and advanced materials in Greater Manchester; Fintech in Scotland; cybersecurity in Northern Ireland; aerospace and compound semiconductors across the Western Gateway; offshore renewable energy in the North East; and future transport technology in the West Midlands. But these could be further expanded and supported, and new clusters developed.

## The policy programme

The UK Government's ambition is for the UK to be a global hub of innovation by 2035 and a science superpower. This builds on long-standing, world-class research and innovation strengths. And the UK Government already supports universities, Public Sector Research Establishments, and the network of nine Catapults covering more than 40 locations across the UK. But there is more to do. The UK Government is implementing the plans for UK science, research and innovation set out in the **R&D Roadmap and Innovation**

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392 NIESR. From Ideas to Growth: Understanding the drivers of innovation and productivity across firms, regions and industries in the UK. 2021.

393 BEIS & Cambridge Econometrics. Macroeconomic modelling of the 2.4% target. 2020.

**Strategy.**<sup>394</sup> The **Integrated Review** also outlined a new approach to growing the UK's science and technology power in pursuit of strategic advantage.<sup>395</sup>

### **Box 3.6 R&D investment across the UK**

BEIS will invest in significant R&D projects across the UK over the SR21 period. In areas like Net Zero R&D, BEIS expects **at least £7 in every £10 it invests will be invested outside the Greater South East.**<sup>396</sup> All the R&D investments will build on centres of expertise and help generate growth and good jobs in all corners of the country. These include:

- a. the new Hartree National Centre for Digital Innovation, based in Cheshire, which is a £210m collaboration with IBM, and will support UK businesses and the public sector by reducing the risk of exploring and adopting innovative new digital technologies, such as AI and quantum computing;
- b. a range of industry led projects to help grow UK spaceflight capabilities, including £31.5m UK Government funding to help establish launch services from Scotland and up to £7.35m, as part of £20m UK Government and local government funding, to support launch from Spaceport Cornwall;

394 BEIS. *UK Research & Development Roadmap*. 2020.; BEIS. *UK Innovation Strategy: leading the future by creating it*. 2021.

395 Cabinet Office. *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy*. 2021.

396 BEIS analyst estimates.

- c. the Advanced Propulsion Centre, which will invest almost £16m in a consortium developing electric propulsion systems for heavy goods vehicles in Cwmbran, Wales and Edinburgh, Scotland through the EPIC project; and
- d. £33m through the cross-sector Driving the Electric Revolution programme for Power Electronics Machines and Drives (PEMD) Industrialisation Centres in Newcastle/Sunderland, Strathclyde, Nottingham/Warwick and Newport (South Wales) – these open access facilities support world class design, manufacturing process innovation, test and validation capabilities, and work with industrial partners to develop UK supply chains, accelerating PEMD solutions to global markets.

As set out in the DSIS, the MOD will enhance and accelerate R&D spend across the UK, including £17.5m to develop active electronically scanned array seeker technology, working with industry in North East England and Scotland, and a £9.1m project led from Northern Ireland to develop land complex weapons and common systems architecture. MOD has invested £1bn in the Future Combat Air System (FCAS) Technology Initiative, with a further £1bn planned. FCAS is also supporting regional hubs to develop advanced manufacturing technologies that are also key to realising Industry 4.0.

SR21 committed to an increase in public R&D spending to £20bn by 2024-25, making significant progress towards the UK Government's ambition for spending of £22bn by 2026-27 and towards the economy-wide target to invest 2.4% of GDP in R&D by 2027. The UK Government has also committed to an increased share of public funding being invested outside London, the South East and East of England.

To achieve this, the UK Government will need to support the growth of R&D hotspots across the UK, including through fostering greater collaboration between national funders, local leadership, the private sector and high-quality research institutions. It also requires a greater focus on innovation alongside research, which will be supported by the 36% real-terms increase for Innovate UK annual core funding between 2021-22 and 2024-25, amounting to a cash total of at least £2.5bn over the SR21 period.

While some information is already collected and published, there are currently significant evidence gaps that prevent policy makers from tracking and measuring where public R&D funding is spent. The UK Government will ask the Office for National Statistics (ONS) and the UK Government Office for Science to work with all departments to collect and publish subnational data on their R&D spending.

This new data will be used to set specific departmental spatial R&D targets for BEIS, the Department of Health

and Social Care (DHSC), DfT, and the Department for the Environment, Food and Rural Affairs (Defra). These will help to ensure that the UK Government is delivering the SR21 commitment that an increased share of the uplift will be invested outside London, the South East and East of England. The UK Government will set out the most appropriate targets and how departments will deliver against them.

The commitments below represent the first steps to increase R&D investment outside the Greater South East.

**BEIS** will make levelling up one of the objectives of its R&D investment strategy to ensure its £39.8bn settlement between 2022-23 and 2024-25 boosts R&D and economic growth across the whole of the UK. This will include making the most of its portfolio of investments, from UK Research & Innovation (UKRI) to sectoral programmes and Net Zero investments, to support research and innovation outside the Greater South East. **BEIS will aim to invest at least 55% of its R&D funding outside the Greater South East by 2024-25.** This covers domestic R&D funding including UKRI funding, other BEIS R&D funding competitions, industry R&D programmes and R&D infrastructure expenditure. This will be in lockstep with the approach set out in the Innovation Strategy of delivering more targeted measures that unleash private investment and respond to the needs of different places. As part of delivering on this ambition, BEIS will take a number of specific actions.

- Factor levelling up into investment decisions for R&D infrastructure and facilities. The independent review of the UK Research, Development and Innovation (RDI) Organisational Landscape, led by Sir Paul Nurse, is actively considering gaps or imbalances in the current mix of RDI-performing organisations across the UK. As a key commitment in the Innovation Strategy, the review will set out how research and development drive economic activity and societal benefit throughout the UK, in the context of the science superpower and levelling up agendas.
- Give UKRI a new organisational objective to “*Deliver economic, social, and cultural benefits from research and innovation to all of our citizens, including by developing research and innovation strengths across the UK in support of levelling up*”, and increase consideration of local growth criteria and impact in R&D fund design.
- Tailor support to the R&D strengths of different places and developing policies in partnership with local government, businesses and R&D institutions, informed by the recommendations of the R&D Place Advisory Group.

R&D is a UK-wide endeavour, and so BEIS will also convene a biannual meeting between the UK Science Minister and respective Ministers in Scotland, Wales and Northern Ireland to further support close working relationships and ensure mutually beneficial outcomes.

In addition to these broader measures, BEIS will invest £100m between 2022-23 and 2024-25 to pilot **three new Innovation Accelerators**. These will be centred on Greater Manchester, the West Midlands, and Glasgow City-Region. All three have been selected for this pilot due to their R&D strengths, their robust private and public innovation governance, and strong local leadership. They also include areas of economic strength and relative deprivation making them ideal candidates for the pilots. Innovation Accelerators will build on the R&D strengths of each area – from health innovation and advanced materials in Greater Manchester, to the future of mobility and data-driven population health in the West Midlands and to the growing Advanced Manufacturing Innovation District in Glasgow.

Innovation Accelerators will develop UK innovation clusters, boosting economic growth by investing in high-quality projects to grow R&D strengths, attract private investment, boost innovation diffusion, and maximise the combined economic impact of R&D institutions. They will empower local areas by bringing together national and local government, industry and R&D institutions in a long-term partnership. Each Accelerator will see local consortia developing a plan and identifying transformational projects to grow their innovation ecosystem. This may also include working with partners outside of the immediate geography as is necessary. They will receive bespoke support from the UK Government, led by BEIS in partnership with other

departments and their regional teams – from the DLUHC, to DIT, and the Scotland Office. BEIS will work with the pilot places, and central government departments to design this support, so it aligns to the characteristics and needs of each individual pilot place.

Innovation Accelerators will be delivered day-to-day by UKRI and Innovate UK, and funding will be delivered through a process overseen by BEIS and UKRI. The UK Government will work closely with local partners and the Scottish Government on the design and delivery of the Glasgow City-Region Innovation Accelerator, including building on the city-region's new Economic Strategy published in December 2021. UKRI and other R&D funders will continue to work with places not selected for this pilot as part of the 2030 R&D mission to increase R&D investment outside the Greater South East. BEIS will consider rolling out the model to others following this three-year pilot if it proves successful. Innovation Accelerators will complement and build on other work, including investing £200m over the next three years in 12 projects across the UK through the ongoing Strength in Places Fund programme.

**DHSC** will continue to prioritise research where need and opportunity are greatest. The National Institute for Health Research (NIHR) will bring clinical and applied research to under-served areas and communities in England with major health needs to reduce health disparities. The NIHR works alongside other organisations that aim to

strengthen health research in the UK. To deliver this, DHSC will:

- a. commit that the new contractual period for **NIHR Biomedical Research centres see increased levels of investment outside London, Oxford and Cambridge**, with at least £30m of additional funding over five years going to NHS-university partnerships;
- b. **review the NIHR Clinical Research Network funding formula** to enhance levels of funding outside the Greater South East, supporting more studies and a greater percentage of patient recruitment in underserved communities across the UK; and
- c. commit that the new contractual period for NIHR Clinical Research Facilities (starting in September 2022) will see **at least 50% of the funding going to NHS Organisations outside London, Oxford and Cambridge**, up from 45% for the current contract period.

**DfT** will harness its £299m R&D settlement for decarbonising transport to trial zero-emissions road freight, invest in maritime emissions reductions in and around major ports and leverage private investment into decarbonised transport schemes across the UK. It will ensure that this investment grows R&D strengths and benefits all parts of the UK, including Scotland, Wales and Northern Ireland.

**Defra** will spend £75m on Net Zero-related R&D in Defra sectors in the next three years, and £140m over three years to scale-up the Natural Capital and Ecosystem Assessment, in addition to the current Farming Innovation Programme. These will be commissioned through a competitive process to researchers based throughout the UK. It has also announced that up to £24m will be spent on the science and innovation pillar of the UK Seafood Fund. This is shared between two schemes: the Seafood Innovation Fund for fishing businesses across the UK to develop technology and trial new equipment, and the Fisheries Industry Science Partnership scheme to support world-class research to improve the productivity and long-term sustainability of the industry.

The **MOD** will continue to increase its spending outside of the Greater South East, including through the implementation of the DSIS, details of which are below.

- The MOD will expand the **regional footprint of the Defence Science and Technology Laboratory** (Dstl). Dstl will launch a Science & Technology Experimentation Hub in Newcastle, specialising in AI and data science, in spring 2022. This will strengthen talent pools and links to local businesses and academic excellence. The MOD is also exploring options for future regional hubs, including in Scotland, Wales and Northern Ireland. A team is investigating the feasibility of a satellite location in Scotland, focused on Space, Photonics and Quantum.

- The MOD will increase the **geographic diversity of its Extra Mural Research (EMR)**, to draw on specialist skills across the UK. This will be achieved by setting a target to increase the proportion of MOD Chief Scientific Adviser's EMR contracts placed outside the Greater South East.
- The Defence and Security Accelerator (DASA) will promote growth through a £3.1m Regional Partnerships (RP) Fund over four years to target regional innovators. It seeks to leverage regional-based equity by mandating that any RP funding is matched to 50% by regional investment. The fund works in all geographical areas of the UK, including Scotland, Wales and Northern Ireland. A network of 12 Innovation Partners are regionally based across all of England, Scotland, Wales and Northern Ireland. Regional Defence and Security Clusters (RDSCs) will be a physical and virtual network that brings industry and government together to share challenges and ideas to promote both collaboration and commercialisation. The initial RDSC in South West England is already proving successful, with 140 participating member organisations (of which 45 are new to defence), 90 of these being SMEs. The MOD would welcome RDSCs in all regions and in Scotland, Wales and Northern Ireland by 2023.

### **3.2.3 By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.**

This mission is focused on improving transport connectivity.

## **Transport connectivity**

### **The case for action**

Transport can boost productivity by connecting people to jobs and businesses to each other. It also supports wider quality of life, positive health outcomes and local pride by helping to regenerate high streets and town centres, supporting people to increase their physical activity, socialise and access shops and services.

But there is significant variation in the quality of transport connectivity around the UK, which can affect economic and social outcomes, as discussed in Chapter 1.<sup>397</sup> Some of the UK's biggest cities lack high quality public transport to enable densification of city centres and make jobs accessible within commuting distance, contributing to congestion and lower productivity. Meanwhile, smaller cities, towns and villages also need good public transport and high-quality local roads to ensure everyday journeys are safe and quick.

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397 National Infrastructure Commission. Second National Infrastructure Assessment: Baseline Report. 2021.

## The policy programme

The policy programme is focused on:

- a. local transport;
- b. empowering local leaders; and
- c. connectivity between economic centres.

### Local transport

Local transport, particularly buses, is crucial to connect people to jobs, education and wider opportunity. For example 77% of jobseekers outside of London do not have regular access to a car, van or motorbike for personal use for work or interviews.<sup>398</sup>

Since 2020, the UK Government has published the National Bus Strategy and Cycling and Walking Plan, backed by **over £5bn of funding for buses and active travel** over this Parliament. £3bn has been allocated for transforming buses.

In places where it will make the most impact, the UK Government will enable increased frequencies and reduced fares, with high-frequency services in densely-populated areas and new forms of demand-responsive transport to places, such as business parks and rural villages, that are not well served by linear bus routes. A pilot project starting this spring will be in Cornwall, an area where despite significant improvements in the quality of bus services in recent years, the cost of public

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398 Department for Transport. [Bus Back Better: national bus strategy for England](#). 2021.

transport remains a significant barrier to use and opportunity. The UK Government and Cornwall Council will launch a new Superbus network, which will help to reduce fares by around 30% during the first phase, under the new Transport for Cornwall brand, which brings together all bus operators and the main train operator GWR.

In cities, **new bus priority lanes** will make buses faster, more reliable, more attractive to passengers and cheaper to run – enabling operators to invest further in making services better and reduce fares. Schemes include new green bus corridors in Liverpool and quality bus transit schemes in Greater Manchester.

In the **West Midlands**, Mayor Andy Street is building a new **bus rapid transit system**, “Sprint” – a cross between a bus and a tram, with long sections of segregated and dedicated route – to connect Birmingham Airport, Solihull and Walsall with Birmingham city centre. Coventry is developing a brand new **very light rail system** for the city, starting with a demonstrator route from Coventry Rail Station to Pool Meadow Bus Station. Coventry has also received **£50m to become the first all-electric bus city**, with almost 300 new zero emission buses to be delivered over the coming years.

Significant bus transformation will be funded in these and the other Mayoral Combined Authority (MCA) areas, including major rapid bus priority schemes and fares improvements in **West Yorkshire** and the **West of**

**England.** Outside the MCA areas, the UK Government will fund ambitious plans for bus improvement, enhancing services and reducing fares, in **Stoke-on-Trent, Portsmouth, Luton, Derbyshire, Warrington** and many other places. This is not an exhaustive list of authorities which will be given funding. Further discussions will be held with these and other councils to ensure their commitment to the improvements set out in the National Bus Strategy.

Over £500m is being spent this Parliament on delivering zero-emission buses, plus over £440m on bus priority and other capital schemes outside the MCA areas. For the MCA areas, the Government's £5.7bn City Region Sustainable Transport Settlements include investments of around £1bn to improve buses. In addition to these sums, more than £2.3bn in total will be paid across the Parliament to improve and maintain services.

A further £360m will be spent to introduce **London-style contactless ticketing** across regional rail commuter networks, delivering price capping, ending queues at ticket windows and ensuring that passengers are always charged the best fare.

As well as improvements to bus routes, the UK Government is spending over £200m this year and a total of £2bn across the Parliament on improvements for cycling and walking. Much of the new infrastructure will be in places where funding is most needed, from Blyth to Falmouth. The new Executive Agency, Active Travel

England, will work with local authorities on the detailed design of schemes over the months ahead.

Finally, well maintained local road networks are a key form of local transport. The UK Government is already investing more than £5bn from 2020 to 2025 for highways maintenance to local highways authorities across England, enough to fill millions of potholes a year, repair dozens of bridges and resurface hundreds of roads up and down the country. This is in addition to the £2.6bn to deliver over 50 road upgrades, such as bypass and junction upgrades in Stoke, Devon and Lancashire.

### **Empowering local leaders**

As set out in Chapter 2, the UK Government is committed to empowering local actors to develop solutions that work for their communities.

At SR21, the UK Government announced **City Region Sustainable Transport Settlements**, with an investment package of £5.7bn for eight English city regions to transform local transport networks through London-style integrated settlements. This is a 94% increase on equivalent funding delivered between 2017-18 and 2021-22. This includes<sup>399</sup>:

- a. £830m to West Yorkshire for schemes such as starting work on a new mass transit system;

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399 The North East is eligible for a settlement subject to the creation of appropriate governance arrangements to agree and deliver funding.

- b. £1.07bn to Greater Manchester for schemes such as improving nearly 150km of bus corridors;
- c. £1.05bn to the West Midlands for schemes such as completing the Wednesbury to Brierley Hill metro extension;
- d. £710m to Liverpool City Region for schemes such as pioneering battery technology to enable extensions to the electric Merseyrail network;
- e. £570m to South Yorkshire for schemes such as starting the renewal of the Supertram;
- f. £310m to the Tees Valley for schemes such as a programme of bus corridor improvements; and
- g. £540m to the West of England for schemes such as a fully prioritised bus route between Bristol and Bath.

These settlements will be similar to those established over the last two decades in London, creating a more devolved model of local transport funding and consolidating billions of pounds of new funding with existing funding for the Integrated Transport Block (ITB) and Highways Maintenance Block (HMB). This will simplify the funding landscape, increasing long-term funding certainty and giving city regions flexibility to develop long-term strategies.

These settlements also reinforce local leaders' responsibility for local transport. Mayors will design their plans based on their areas' needs and opportunities, and

be held to account on their delivery. Delivery against those outcomes will be monitored and data regularly published. The North East is eligible for a settlement subject to the creation of appropriate governance arrangements to agree and deliver funding.

In addition, Local Transport Authorities (LTAs) will take on greater powers and responsibilities, so that they can plan their transport systems more effectively. For areas in England that agree the highest level devolution deals with directly elected leaders, the UK Government will make more targeted resource support available sooner, so that they can put Local Transport Plans in place before the end of this Parliament, as well as offering **multi-year integrated settlements** covering core local transport funding streams for local highways maintenance and smaller upgrades. Once robust plans are in place in line with DfT guidance, the UK Government will facilitate delivery by exploring opportunities to further simplify funding streams and reduce the requirements to access competitive funding.

The UK Government will also **explore devolving more transport powers and responsibilities** in England. In MCA areas, the UK Government will provide new powers of direction to increase mayors' control over Key Route Networks. The UK Government will also explore transferring control of taxi and private hire vehicle licensing to both combined authorities and upper-tier authorities. Taxis and private hire vehicles are a key part of local transport systems, so this would allow LTAs to

fully integrate these modes into their Local Transport Plans.

As set out in the National Bus Strategy, in line with previous devolution of bus funding to Transport for London and Transport for Greater Manchester, the UK Government will work to devolve the Bus Service Operators Grant, including once it has been reformed, to MCAs and other LTAs that request it. Devolving this funding further empowers LTAs to drive improvements in local bus services.

The UK Government will support all LTAs by publishing new guidance on **Local Transport Plans**, so that all LTAs can deliver updated plans by the end of this Parliament, with clear project pipelines and comprehensive strategies to improve local transport for people and reduce carbon emissions. The UK Government will also explore **regional centres of excellence** that can provide bespoke support to LTAs. Future funding will be dependent on the delivery of these plans and wider LTA performance.

As set out in the Williams-Shapps Plan for Rail published last year, the UK Government will also use the newly created Great British Railways (GBR) to give local leaders greater say over how their local railways are run through new partnership agreements. In the period before GBR is operational, the UK Government will commission the new GBR Transition Team to explore opportunities to improve local engagement. This will

include developing successor partnerships to those already in operation, to align them with the ambitions of the Williams-Shapps Plan for Rail.

These partnerships will encompass the whole passenger offer and long-term strategy for railways in a local area. Depending on the needs and capacity of different areas, these could include the ability for local leaders to integrate ticketing and fares, control stations and buy additional services or infrastructure to achieve local transport and housing priorities more effectively than at present, using funds raised locally. GBR will be the “guiding mind” for the entire rail system and will be required to consider wider network impacts of local proposals. Existing devolved responsibilities in Scotland, Wales, Merseyside, Tyne and Wear and London will be maintained.

### **Connectivity between economic centres**

The UK Government is also investing heavily to boost connectivity between the UK’s key economic centres, focusing on places where connectivity is weak. It has announced plans to reduce Air Passenger Duty on domestic flights to support connectivity between regions, and launched the Integrated Rail Plan (IRP) – the biggest ever public investment in Britain’s rail network.

## Box 3.7 The Integrated Rail Plan

Last year, the UK Government launched the £96bn IRP.<sup>400</sup> The IRP will deliver faster, more frequent and more reliable journeys across the North of England and the Midlands. Investment in connectivity can improve productivity and economic performance right across these regions.

Under the IRP, the UK Government will deliver three new high-speed rail lines – one of which will be Northern Powerhouse Rail – which will transform transport connections to, from and between the East and West Midlands, the North West and North East of England, Yorkshire, Scotland and Wales.

Under previous proposals for HS2 and NPR, a range of places on the existing main lines, such as Doncaster, Huddersfield, Newark, Wakefield, Market Harborough and Leicester, would have seen little improvement or a worsening in their services. Under the improvements set out in the IRP, these and other towns could see improved services in terms of destinations served, electrified trains, higher frequencies, more seats and/or faster services.

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400 Department for Transport. [Integrated Rail Plan for the North and Midlands](#). 2021.

In total, the plan builds an additional 110 miles of new high-speed route. On the conventional network, it electrifies a further 180 miles of route and upgrades more than 400 route miles with more stretches of three- and four-tracking, digital signalling, speed and capacity improvements, power upgrades and freight gauge changes to take thousands of lorries off the motorways and track enhancements. The IRP will deliver for more places, more quickly, and up to ten years sooner than previous plans.

SR21 announced that the UK Government is spending £24bn from 2020 to 2025 to maintain and improve the busiest **A roads and motorways** and £35bn for HS2, rail enhancements and other upgrades to improve **rail journeys**, improving connectivity between cities and towns to boost growth.

This builds on the £15.2bn investment made since 2015 through the first Road Investment Strategy, and specific commitments to rail including £5.8m for developing upgrades to Cardiff Central Station (2019); £343m for Welsh Rail, including £196m transferred to the Welsh Government for the Core Valley Line (2020); £76m to complete the electrification of the Severn Tunnel (2020); £760m to deliver the next stage of East West Rail between Bicester and Bletchley (2021); and £58m towards rail improvements in the West Midlands to improve access to jobs and opportunities in Birmingham, Walsall and Wolverhampton (2021).

Additionally, the UK Government is accelerating priority rail and road projects that can drive local economic growth. Towns left behind by rail closures, including those from the Beeching report of the 1960s, will be reconnected to the national network. The Dartmoor line has already been reopened, 24 months ahead of schedule, and there will be new lines or stations for many other places – for example, through accelerating plans to restore the Northumberland line which will connect communities such as Blyth and Ashington to centres of employment in the North East, including the Britishvolt gigafactory.<sup>401</sup> The UK Government is also supporting the development of 13 early stage proposals to restore lost rail connections with up to £50,000 for each project – including in Greater Manchester, East Yorkshire, Wales and Devon.

This large-scale investment presents significant opportunities for regeneration, particularly around stations. The UK Government has already helped places realise the economic and social benefits linked to HS2, including by providing funding for local authorities to develop HS2 Growth Strategies. This year, the UK Government will publish a HS2 Local Growth Action Plan, setting out how it will work with places hosting Phase One and 2a stations to realise their local growth ambitions.

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401 Britishvolt. [Britishvolt hands ISG keys to start advanced enabling works on Northumberland site Sep 6. 2021.](#)

## **Box 3.8 Transport-led regeneration: HS2 and Birmingham**

While HS2 is still at a relatively early stage, the benefits for Birmingham are already starting to be realised.

Curzon Street station will be the first completely new rail terminus in the heart of the city in over 100 years. The vision is to make Curzon Street a focal point for transformation, development and economic growth as well as providing efficient onward transport links. The UK Government has supported this vision by expanding the Birmingham City Centre Enterprise Zone.

The economic benefits of HS2 will continue to grow, with the Midlands 2021 HS2 Growth Strategy anticipating 43,600 gross and 19,600 net additional jobs, 2,200 additional new homes and £1.6bn per annum in net additional GVA around the Curzon Street Area.<sup>402</sup> The Council is already inviting digital and creative firms to submit planning proposals to deliver a creative hub with a strong sense of identity and local pride for Birmingham.

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402 West Midlands Combined Authority. Midlands HS2 Growth Strategy 2021: The Defining Decade – The Midlands high speed path to recovery. 2021.

At Interchange Station in Solihull, central and local government, and the private sector are working together to develop approximately 350 acres of land at Arden Cross, to create a space for innovation, business, learning and living. Backed by conditional UK Government funding of £50m, this development will provide up to 27,000 new jobs and 3,000 new homes.<sup>403</sup> Next to Arden Cross, recently announced plans for the National Exhibition Centre campus show how 70 acres of brownfield land can be redeveloped to create new residential, office, leisure and community space, creating over 5,000 new homes and 3,500 new local jobs.<sup>404</sup>

For roads, the UK Government will accelerate delivery of the A66, ensuring that it is open for traffic five years sooner than the original plan. The UK Government will also progress work on the A428, A417 and A12. Funding has also been confirmed for major maintenance starting this year on the Tame Valley Viaduct, an important link between the M6 and Birmingham city centre.

The UK Government is also committed to improving connectivity between the nations of the UK. Last year, the UK Government asked Sir Peter Hendy to conduct the independent **Union Connectivity Review**. This was published in November 2021 and made 19

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403 Arden-Cross. THE MASTERPLAN. 2020.

404 Arden-Cross. NEC unveils plan to create 5,000 new homes and 3,500 jobs through redevelopment of NEC campus in Birmingham. 2020.

recommendations spanning all transport modes across the UK. The UK Government will respond formally to the review this year and will also work closely with the Scottish and Welsh Governments, and the Northern Ireland Executive to deliver improvements to transport connectivity, including through improved data and information sharing, where discussion has already started through the Inter-Ministerial Group.

### **3.2.4 By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population<sup>405</sup>**

This mission is focused on improving digital connectivity.

## **Digital connectivity**

### **The case for action**

The COVID-19 pandemic demonstrated the importance of digital infrastructure right across society, from ensuring business continuity to reducing isolation. Improved digital connectivity has the potential to drive growth and productivity across the UK and widen job opportunities through remote working. However, there are significant spatial disparities in the quality of broadband and mobile networks, with rural areas likely to experience worse digital connectivity than urban areas. Infrastructure is only part of the picture: economic benefits will only materialise

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<sup>405</sup> Where nationwide means 95% of the UK for 4G, and at least 99% of premises for gigabit-capable broadband.

if businesses and workers have the skills to take advantage of improved infrastructure.

More broadly, high quality digital infrastructure can deepen local labour markets through remote working, making it more attractive for both workers and companies to locate regionally. It also allows for the development of high-value sectoral clusters, which can drive growth and jobs in new areas. Existing specialisms in the UK regions have the potential to generate strong tech clusters, such as fintech in Scotland and Wales, e-Commerce in the North West and Northern Ireland, and Agri-Tech in Yorkshire and the Humber. The sector also provides opportunities for raising living standards – median earnings for the sector are 50% higher than the UK average.

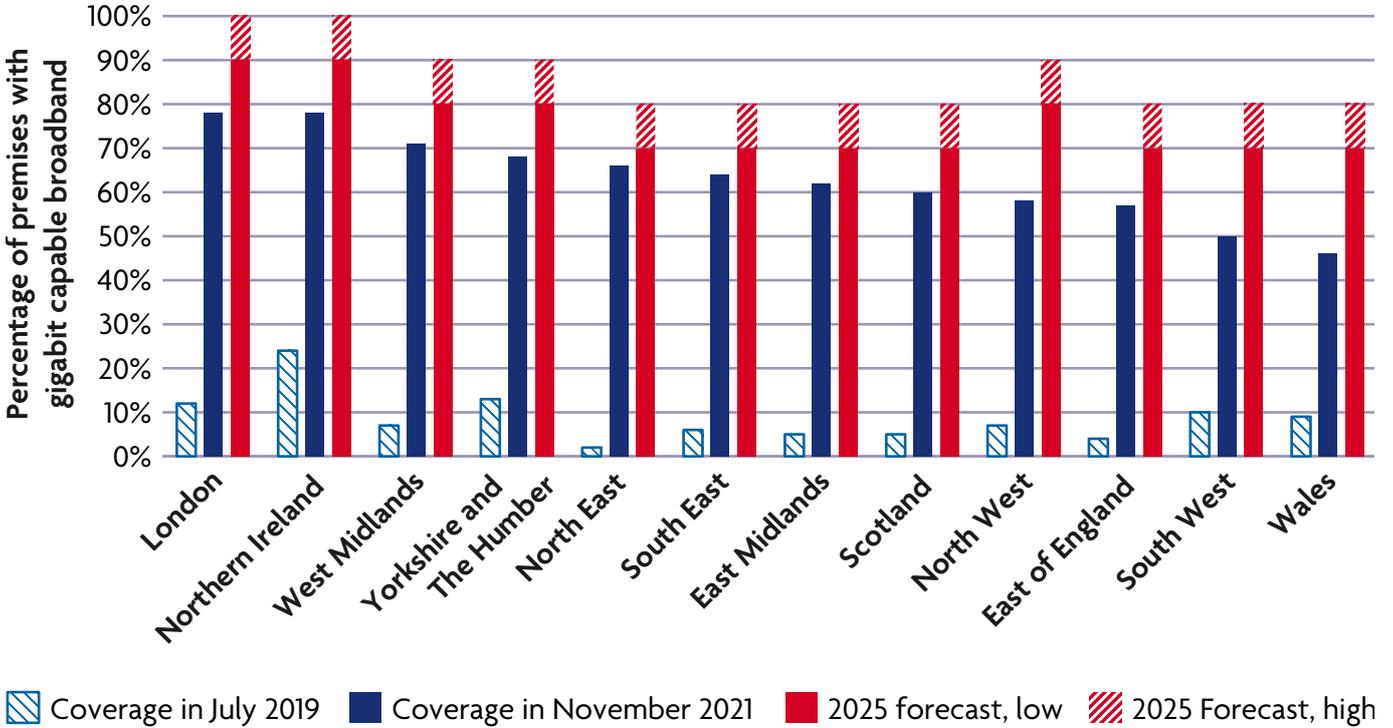
## The policy programme

In 2020, the UK Government published the National Infrastructure Strategy, committing to providing £5bn in public funding to roll out **gigabit broadband** to at least 85% of the country by 2025, and subsequently to as close to 100% as possible, working with the private sector.

Public investment will target premises that are hardest to reach and which would otherwise not be provided for by the private sector, ensuring no areas are left behind. Gigabit coverage has increased from 10% to over 60% in less than two years. Since 2019, coverage has improved across the UK, and the UK Government anticipates the

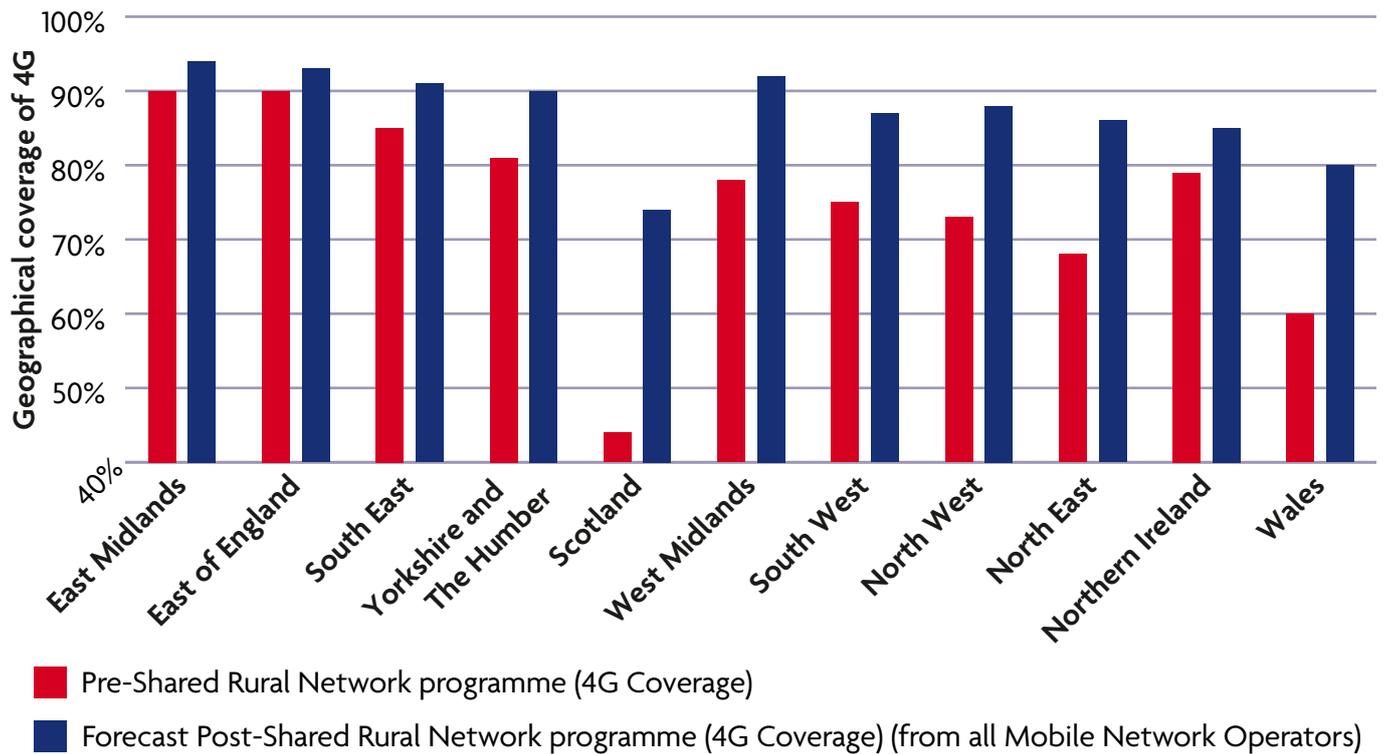
following additional improvements to be delivered as a minimum by 2025, as set out in Figure 3.1.<sup>406</sup>

**Figure 3.1 Gigabit coverage improvements, UK countries and regions, 2019, 2021 and 2025 (forecast)**



406 Forecasts show existing coverage and estimated future commercial build. Data sources: Ofcom Connected Nations, ThinkBroadband and DCMS estimates.

**Figure 3.2 4G coverage improvements, UK countries and regions, 2021 and 2026**



The UK Government has also agreed a £1bn deal with mobile operators to deliver the Shared Rural Network programme. This will see operators collectively **increase 4G coverage to 95% by 2025**. As a result of this collaboration, the vast majority of the UK will soon benefit from improvements to digital connectivity (see Figure 3.2).

5G has the potential to radically change the way people live and make businesses more productive and competitive. The UK Government’s ambition is for the majority of the population to have access to a 5G signal by 2027. Since 2017, the UK Government has provided £200m in funding for 5G Testbeds and Trials, supporting over 200 startups and SMEs across a range of sectors – including healthcare, manufacturing, Agri-Tech and

creative industries – to better understand how to use the technology to develop new solutions and services.

In 2022, the UK Government will publish the **Wireless Infrastructure Strategy**. This will review how far the private sector will go to deliver wireless infrastructure – including 5G – across the country, and determine whether there are any market failures in places that need to be addressed, and how the UK Government could tackle these.

### **Box 3.9 West Midlands 5G**

The West Midlands 5G (WM5G) Testbed started in 2018 with the mission of testing and proving the benefits of 5G to public and private sector productivity, creating jobs and boosting growth.

The UK Government has invested £21m over three years, alongside investment from local government and the private sector. By working with local authorities and Mobile Network Operators (MNOs), WM5G has accelerated 5G deployment by over six months, resulting in the West Midlands being amongst the best connected places for 5G in the UK.

In addition, WM5G has delivered a number of UK firsts, including a 5G road sensor network, 5G connected ambulance and capsule endoscopy trials, and a 5G application accelerator programme called 5prinG, which has already upskilled over 400 organisations on the benefits of 5G and allowed over 60 startups to develop new 5G products and services.

We must ensure that people have sufficient digital skills to reap the benefits and prosperity arising from the digital economy. In 2020, the UK Government introduced a new digital skills entitlement, giving adults with low or no digital skills in England free access to new digital skills qualifications based on employer-supported national standards. The UK Government continues to work with local leaders to develop Local Digital Skills Partnerships. These collaborative partnerships are now operating in seven regions across England, with an eighth formally launching in Hull and East Yorkshire in early March. The UK Government will work with devolved administrations to consider how best to share the insights and evaluation of the programme to help build digital skills capability across the UK.

## 3.3 Spread Opportunities and Improve Public Services

Human capital is central to the economic and social well-being of people and places. Improving people's health, education, skills and employment prospects will ensure that everyone, wherever they live, has the opportunity to live fulfilling, healthy and productive lives. While investment in human capital improves productivity, high quality public services like great free schools and high-performing academies also attract new talent to an area, helping to support flourishing local economies.

To drive these improvements, the UK Government is setting **three core missions** spanning education, skills and health.

In addition, an overarching mission on **well-being** has been set. This focuses on ensuring that **by 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing**. Well-being captures the extent to which people across the UK lead happy and fulfilling lives – the very essence of levelling up. It is affected by a variety of different facets of people's lives, from physical and mental health to jobs, community relationships and wider factors that influence quality of life such as the environment.<sup>407</sup> Consequently, although it is intrinsically

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407 Brown, H., Abdallah, S., Townsley, R. Understanding Local Needs for well-being Data. 2017.

linked with human capital, well-being has a bearing on all four of the UK Government's objectives for levelling up.

Whilst the missions set ambitions for the whole of the UK, responsibility for improving outcomes in health and education are devolved in Scotland, Wales and Northern Ireland. Therefore, many of these new interventions can only be directly delivered by the UK Government in England. Collaboration with devolved administrations and local leaders will be vital to find the best way to meet these ambitions elsewhere across the UK and learn from each others' approaches.

**3.3.1 By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.**

This mission is focused on eliminating illiteracy and innumeracy.

# Eliminating illiteracy and innumeracy

## The case for action

Potential is shaped from the very beginning of our lives, and all children and families need to be able to access high quality early years education, schools and support. This provides a strong base for subsequent investment in skills, ensuring that young people and adults can train to access job opportunities and move up the career ladder, regardless of their characteristics, background or where they live.

Children's development, attainment and later-life chances vary significantly across the UK. In England, by age five, 75% of young children reach a good level of development in the South East, compared with 69% in the North West.<sup>408</sup> Around 4.5% of children in the North East are a "child in need", compared with 2.4% in the East of England. Children's early experiences affect lifelong physical and emotional health.

There are also clear, and often entrenched, spatial disparities in educational attainment in later years; these disparities in England are mapped in Figure 3.3. As of August 2019, 210,000 pupils in England were in schools that had been underperforming for the previous 13 years or more.<sup>409</sup> Disparities also exist in Scotland, Wales and Northern Ireland. For example, more than 85% of pupils

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408 Department for Education. [Early years foundation stage profile results: 2018 to 2019. 2020.](#); Department for Education. [Regional differences in attainment in the early years. 2018.](#)

409 Ofsted. [Fight or flight? How 'stuck' schools are overcoming isolation. 2020.](#)

in the East Renfrewshire and East Dunbartonshire council areas reached the expected standard in numeracy at P7 in 2018-19, compared with 62% in the Highland council area;<sup>410</sup> more than 20% of year 11 students in Ceredigion and Swansea were achieving 5A\*-A GCSEs, compared with less than 10% in Merthyr Tydfil and Blaenau Gwent;<sup>411</sup> and 79% of students in Lisburn and Castlereagh received 5 A\*-C GCSEs, including English and maths, compared with 66% in Belfast.<sup>412</sup> These challenges have been exacerbated by the COVID-19 pandemic.

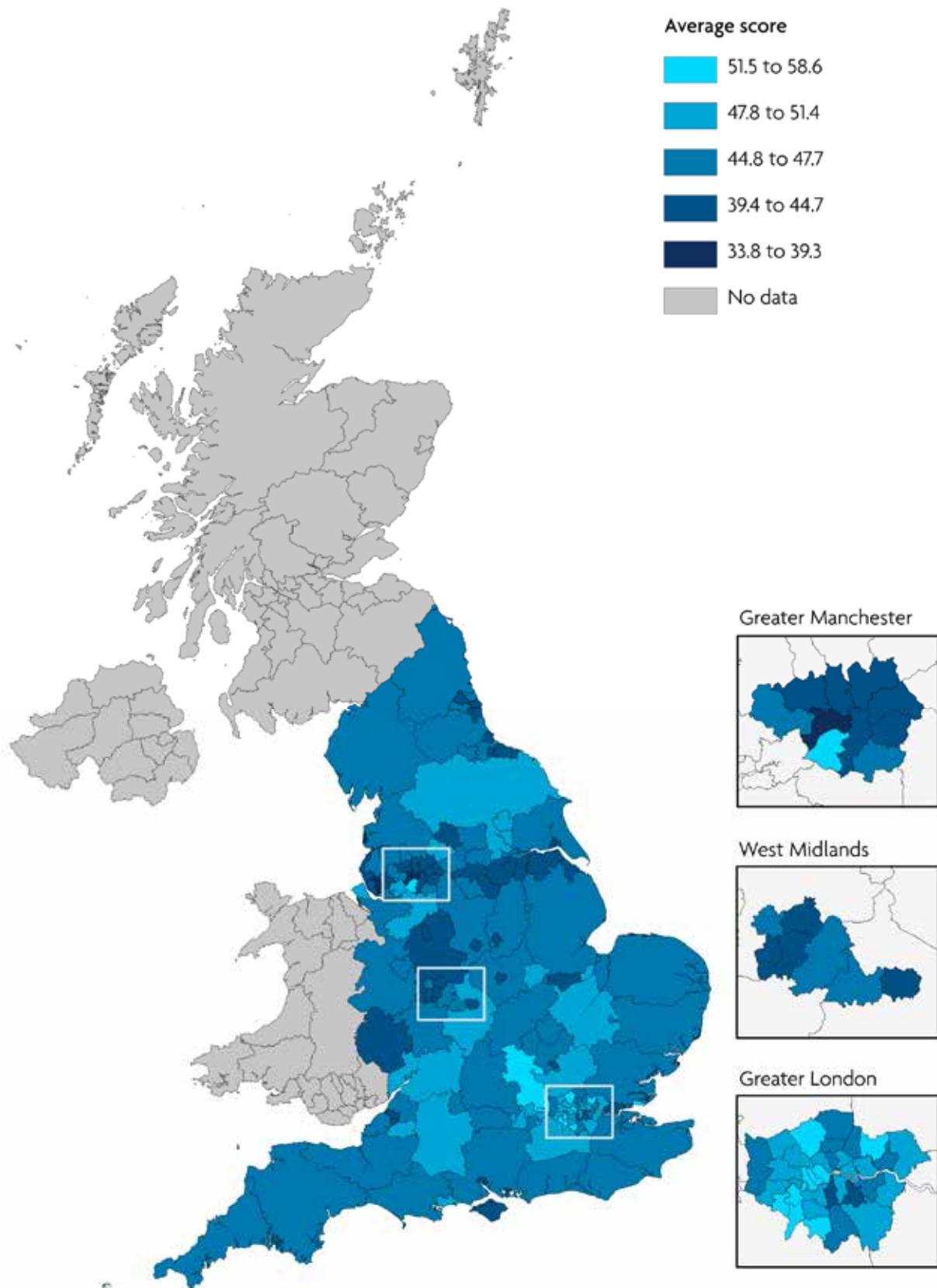
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410 Scottish Government. [Achievement of Curriculum for Excellence \(CfE\) Levels 2018-19](#). 2019.

411 Welsh Government. [Key Stage 4 Interim Measures by LEA, from 2018/19](#). 2019.

412 Northern Ireland Department for Education. [School Leavers – 2018/19 statistical bulletin](#). 2020.

**Figure 3.3 Attainment 8, England local authorities, 2018/19<sup>413</sup>**



413 Attainment 8 measures the achievement of a pupil across 8 subjects on a GCSE equivalent basis. Each individual grade a pupil achieves is assigned a point score, which is then used to calculate a pupil's Attainment 8 score.

## The policy programme

The UK Government has continued to drive school improvement and encouraged all schools in England to become part of a strong family of schools by joining a multi-academy trust (MAT). MATs such as Harris, Ark, Dixons, Star Academies and the Inspiration Trust have been instrumental in raising school standards, especially in disadvantaged areas. The UK Government will energetically support the expansion of these and other high-performing MATs in areas where education needs levelling up.

Excellent education is underpinned by a talented teaching workforce. In 2020-21, the Department for Education (DfE) piloted the Early Career Framework, a new entitlement for early career teachers' professional development in England, aimed at 1,900 newly qualified teachers in the North East, Greater Manchester, Bradford and Doncaster. Since September 2021, all new teachers have been entitled to this training.

## **Box 3.10 Dixons Academies Trust**

Dixons Academies Trust strives to achieve effective school improvement and great outcomes for pupils, including in areas of high disadvantage. The trust's schools in Bradford and Leeds are heavily oversubscribed and pupils have achieved strong outcomes, including both attainment and progression into post-18 study and employment. There are five schools in the trust with "Outstanding" Ofsted ratings, and three schools with "Good" ratings.

The trust was identified as the sponsor for two local authority-maintained secondary schools in Liverpool, both of which had been rated "Inadequate" by Ofsted. The trust worked actively in both schools for almost a year and provided staff training, established coaching and aligned processes with other Dixons academies. It also embedded new and improved routines for culture and instruction, as well as systems to improve attendance.

The trust has worked hard to ensure that the changes have had a positive impact in the area, offering its support to school improvement more widely. In the school, staff have reported feeling supported with new learning routines and that there had been better behaviour from students.

It is critical that UK Government investment in schools is distributed fairly between all areas of England, and all

schools, to level up opportunity. The introduction of a schools national funding formula in 2018-19 was a significant step in removing the postcode lottery of the previous funding system. A majority of English local authorities have now moved towards the national funding formula. DfE recently consulted on completing its reforms to the national funding formula and will publish its next steps in due course.

The UK Government will drive further school improvement in England through new **Education Investment Areas (EIAs)**. These will cover the third of local authorities in England where educational attainment is currently weakest, plus any additional local authorities that contain either an existing Opportunity Area (OA) or were previously identified as having the highest potential for rapid improvement.

DfE will launch a consultation on moving schools in these areas with successive “Requires Improvement” Ofsted judgements into strong multi-academy trusts, so that they can better access the support they need to improve. In addition, DfE will support strong trusts to expand into these areas and offer retention payments to help schools with supply challenges to retain the best teachers in high-priority subjects. A map of the 55 local authorities that have been identified as EIAs can be seen in Figure 3.4.

In addition, the UK Government will learn from the successful OA Programme and make more intensive investment across some EIAs to tackle wider issues that

may be limiting school improvement. These priority areas will benefit from access to a range of additional support from central government, that could include support from the network of school hubs, new pilot programmes to improve attendance and new mainstream free schools, where there is clear demographic need.

To ensure access to high-quality academic education, including post-16, DfE is opening eleven new specialist 16-19 maths schools, with a commitment to one in each region of England. DfE has opened three so far – King’s College London, Exeter and Liverpool. It will open a further eight in Cambridge, Durham, Imperial College London, Lancaster, Leeds and Surrey, as well as a further two in the East of England and West Midlands.

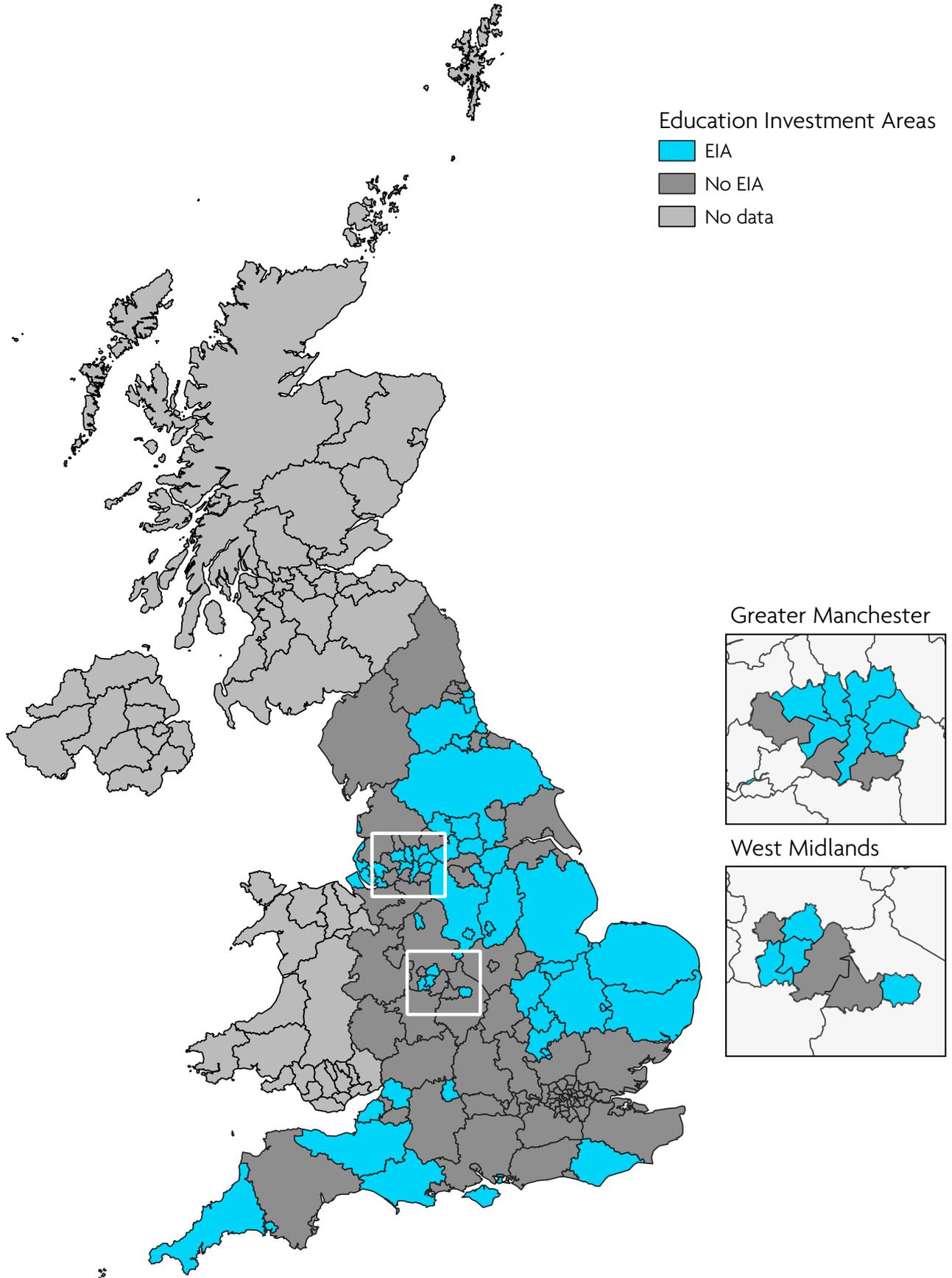
Going further, the UK Government will ensure that talented children from disadvantaged backgrounds have access to a college, school sixth form or 16-19 academy, with a track record of progress on to leading universities, such as Harris Westminster Sixth Form and Sir Isaac Newton Sixth Form Free School in Norwich. To drive this commitment, DfE will open new 16-19 free schools targeted at areas where they are most needed. The selection process for these schools will prioritise bids located in EIAs, in particular those areas that will benefit from additional support.

The forthcoming Schools White Paper will focus on improving literacy and numeracy for those furthest behind. It will set out a clear vision for a system in which

schools are in strong MATs that are able to drive improvement for all their pupils. DfE will take a place-focused approach, working with local partners to build strong trusts and investing in diocesan trusts to ensure every type of school can benefit.

In addition, the UK Government will create a **new UK National Academy**. It will support pupils from all backgrounds and areas to succeed at the very highest levels. This support will be made available across the UK. Just as the UK pioneered the world's first national broadcasting service and established the Open University to bring higher education (HE) to all across the UK, the new UK National Academy will harness cutting edge technology to ensure geography or income is no barrier to being academically stretched beyond the curriculum. The UK Government is committed to working with the devolved administrations to explore how the UK National Academy can support students in Scotland, Wales and Northern Ireland.

# Figure 3.4 Education Investment Areas, England



Developed jointly with schools and experts, and taught by a diverse range of expert teachers, it will be made available online to support the work of schools. It will be entirely free and used at the choice of headteachers, teachers and parents. It will allow students to acquire additional advanced knowledge and skills on a timetable that works for them – ensuring that even more opportunities are available for every child to thrive. Different methods of teaching and delivery of subjects will be trialled, compared, refined and improved with student and teacher feedback as well as rigorous evaluation to determine its effectiveness at driving improvement.

Other factors beside time spent in the classroom also shape a child's potential. Beyond the school gates, place will therefore remain central to the UK Government's approach to early years and families. This includes continuing to work closely with local authorities to improve their children's social care and special education needs and disability (SEND) services where those systems are performing poorly. The UK Government will invest £300m to build the network of **Family Hubs** and transform **Start for Life** services for parents and babies, carers and children in half of local authorities in England.

## **Box 3.11 Family Hubs in the Isle of Wight**

The Isle of Wight was one of the first areas of the country to develop Family Hubs. With three main Family Hubs and six “spoke” sites, the island’s children and families are able to access joined-up support, ranging from appointments with health professionals such as midwives and health visitors, “Five to Thrive” for new parents, healthy eating groups and more intensive bespoke family support. The hubs also offer support and guidance to access education, employment and training, and career development through partnership working with DWP and work coaches.

The Family Hubs’ offer of intensive family support saw 99.7% of families remaining engaged for at least three months, with 87% reporting improvements in their outcomes.

The UK Government is also investing an extra £200m to expand the **Supporting Families programme** in England. This brings total investment to £695m over the next three years so that the programme can improve the life outcomes and resilience of up to 300,000 vulnerable families. The programme will help local areas to address the challenges in families’ lives and circumstances that can hold back children from attending and achieving at school, or put them at risk of neglect and harm. Funding is allocated based on need, and the formula has been

updated using recent data. This will ensure that areas with higher levels of deprivation receive additional funding.

**3.3.2 By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.**

This mission is focused on improving skills and training.

## **Skills and training**

### **The case for action**

The UK Government's goal is to support a high-wage, high-skill economy by building skills and human capital, particularly in places where they are weakest. This includes supporting people to realise their career aspirations without having to leave their communities, and to ensure that local employers have access to the skills they need to grow and thrive. The mission for productivity, pay, jobs and living standards also supports the UK Government's commitment to employment and ensures that people have the opportunity to access quality jobs and progress in work.

The mix and level of skills that make up an area's human capital play an important role in driving prosperity and productivity.<sup>414</sup> A lack of good jobs is also bad for people's health and independence. Being out of work is associated with poorer health outcomes. Disabled people are more likely to fall out of work and, once out of work, are less likely to return. Local authorities with the largest disability employment gaps tend to be concentrated within more deprived areas of the UK. Economic inactivity is particularly high in these areas.

The more deprived geographical areas of the UK also see a higher prevalence of low pay and greater reliance on welfare: Northern Ireland (21.1%), the East Midlands (20.1%), the North East (19.9%), Yorkshire (19.6%) and Wales (19.1%) are places with the highest proportions of low-paid jobs.<sup>415</sup> There are also disparities within regions, with variation between large and small cities, as well as towns and rural places.

The same is true of qualification levels, reflecting both young people's educational attainment, and mobility into and out of a community. Overall, 43% of the working age population in England now holds a qualification at level 4 or above i.e. higher than an A Level, but only 24% of working-age Blackpool residents do so.<sup>416</sup>

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414 BIS. [UK skills and productivity in an international context](#). 2015.

415 In-Work Progression Commission. [Supporting progression out of low pay: a call to action](#). 2021.

416 ONS. [Annual Population Survey: Jan 2020 – Dec 2020](#). Accessed via NOMIS.

## The policy programme

Skills policy in England has been marked, in the past, by a plethora of short-lived interventions and a centralised approach. The UK Government has therefore launched a programme of change which fundamentally shifts the way in which skills policy is formulated and delivered, empowering both local leaders and individuals, and developing new and appropriate accountability mechanisms.

The policy programme is focused on:

- a. putting local employers at the heart of provision;
- b. strengthening locally accessible institutions, notably the national network of further education colleges;
- c. ensuring that all individuals have lifetime access to training;
- d. offering new opportunities to access high quality work and progress in the workplace; and
- e. providing employment support for disabled people and people with health conditions.

### Local employers at the heart of skills provision

DfE's *Skills for Jobs* White Paper, published in January 2021, announced the intention to create a new local infrastructure in places across England to ensure that technical skills provision better meets employer skills needs. DfE is piloting new employer-led **Local Skills Improvement Plans** (LSIPs) in 2021-22 and supporting

providers with Strategic Development Funding to help shape technical skills provision to better meet local labour market needs.

The UK Government will now roll out these employer-led LSIPs across England, together with supporting funding, looking to prioritise areas with the most pressing skills needs. Employers, convened by employer representative bodies, will work with providers, MCAs where relevant, and other stakeholders to develop LSIPs, setting out the key changes needed in a place to make technical skills training more responsive to skills needs. The UK Government is also legislating to put these employer-led LSIPs on a statutory footing through the Skills and Post-16 Education Bill.

Alongside this, as announced in *Skills for Jobs*, the UK Government also intends to reform **funding and accountability for further education**. The July 2021 consultation proposed to move to a fairer and simpler funding system for providers and devolved authorities for adult skills in England, with a focus on outcomes for all skills provision, including providers' responsiveness to employers, and giving Ofsted an enhanced inspection role.

These reforms will embed local employers at the heart of an increasingly devolved, outcomes-oriented system, enabling providers to respond effectively to local skills needs as they evolve over time.

In addition, the quadrupling of places in England on **Skills Bootcamps**, announced at SR21, will ensure that acute national and local skill shortages can be addressed at speed. Bootcamps provide short intensive training in shortage areas such as digital, construction retrofit, and Heavy Goods Vehicle (HGV) driving, with direct links to employers. Their expansion will allow many more adults in communities across England the opportunity to train, retrain and progress into new local employment opportunities.

These new initiatives complement existing policies designed to ensure that skills policy responds to employer needs. Reflecting that employers and training providers have a fundamental role to play in closing skills gaps, new T Levels for full time 16-19 year olds and apprenticeship standards are designed with employer input.<sup>417</sup> The UK Government is also working with the Institute for Apprenticeships and Technical Education to roll out higher technical qualifications (HTQs) in England from September 2022. HTQs are new and existing level 4 and 5 qualifications that have been approved against employer-led standards as providing learners with the knowledge, skills and behaviours required for a given occupation.

The UK Government will continue to encourage work-based training through apprenticeships in England, increasing funding to £2.7bn by 2024-25. This includes

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417 [Through the Institute for Apprenticeships and Technical Education.](#)

an **enhanced recruitment service** for SMEs, which are more likely to employ younger apprentices and those living in disadvantaged areas, as well making it easier for large employers to transfer their Apprenticeship Levy to SMEs to further support apprenticeships in disadvantaged areas. The UK Government is also rolling out higher technical qualifications (HTQs), which are new and existing level 4 and 5 qualifications that have been assessed against employer-led standards as providing learners with the knowledge, skills and behaviours required for a given occupation.

The UK Government will bring greater alignment to the delivery of employment and skills interventions in **new Pathfinder areas**. These will bring together local delivery partners from DWP and DfE, including Jobcentre Plus, careers services, local employers, education and training providers, and local government to respond to intelligence about local employers' skills needs, supporting people into work and identifying progression opportunities for people in part-time work. These employment and skills Pathfinders will help individuals and employers take advantage of the extensive range of skills provision on offer. The Pathfinders will be located in Blackpool, Walsall, and Barking and Dagenham, where unemployment and vacancies are high and there are pressing skills needs. The UK Government is committed to working with the devolved administrations to explore how similar Pathfinders could be delivered in Scotland, Wales and Northern Ireland.

Good granular data is critical to enable the skills system to respond positively to emerging skills needs and provide valuable skill provision. DfE is setting up a new **Unit for Future Skills** which will work with BEIS and DWP to bring together the skills data and information held across government, and enable its use across central and local government, as well as by providers and the general public. The Unit will produce information on local skills demand, future skills needs of business, the skills available in an area and the pathways between training and good jobs. This will be a multi-year project, but the Unit will aim to improve the quality of data available within and outside UK Government in the short-term to strengthen the quality of local plans and provision, and their alignment with labour market need, as well as enable the updating of apprenticeship standards, qualifications and accountability measures. Its work will also feed into DfE's commitment to provide a single-source of labour market information to learners to improve their choice of training courses and careers.

### **Strengthening institutions**

Alongside this employer-centred reform programme, the UK Government is also taking major steps to strengthen and improve the institutions which provide skills training, especially those which are locally accessible, to enable people to upskill and progress without leaving their communities. Recent research has established that capital improvements translate into improved outcomes

for learners.<sup>418</sup> The £1.5bn **Further Education Capital Transformation Programme** will deliver the UK Government's commitment to invest in upgrading and transforming college estates across England.

The UK Government has also announced nine new **Institutes of Technology** (IoT) across England, building on the 12 already established since 2019 and taking the total to 21 – exceeding the UK Government's manifesto commitment to 20. IoTs are collaborations between colleges, universities and employers, specialising in delivering higher technical education in areas across England. As IoTs are employer-led, they can react quickly to the current and evolving technical skills needs of an area.

The lead organisations for the nine new IoTs and the wider areas they will cover are:

- a. Blackpool and The Fylde College (Lancashire LEP area);
- b. Cheshire College South and West (Cheshire and Warrington LEP area);
- c. Chichester College Group (Coast to Capital LEP area);
- d. DN Colleges Group (Sheffield City Region LEP area);

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418 Gibbons, S., Hupkau, C., McNally, S., Overman, H. The Effects of College Capital Projects on Student Outcome. 2021.

- e. Newcastle and Stafford Colleges Group (Stoke on Trent & Staffordshire LEP area);
- f. Solent University (Solent LEP area);
- g. South Essex College (South East LEP area);
- h. University of Derby (D2N2 and Leicestershire LEP areas); and
- i. University of Salford (Greater Manchester LEP area).

### **Box 3.12 Black Country and Marches Institute of Technology**

DfE is investing £17m in new facilities and state of the art equipment at the Black Country and Marches IoT in Dudley, which is supporting delivery of higher level technical training that meets the needs of local employers and learners. This IoT, which was part of the first wave of 12, specialises in courses and apprenticeships in advanced manufacturing, construction and medical engineering, where local skills needs are greatest. Its curriculum and capital requirements have been co-designed with local employers, including Avensys, Fulcro Engineering, Thomas Dudley Ltd and the Dudley Group NHS Foundation Trust.

The investment at the Institute of Technology builds on Dudley College of Technology's multi-year project to upgrade its campus, including new facilities that host Innovation and Enterprise Zones, supporting local employers and SMEs to develop products and commercial ventures. This includes A&M EDM, an award-winning precision engineering company based in Smethwick, which has used the bespoke engineering facilities and equipment at Dudley College of Technology to train apprentices in engineering, fabrication and business administration. A&M EDM has cemented this relationship by becoming an employer advisor to the IoT, helping ensure that it fulfils its remit of meeting local skills needs.

To embed our ongoing support for IoTs as the preeminent organisations for technical STEM education, successful IoTs may apply to receive a Royal Charter, securing their long-term position as anchor institutions within their region and placing them on the same level as our world-leading historic universities. DfE will set out the criteria and application process for Royal Charter status this spring.

HE institutions have a vital part to play in supporting regional economies, as significant local employers and through their role as anchor institutions supporting regional collaboration. Examples include Sheffield University and Sheffield Hallam University, working in partnership with Sheffield City Council, on the future

design of the city centre around their campuses; or the University of Lincoln's Institute of Agri-Food Technology which collaborates with the agriculture sector to develop technology which can solve challenges across the food chain in Lincolnshire. In March 2021, DfE part-funded the creation of the Civic University Network through a £50,000 grant to support universities through the creation of Civic University Agreements, placing universities as anchor institutions within their locality to develop the economic, social and cultural well-being needs of the surrounding community.

Innovative new models of skills-based HE also have an important role to play in levelling up places. For example, the New Model Institute for Technology and Engineering, opened last September in Hereford, offers a model of skills-based learning drawing from global best practice that emphasises work readiness, as well as self-reliance, community spirit and volunteering. In the urban setting of Old Trafford, Lancaster University and members of Manchester United Football Club's Class of 1992 have set up University Academy 92, which places an emphasis on character, personal development and employability, as well as a modular approach to learning.

The 2017 Higher Education and Research Act created the Office for Students (OfS), which made the process of becoming an HE provider more straightforward and allowed for the first time new providers to acquire degree awarding powers. As a result, new providers like the Jimmy Choo Academy, TEDI and the London

Interdisciplinary School have become registered HE providers. The UK Government will continue to work with the OfS to reform barriers for entry to the English HE sector, so that new high quality HE providers can open across England, joining the 400+ providers already on the register, to increase access to HE particularly in towns and cities without access to this provision.

The HE sector has a key role to play in levelling up areas by improving access to opportunity, in addition to supporting regional economies, so that every young person and adult, regardless of their background or geographic location, can get the high level professional qualifications needed to secure rewarding, well-paid jobs benefiting their families and communities. Changes are being made to the role the HE sector plays in levelling up opportunities for pupils from disadvantaged backgrounds. The UK Government has committed to ensuring that HE providers work closely with schools and colleges to raise educational standards and support students from disadvantaged backgrounds in their communities, through refocusing universities' Access and Participation Plans. The OfS will require all English universities to refocus their Access and Participation Plans on true social mobility, making getting on at university as important as getting in, and emphasising activities which have a direct impact on student attainment. Activities could include tutoring, running summer schools or helping schools and colleges with curriculum

development. These changes will help to raise the quality of local education and training providers.

## Lifelong training

A third and complementary set of skills policies will ensure that individuals, wherever they live, have access to training across their lifetime. The UK Government's Lifetime Skills Guarantee was announced by the Prime Minister in September 2020, and promised "that at every stage in your life, this government will help you get the skills you need." Alongside the reforms to funding and accountability that will support and enable providers to deliver high quality skills, the UK Government is committed to ensuring that individuals can access flexible support to train, retrain and upskill throughout their lives. This is key to breaking the cycle of lower skills and lack of opportunity which affects some communities.

As part of the Lifetime Skills Guarantee, since 2021 all adults in England who do not have a level 3 qualification (A Level or advanced technical diploma equivalent) have been able to take a free approved level 3 qualification under the Free Courses for Jobs programme. From April 2022, this will expand to include a trial enabling any adult with a level 3 qualification or higher who earns below the National Living Wage or who is unemployed to access a **further high-value level 3 qualification for free**, regardless of their prior qualifications. MCAs and the GLA will have the flexibility to determine the low wage thresholds in their local areas.

As part of the launch of the £2.6bn UK Shared Prosperity Fund (UKSPF), adults across the whole of the UK will benefit from the **Multiply numeracy programme**, offering national and local support for people to gain or improve their numeracy skills, worth £559m over the SR21 period. Disparities in numeracy levels across the UK make this a key policy for levelling up.

From 2025, DfE will transform the student finance system, which helps fund study in level 4 to 6 courses. This will help deliver greater parity between FE and HE, and bring colleges and universities closer together. As part of the Lifetime Skills Guarantee, a **flexible Lifelong Loan Entitlement** will provide individuals in England with a loan entitlement equivalent to four years' worth of fees for post-18 education. It will be available for both individual modules and full years of study at higher technical and degree levels, regardless of whether they are provided in colleges or universities.

The Skills and Post-16 Education Bill is laying the groundwork to put loans for approved modular courses on a solid statutory footing. These changes in student finance arrangements will make it easier for adults in communities with lower skill levels to upskill and retrain, especially where local providers are delivering high quality higher technical courses (Levels 4 and 5) – for example, in engineering, digital, nursing or business.

## Work opportunities and progression

The UK Government has also started to transform Jobcentre Plus operations with an increasing focus on supporting Universal Credit (UC) claimants already in work to earn more. In Rotherham, Barnsley, Sheffield and Doncaster, work coaches have started offering practical and tailored progression advice to individuals. DWP will scale up this support from April 2022 to all Jobcentres across Great Britain and as part of the Plan for Jobs, the UK Government will invest £99m over the next three years in an **In-Work Progression** offer. This will extend work coach support to people on low incomes across Great Britain to address any skills or wider barriers to progression. Learning will be shared with the Northern Ireland Executive to assist with their own programme design.

Approximately 1.7m UC claimants across all Jobcentre Plus Districts in Great Britain will be eligible for in-work progression support. To support the work of Jobcentres, the UK Government will also appoint specialist Progression Champions across Great Britain who will make connections between employers, local authorities and skills providers. Work coaches will collaborate with these experts to support each and every claimant to progress. The UK Government's response to the Progression Commission will set out more details.

To help address the disparities of low pay seen in areas across the country, the UK Government will increase the

**National Living Wage (NLW)** by 6.6% to £9.50 an hour for workers aged 23+ from 1st April 2022, followed by further increases in 2023 and 2024. This will give a full time worker on the NLW anywhere in the UK an annual earnings rise of over £1,000. From April 2022, young people and apprentices will also see their wages boosted as the National Minimum Wage for people aged 21-22 goes up to £9.18 an hour and the Apprentice Rate increases to £4.81 an hour. The UK Government is committed to increasing the NLW to two thirds of median earnings, and for it to be gradually extended to those aged 21+ by 2024, provided economic conditions allow.

The UK Government has taken action to make work pay by cutting the Universal Credit taper rate from 63% to 55%, and increasing UC work allowances by £500 per year. This is, in effect, a tax cut for the lowest paid worth around £2.2bn in 2022-23. It means that 1.9m households will keep, on average, around an extra £1,000 of the money they earn on an annual basis.

### **Employment support for disabled people and people with health conditions**

The UK Government is committed to supporting more disabled people and people with health conditions into work through a range of initiatives. Last year the UK Government set out a package of measures to help reduce ill health-related job loss. The package followed a public consultation called *Health Is Everyone's Business*, which included measures focused on improving

employers' access to occupational health advice and strengthening government support on managing health and disability in the workplace.<sup>419</sup>

The UK Government will provide £1.3bn over the SR21 period **for employment support for disabled people and people with health conditions**. It will extend the Work and Health Programme, expand the Intensive Personalised Employment Support programme, and expand employment support in NHS Improving Access to Psychological Therapy services across England. The UK Government will also continue to take forward proposals in the Health and Disability Green Paper, *Shaping Future Support*, to ensure the welfare system better supports disabled people and people with health conditions to live independently, and will publish a White Paper with further details later this year. As set out in the 2018 Inclusive Transport Strategy, the UK Government is also committed to connecting disabled people to work by ensuring that they have equal access to transport wherever they are in the UK.

The National Disability Strategy aims to ensure that all disabled people can play a full role in society. The strategy takes into account the impacts of the COVID-19 pandemic on disabled people with focus on the issues that affect them most, including employment. Devolved administrations have also published strategies to support those with disabilities in Scotland, Wales and Northern Ireland.

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419 HM Government. Health is everyone's business. 2019.

### **3.3.3 By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.**

This mission is focused on improving healthy life expectancy.

## **Healthy life expectancy**

### **The case for action**

The UK Government's goal is to tackle the stark disparities in health outcomes across the UK, ensuring people have the opportunity to live long, healthy lives wherever they live.

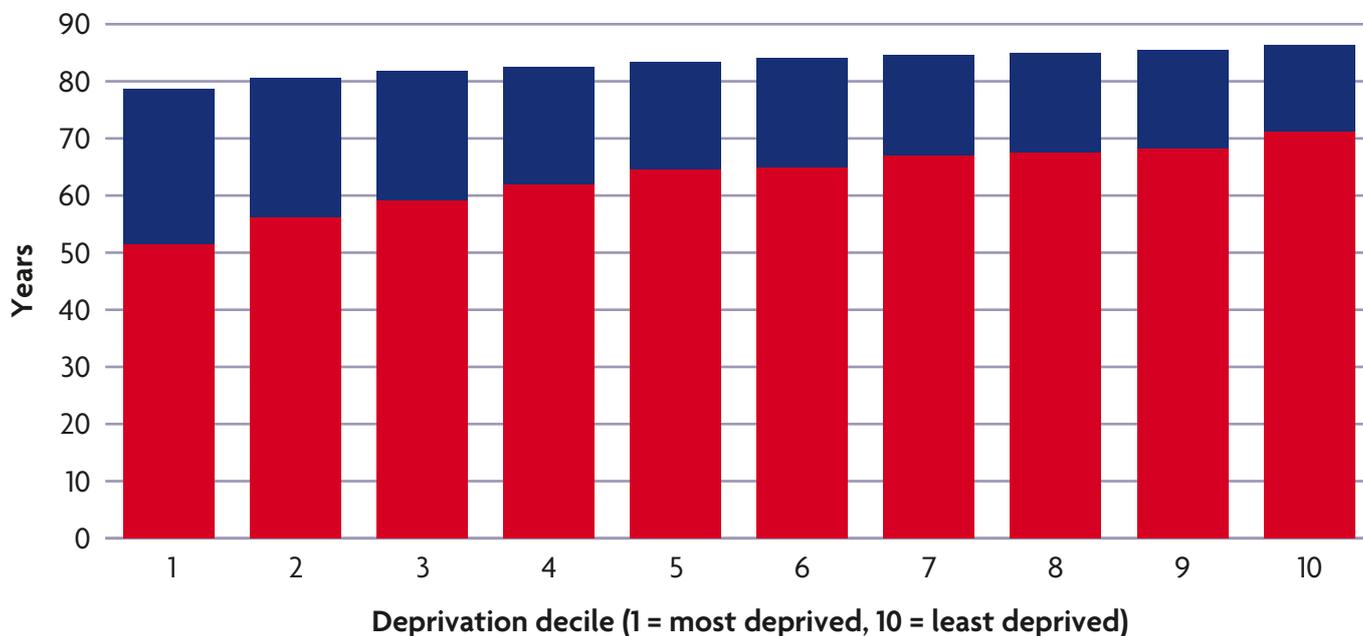
Better health improves productivity and well-being. People living in the most deprived communities in England have up to 18 years less of their lives in good general health than the least deprived (see Figure 3.5).<sup>420</sup> This is driven by a variety of factors, including smoking rates, alcohol intake and poor diet. It is also heavily affected by differences in factors such as the quality of housing and access to healthier food. Other local factors, such as demographics, also matter – for example, in rural or coastal areas where populations are older. Access to and quality of health services are also important drivers of health outcomes and can vary by area.

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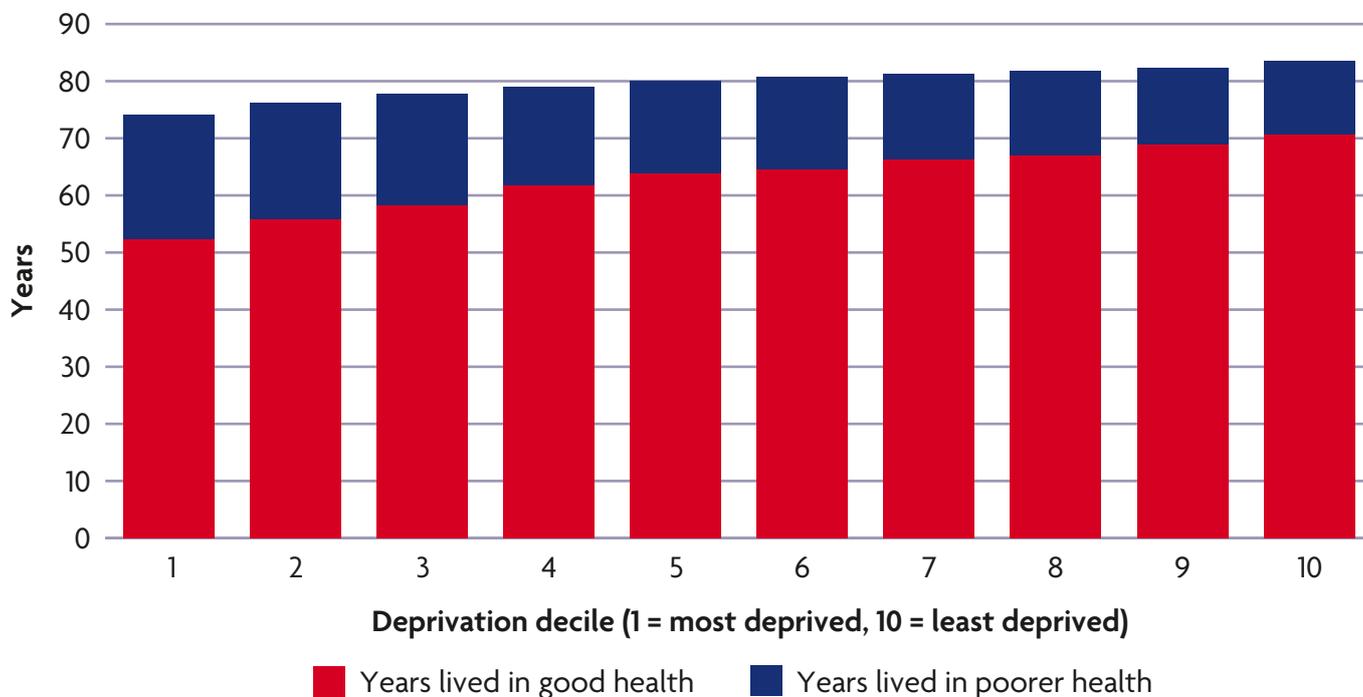
420 ONS. Health state life expectancies by national deprivation deciles, England: 2017 to 2019. 2021.

**Figure 3.5 Life Expectancy and Healthy Life Expectancy, England neighbourhoods by deprivation decile, 2017-2019<sup>421</sup>**

**Females**



**Males**



421 ONS. Health state life expectancies by national deprivation deciles, England: 2017 to 2019. 2021.

COVID-19 has made these disparities more stark, with hospital admission and mortality rates higher among more deprived groups. Early evidence suggests that the prevalence of self-reported “Long Covid” is also higher among those living in more deprived areas. The pandemic has seen disparities in access to healthcare widen in the most deprived areas, with waiting lists in England having increased by 55% in the most deprived 20% of areas, compared to 36% in the most affluent 20%.<sup>422</sup>

## **The policy programme**

Improving health outcomes for people across the UK is a priority for the UK Government. Respecting the devolution settlements, the UK Government will deliver this policy programme directly in England, and looks forward to building on the excellent collaboration that has taken place with devolved administrations throughout the COVID-19 pandemic, to ensure that policies benefit all parts of the UK.

The UK Government is delivering an ambitious programme of hospital building upgrades, alongside the commitment to increase GP appointments and prevent 150,000 cases of cardiovascular disease. This is supported by investment in health and the NHS, part-funded by the new Health and Social Care Levy confirmed at SR21. SR21 provided £23.3bn extra for the

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422 The King's Fund. Tackling the elective backlog – exploring the relationship between deprivation and waiting times. 2021.

NHS over the SR period, and the UK Government plans to spend more than £8bn from 2022-23 to 2024-25 to support elective recovery. The UK Government will also maintain the Public Health Grant in real terms over the SR21 period, enabling local authorities to invest in prevention and frontline services like child health visits.

The policy programme is focused on:

- a. improving public health;
- b. supporting people to change their food and diet; and
- c. tackling diagnostic backlogs.

### **Improving public health**

Since 2019, there has been a drive to reduce health disparities and improve public health outcomes, including the 2019 NHS Long Term Plan, which sets out key commitments to accelerate action to prevent ill health and tackle health inequalities in England. Since the publication of the Long Term Plan, NHS England is taking forward the Core20PLUS5 initiative to level up healthcare, focusing on improving cardiovascular disease, cancer, respiratory, maternity and mental health outcomes in the poorest 20% of the population, along with ethnic minorities and inclusion health groups.

NHS England is also rolling out social prescribing across the NHS in line with the Long Term Plan commitment to have 1,000 new social prescribing link workers in place by 2020-21, with significantly more to follow, so that at least 900,000 people will be referred to social prescribing

by 2023-24. Link workers give people time, focusing on “what matters to me” and taking a holistic approach to people’s health and well-being. They connect people to community groups and statutory services for practical and emotional support, helping people to achieve healthier and more fulfilling lives.

In addition, NHS England has commissioned an evaluation of this rollout, which will help shape and inform future models for social prescribing, including to ensure that it serves the needs of those greatest affected by health disparities. Furthermore, the UK Government has invested in a £5.77m cross-government project aimed at preventing and tackling mental ill health through green social prescribing, which will look at how to increase use and connection to the natural environment to prevent and tackle mental ill health, focusing particularly on communities most affected by health disparities.

More recently, the UK Government launched the Office for Health Improvement and Disparities (OHID), which set out its ambition to systematically tackle the top preventable risk factors, such as smoking and obesity, to narrow health disparities. OHID will bring together expert advice, analysis and delivery skills from the former Public Health England with policy expertise to inform the UK Government’s approach to public health.

The new UK Government’s 10-year Drugs Strategy to combat illicit drug use in England was published in

December 2021.<sup>423</sup> It outlines a whole-system approach to reducing the supply and demand of drugs. The most deprived areas in England face the highest prevalence of drug-driven crime and health harms associated with drug use. The UK Government has committed to deliver key recommendations set out in Dame Carol Black's independent review of drugs, and will invest £780m to create a treatment and recovery system to break the cycle of problem drug use. £533m will be spent on enhancing inpatient, residential and community drug treatment, targeting investment in areas with the highest levels of drug use, drug-related deaths and crime.

The UK Government will set out a strategy to tackle the core drivers of inequalities in health outcomes in a new **White Paper on Health Disparities** in England in 2022. This will set out a bold ambition for reducing the gap in health outcomes, with a strong focus on prevention and disparities by ethnicity, socioeconomic background and geography.

DHSC will work with the whole of government to consider health disparities at each stage at which they arise, from the wider determinants of health, to the behavioural factors that influence health, to the health services that people access and receive. It plans to look in more detail at what can be done in communities with higher than average rates of early death, for example from cancer and heart disease. It will do the same for communities

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423 HM Government. From harm to hope: A 10-year drugs plan to cut crime and save lives. 2021.

with higher rates of behaviours like smoking or poor diet, and where access to some health services can lag behind.

The White Paper will learn from experiences during the pandemic response about how best to mobilise communities and a range of partners to address shared health challenges, including new ways to ensure that business plays a part in improving health, proposals for place-based solutions and ways in which the UK Government can work more effectively to improve health.

Tobacco is still one of the single largest causes of preventable mortality, and smoking rates remain high in some areas of the UK. In 2019, the UK Government set the ambition for England to be Smokefree by 2030. A new **Tobacco Control Plan** for England is due to be published in 2022, setting out how the UK Government will deliver on this commitment, with a focus on reducing smoking rates in the most disadvantaged areas and groups.

The UK Government is investing £75m in weight management services and support in England in 2021-22. Of this, around £35m is for local authority weight management services for adults, children and families, on top of services already provided through the Public Health Grant. The new funding for adult services was provided to all local authorities based on population size, obesity prevalence and deprivation levels. Funding for children's services was through a competitive grant

process, weighted towards areas with the highest child obesity rates and deprivation. This funded 11 local authorities, including in Liverpool, Birmingham, and Barking and Dagenham, where healthy life expectancy is poor, aligning with the mission for levelling up health.

The UK Government will also launch and test a **Better Health: Rewards** in the City of Wolverhampton this year. This innovative approach will incentivise and reward participants for improving their physical activity and diet, particularly focusing on underserved groups and those who are not already meeting guidelines to support them to live healthier lives. Pilot participants will be given wrist-worn devices and access to an app which will generate personalised health recommendations, such as increasing their step count or eating more fruit and vegetables, and will collect points for healthy behaviours which they will be able to redeem for rewards. The learnings from this pilot will be examined closely to understand how it could play a wider role in helping to level up the nation's health.

More broadly on health prevention, we will support more people to understand and act upon their health risks in a range of ways. The UK Government will take forward work to improve participation in screening programmes by under-served groups. It will target health information and improvement tools and campaigns where they can have the greatest impact. And, further to the publication of *Preventing illness and improving health for all: a review of the NHS Health Check programme and*

*recommendations*, the UK Government is considering the future of the **NHS Health Check Programme** to help strengthen our prevention offer.

## **Food and diet**

Food and diet also underpin the health, well-being and potential of our society. The UK Government's forthcoming **Food Strategy White Paper** will take forward recommendations from Henry Dimbleby's independent review towards a National Food Strategy to help ensure that everyone can access, understand, and enjoy the benefits of a healthy and sustainable diet. This includes looking at how consumers access information about food, drawing on programmes like the new £200m per year Holiday Activities and Food Programme, to not only provide children with enriching activities, but also nutritious food. This will support eligible children and families in some of the most disadvantaged areas to learn and improve their knowledge of health and nutrition, laying the foundations for a healthier and more sustainable future.

In line with Henry Dimbleby's recommendations, a joint project will be launched between DfE and the Food Standards Agency to design and test a new approach for local authorities in assuring and supporting compliance with school food standards. The project will engage with multiple local authorities in March, with pilots expected to go live in September. Participating local authorities will include Blackpool Council, Lincolnshire County Council,

Plymouth City Council and Nottingham City Council. The UK Government will promote accountability and transparency of school food arrangements by encouraging schools to complete a statement on their school websites, which sets out their whole school approach to food. The UK Government's intention is that this will become mandatory when schools can do this effectively.

Too many young people are still leaving education without the skills and knowledge to cook and live healthily. Adopting Henry Dimbleby's recommendations around eating and learning, the UK Government will invest up to £5m to launch a school cooking revolution, including the development of brand new content for the curriculum and providing bursaries for teacher training and leadership. To support this, the UK Government will invest up to £200,000 to pilot new training for school governors and academy trusts on a whole school approach to food. Through these interventions, the UK Government will aim for every child leaving secondary school to know at least six basic recipes that will support healthy living into adulthood.

Finally, given the UK ranks amongst the worst countries in Europe for obesity rates, there is a clear need to go further on prevention.<sup>424</sup> The UK Government will take this forward by accepting Henry Dimbleby's recommendation to trial a Community Eatwell programme

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424 NHS England. The NHS Long Term Plan. p.36. 2019.

by running a three-year pilot, building on highly successful models from around the world. The Produce Prescription programme in Washington DC, for example, allows doctors to prescribe vouchers for fresh fruit and vegetables, along with cooking lessons and nutritional education. The scheme has been shown to increase consumption of fruit and vegetables and improve nutritional understanding. Of the 120 patients who received vouchers between 2012 and 2017, 50% lost weight over the course of a prescription.<sup>425</sup> Where Community Eatwell is piloted, GPs will be able to prescribe fruit and vegetables, as well as food-related education and social support to those suffering, or at risk of, diet-related illness or food insecurity.

## **Tackling diagnostic backlogs**

The UK Government will improve access to vital diagnostic services and tackle the diagnostic backlog created by COVID-19 with £2.3bn of investment, including establishing at least 100 **Community Diagnostic Centres** in England by 2025. The majority of these will be based outside of London and the South East, boosting diagnostic capacity in areas that need it most and offering a range of services tailored to local needs.

Centres may include imaging, cardio-respiratory, pathology, endoscopy and general consulting equipment to allow several tests in one visit, improving the accuracy

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425 Henry Dimbleby. The National Food Strategy Independent Review. p.153. 2021.

of diagnosis and overall patient experience. The Community Diagnostic Centres rolled out this year will deliver nearly three million additional scans in the first full year of operations. Over the next three years, they are projected to increase scans by an additional eight million tests each year, providing the equivalent of 23,000 years of improved quality of life.

### **Box 3.13 Barnsley Community Diagnostic Centre**

Despite improvements, the rate of under 75 mortality from cancer in Barnsley is still significantly higher than average (142 per 100,000 compared to 129 on average in England).<sup>426</sup> Within Barnsley, almost a third of the gap in life expectancy between women in the most and least deprived areas can be attributed to cancer. More cancers are diagnosed in Barnsley at a later stage and as an emergency in comparison to the England average. In the most deprived areas in Barnsley, people face particular barriers to accessing elective care such as cancer diagnostic services. These patients may work inflexible hours, or are part of the 27% of Barnsley households who do not own their own transport and may need to take up to two buses to attend the hospital site.<sup>427</sup>

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426 Office for Health Improvement Disparities. [Local Authority Profiles: Barnsley](#). 2020. Link

427 HM Government. 2011 [Census](#). Nomis.

The South Yorkshire and Bassetlaw Integrated Care System is leading the development of a CDC in the Glass Works in Barnsley. This is part of the Barnsley Urban Regeneration Project and is an existing non-healthcare facility situated within a shops and leisure development currently being built in central Barnsley, with good public transport links in addition to parking facilities. The opportunity to operate extended hours will help to address health disparities by improving access to key diagnostic services for patients from relatively disadvantaged areas in central Barnsley, as well as those passing through the city centre. This includes improved access breast screening, which will contribute to enabling faster and earlier stage cancer diagnoses.

The *People at the Heart of Care* White Paper published in December 2021 set out the UK Government's planned reforms to adult social care in England.<sup>428</sup> It includes proposals on housing to enable people to live well as part of communities they share with friends and family. The paper sets out the next steps for ensuring that people can access outstanding quality and tailored care and personalised support wherever they live, a core tenet of levelling up.

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428 DHSC. [People at the Heart of Care: adult social care reform white paper](#). 2021.

## 3.4 Restore a Sense of Community, Local Pride and Belonging

People's lives are shaped by the social and physical fabric of their communities. The local mix of social and physical capital – from universities to good quality green spaces, and from libraries to local football clubs – gives areas their unique character and vibrancy, and makes residents proud to live there. A beautiful built environment, access to leisure and cultural amenities and safe neighbourhoods can also attract businesses to high streets, leading to increased footfall and private sector investment in communities. To make this a reality, communities must have strong civic institutions, assets and relationships that anchor local pride in place.

In order to achieve this the UK Government is setting **three core missions across** pride in place, housing and crime.

**3.4.1 By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.**

There are three elements that will support the delivery of this mission:

- a. regeneration;
- b. communities; and
- c. culture, heritage and sport.

## **Regeneration**

### **The case for action**

Economic and social disparities are often reflected in places' built environment, with high vacancy rates and poor quality housing sitting alongside deprivation and economic underperformance. Reversing this will require places to unlock the potential of their local centres', delivering more and better housing, growing local economies, and becoming greener and more sustainable.

In recent years, the foundations of the traditional high street have been weakened by changing consumer habits and institutional investment in property has fallen in many parts of the UK. The atmosphere of decline created by tired high streets, dilapidated buildings and poor quality housing can undermine pride in place and economic dynamism. The complexity and scale of this challenge requires coordinated action between central and local government, devolved administrations and the private sector.

### **The policy programme**

To deal with the regeneration challenge facing towns and cities, it is vital that local leaders have access to the right

support, technical expertise, and public and private investment.

Since 2019, the UK Government has supported places to revitalise town centres, retain community assets and grow their economies through programmes like the £4.8bn Levelling Up Fund (LUF), the £900m Getting Building Fund, the £400m Brownfield Housing Fund (BHF) in England, the £150m UK-wide Community Ownership Fund (COF), and the £3.6bn Towns Fund. This is helping towns and cities across the UK to drive forward regeneration projects. For example, the LUF has funded town and city centre regeneration schemes in Sheffield, Aberdeen, Aberystwyth and County Antrim.

The UK Government is committed to addressing historical imbalances in funding between regions. The £1.8bn investment in brownfield and infrastructure projects announced at SR21 will be available across England, unlocking the homes and public service infrastructure that underpin sustainable communities. This will be used to regenerate underused land and deliver transport links and community facilities, with a proportion distributed directly to MCAs and local authorities to unlock smaller brownfield sites in line with local priorities and needs. This means the UK Government will have invested £10bn in housing supply since the start of the Parliament. Crucially, this investment will not be subject to the so-called “80/20 rule”, which has now been abolished. This historically targeted 80% of particular housing funds at areas of

lowest housing affordability, leading to an underprovision of funding outside London and the South East of England.

The policy programme is focused on:

- a. transformational projects;
- b. high street rejuvenation; and
- c. green spaces.

### **Transformational projects**

In addition to this universal offer, there must also be a transformational offer for those places that could benefit the most. The UK Government **will proactively identify and engage with 20 places in England** that demonstrate strong local leadership and ambition and where the impact of existing investment can be maximised to catalyse economic transformation. The focus will be on places that will particularly benefit from regeneration – where regeneration will lead to increased local prosperity, improved social mobility and bolstered pride of place. Starting in **Sheffield and Wolverhampton**, the UK Government will work with local leaders, the private sector and a range of government agencies and departments to focus on where government investment can be maximised – for example, in health and education facilities and in roads and railways; and where there are deliverable development opportunities – for example, vacant shopping centres or industrial premises.

## **Box 3.14 Transformational regeneration**

### **Wolverhampton**

In Wolverhampton, Homes England has been supporting the city council and West Midlands Combined Authority in their plans to reinvigorate the city centre, creating a more diverse housing offer and mix of land uses, and giving the city a new economic purpose by attracting new residents and businesses. However, the cost of remediating former industrial land and the difficulty of achieving new residential value has prevented some new developments. The city has significant wider potential to rediscover its economic strength as a well-connected, compact regional centre, less than 20 minutes from Birmingham and two hours from London by rail. These connections make it likely that the benefits of a reinvigorated Wolverhampton will be felt across the Wolverhampton to Walsall corridor and in the wider West Midlands. Wolverhampton has already received a £20m Levelling Up Fund allocation for a City Learning Quarter. Combined with funding to support the reinvention of high streets and bring brownfield land into productive use, along with the new DLUHC headquarters in the city centre, this is supporting local leaders to catalyse the city's revival. Homes England will build on this by working with the council and West Midlands Combined Authority to promote further transformational regeneration

opportunities that not only benefit the city itself but maximise benefits to the wider area.

## **Sheffield**

In Sheffield, Homes England is already supporting local leaders to develop a Central Area Strategy which aims to make it a more attractive place to live, work and spend time. This will capitalise on the residential growth that the city centre has already seen over the last ten years and give the city centre a new economic purpose as the heart of the wider area. The limited opportunities for investors and developers, difficult viability issues and complex land ownership have previously held back Sheffield's potential. Recent UK Government investment – including £37m of Levelling Up Fund allocations for the Castlegate gateway to the city centre and for the regeneration of Attercliffe at the Olympic Legacy Park; funding to improve high streets and bring underused brownfield land back into use; and investment in the Advanced Manufacturing Research Centre – will help local leaders realise their ambitions for culture, innovation and learning. Homes England will build on this by working with the council and South Yorkshire Combined Authority to intensify and unlock regeneration opportunities. This will capitalise on upcoming Integrated Rail Plan electrification and upgrades, which will bring Sheffield within 1.5 hours of London and increase fast trains to Manchester.

The UK Government will lay the groundwork and support for local leaders in England to bring together different pots of locally-led funding, including other infrastructure funding alongside DLUHC's £1.8bn brownfield and infrastructure fund, together with private investment to deliver regeneration. It will help local leaders and the private sector to identify and address their specific local challenges so that they can drive forward schemes that re-energise places and their wider area. This includes bringing together the work of departments and agencies to deliver comprehensive regeneration and align investment to drive the greatest transformative impact. This holistic approach will be underpinned by regeneration of these places' built environment, led by Homes England. Previous successful transformations like Liverpool's waterfront, transformed from derelict dockland to vibrant city neighbourhood, show that the UK has done this before and can do it again.

In England, the UK Government will **refocus Homes England so that it uses its extensive statutory powers to partner with local leaders to unlock barriers and drive forward regeneration.** Homes England will deliver a practical regeneration offer to places by:

- a. forming partnerships with local leaders and wider government to support places' levelling up and regeneration ambitions;

- b. using its statutory powers, funding and expertise to support delivery of regeneration schemes, with a focus on unlocking barriers that are preventing the private sector from investing;
- c. working with relevant partners to enable the pooling of funding, including from local sources and from across government, to maximise the impact of specific schemes;
- d. tailoring opportunities to be attractive to institutional investors to crowd-in private sector investment to deliver on long-term change; and
- e. establishing the right delivery vehicle that will give both local leaders and their communities a voice, but also deliver surety of decision making for the long-term, to establish credibility and confidence in plans.

Homes England already actively partners with local leaders and the private sector to deliver this practical and transformative regeneration offer – for example, via the English Cities Fund. But the UK Government wants to go further to support local leaders to start regenerating their areas now. To further support levelling up across regions, and recognising the importance of strong local leadership to levelling up, the UK Government will **extend the existing BHF** which empowers mayors to tackle their local brownfield challenges. This funding will allow mayors to identify and fund the projects most needed to support their areas' levelling up ambitions, bringing disused land back into use, transforming brownfield sites

and making a visible difference to the areas they represent. This new funding will be granted subject to each MCA being able to confirm their ability to spend the allocations set out here. A further £180m will also be available for locally-led brownfield projects.

Table 3.1 illustrates the split of brownfield funding between MCAs and locally-led projects:

**Table 3.1 Brownfield Funding**

| Place  | Funding (Rounded to nearest £m) |
|--|---------------------------------|
| West Midlands                                      | £28m                            |
| Greater Manchester                                 | £27m                            |
| West Yorkshire                                     | £22m                            |
| Liverpool City Region                              | £15m                            |
| South Yorkshire                                    | £13m                            |
| North of Tyne                                      | £8m                             |
| Tees Valley  | £6m                             |
| MCA BHF, sub-total:                                | £120m                           |
| Further locally-led brownfield funding, sub-total: | £180m                           |
| <b>Total</b>                                       | <b>£300m</b>                    |

*Note: Funding to MCAs does not sum to £120m due to rounding*

While regeneration policy is a devolved matter, many of the challenges are shared across the UK, and the UK Government is keen to work with devolved administrations to explore how to best support places across the UK to reach their full potential. The landmark Intergovernmental Relations (IGR) Review provides a strong basis on which to build further partnership working with the devolved administrations.

## High street rejuvenation

In addition to this investment, supporting our high streets is a priority for the UK Government. The High Streets Strategy is making it easier to convert empty shops into new uses like high street homes; grant automatic rights for pubs, restaurants and cafes to allow takeaway and al fresco dining; and make high streets safer and cleaner, with a focus on tackling litter, gum staining and graffiti. The UK Government is also providing £1.7bn of temporary business rates relief in 2022-23 for up to 400,000 retail, hospitality and leisure properties to support the high street until the next revaluation. With the announcement of a freeze in the business rates multiplier worth £4.6bn over the next five years, all ratepayers in England will see a tax cut.

The High Streets Task Force is helping communities regenerate their high streets to reflect evolving local needs. It is already supporting 84 local authorities with access to expert support in areas such as placemaking, planning and design. The UK Government is now announcing the next 68 local authorities to receive this expert support from the Task Force, including Southend-on-Sea, Somerset West and Taunton, Rossendale and Dudley. These have been allocated using the Indices of Multiple Deprivation (IMD), together with a measure of retail exposure. Delivery to these local authorities will be staggered, starting from summer 2022 until the end of the programme in 2024. This builds on the Task Force's wider offer to all communities, which includes online

resources and training modules, webinars and access to data dashboards.

In addition, the UK Government will bring forward further measures to make high streets and town centres the thriving hearts of communities again. We will incentivise landlords to fill vacant units by giving local authorities the power to require landlords to rent out vacant properties to prospective tenants. This will tackle both supply and demand side issues to avoid high levels of high street vacancies and blight, and in turn increase the attractiveness and vitality of our high streets.

### **Green space**

The UK Government plans to empower local leaders and communities to reimagine their urban green space and improve access for communities who lack it. This includes enhancing and maintaining protection of the Green Belt. The UK Government will develop plans for:

- a. further greening the Green Belt in England;
- b. bringing wildlife back, aimed at increasing public access while simultaneously delivering nature recovery; and
- c. securing further environmental improvements.

Alongside this, the England Coast Path will be fully walkable by the end of this Parliament – connecting communities from Northumberland to Cornwall. This accompanies a wider rethinking of urban green space, including considering new ownership and

management models and locally-determined access targets to improve access to the outdoors in towns and cities across the UK.

The UK Government will also radically expand investment in parks. Access to safe, attractive communal green spaces is critical to enhancing the attractiveness of towns and cities. Alongside the existing £9m UK-wide Levelling Up Parks Fund which provides direct grants to deliver over 100 green spaces in the communities with the lowest access, **a new £30m parks fund** will deliver up to £1m to at least 30 local parks in England for refurbishment with an emphasis on facilities for young families.

The enhancement of urban green space builds on work to ensure every landscape is oriented towards nature. We will support farmers to protect the environment and enhance access to nature through the **Environmental Land Management Schemes**, to restore habitats through **Local Nature Recovery Strategies** and a commitment to 10% **Biodiversity Net Gain** in new development. The UK Government will also invest over £750m in this Parliament on tree planting and peatland restoration in England, helping to increase tree planting rates across the UK to 30,000 hectares per year by the end of this Parliament and support the creation of new community forests in the North East, Cumbria and Plymouth to improve access to woodlands where these are needed most.

# Communities

## The case for action

Strong societies and economies are built on strong communities, which must be at the heart of levelling up. This means making sure that everyone can:

- a. benefit from the opportunities that strong communities bring;
- b. feel proud of where they live;
- c. have opportunities to lead fulfilling lives; and
- d. have the chance to realise their full potential.

Not all places have these opportunities. There is a strong correlation between the most deprived places in the UK and those with the lowest scores for social capital, positive community relationships and infrastructure, and the number and quality of places for people to meet.<sup>429</sup>

## The policy programme

The policy programme is focused on:

- a. supporting young people;
- b. empowering communities; and
- c. investing in communities.

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429 Tanner, W., O'Shaughnessy, J., Krasniqi, F., Blagden, J. The State of our Social Fabric. Onward. 2020.

## Supporting young people

This needs to start with young people. The UK Government will invest £560m of funding over the next three years to deliver a new **National Youth Guarantee** that reflects young people's priorities, with a focus on levelling up. This will ensure that, by 2025, every young person in England will have access to regular out of school activities, adventures away from home and opportunities to volunteer, supported by:

- a. investing £368m in areas of England with high levels of child income deprivation and a lack of youth provision, reaching deprived major urban areas and other pockets of deprivation;
- b. investing £288m of capital to deliver up to **300 new and refurbished youth facilities**, ranging from small modular buildings to flagship youth zone projects, which will be supported by revenue funding to give young people access to support from youth workers, creating over 45,000 extra youth activities per year;
- c. funding a reformed National Citizen Service programme for the next three years, with a year-round offer for thousands of young people;
- d. ensuring that the **Duke of Edinburgh Awards Scheme is offered to every state secondary school** in England;
- e. **eliminating current non-military Uniformed Youth Groups' waiting lists** for teenagers; and

- f. providing £4m to the #iwill fund to create thousands of new youth volunteering opportunities.

To kickstart this, the UK Government has recently announced that an **additional £10m will be spent this year in areas in need of levelling up**. This will enable local youth providers to invest in capital projects that expand the reach, number and range of services they currently offer.

The Cadet Expansion Programme will also continue to give more young people the transformative opportunity to join the cadets. The programme will increase the number of cadets in the existing c.500 cadet units within schools across the UK to 60,000 by 2024. The UK Government will also link funding of cadet units in private schools with a requirement to ensure support for the expansion of cadet forces in state schools and open access to nearby state school students.

## **Empowering communities**

Steps have already been taken to empower local communities to develop and deliver solutions to the problems that matter most to them. The £150m UK-wide Community Ownership Fund has given communities the opportunity to take local institutions into their own hands, working with investors and the private sector to match funding. The first round announced at SR21 will support 21 projects across the UK (see Box 3.15).

During the pandemic, heroic contributions were made by over 12.4m volunteers from right across the UK, including

4.6m people who volunteered for the first time. The UK Government recognises this rich endowment of voluntary action, and will build on the Volunteering Futures Fund, announced in November 2021, to target places with poor social capital, including piloting ways to further reduce the barriers to volunteering.

### **Box 3.15 The Community Ownership Fund (COF)**

At SR21, the UK Government announced the first round of the COF, investing in 21 projects across the UK. Details on two of the projects are set out below.

- Rannoch Hub, an old school at the heart of Kinloch Rannoch, Scotland, will receive UK Government funding to redevelop the building into a community hub, and commercial café and bar that will provide free business and leisure facilities to a socially isolated, remote community. This project will promote economic development and instil a renewed sense of community pride.
- The CANA Resource and Training Centre in Penywaun, Wales will receive funding to support the re-opening of the CANA Training Centre, providing access to high quality training and employment support to those most in need. The Centre, backed by the COF, will link people with the training and employment opportunities provided by investment in strategic infrastructure.

Communities also need strong community infrastructure and social capital, but this is lacking in many places and tends to be particularly weak in the most deprived places.

This is why the UK Government will set out a new

### **Strategy for Community Spaces and Relationships.**

The strategy will be underpinned by the following guiding principles:

- a. **community power** – making it easier for local people and community groups to come together to set local priorities and shape their neighbourhoods;
- b. **understanding “what works”** – building the evidence base to better understand how to support communities and put them in the driving seat to level up;
- c. **listening to communities** – engaging with communities, local government and civil society to identify priorities, the assets that matter to local places, and the policies and actions needed to strengthen community infrastructure; and
- d. **every community matters** – reaching out to engage with the most disconnected communities, and ensuring funding reaches those most in need.

This will be matched by a better understanding of the facts and figures behind community activity. The UK Government will work with partners to bring together economic data on the value of civil society, working with the ONS to develop a civil society satellite account, so

that estimates more fully reflect the scope of the sector and fill a longstanding gap in official statistics. The Strategy will also invite collaboration with the Scottish Government, Welsh Government and the Northern Ireland Executive to make sure that these efforts meet the needs of the entire country.

In order to deliver substantive and sustainable change, local places need the power to create and deliver solutions to local challenges. This is not only about transferring power from central to local government. Power is also generated locally, by the voluntary collaboration of citizens and public servants taking responsibility for realising the changes they want to see.

The UK Government will begin work with partners in local government and civil society on a programme to put in place a bold new approach to community empowerment. This includes launching a **review of neighbourhood governance** in England, looking at how to make it easier for local people and community groups to come together, set local priorities and shape the future of their neighbourhoods. The review will also look at the role and functions of parish councils in England and how to make them quicker and easier to establish.

The UK Government will also pilot **new models for community partnership** that can help make local power a reality. These will empower local people to shape the place they live, influence local services and take control of community spaces. The UK Government will learn

through experimentation and doing, and test the impact and value for money of new approaches, which could be considered for scaling nationally.

One model the UK Government will test is **Community Covenants**. These would be agreements between councils, public bodies and the communities they serve, seeking to harness the energy, know-how and assets of local communities. They would also set out how local social capital and infrastructure can be built and sustained to encourage confident and active communities. A Covenant approach would see local authorities and communities work together to take a holistic look at the health of local civic and community life, set out a driving ambition for their area, and share power and resources to achieve this.

The UK Government will now begin testing with partners in local government and civil society to design an approach to community partnership. Further details will be set out later this year, and the UK Government will look to work closely with the devolved administrations in Scotland, Wales and Northern Ireland to pilot approaches that work for every corner of the UK, specifically in some of the hardest to reach communities.

Alongside this, local people will also be given a greater role in decision making and delivery in their area. The UK Government will make the following commitments to empower local communities.

- **Assets:** The UK Government will enhance the offer in the COF, learning lessons from the first bidding round to maximise the impact of the fund across the UK. As part of the strategy for community spaces and relationships, the UK Government will consider how the existing Community Asset Transfer and Asset of Community Value Schemes can be enhanced, and consult on options to go further to support community ownership.
- **Planning:** Councils and communities will create new local design codes to shape streets as residents wish; widen the accessibility of neighbourhood planning, encouraging more accessible hybrid models for planning committees in England; and look to pilot greater empowerment of communities to shape regeneration and development plans. The ability to have a meaningful say on individual planning applications will be retained and improved through new digital technologies.
- **Social economy:** The UK Government will consider how best to encourage social organisations and entrepreneurship to flourish in left-behind places across the UK, building on and augmenting existing support, generating evidence on what social enterprises need to do to thrive in disadvantaged places, and encouraging the next generation of social entrepreneurs.

- **Procurement:** As part of the UK Government's plans to reform the way the public sector procures services it will improve transparency, provide greater flexibility and put greater emphasis on social value, as discussed further in Chapter 2. New reforms will include awarding contracts on the basis of Most Advantageous Tender, encouraging a greater consideration of social value across the c.£300bn of public procurement contracts.

## Investing in communities

The UK Government will explore piloting local votes for funding, putting choices in the hands of local communities to let them decide what matters most. Alongside this, new sources of funding will be made available for community activity.

The UK Government will help charities, social enterprises and vulnerable individuals, by unlocking £44m through the Dormant Assets Scheme. This includes:

- a. £20m through the Youth Futures Foundation to help break down barriers and improve accessibility into employment for young people from disadvantaged backgrounds – the programme will be multi-year, place-based investment for left-behind neighbourhoods to enable thousands more young people to progress towards and into work in their local area;
- b. £20m to Access – The Foundation for Social Investment – which will provide urgently-needed

- finance to over 1,000 charities and social enterprises, particularly in more deprived areas in England; and
- c. £4m to Fair4All Finance to accelerate their work on affordable consolidation loans for people in financially vulnerable circumstances.

**The Dormant Assets Scheme will also be expanded to unlock up to a further £880m.** The UK Government will launch a public consultation in 2022 to invite input on what social or environmental purposes the English portion of the Dormant Assets Scheme should fund. This will include options on youth, financial inclusion and social investment, as well as considering a new Community Wealth Fund proposal to distribute funding to local communities. It will build on the hundreds of millions already unlocked through the scheme, including the £425m provided to Big Society Capital since 2012, which has helped secure an additional £1.7bn from other investors to support socially impactful outcomes.

In addition, the UK Government will:

- a. **provide community investment as part of the £2.6bn UKSPF**, including new investment opportunities in community-led activity. The UK Government will support places in every corner of the UK to combine strategic investments with community and neighbourhood activity, including in the places where social capital is weakest;

- b. **explore further collaboration between lottery funders for arts, heritage, sport and community projects within the UK** to ensure that £1.7bn in National Lottery funding every year reaches the people and places that need it most;
- c. **explore how the existing Community Infrastructure Levy (CIL) can be used to support neighbourhood and community activity** where Parish Councils do not exist across England and continue the neighbourhood portion of CIL as it introduces a new Infrastructure Levy; and
- d. consider ways to further develop the **role of government in leveraging private investment** into community and neighbourhood infrastructure, community activity and wealth building, which will include building on and extending the evidence base for de-risking interventions, as well as exploring new opportunities for working with the financial sector to test and scale innovative approaches.

## **Culture, Heritage and Sport**

### **The case for action**

Culture and sport are key determinants of places' social capital and critical elements of their social infrastructure. But while talent and creativity is spread equally across the UK, the opportunity to enjoy culture and sport is not. Those in less affluent regions are less likely to have visited a heritage site, or to have engaged with the arts,

compared to those from more affluent regions.<sup>430</sup> While the majority of Arts Council England (ACE) Grant-in-Aid funding is allocated to institutions outside London, culture outside the capital receives significantly less funding per head.<sup>431</sup> Sporting infrastructure is more evenly distributed geographically, but socioeconomic background and location still affects participation. Nine out of the ten counties with the highest levels of physical inactivity are in the North and Midlands.<sup>432</sup>

## **The policy programme**

The policy programme is focused on:

- a. culture and heritage; and
- b. sport.

## **Culture and Heritage**

Since 2019, the UK Government has been empowering communities to revitalise and champion their heritage buildings, town centres and spaces through the £95m High Streets Heritage Action Zones programme which supports 67 places across England (see Box 3.16); the £15m Transforming Places through Heritage programme; and the £2bn Cultural Recovery Fund, which has protected and supported cultural, creative and historic landmarks, organisations and people across the UK.

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430 DCMS. Taking Part 2019/20 – Arts, Heritage and Museums and Galleries. 2020.

431 Arts Council England. National portfolio organisations 2018-22.

432 Sport England. Active Lives Adult Survey November 2019-2020 Report. 2020.

An £850m investment announced at SR21 will support world-class cultural and heritage buildings, including museums, historic sites and public libraries. This will help boost participation, engagement and employment in local communities and on high streets. In turn, this will support the visitor economy in these places, helping to drive regeneration and economic growth, and providing employment for local people.

SR21 also confirmed UK Government investment in the British Library's Boston Spa Renewed project. This will power the ambition to deliver British Library North – a major new public facing facility in Leeds. Major investments like this in national institutions will sit alongside increased support to local cultural institutions. The UK Government is working with other major national institutions to explore how they can support cultural excellence in towns and cities in the North and Midlands. And will explore how local leaders can secure further investment from sources such as the UKSPF in cities such as Stoke-on-Trent to ensure its ceramics heritage is properly celebrated and the potential for that heritage to drive future economic growth is properly exploited.

## **Box 3.16 Coventry High Street Heritage Action Zone Demonstrator Project**

An early demonstrator project to the other 66 Heritage Action Zone Schemes, the Coventry High Street Heritage Action Zone has now been completed and won the 2021 Future Cities Forum High Streets award. The UK Government supported the project with over £2m, enabling the transformation of The Burges and Hales Street area of Coventry, one of the few parts of the city to survive the Blitz. The scheme was led on the ground by Historic Coventry Trust, with support from the Business Improvement District and the City Council.

Breathing new life back into a run-down corner of Coventry's city centre, the project has offered a range of mixed-use retail, pubs and cafes in an area increasingly used by students and visitors, as well as the local community.

Previously an area subject to crime and anti-social behaviour, the project has attracted new businesses. Public realm work behind The Burges will de-culvert the River Sherbourne for the first time and provide an outdoor seating and performance area.

In 2021, other local buildings opened as visitor attractions, including the Draper’s Hall – a long disused building that has been reborn as a concert and events venue. This has happened in time to complement Coventry’s UK City of Culture programme which has engaged over 400,000 people in its first six months of programming.<sup>433</sup> The historic Charterhouse, which has received funding from The National Heritage Lottery Fund and Historic England will also open to the public in summer 2022.

Tackling disparities in access to culture and delivering a truly national cultural offer should be a defining feature of levelling up. The UK Government will make changes to transform the landscape for arts, culture and heritage by **significantly increasing cultural investment outside London**. This starts with committing to **100% of the additional funding for Arts Council England agreed at SR21 going to support culture and creativity outside London**.

In the spring, DCMS will set out further plans to deliver this over the next three years and beyond, and will include the following changes.

- **Setting out Arts Council England’s key priorities for investing in National Portfolio Organisations from 2023**, including setting the Arts Council’s budget

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<sup>433</sup> Coventry UK City of Culture. Coventry UK City of Culture 2021 celebrates halfway point of 12 month programme. 2021.

to deliver a more even distribution between regions of Grant-in-Aid and Lottery “Good Cause” funding.

- **Launching the 2023-26 National Portfolio funding round**, which will provide funding to cultural organisations across England from 2023-26.
- **Increasing the national impact of London-based National Portfolio Organisations (NPOs)**. ACE will identify a number of nationally significant as well as smaller NPOs that wish to establish a presence outside London, and provide them with support to succeed. This will mean encouraging London-based organisations to establish new long-term offices, venues or partnerships outside London, and giving them practical and financial support to do so. Organisations that wish to consider these options will be able to access funding for feasibility studies.
- **Diversifying the boards of cultural organisations in the National Portfolio**. Arts Council England will support NPOs to engage with a wider set of audiences and communities, to ensure that the make-up of their workforces and boards reflects the communities they serve.
- **£40m of successful projects in England as part of the Cultural Investment Fund**, with the majority of this being spent outside of London on over 50 projects involving cultural assets, libraries, museums and creative industries.

- **Identifying over 100 levelling up priority places outside of London** that will be the focus for additional ACE engagement and investment. This will mean that places like Stoke-on Trent, Barnsley, Rochdale and Wigan are given the support they need to build on their rich cultural heritage – from the world-renowned ceramics of Stoke to Kirklees’ plan for a vibrant cultural centre in Huddersfield.

## **Sport**

The UK Government also recognises the central role sport, and football clubs in particular, can play in shaping local identities and strengthening economies. The UK Government is already investing £25m across the UK to upgrade and transform grassroots sports facilities this year. £21m of this is being delivered by the Football Foundation in England and, alongside partner funding from the English Football Association (FA) and Premier League, this will create or improve up to 65 artificial grass pitches, over 800 grass pitches and over 35 changing rooms in England. These facilities will provide greater opportunities for people to get involved in grassroots sports, especially in the communities most in need. Over 80% of the funding granted by the Football Foundation this year will go to areas outside London and the South East.

In Scotland, Wales and Northern Ireland, the FAs in each area are delivering £4m in total with a similar goal;

- a. supporting upgrades to grass and 3G pitches;
- b. improvements to changing rooms, pavilions and other facilities; and
- c. improving access for disadvantaged and underrepresented groups, including players with disabilities.

At SR21, the UK Government announced a further £205m to build or improve up to 8,000 multi-use sport pitches across the UK. This investment will target those who will benefit most from access to better sports facilities, especially in deprived areas, and ensure that every community has the pitches it needs by 2030. It also announced a further £22m package of funding which will refurbish more than 4,500 public tennis courts in the most deprived parts of the UK, opening up the sport to people of all backgrounds.

In addition to access to sports facilities and activities, the UK Government also understands just how important football clubs are to their local communities and the social impact they can have. It has already provided support to communities in Portsmouth to take ownership of the John Jenkins Stadium with almost £1m from the COF and ensured that a fan-led consortium can take back control of Gigg Lane to give Bury FC a sustainable future.

In future rounds, the UK Government will review the Fund's eligibility requirements to support more communities to take control of their local football grounds and other vital local sporting and community assets where these are at risk, supporting the future of local football across the UK.

The **Fan Led Review of Football Governance** published in November provided a comprehensive examination of the English football system, recommending a new independent regulator of English football to secure the future of the game. The UK Government will now work at pace to determine the most effective way to deliver an independent regulator, and any powers that might be needed. It will also write to the FAs asking them what action they will take immediately. This includes providing protection for clubs' badges, kits and grounds, and a voice for supporters in any decisions, setting up Shadow Boards to consult with fans and working to upgrade the Football Ombudsman to deal with fan complaints.

To further champion the role of sport in levelling up, the **2022 Commonwealth Games in Birmingham has been backed by £778m of public funding** to deliver top-class sport, create world-class venues, accelerate infrastructure and public transport improvements, and open a dedicated Jobs and Skills Academy. A £30m investment from Sport England into the games will help people to get active in their local area and improve local

facilities, while a £24m Business and Tourism Programme will promote the region and the UK to the world.

London continues to reap the benefits from hosting the Olympic and Paralympic Games in 2012. Hosting major sporting events can enable regeneration, support jobs growth, and encourage grassroots sport and community action. As we approach the tenth anniversary of the 2012 Games, the UK Government is commissioning UK Sport to lead feasibility work on the prospect of bringing major sporting events to the UK. This work will focus on opportunities outside London - supporting and underpinning the ambition to level up the UK.

In 2022 the UK will also be hosting the UEFA European Women's Football Championship across 9 host cities in England, as well the Rugby League World Cup across 18 host venues. Looking ahead, the UK Government is supporting bids to bring more world-class sporting events to the country, including the 2025 Women's Rugby World Cup and the 2026 Tour de France Grand Départ, with stages planned in England, Scotland and Wales, with the potential to showcase around 90 villages, towns and cities. The work will look at further opportunities over the years ahead including with the British Olympic and Paralympic Associations on whether it would be feasible to host the Olympics and Paralympics again in the 2040s.

### **3.4.2 By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.<sup>434</sup>**

This mission is focused on increasing home ownership and improving housing quality, including through the planning system.

## **Home ownership and housing quality in England**

### **The case for action**

Nowhere is the need for making opportunity more equal more urgent than in housing. After a sustained decline over two decades, home ownership rates are now increasing, but there is much more to do to restore the dream of home ownership, particularly among young people. UK Government investment in housing has been concentrated in areas where the private sector has already been investing most heavily, disadvantaging the North and Midlands.

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<sup>434</sup> Government will consult on the impact on the private rented market and particularly those on the lowest incomes. Further detail will be set out once the review of the Decent Homes Standard has concluded.

Housing has a critical role in delivering the outcomes that levelling up aims to achieve across the UK. Housing is a necessity to support economic growth. Without enough housing, productivity growth will be constrained as the engine of the economy – labour mobility – is slowed and the benefits realised from the location of people, business and finance in the same area is undermined.

Beyond productivity, housing is key to restoring a sense of community, local pride and belonging. Home ownership provides people with a tangible stake in society, a place to forge community bonds and a stable place to raise a family.

The importance of housing goes beyond its availability. Having a decent home is fundamental to our well-being and housing quality must be addressed in order to create thriving neighbourhoods and communities. It is unacceptable that there are people living in homes that do not pass basic standards of decency and which hold back the flourishing of the children and families living in them.

To deliver these outcomes, a housing system that works for every community is required and good progress is being made.

- Levels of first-time buyers across the UK are now at a 20-year high, with 400,000 people taking their first step on the housing ladder last year.<sup>435</sup> Schemes like

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435 Yorkshire Building Society. [Number of First Time Buyers Hits 20 Year High](#). 2020.

Help to Buy and the mortgage guarantee scheme are helping people to buy a home with a deposit as low as 5%, while over 1m people have started saving for their own home through the Help to Buy ISA and Lifetime ISA schemes. The tax system now sees most first-time buyers pay no Stamp Duty at all – while property investors like Buy to Let landlords, second home buyers and overseas buyers must pay a surcharge.

- Improvements to the planning system and our £24bn housing and infrastructure investment have helped to deliver a rate of house building in England not seen for three decades – with over 2m additional homes delivered since 2010, including over 574,000 affordable homes for rent and ownership.<sup>436</sup> This has helped to provide more choice for first time buyers, while slowing house price inflation and regenerating brownfield sites.
- The number of people sleeping on the streets in England has fallen 43% since 2017.<sup>437</sup> During the pandemic, our ‘Everyone In’ response worked with local partners to save hundreds of lives, with thousands more supported into longer-term accommodation. The UK Government is investing £800m this year alone to tackle homelessness and rough sleeping – including providing 14,500 more bed spaces and 2,700 support staff across England –

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436 DLUHC. 2021 *Live Tables on housing supply: net additional dwellings: Table 118*. Accessed: January 2022.; DLUHC. [Affordable housing supply statistics 2020-21](#). 2021.

437 DLUHC. [Rough sleeping snapshot in England: autumn 2020](#). 2021.

while also reforming the system to tackle the causes of homelessness so that fewer people are pushed into a life on the streets. Since the landmark Homelessness Reduction Act came into force in 2018, nearly 450,000 households have been protected from homelessness and provided with longer-term accommodation.<sup>438</sup>

- There has been a steady improvement in the quality of homes in which people live. In 2020, 16% or 4m homes failed to meet the Decent Homes Standard, down from 30% or 6.7m homes in 2009.<sup>439</sup> These improvements mean more people are living in homes which are safe, warm and meet a basic standard of decency.

Despite this progress, there is more to do.

Too many households still live in housing below standards society should accept. Nearly one in ten (9%) homes still contain hazards that pose an imminent risk to health, and one in six (16%) are still classed as “non-decent”.<sup>440</sup> Poor quality housing is not spread evenly across the country with higher rates of non-decent housing in Yorkshire and the Humber, the West Midlands and the North West. When Covid struck there were millions of people, often young people and families, who found themselves locked down in poor quality rented

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438 DLUHC. [Statutory Homelessness July to September \(Q3\) 2021: England](#). 2020. Link

439 DLUHC. [English Housing Survey: Headline Report 2020/21](#). 2021.

440 DLUHC. [English Housing Survey: Headline Report 2020/21](#). 2021.

accommodation – affecting their health, well-being and education.

House prices in England and Wales are now almost 7.7 times higher than incomes, up from 3.6 in 1997, putting homeownership out of reach for far too many young people.<sup>441</sup> This is not just a problem in London – affordability has significantly worsened in all regions over the last two decades.

Meanwhile there is significant unmet need for social housing, leaving people paying high rents in the private rented sector unable to save for a home of their own. The number of households in this sector has shrunk from 5.4m households in 1980 to under 4m today, in part due to the popularity and success of policies such as right to buy.<sup>442</sup> Falling access to homeownership and social housing has resulted in a doubling in the size of the Private Rented Sector over the past two decades. Many of those renting would prefer to own their house particularly when starting a family, as families who rent can be evicted at short notice, pay more for the same housing than homeowners and social renters, and have lower levels of satisfaction with their housing.

Although a problem everywhere, affordability of housing is most pressing in London and the Greater South East. This reflects in large part the historic imbalance in jobs and opportunities that leads large numbers to leave their

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441 ONS. [House price to workplace-based earnings ratio](#). 2021. Link

442 DLUHC. [English Housing Survey data on tenure trends and cross tenure analysis 2020/21 - table FT1101](#). 2021.

family home and move south. This creates significant pressure on transport, schools and in particular on housing. The investment necessary to meet rising demand perpetuates geographical imbalance.

Lastly, many households are locked out of the housing market altogether. Around 96,000 households are currently homeless in temporary accommodation in England, including 59,000 families.<sup>443</sup> Housing pressures mean children and parents can be placed far away from schools and communities. These pressures tend to be highest in urban centres and, for rough sleeping, in some coastal areas.

## **The policy programme**

The UK Government is committed to creating a fair and just housing system that works for everyone. This includes supporting more first-time buyers to move onto the housing ladder, delivering more homes that are genuinely affordable, radically improving housing quality and reducing homelessness.

The policy programme is focused on:

- a. making homeownership a reality;
- b. improving housing quality; and
- c. reforming the planning system.

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<sup>443</sup> DLUHC. Statutory Homelessness July to September (Q3) 2021: England. 2020. [Link](#)

## Making homeownership a reality

Getting people onto the housing ladder means making housing more affordable now and in the future. The UK Government will continue working towards our ambition of delivering 300,000 new homes per year in England by the mid-2020s to create a more sustainable and affordable housing market. The UK Government will make improvements to the planning system and give councils more tools to regenerate land to achieve this goal.

- £1.8bn investment in brownfield and infrastructure projects announced at SR21 will unlock the delivery of up to 160,000 homes across England. This will aim to focus housing around existing and planned transport infrastructure to create sustainable neighbourhoods that enable walking and cycling to work supported by high quality local public transport. In support of levelling up, the UK Government will target the majority of delivery on brownfield sites outside London and the South East.
- The £11.5bn Affordable Homes Programme will deliver up to 180,000 affordable homes with 75% of these delivered outside London, and lever in an additional £38bn in public and private investment in affordable housing. The UK Government will also increase the amount of social housing available over time to provide the most affordable housing to those who need it. This will include reviewing how to support

councils to deliver greater numbers of council homes, alongside Housing Associations. The UK Government will also ask Homes England to play a wider role in supporting mayors and local authorities to realise their ambitions for new affordable housing and regeneration in their areas, as discussed earlier in this chapter. Homes England will use its resources, expertise, experience and buying power in dealing with developers to help local leaders leverage all the funding available in a place. This will build on the lessons of the successful partnership with Greater Manchester Combined Authority, Homes England and local housing providers in Manchester.

- A £1.5bn Levelling Up Home Building Fund is being launched, which will provide loans to SMEs and support the UK Government's wider regeneration agenda in areas that are a priority for levelling up.

The UK Government is also pressing ahead with our efforts to quickly turn Generation Rent into Generation Buy.

- The new Help to Buy scheme launched last year focuses entirely on first time buyers and the success of the Mortgage Guarantee Scheme will be built on by working with the lending industry to maximise the availability of low deposit mortgages, which are critical for minimising the time taken to save up for a home.
- First time buyers will be given the first opportunity to buy homes as they hit the market through a ramping

up of the First Homes scheme which will provide a 30% discount to help thousands of local young people and key workers buy a home in their community.

- The UK Government will also explore further options to limit the competition first-time buyers face. This means looking at all of the options available to government to limit the factors which are pricing out local people, seeking to learn from international comparators.
- The home buying and selling process which can be expensive, time-consuming and stressful will be improved. Around a third of all housing transactions fall through, costing people hundreds of millions of pounds each year. The UK Government and the industry will work together to ensure the critical material information buyers need to know – like tenure type, lease length and any service charges – are available digitally wherever possible from trusted and authenticated sources, and provided only once. If necessary, the UK Government will legislate.

The UK Government also wants to encourage empty homes back into use, and empower local leaders to reinvest back into their communities. The UK Government will therefore introduce new powers for councils to apply a premium of up to 100% to homes left empty for a year, rather than two years – aligning the position across the UK. The UK Government will ensure councils retain all additional revenues to empower their

local leaders to deliver on their priorities and deal directly with the impacts of empty homes – including the disproportionate cost burden they can place on local services and the negative impact on housing supply. To ensure fairness, the UK Government will consult on updated guidance on application of the empty homes premium and possible statutory exemptions.

Levelling up will see prosperity increase more evenly across the country giving more people the opportunity to find a career or vocation in the place they grew up. Investment in new housing in these areas will provide more high quality family houses in communities that are safe, designed to be beautiful and closer to green spaces and places of work. That is why the UK Government has taken on many of the recommendations of the Building Better, Building Beautiful Commission to ensure that the needs and expectations of our communities are met. These attractive new communities, made possible by the UK Government's investment, and the rebalancing of housing and transport investment, will reduce pressure on housing and on greenfield and Green Belt sites in overheated areas of London and the South East.

At the same time, the UK Government is giving communities in England more powers to develop a shared vision of the future of their area. Since 2012, over 2,800 groups have started the neighbourhood planning process in areas that cover more than 14m people. The UK Government has made available over £34.5m of support for Neighbourhood Planning in 2018 to 2022,

enabling communities to shape the places in which they live, decide the location of new homes, employment, shops and services, as well as protection for green spaces and heritage assets.

Across all initiatives to support people onto the housing ladder, steps will be taken to ensure that their experience of homeownership is true homeownership. For many, their dream of homeownership has been tarnished by unfair practices such as high ground rents, unfair charges and poor service from distant and unresponsive management companies. The UK Government will right this wrong by banning new leasehold houses and new financial ground rents, placing power back in the hands of homeowners. The UK Government is also consulting on measures that will empower more leaseholders to take control of their property management and make it cheaper and easier for them to buy the freehold of their property. In the future, the UK Government wants to see wider take up of commonhold flats, and will bring forward further leasehold and commonhold legislation this parliament.

### **Improving housing quality**

It is unacceptable that so many, particularly in the parts of the country most in need of levelling up, are living in non-decent homes, and some in conditions that pose an immediate risk to their health. The UK Government will implement an ambitious programme of work, including

through legislation this year, to tackle poor quality housing.

- Publishing a White Paper in the spring setting out how the UK Government will support those in the Private Rented Sector including ending so-called “no-fault” Section 21 evictions and giving all tenants a strong right to redress. It will explore proposals for new minimum standards for rented homes, introducing a **National Landlord Register** and taking tough action against rogue landlords. Alongside this the UK Government will review the Decent Homes Standard to make sure it is fit for the present day and applies across all rented tenures. The UK Government will consult on the impact on the private rented market and particularly those on the lowest incomes. Further detail will be set out once the Decent Homes Standard review has concluded.
- For those who live in poor quality social housing, the UK Government will legislate to deliver commitments made in the Social Housing White Paper by bringing forward a Social Housing Regulation Bill. Residents will be given performance information so they can hold their landlord to account, and ensure that when residents make a complaint, landlords take quick and effective action to put things right. The UK Government will take a robust approach to landlords who fail to address these issues, including ensuring that the regulator can issue unlimited fines for the worst offenders.

- Addressing poor energy efficiency by targeting retrofit funding at the worst performing homes and those least able to pay. The £2.2bn funding through the Home Upgrade Grant, Social Housing Decarbonisation Fund and Boiler Upgrade Scheme, will help to improve energy efficiency, reduce carbon emissions and lower energy bills. The Future Homes Standard and Future Buildings Standards will also ensure new homes and buildings reach much higher energy efficiency standards.
- For older people trapped in non-decent or unsuitable accommodation, the UK Government will work to increase the choices available to them. A new Task Force will be launched shortly to look at ways better choice, quality and security of housing for older people can be provided, including how to address regional disparities in supply of appropriate and where necessary specialised housing.
- For those who remain locked out of the housing system, efforts to help everyone find a place to call home will be supercharged. The UK Government will deliver the £2bn of investment to tackle homelessness and rough sleeping over the next three years, supporting vulnerable people across England as rough sleeping is ended for good. The UK Government's focus on preventing homelessness will be renewed by working across government and with local partners to tackle the root causes, and make

sure the flagship Rough Sleeping Initiative continues to provide support that is tailored to local areas.

## **Reforming the planning system in England**

A strong planning system is vital to level up communities across the country and give them a say in how their land is used and where beautiful, sustainable houses are built.

A lot has been achieved already. Building on the commitment in the National Infrastructure Strategy, Project Speed will improve the delivery of critical major infrastructure projects, including new hospitals, schools and roads. These critical investments will strengthen the foundations of local economies, unlocking investment and creating green jobs across the UK. This builds on other ambitious reforms, including changes to permitted development rights that have enabled a much-needed expansion of public infrastructure, including schools and colleges, without the need for a planning application.

The UK Government has also pioneered beauty in the built environment through its planning reforms. People want their home towns to be both beautiful and useful. That is why the UK Government has taken on many of the recommendations of the Building Better, Building Beautiful Commission to ensure that the needs and expectations of our communities are met.

The COVID-19 pandemic served to remind the nation how important place-making is. The 2020 amendments to the National Planning Policy Framework, the new National Model Design Code and the creation of an

Office for Place are transforming the way that people's places look and feel, by ensuring beautiful and sustainable design across the country.

In addition, the development of new planning software for councils and digital agencies is bringing the system into the 21st century. The PropTech Engagement fund, launched in October 2021, will help increase community participation in shaping and regenerating places, bringing greater democracy to placemaking.

But there is more that can be done to ensure that planning becomes a tool for levelling up across England.

Only 39% of local authorities have adopted a plan within the last five years, which limits effective community engagement about development. Local plans will be made simpler and shorter, and improved data that underpins plans will ensure that they are transparent, understandable and take into account the environment that will be developed. All of this will result in a system that is easier to engage with and works more efficiently, with communities having more of a say and more councils agreeing local plans.

The current planning system enables some developers to benefit disproportionately and unfairly from the land they develop. This is why the UK Government is developing models for a new infrastructure levy which will enable local authorities to capture value from development more efficiently, securing the affordable housing and infrastructure communities need.

Improvements to the planning system will help level up left-behind places. The UK Government will enhance compulsory purchase powers to support town centre regeneration; provide further support for re-using brownfield land for development; set a more positive approach to employment land in national policy to support the provision of jobs; and increase engagement with infrastructure providers in plan making to bolster productivity.

Building on progress to date, wider changes to the planning system will secure enhanced social and economic outcomes by fostering beautiful places that people can be proud of; improving democracy and engagement in planning decisions; supporting environmental protection, including support for the transition to Net Zero; and securing clear benefits for neighbourhoods and local people.

### **3.4.3 By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst-affected areas.**

This mission is focused on creating safer neighbourhoods.

# Safer neighbourhoods

## The case for action

The UK Government's goal is to reduce crime and make streets safer in all parts of the UK. Crime destroys lives and ruins neighbourhoods. It makes people feel unsafe on the streets and in their homes. Criminal activity fuels and funds huge criminal enterprises, and involvement in crime can set someone on a path that brings enormous harm to themselves and others. Crime also erodes social capital, deters investment and job creation, entrenches poverty and undermines prospects for young people.

As the UK Government's Beating Crime Plan made clear, while overall crime has been falling for some time, this is not a reality recognised or enjoyed by all. For example, as the report of the Commission on Race and Ethnic Disparities recognises, many of the issues arising from crime disproportionately impact areas with higher ethnic minority populations.<sup>444</sup> And even when crime does fall, the public rightly expect the UK Government to be focused on driving it down further.

Crime and anti-social behaviour are not distributed evenly, with homicide, serious violence and neighbourhood crime concentrated in certain neighbourhoods: nearly a quarter of all neighbourhood crime in 2018-19 was concentrated in just 5% of local areas.<sup>445</sup>

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444 [The independent report of the Commission on Race and Ethnic Disparities](#). 2021.

445 Home Office. [Safer Streets Fund \(2021-2022\) Prospectus](#). 2021.

Many of these crimes and quality of life issues are driven by a small number of persistent criminals, with just 5% of offenders accounting for up to 50% of all crime.<sup>446</sup> There are also regional disparities in reoffending rates, with the North East highest at 30% and the South East lowest at 23%.<sup>447</sup> In order to prevent crime and make streets safe, the fact that two-fifths of those released from prison go on to reoffend within a year of release must be addressed.

## **The policy programme**

The policy programme is focused on:

- a. crime, drugs and serious violence;
- b. sentencing; and
- c. restoring order.

### **Crime, drugs and serious violence**

Cutting crime is central to the UK Government's mission of levelling up the country. That is why the UK Government is funding an additional 20,000 police officers in England and Wales, to allow everyone to feel safe in their local areas and prevent offences that fragment communities. Around 75% of these additional officers will be based outside London. As of December 2021, over 11,000 additional officers had already been recruited through this programme.<sup>448</sup>

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446 UK Government. Beating Crime Plan. 2021.

447 MoJ. Proven reoffending statistics: October to December 2019. 2021.

448 Home Office. Police Officer Uplift, England and Wales, quarterly update to 31 December 2021. 2022.

Homicide, serious violence and neighbourhood crime in particular strike at the heart of local communities. These crimes are concentrated around “hotspots” and in cities, disproportionately involve repeat offenders and are often driven by drugs. In the year ending March 2020, 48% of homicides were drug related.<sup>449</sup>

As the Beating Crime Plan makes clear, the UK Government is targeting resources and efforts at areas which suffer disproportionately, working with communities to ensure that improvements are sustained over time. Since 2019, £242m has been invested over three years in addressing serious violence and homicide hotspots, including through Violence Reduction Units which bring together key partners across policing, the criminal justice system, local government, education, health and the community to address serious violence. The UK Government is enshrining this approach in legislation through the Police, Crime, Sentencing and Courts Bill, by creating a legal duty for these partners to work together to prevent and tackle serious violence in all areas of England and Wales.

Since 2020, the UK Government has provided £70m to Police and Crime Commissioners (PCCs) and local authorities in England and Wales through three rounds of the **Safer Streets Fund**, focused on preventing neighbourhood crime, crime in public spaces and violence against women and girls. At SR21, the UK

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449 ONS. [Homicide in England and Wales: year ending March 2020](#). 2021.

Government announced £50m per year of UK Government funding each year for the next three financial years from 2022-23 to 2024-25. The expanded Safer Streets Fund will encompass the prevention of neighbourhood crimes like burglary, robbery and vehicle theft, anti-social behaviour and violence against women and girls as its primary objectives, enabling areas across England and Wales to submit bids on any or all of these crime types based on local needs. This round of the Safer Streets Fund will move away from multiple, overlapping streams of funding, instead providing a single source of funding. The UK Government will offer two 18-month rounds across the three financial years of SR21. This will maximise the bid development window, ensuring local needs are reflected fully, and ensure successful delivery of proposals.

PCCs, the British Transport Police and local authorities across England and Wales will continue to be able to bid for Safer Streets Fund funding to support practical interventions in local areas suffering disproportionately from crime and anti-social behaviour. Certain civil society organisations will also be able to bid for funding, recognising the important role these bodies play in local life. The maximum bid size will be £500,000 per year. To ensure those benefiting from Safer Streets Fund funding are contributing to tackling crime and taking responsibility for levelling up their local areas, matched funding will be required from PCCs and local authorities, whereby

bidders put in £1 (which can be in kind) for every £2 the UK Government provides.

It remains vital for bidders to engage with local communities and businesses in a meaningful way and show that they have consulted with them in preparing their bids. In successive rounds of the Safer Streets Fund, the UK Government has progressively increased engagement and consultation requirements. The UK Government is committed to going even further, given the importance of this funding being delivered with first-hand experience, and of working closely with local organisations, practitioners, businesses and above all communities at the outset of bid development and during the lifetime of projects.

When it comes to the challenges created by drugs, the UK Government is committed to a whole-of-government approach and in December 2021 published a landmark ten-year Drugs Strategy. This will tackle all illicit drug use and is underpinned by three priorities: breaking drug supply chains; delivering a world-class treatment and recovery system; and achieving a generational shift in the demand for drugs. Record levels of investment have been committed to drug enforcement, treatment and recovery, totalling over £3bn in the next three years, including nearly £900m of additional funding targeted to places of greatest need. This will prevent nearly 1,000 deaths, close over 2,000 county lines and contribute to preventing three-quarters of a million crimes by the end of 2024-25. The UK Government will continue to

collaborate with the devolved administrations on this, including through the regular UK Drugs Ministerial meetings.

This builds on existing efforts to dismantle criminal enterprises and success in “rolling up” county lines. Since November 2019, through the County Lines Programme, the police have closed more than 1,500 deal lines, made over 7,400 arrests, seized over £4m in cash and significant quantities of drugs and safeguarded more than 4,000 vulnerable people. In many cases, there is an overlap between the serious organised criminals who profiteer from human misery by facilitating illegal immigration, and those responsible for other illicit activity ranging from drug and firearms trafficking to serious violent crime. The UK Government will grip this challenge for the first time in over two decades through comprehensive reform of our asylum system and a tough new border regime.<sup>450</sup>

The Drugs Strategy also builds on the joined-up delivery approach of Project ADDER (Addiction, Diversion, Disruption, Enforcement and Recovery), which has accelerated efforts to address drug misuse, tackle crime and save lives through a multi-agency, local approach across England and Wales. Project ADDER has been extended up until the end of March 2025, taking the total amount of investment to over £100m in 13 areas including Blackpool, Newcastle and Norwich.

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450 HM Government. [New plan for immigration: policy statement](#). 2021.

As the 10-year Drugs Strategy recently set out nearly half of all burglaries, robberies and other acquisitive crime in England is committed by around 300,000 heroin and crack cocaine users.<sup>451</sup> The impact of this is felt disproportionately in some areas of the country compared to others. The UK Government will therefore **work with ADDER areas in England**, providing additional support to deliver robust local coordination around drug users in their locality to stop them committing crime. This builds on the significant investment from the 10-year Drugs Strategy, the reducing re-offending programme, rough sleeping services, integrated offender management and electronic tagging. By going even further in these areas, the UK Government can make sure that supervision of and support for individuals is targeted to maximise the reduction of crime and improve the safety of neighbourhoods most at risk.

The UK Government will support these areas and share learning to ensure they are in the best position to deliver services that are joined up across addiction, accommodation, and criminal justice oversight, with incentives and rigorous consequences to ensure that individuals properly engage. Neighbourhood crime prevention will be at the centre of this effort – especially for the cohort subject to close monitoring by Integrated Offender Management schemes, which incorporates both prison leavers and prolific neighbourhood offenders on

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451 HM Government. From harm to hope: a ten-year drugs plan to cut crime and save lives. 2021.

community sentences – to ensure swifter action, effective interventions and, ultimately, safer communities.

## **Sentencing**

The right sentencing policy can ensure those who cause others harm pay the price for their actions. The UK Government has already made changes to the sentencing and release framework that will mean serious offenders will serve sentences that better reflect the severity of their crimes, and is creating 20,000 prison places to support this. The UK Government is determined to tackle the prolific offending that deters business investment, undermines job creation, and feeds a sense of abandonment and lawlessness that causes deep concern to local people. This means ensuring that prison leavers have both the foundations they need to turn their backs on crime, and the certainty that failure to do so will have swift consequences.

The UK Government has committed to more effective community sentencing that both punishes and tackles the underlying drivers of offending. It is making community sentences tougher and better monitored. The Integrated Offender Management Strategy has been refreshed, providing intensive supervision by police and probation services for offenders of neighbourhood crime. The UK Government recently announced additional funding of £183m for the expansion of electronic monitoring that will almost double the number of people monitored by 2025. Over the next three years around 10,000 robbers, thieves

and burglars will have to wear GPS tags that monitor their movements and can be screened against recorded crime. As well as monitoring those on community sentences, alcohol monitoring tags for prison leavers whose offending is driven by alcohol were introduced to Wales in November 2021, and will be rolled out to England in summer 2022.

The UK Government has also recently announced up to £93m of additional investment over the next three years to **increase the amount of unpaid work that offenders deliver to around 8m hours per year**. This is around 1.75m hours higher than at any time since comparable records began in 2015-16. This presents an incredible opportunity to clean up and level up local streets, estates, alleyways and open spaces. In October 2021, the UK Government announced its first national partnership with the Canal and River Trust, with offenders clearing litter, tidying tow paths and maintaining beauty spots along 2,000 miles of waterways.

Local communities in England and Wales are already benefiting from unpaid work placements. For instance, a recent project in South Yorkshire saw offenders undertake 2,500 hours of unpaid work to transform a derelict building into a community centre for disadvantaged young people. The UK Government is already encouraging local authorities to take greater advantage of unpaid work placements to improve the local area. The UK Government encourages local participation in identifying beneficial projects via an online

nominations form, while a new statutory consultation duty being introduced through the Police, Crime, Sentencing and Courts Bill will cement and formalise the role of community involvement in highlighting areas of local need where unpaid work could be directed. But the UK Government will now go further. Those who transgress must repair the damage they have caused.

The UK Government recognises that too many communities are blighted by anti-social behaviour and criminality, sometimes committed by children. It is right that children make good on the damage they themselves have caused, and make amends by giving back to the communities and neighbourhoods they have harmed. That is why the UK Government will work with partners across the youth justice system to ramp up the use of unpaid work undertaken by 16- and 17-year olds as part of Youth Rehabilitation Orders and other existing powers.

### **Restoring order, tackling anti-social behaviour and boosting quality of life**

The UK Government will also go further, building on the Beating Crime Plan, and our reforms to Community Payback to ensure that quality of life issues are confronted and that order is restored. This means reinvigorating efforts to tackle every kind of anti-social behaviour that so negatively affects quality of life.

Complaints about noise are highest among the most economically deprived areas, with those in more disadvantaged deciles as much as three times as likely to

suffer from noise nuisance as those in less disadvantaged deciles.<sup>452</sup> The impact is significant, meaning that children struggle to get a good night's sleep and hard working people's lives are made more stressful.

Therefore, the UK Government will ensure that police in England and Wales have the same powers to deal with noise complaints as are already available in Scotland. Local authorities will retain the statutory responsibility for dealing with noise nuisance, but it is vital that police officers also have effective tools for tackling incidents which constitute crime and anti-social behaviour and which can make life a misery for others. This power will help ensure that those who seek to intimidate and terrorise their neighbours, streets or housing estates through noise can be stopped in their tracks. The UK Government expects the police to use these powers as part of determined efforts, alongside others, to level up and beat crime. Legislation will be brought forward when parliamentary time allows.

The UK Government recognises the impact that litter, graffiti, and broken windows have on people's pride in where they live and the impact it has on crime and fear of crime, and will bring forward plans for a National Spring Clean. This will see Community Payback leveraged in support of cleaning up neighbourhoods, simultaneously delivering real improvements for local people while ensuring that justice is seen to be done.

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452 Public Health England Outcomes Framework. Indicator B14a – The rate of complaints about noise.

Additionally, the UK Government will also publish a new plan for anti-social behaviour and quality of life issues, to ensure that those who are terrorised, intimidated, and impacted by this behaviour can be sure that government is on their side and determined to swiftly and effectively tackle the perpetrators.

## 3.5 Empower Local Leaders and Communities

Achieving the UK Government's levelling up missions will rely on local leaders being empowered to develop local solutions to local problems. Many places have large gaps in physical, human and social capital. But the precise challenges they have to deal with are unique to their locality. Strong local institutions and leadership are needed to tackle these local problems effectively on a targeted and sustained basis.

In England, to drive improvements in places' institutional capital, the UK Government has set itself one core mission on **local devolution**. Alongside this, it will support wider place leadership throughout the UK through private sector-led partnerships and local growth funds.

### **3.5.1 By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.**

This mission is focused on expanding and deepening local devolution in England, and empowering local leadership in places.

## **Empowering local leaders**

### **The case for action**

Chapter 2 set out the case for action and the UK Government's plans to deliver this mission. Levelling up will only be successful if local actors are empowered to develop solutions that work for their communities. It requires strong leadership, effective decision-making and harnessing wider private-sector leadership. People's lives are shaped by the social and physical fabric of their communities. Town centres and communities have faced unprecedented challenges during the COVID-19 pandemic, and locally-led funds give local leaders the ability to deliver noticeable improvements to communities and foster pride in place, within a framework of strategic priorities determined by the UK Government.

## **The policy programme**

The policy programme is focused on:

- a. local devolution in England;
- b. private sector led partnerships; and
- c. local growth funds.

The local devolution mission is relevant in England only, but the wider policy programme will support place leadership across the UK.

## **Local devolution**

This is being given effect through:

- a. new County Deals;
- b. deepening the powers of existing Mayors; and
- c. simplifying the current local devolution landscape via a new English devolution framework.

The first local devolution deal that included the introduction of a metro mayor was agreed between the UK Government and the Greater Manchester Combined Authority in 2014. There are now eight additional city regions in England with a mayoral model: Liverpool City Region, the West Midlands, Tees Valley, the West of England, Cambridgeshire and Peterborough, South Yorkshire, North of Tyne and West Yorkshire.

The UK Government will bring greater power and control back to people in England, by extending, deepening and simplifying devolution and boosting the mayoral model.

Around 40% of the population of England are currently covered by a devolution deal. **Extending devolution in England** means:

- a. inviting Cornwall; Derbyshire and Derby; Devon, Plymouth and Torbay; Durham; Hull and East Yorkshire; Leicestershire; Norfolk; Nottinghamshire and Nottingham; and Suffolk to start formal negotiations to agree new County Deals, with the aim of agreeing a number of these deals by autumn 2022;
- b. taking forward negotiations to agree a MCA deal with York and North Yorkshire and an expanded MCA deal for the North East; and
- c. confirming that other areas, particularly those with broadly similar circumstances to North Yorkshire and York have the opportunity to consider their interest in a MCA devolution deal – for instance, the UK Government will work to secure a mayoral deal in Cumbria and similar areas.

**Deepening devolution** in England means that:

- a. the UK Government will open negotiations immediately on trailblazer deals with the West Midlands and Greater Manchester, which will act as the blueprint for other MCAs to follow;
- b. working with MCAs, initially as part of the trailblazer deals, to explore options to streamline the funding landscape for MCAs; and

- c. inviting other MCAs and the GLA to bid for sweeping further powers, through the new devolution framework.

### **Simplifying devolution** in England means:

- a. setting out the UK Government's new devolution framework to provide greater clarity on the devolution offer across England; and
- b. seeking to legislate to establish a new form of combined authority model to be made up of upper-tier local authorities only (e.g. a county council and its associated unitary councils), providing a single, accountable institution across a functional economic area or whole county geography; district councils can be non-constituent members; and, as set out in Chapter 2, county councils will be expected to work closely with their district councils.

### **Private sector-led partnerships**

To help level up local economies, the UK Government will engage with local leaders to consider an appropriate mix of public sector interventions to address market failures, catalyse private sector investment and drive up productivity. The UK Government wants to encourage **private sector-led partnerships** across the UK, especially when these coincide with existing or potential new clusters of business activity. These initiatives should ideally seek to coordinate action not just across the private sector, but in partnership with local and central government, and local education and research

institutions. Examples of these initiatives include the proposal being developed by local businesses for the Humber; collaboration to foster a fintech/cyber cluster in Belfast; and a WMCA led public-private sector partnership to realise the ambition of the West Midlands to become a “smart city” region (see box 3.17). The UK Government will work with the private sector, devolved administrations and other stakeholders to develop these and other partnerships and support the growth of clusters across the UK.

### **Box 3.17 Private sector-led partnerships**

#### **The Humber**

The Humber economy has great potential. Recent government announcements and initiatives such as the Humber Freeport and Net Zero, coupled with private sector investment, provide the opportunity and catalyst for the region to realise its potential.

The Humber is playing a key role in energy. Through its natural geography and emerging cluster, the Humber will help to ensure that offshore wind, industrial decarbonisation, carbon capture, and other technologies will sustain key industries and create high quality jobs at scale for years to come.

To achieve the full economic potential of the estuary, major businesses with a stake in the area and the four local authorities have come together and recognised the need to strengthen leadership on pan-Humber economic priorities. **Opportunity Humber** will be a private sector led board, chaired by Laxman Narasimhan, Chief Executive Officer of Reckitt, which will sit alongside future local devolution arrangements. It will work with the local authorities to provide a single voice for the Humber nationally, globally and into government, and will provide strategic leadership to drive the development and delivery of agreed pan-Humber economic priorities, including the Humber Net Zero Cluster.

The Humber is the UK's largest trading estuary and has the capacity to make significant inroads into decarbonisation and the application of new and related technologies. The UK Government welcomes this leadership provided by the private sector and local authorities and commits to a new cross-government approach to engaging on pan-Humber priorities through a ministerial-led single conversation as part of the agreed final proposals.

## **Belfast**

The Belfast region has seen a period of rapid development in innovation and business clusters over the course of the last decade, with cyber security in particular now an established regional strength. CSIT,

the Centre for Secure Information Technologies at Queen's University Belfast, was established in 2009 in Belfast's harbour area, at that time a largely undeveloped post-industrial part of the city. Since then, a thriving cluster of more than 100 cyber companies, employing over 2,300 people, has grown up around CSIT, and Belfast's 'Titanic Quarter' has become the focus of a cyber innovation ecosystem with international standing.<sup>453</sup> Northern Ireland is the #1 international investment location for US cyber security firms, and for financial services technology inward investment projects.<sup>454</sup> Cyber security and related digital technologies are key enablers for digital transformation across multiple sectors. New partnerships spanning the public and private sectors in Belfast are now seeking to build on the city's technology strengths and cluster-building experience to address the significant and long-standing productivity gap in the region: Belfast's productivity stands at 6% below UK levels, and the gap rises to almost 20% for Northern Ireland as a whole.<sup>455</sup>

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453 Crozier, D., Donaldson, S., Tinnelly, C. Northern Ireland Cyber Security Sector Snapshot 2021. CSIT. 2021. [Link](#)

454 Northern Irish Connections. Northern Ireland is the #1 international investment location for US cyber security projects. 2021.

455 Productivity for Belfast is measured on an output per job filled, while for Northern Ireland, it is measured on an output per hour worked basis. Source: ONS. Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions. 2021.

The Innovation City Belfast partnership was formally established in 2021, based on a realisation by six of the city's key institutions of the need for shared ambition and co-ordinated local leadership to foster inclusive growth. Following the signing of the Belfast Region City Deal in December 2021, which is providing £350m for projects to expand the region's capability in digital innovation, the Partnership is now working to maximise the long-term impact of these investments and further develop the Titanic Quarter as a multi-layered innovation district.

Many of the region's major private sector employers, across sectors including fintech, advanced manufacturing, and health and life sciences, are now working in coordination with Innovation City Belfast to open a new phase in the development of the Belfast region's economic landscape. Based on a "collaborate to compete" ethos, they are using the existing ecosystem as a springboard to establish Belfast as a hub, nationally and internationally, for emerging sectors and technologies such as RegTech and Digital Twinning, and working to enable the diffusion of innovation into sectors across the regional economy.

## West Midlands

In 2021 DCMS highlighted the West Midlands as having the country's fastest-growing tech sector.<sup>456</sup>

The region has attracted firms harnessing cutting edge digital technology, such as Goldman Sachs and Advanced, and the region's thriving digital industries are expected to create thousands of new jobs by the end of 2025. The region has attracted firms harnessing cutting edge digital technology, such as Goldman Sachs and Advanced, and the region's thriving digital industries are expected to create thousands of new jobs by the end of 2025. The West Midlands also has amongst the highest levels of 5G coverage in the UK as a result of the success of the WM5G Testbed programme. However, it also has the lowest digital sector share of enterprise births at 4.8% and significant digital skills challenges, which suggests that more needs to be done to foster the next generation of tech start-ups, build on innovation opportunities and level up digital opportunities for everyone to benefit.<sup>457</sup>

The West Midlands Smart City Region Programme will scale-up digital opportunities across the region in health tech, future mobility and smart energy. It will drive new digital start-ups through practical business support and

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456 DCMS. West Midlands on track to create an extra 52,000 digital tech jobs and grow by £2.7 billion. 2021.

457 DCMS. Assessing the UK's Regional Digital Ecosystems. 2021.

a supply of patient venture capital to attract global innovators. And it will deliver digital catch-up programmes so that everyone in the region can gain the skills and confidence to access the opportunities this will bring.

The programme will be managed through a special purpose vehicle (SPV) that will bring together the public sector, a range of private sector players – from start-ups to leading institutional investors – and the region’s leading research institutions, all under the leadership of the region’s metro mayor. The SPV will align public and private investment, including where appropriate any support from the Innovation Accelerator investment announced in this White Paper for local R&D projects, and will also ensure scale-up opportunities generate wider public benefits such as reducing congestion and pollution, cutting energy bills, and improving access to health and care services.

The UK Government welcomes the innovative, partnership approach being taken by the West Midlands and will provide the necessary financial pump-priming support for the proposal as part of the deeper devolution deal process.

## Local growth funds

Chapter 2 explained how the UK Government will simplify the local growth landscape over time. Whilst further improvements can be made, there are three funds that are complementary and available to local leaders:

- a. the Levelling Up Fund;
- b. the Towns Fund; and
- c. the UK Shared Prosperity Fund.

**The Levelling Up Fund (LUF)** is delivering local priorities that have a visible impact on people and communities across all parts of the UK, including Scotland, Wales and Northern Ireland (see Box 3.18). The fund is investing in **capital infrastructure** that improves everyday life and has a tangible impact on local places. For round one, the fund invested in projects across three themes: regenerating town centres and high streets, upgrading local transport and investing in cultural and heritage assets.

Funding is targeted towards places with the most significant need, as measured by the index of priority places,<sup>458</sup> which takes into account places' need for economic recovery and growth, improved transport connectivity and regeneration, in line with the fund's objectives.

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458 DLUHC. Levelling Up Fund: prioritisation of places methodology note. 2021.

The LUF will allocate £4.8bn over the period to 2024-25. At least £800m will be set aside for Scotland, Wales and Northern Ireland. Autumn Budget 2021 announced £1.7bn of projects, and communities across the UK can expect to see projects underway from early 2022 (See Box 3.18). These include a new marketplace in Aberdeen City Centre; upgrading the ferry service to the Isles of Scilly; restoring a section of the Montgomery Canal in North Powys; enhancing the electric vehicle charging network across Northern Ireland; and transforming five hectares of brownfield into an International Film Studios in Ashford. Details of future rounds of the fund will be set out soon.

## **Box 3.18 The Muni Arts Centre**

The Muni Arts Centre has been a valued and well-loved focus for arts and culture in Pontypridd for nearly 40 years. It is housed in a Grade II listed building with architectural and historical significance and is a landmark within the Pontypridd Town Centre Conservation Area. Previous renovations were not of a high quality and the building eventually closed in December 2018.

The LUF investment of £5.4m will provide a new lease of life to the building, which will reflect the value and significance of Pontypridd's arts and culture and future proof the Centre to respond to changing cultural and technological opportunities. Informed by engagement with stakeholders and the local community, the project will deliver a high-spec cultural venue offering space for music, cinema and theatre events; provide bar facilities and a new social space which will support the leisure and night-time economy; and create new and flexible facilities to maximise the use of space, enabling a wide range of arts, culture, event and community activities.

The project forms part of ambitious regeneration plans for the town centre and wider regional transport links, aimed at delivering significant investment and growth not just for Pontypridd, but for the wider area.

# Figure 3.6 LUF and Towns Fund recipients, UK local authorities

The dots in the map show if awards of the following funds have been announced by Local Authority: Community Renewal Fund, Community Ownership Fund, Town Deals, Future High Streets Funding, Levelling Up Fund and City and Growth Deals.

Local Authority has at least one successful LUF bid



Local Authority does not have a successful LUF bid but has at least one awarded project of the other named funds



Note that Community Renewal Fund bids are not mapped out at the Local Authority level in Northern Ireland as many successful bids are being delivered across Northern Ireland as a whole and bids were not made at the Local Authority Level.

The textboxes include one example of a Levelling Up Fund project in each region.

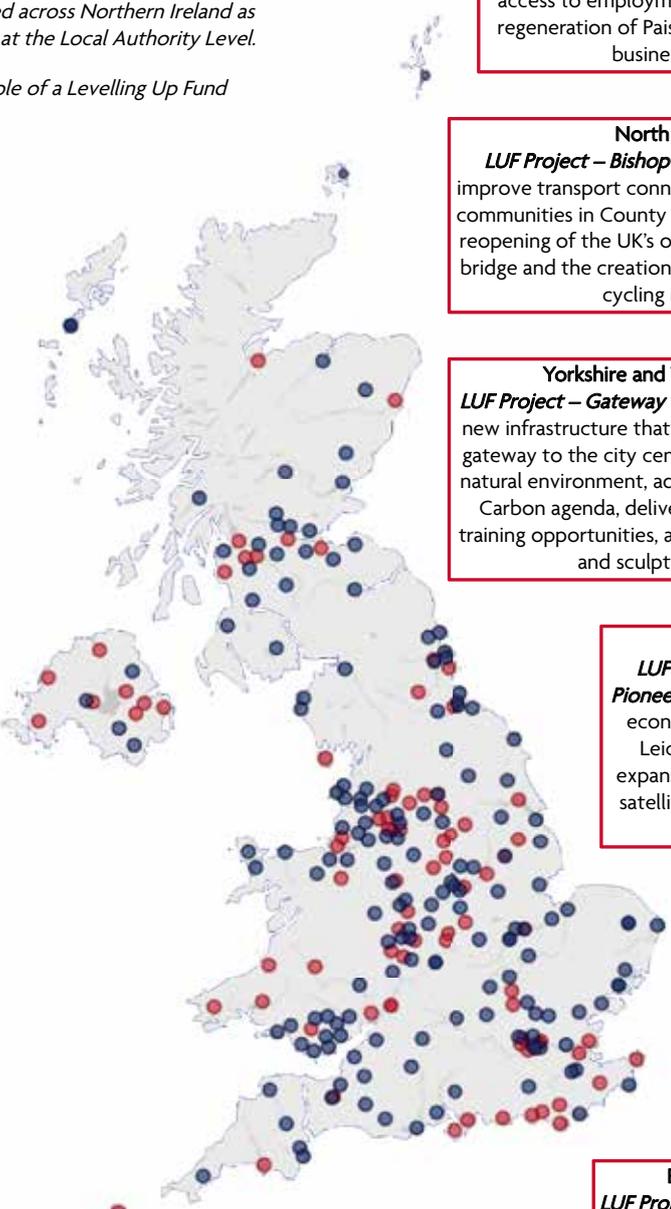
**North West**  
**LUF project – Bolton College of Medical Science:** £20m to develop a state-of-the-art vocational, professional skills and training facility.

**Northern Ireland**  
**LUF Project – Daisy Field Sports Hub:** £4.2m to develop an under-utilised site into a new community sports hub with an upgraded grass pitch and a floodlit Multi-Use Games Area.  
 Note that one LUF bid is Northern Ireland wide and as such cannot be included in the map.

**West Midlands**  
**LUF Project – Wolverhampton City Learning Quarter:** £20m to create a sustainable City Centre learning environment.

**Wales**  
**LUF Project – Montgomery Canal Restoration:** £15.4m to revitalise a 4 mile disused section of the Montgomery Canal navigation from Llanymynech to Arddleen.

**South West**  
**LUF Project – Gloucester City Centre:** £20m to regenerate vacant city centre buildings into a mixed use development.



**Scotland**  
**LUF project – Advanced Manufacturing Innovation District Scotland South:** £38.7m to improve travel links; improving access to employment, and support the regeneration of Paisley town centre and business areas.

**North East**  
**LUF Project – Bishop Auckland:** £20m to improve transport connectivity between rural communities in County Durham, including the reopening of the UK’s oldest road suspension bridge and the creation of a new walking and cycling route.

**Yorkshire and The Humber**  
**LUF Project – Gateway to Sheffield:** £20m for new infrastructure that will redevelop a core gateway to the city centre, by improving the natural environment, advancing the Net Zero Carbon agenda, delivering education and training opportunities, as well as an art gallery and sculpture park.

**East Midlands**  
**LUF Project – Leicester Pioneer Park:** £19.4m to drive economic opportunity in Leicester by providing expansion of the space and satellite technology sector in the city.

**South East and London**  
**LUF Project – Margate Digital:** £6.3m to create cutting-edge, industry-relevant training space in Margate to create pathways to skills development and employment for residents.

**East of England**  
**LUF Project – Houghton Regis:** £19.9m to create a Community Wellbeing Hub, with indoor and outdoor leisure facilities, adult social care and community facilities; providing amenities for 7,000 new homes.

The £3.6bn **Towns Fund** aims to unleash the economic potential of towns and high streets in England. Towns have been encouraged to make interventions that contribute to the UK's overarching goal of reaching Net Zero by 2050, showing practically how levelling up and Net Zero can go hand in hand. This will be delivered through two elements.

- **Town Deals**, which aim to regenerate towns and deliver long-term economic and productivity growth through investments in urban regeneration, planning and land use, skills, heritage and enterprise infrastructure. Up to £25m, and more in exceptional cases, is being invested in each town. All 101 participating towns have had a deal announced, totalling £2.3bn.
- The **Future High Streets Fund**, which aims to renew and reshape town centres and high streets in England in a way that drives growth and ensures future sustainability. In total, 72 places will share over £830m from the FSHF. The fund is complemented by a small loans fund for Business Improvement Districts and implementation of the Parking Code of Practice to regulate the private parking industry.

The **UK Shared Prosperity Fund (UKSPF)** will increase life chances and build pride in place across the UK, by empowering places to invest in local priorities across three priority areas: communities and place, people and skills, and local business. This will lead to significant,

visible and tangible improvements to the places where people work and live, supporting town centres, high streets, cultural assets and green spaces that have deteriorated over time. This new fund will give communities up and down the UK more reasons to be proud of where they live.

The UKSPF will support the UK Government's wider commitment to level up all parts of the UK and align with the missions set out in Chapter 2.

- **Strengthening the social fabric of communities, building pride in place and creating the foundations for economic growth at the neighbourhood-level.** This could include community-led projects with clear community benefits such as local support groups and sport in the community; making high streets clean, safe and prosperous; and providing support for projects to renew community infrastructure and improve access to green space and to strengthen social, physical and cultural ties.
- **Stimulating local economies and job creation,** by supporting local businesses to start, innovate, export and grow. This could include a range of activities, from investment in pedestrianisation and new outdoor markets to increase high street footfall; to supporting business networks and programmes to adopt energy-efficient or low carbon technologies; to support for the local visitor economy.

- **Equipping hundreds of thousands more adults with the skills and employment support they need to progress in life, including those most disadvantaged and furthest from the labour market.** Multiply, the £560m adult numeracy programme, will be the first priority, offering local support for people to gain or improve their numeracy skills.

The fund will be worth over £2.6bn across the SR21 period, with funding increasing to £1.5bn a year by 2024-25. Alongside commitments to support regional finance funds through the British Business Bank, this exceeds the UK Government's commitment to match EU Structural Fund receipts in each nation of the UK and in Cornwall and the Isles of Scilly, while reducing the levels of bureaucracy associated with EU funds and better targeting the priorities of places within the UK. The UKSPF will make available a mixture of both revenue and capital funding for places to invest in local priority projects.

Recognising the acute challenges town centres and communities have faced during COVID-19, this fund will enable improvements to the places where people live and work. It will also support individuals and businesses to drive noticeable improvements that matter to local communities. The fund will prioritise interventions to strengthen pride in place in 2022-23 and 2023-24, alongside the Multiply programme. From 2024-25, further emphasis will be placed on investment to support life

chances and skills, including for those furthest from the labour market. In England, a flexible approach in the first two years will ensure that local authorities are able to continue funding people and skills provision, provided by voluntary organisations, which would otherwise be at risk due to the tail off of EU funds. The UK Government will work with devolved administrations and local partners to determine the most appropriate mix of investment priorities in Scotland, Wales and Northern Ireland reflecting the earlier tail-off of EU funds.

**Decisions will be made by locally elected leaders close to the communities they serve**, to ensure funding is spent on the things that matter to people. Support will be provided to those areas less capable of doing this. This has the following implications.

- Institutions with already existing strong and accountable governance should be given full responsibility to plan and manage investment of the fund from the outset.
- In England, this means funding will be allocated to, and invested by, MCAs where they exist, and the GLA. Elsewhere, most funding will be allocated to, and invested by, lower-tier local authorities. Lead authorities will be strongly encouraged to work with other districts, county or unitary authorities to agree and commission skills and employment activity. More details on the delivery approach and allocations for Multiply will be set out in due course.

- In line with the local devolution mission, as places engage with the UK Government and consider new devolution arrangements, the local delivery arrangements of the fund will be reviewed.
- Local areas will also have the option to come together to deliver the UKSPF in places where there is already an established history of collaboration between local authorities. In Scotland and Wales, this could include areas covered by City and Growth Deals. Where existing City and Growth Deals cover only single authorities, the UK Government will encourage and support these authorities to collaborate with neighbours where there is appetite to do so.
- In Northern Ireland, recognising the different local government landscape, the UK Government will manage investment in collaboration with the Northern Ireland Executive, local authorities and local partners.
- All areas will receive a conditional allocation skewed to need. The resulting fund will act as a predictable baseline element of local growth funding, with all geographies receiving something, skewed towards places in need such as former industrial areas, deprived towns and rural and coastal communities. The fund will underpin broader work to streamline the local growth funding landscape.

Local leaders will be asked to work with a diverse range of local stakeholders to improve outcomes in their areas, using local insight and expertise to assess local need and

develop the right solutions. This includes civil society organisations, businesses and employer bodies responsible for identifying local skills plans.

Further technical details, including illustrative investment priorities, have been published alongside this White Paper. This reflects feedback from, and engagement with, a diverse range of local authorities and wider stakeholders across the UK.

# Chapter 4

## Next Steps

### 4.1 Introduction

The preceding chapters set out the evidence base on the UK's spatial disparities, a new policy regime and specific policy interventions that will spread opportunity more equally across the UK. They establish the overarching framework within which a long-lived programme of change will take place. This programme of change will embed levelling up across all areas of UK government, local and national, working in partnership with the private sector and civil society.

This chapter looks ahead to the next steps the UK Government will take to advance and deliver this programme of change. This includes a comprehensive process of engagement across the whole of the UK on the proposals in this White Paper and new legislation to put key elements of this programme in statute.

### 4.2 Engagement and Informal Consultation

Levelling up is a collective endeavour. Success in closing spatial disparities across the UK will rely on input, buy-in and partnership with a wide range of stakeholders, including local leaders, devolved administrations,

businesses, civil society, academics and think tanks. Many of the policies contained within the programme of change will need to be co-designed and co-delivered.

To that end, the UK Government will put in place a comprehensive process of engagement and informal consultation to inform levelling up delivery and future policy-making, and avoid the siloed, short-term and small-scale approaches that have hindered attempts to tackle spatial disparities in the past. Some of the key elements of this process include:

- a. a structured process of visits, at ministerial level, across the whole of the UK in the months following publication of this White Paper, to discuss how levelling up can be successfully achieved in that area and to gather feedback;
- b. an ongoing, long-term commitment for further ministerial visits across the whole of the UK, to update on progress on the policy programme and missions;
- c. setting up local panels, drawn from a wide range of stakeholders, to serve as a sounding board on levelling up delivery and implementation, working closely with the new Levelling Up Directors once established;
- d. annual reports summarising the key messages from these local panels, which will feed into the UK

## Government's Cabinet Committee on Levelling Up; and

- e. an online space where local ideas, proposals and initiatives around levelling up can be heard and coordinated, to spread knowledge and understanding of what has worked locally and to foster innovation and experimentation.

The UK Government will work closely with the devolved administrations, who hold the levers to drive change in devolved areas like health and education, and local partners to find the best way to alleviate spatial disparities in Scotland, Wales and Northern Ireland. This will ensure that, right across the UK, children reach expected standards in reading, writing and maths; that the number of people completing high quality skills training increases; and that the gaps in life expectancy close. Building on the recent success of the Intergovernmental Relations Review, the UK Government will explore the best forums for this, including through:

- a. a specific ministerial meeting between the UK Government and devolved administrations in the month following publication;
- b. a time-limited board established to develop a joint way of working to tackle geographical disparities, resulting in a joint delivery plan;

- c. work to bring together evidence on “what works” on policies to reduce spatial disparities across the UK; and
- d. co-chaired summits on shared priorities underpinning each of the missions.

The UK Government will also be engaging with wider stakeholders on a wide range of issues, including the following.

- **Setting and delivering missions and metrics:** Meeting ambitious and aspirational missions will require innovation and change across the public, private and civil society sectors. The UK Government will work with the ONS, devolved and local government, and other external experts and stakeholders, to road test the missions, and design and agree suitable metrics and data to track performance against them. For the UK Government, it will be a cross-departmental endeavour with significant responsibilities for ministers to work together across their policy portfolios, and Levelling Up Directors to work across all tiers of government. The UK Government will engage with partners, stakeholders and experts to further inform the missions, and will periodically publish updates as appropriate, ensuring that the missions and their delivery are rooted in what places need. This will also include close collaboration with devolved

administrations, particularly where missions intersect with devolved policy areas like health and education.

- **Devolution framework in England:** The UK Government will continue to work with local government in England to shape devolution deals, roll out further MCAs and create new County Deals. A framework has been set out in Chapter 2 to simplify the devolution process. The UK Government will engage with local actors as the framework evolves through the negotiation and implementation of new devolution deals.
- **New body focusing on local government data:** The UK Government will work with local leaders, citizens and sector experts to establish a body to focus on local data, transparency and outcomes. Strengthening local data will be the cornerstone for this body, to empower citizens with a greater knowledge of their place and support local authorities to learn from one another and be more user-focused.
- **Taking a partnership approach:** The UK Government is exploring a new approach to place through Levelling Up Directors. They will provide a key point of contact for local areas, acting as a bridge between local leaders and central government. The UK Government will work with local partners to tailor and develop the model to ensure that it is rooted in what places need.

- **Fund simplification:** The UK Government will engage with local government and key stakeholders on the simplification of the local growth funding landscape with respect to the publication of further plans later this year.

There will be a specific role for expert advisory committees, run as sub-groups of the Levelling Up Advisory Council. These will serve as a confidential forum for engagement between experts on the major cross-cutting themes of this White Paper. Themes covered by these expert sub-committees are likely to include:

- a. **regional adoption and diffusion infrastructure** – improving the uptake of productivity-enhancing technologies and management practises by businesses;
- b. **the role of private sector capital** in levelling up and strategies for encouraging more institutional investment; and
- c. **local communities and social infrastructure** – the role of neighbourhood policies and strategies for building community capacity in left behind areas.

## 4.3 Future Legislation

The UK Government will bring forward legislation to put in statute some of the key pillars of levelling up to ensure this new framework is built on strong foundations. The UK Government will explore provisions around:

- a. introducing an obligation for the UK Government to publish an annual report on delivery against the levelling up missions; and
- b. strengthening devolution legislation in England in order to expand devolution to more places, deepen current devolution deals and enable the devolution process to be simpler and more transparent.

The UK Government will also implement reforms to the planning system as outlined in Chapter 3. Many of these improvements will pay dividends across the whole country, but particular reforms will support regeneration in less prosperous places. The UK Government will explore provisions around compulsory purchase powers and support for reusing brownfield land.

More details on these reforms will be published in due course.

## 4.4 Conclusion

This White Paper sets out the scale and causes of geographic disparities across the country, as well as a programme of change grounded in ambitious missions, improved central and local decision making through better information, incentives and institutions, and rigorous and independent monitoring and evaluation.

The programme of change catalysed by this White Paper will help ensure everyone, wherever they live, has the opportunity to succeed and thrive; ensure that

businesses can invest, create jobs and drive productivity, particularly in areas that have previously struggled; empower local leaders and communities; and enable people to take pride in the places they live and have a good quality of life.

This White Paper is a critical stepping stone on the UK Government's ambition to radically alter spatial disparities, ensuring that geography is no longer destiny and that all people and places in the UK are equipped to share in the country's substantial economic, social and cultural wealth.

# Delivering for all parts of the United Kingdom

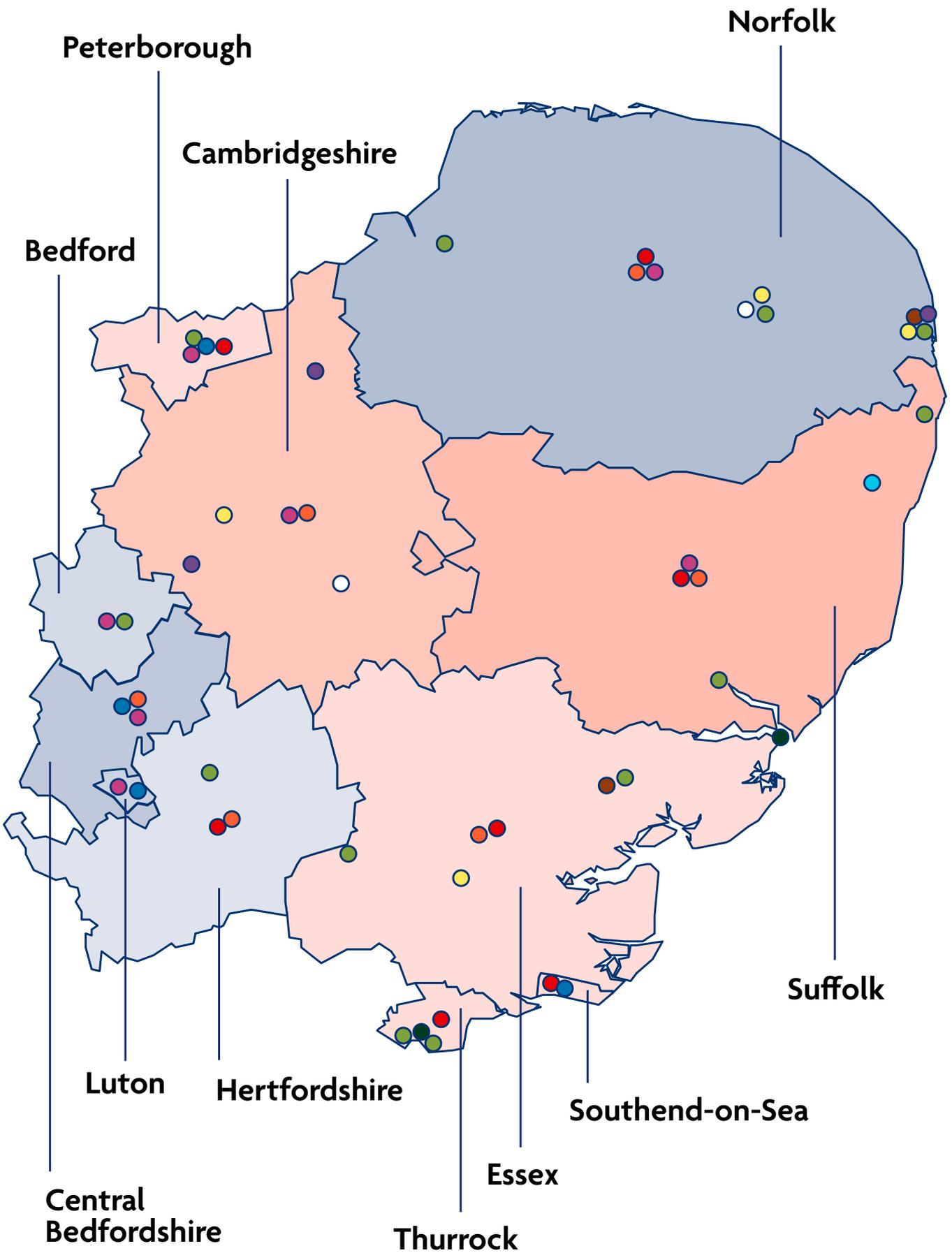
## East of England

**The East of England is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£87m** of investment through Round 1 of the Levelling Up Fund is backing five projects in the East of England. Transport enhancements include reducing congestion and creating new walking and cycling routes in Central Bedfordshire. Coastal attractions at Southend-on-Sea will be upgraded to attract tourism and investment. In Peterborough, a new interactive “Living Lab” within the brand new university will be built and act as a beacon of transformative change in the city. Over 300 new homes and 2,000 square metres of community space will be delivered in Luton, as well as a Community Wellbeing Hub in Houghton Regis.

The Towns Fund is investing over **£287m** across 12 towns in the East of England including in Norwich, Peterborough and Great Yarmouth. Norwich will see delivery of new and improved green spaces and sustainable transport links. Peterborough will see new cultural facilities within the city centre, a lakeside activity centre and new pedestrian links created to improve

access to the riverside and its green spaces adjoining the transformational new university. In Great Yarmouth, investment will be spent on reinventing public spaces, growing the arts and cultural scene and creating new jobs.



## Key

- **Levelling Up Fund:** Southend-on-Sea, Peterborough, Luton and Central Bedfordshire.
- **Towns Fund:** Bedford, Great Yarmouth, Ipswich, King's Lynn, Colchester, Grays, Harlow, Stevenage, Tilbury, Lowestoft, Norwich and Peterborough.
- **Future High Streets Fund:** March, St Neots and Great Yarmouth.
- **Community Renewal Fund:** Cambridgeshire and Peterborough, Essex, Norfolk, Southend-on-Sea, Thurrock, Hertfordshire and Suffolk.
- **Community Ownership Fund:** Westhall.
- **Project Gigabit:** Cambridgeshire, Norfolk, Suffolk, Hertfordshire, Bedfordshire, Essex.
- **Brownfield Land Release Fund:** Colchester, Great Yarmouth.
- **Freeports:** Felixstowe/Harwich and Tilbury/London Gateway in Thurrock.
- **Education Investment Areas:** Peterborough, Bedford, Central Bedfordshire, Norfolk, Luton, Suffolk and Cambridgeshire.
- **Transport upgrades:** Norwich, Great Yarmouth, Huntingdon and Chelmsford.
- **Transforming Cities Fund:** Norwich and Cambridge.

## A new Freeport for the East of England

Centred around the Port of Felixstowe and Harwich International Port, **Freeport East** will take advantage of its close proximity to major European and global trade routes. The Freeport will drive regeneration in the area and support the subregional and regional economy recover from the pandemic. It will provide high skilled, high paying jobs, building on the already well-established industries situated in and around the ports.

## The UK Government has been taking action to level up the East of England:

### Empowering local leaders and communities

**£600m** over 30 years through the Cambridgeshire and Peterborough Combined Authority Devolution Deal, devolving new powers over transport, planning and skills, and providing investment funding to grow the local economy and to deliver new homes.

**£500m City Deal** with Greater Cambridge to enable a new wave of innovation-led growth by investing in infrastructure, housing and skills.

Both **Norfolk and Suffolk** have been invited to agree new devolution deals.

**£87m** for five projects from the Levelling Up Fund, including upgrading coastal attractions at Southend-on-Sea, building a new science lab and education space in Peterborough and building over 300 new homes and 2,000 square metres of community space in Luton.

**Almost £24m** from the Future High Streets Fund to renew and reshape high streets in March, St Neots and Great Yarmouth.

**Over £287m** through the Towns Fund for 12 towns and cities, supporting economic growth, to boost local economies, create jobs and new homes, transform public spaces, and revamp cultural attractions.

## **Boosting productivity, pay, jobs and living standards**

**Local Growth Deals** are delivering major growth opportunities such as building the East Coast College Skills Centre in Lowestoft, regenerating the Luton Hat district and providing a new rail station in Chelmsford.

**£39m** through the Transforming Cities Fund for a new mobility hub at Norwich Rail Station.

**Road upgrades** in the East of England include the Great Yarmouth Third River Crossing, Lower Thames Crossing and the A14 from Cambridge to Huntingdon, and further A road improvements.

**£462m** for local roads maintenance between 2022-23 and 2024-25, and £88m for transport improvements across the East of England.

**30 zero emission buses** for Cambridge and Peterborough from the £70m Zero Emission Bus Regional Areas Fund.

**Gigabit broadband coverage** in the East of England increased from 5% in November 2019 to 61% in January 2022, and is forecast to reach 70-80% by 2025.

**£500m** committed across the UK through the Shared Rural Network programme to improve 4G coverage by 2025, increasing coverage to 99% in the East of England.

**359,275 new businesses** created in the East of England between 2010 and 2020.

**830,800 jobs were furloughed** and protected in the East of England through the Coronavirus Job Retention Scheme.

## **Spreading opportunity and improving public services**

**£292m extra for mainstream schools** is forecast for the East of England in 2022-23, an increase of 5.9% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**New Education Investment Areas** announced for local authority districts including Peterborough, Bedford, Central Bedfordshire, Norfolk, Luton, Suffolk and Cambridgeshire, to drive improvements in educational attainment.

**A new Institute of Technology** in development with South Essex College covering the South East LEP area.

**31,800 apprenticeships** started in the East of England in 2019-20.

**1,053 more doctors and 2,599 more nurses** working in hospitals in the East of England between September 2019 and September 2021.

**Building five new hospitals** in the East of England as part of the Government’s commitment to build 40 new hospitals by 2030, including the rebuild of James Paget

Hospital and West Suffolk Hospital; a new cancer hospital at Addenbrookes; a new integrated, high-tech healthcare campus to replace the ageing Princess Alexandra Hospital in Harlow; new hospital buildings at Watford General Hospital; and the refurbishment of Hemel Hempstead and St Albans City hospitals.

**8,990 Kickstart jobs** started by young people and 21 youth hubs opened to help young jobseekers access local training and job opportunities.

### **Restoring local pride**

**996 extra police officers** recruited in the East of England since the start of the uplift programme in October 2019.

**£96,600** from the Community Ownership Fund awarded to the Racehorse Inn in Westhall.

**Over £3m** from the Brownfield Land Release Fund towards the regeneration of two estates, the Heart of Greenstead regeneration project in Colchester and the Middlegate Estate in Great Yarmouth.

**Over £17m** for 33 Community Renewal Fund projects, including funding culture-led regeneration through the film industry in Hertfordshire, Net Zero business support in Norfolk and digital skills transformation in Essex.

**Over £4m** from the Green Homes Grant Local Authority Delivery Scheme for Central Bedfordshire to improve the energy efficiency of homes of low-income households, helping reduce fuel poverty.

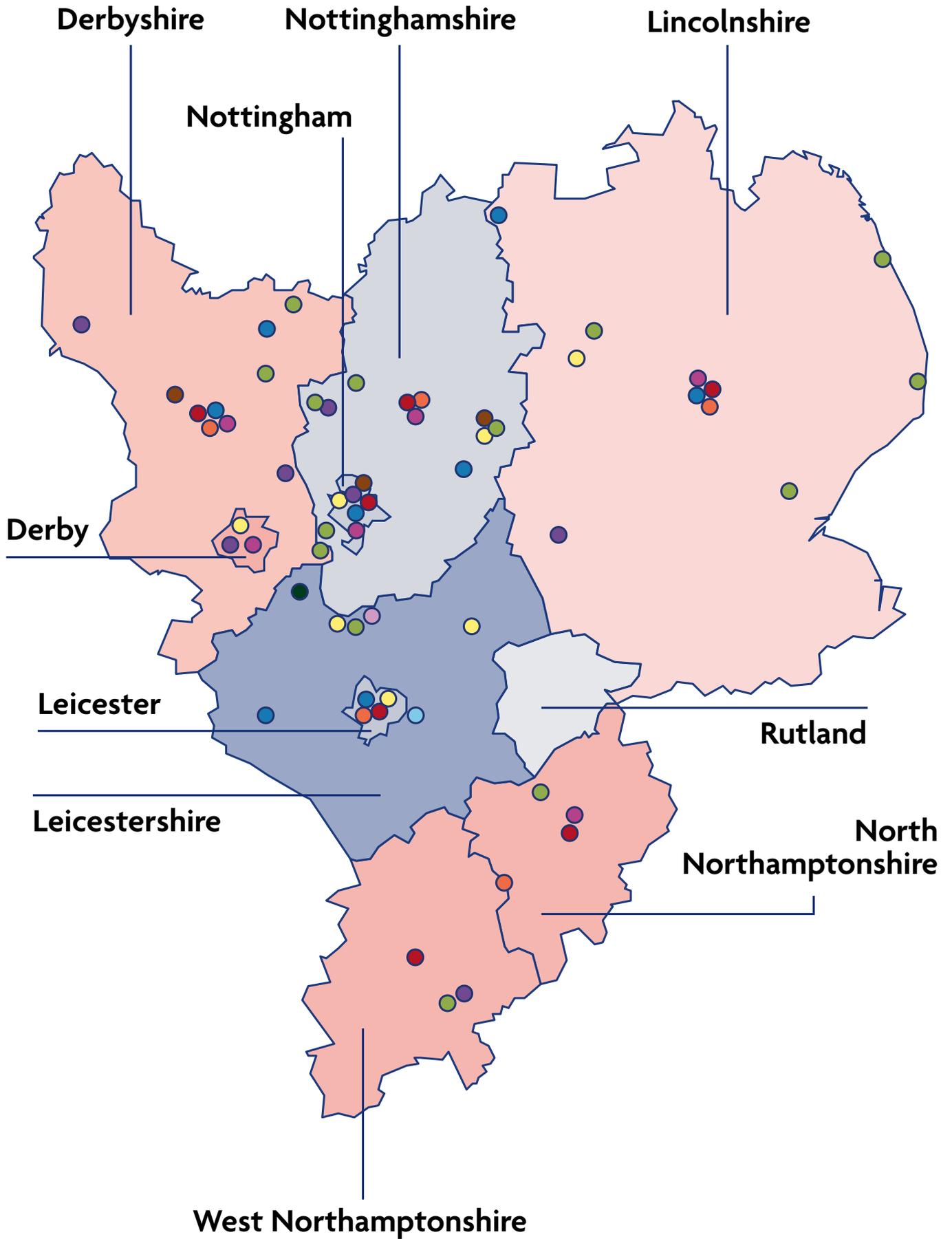
**£4m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

# East Midlands

**The East Midlands is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£203m** of investment through Round 1 of the Levelling Up Fund is backing ten projects in the East Midlands. Transport enhancements include A16 road improvements between Boston and Spalding in Lincolnshire, completing the Newark Southern Link Road between Farndon and Balderton in Nottinghamshire, and a new junction on the A50 south of Derby in Derbyshire. Gainsborough Town Centre will benefit from a new cinema and a new science centre will be built at Twycross Zoo. In Leicester, the railway station will be revitalised, high-quality office space will be provided in the city and new commercial spaces will be built at Pioneer Park to support economic growth. Stephenson Memorial Hall in Chesterfield will be remodelled and Nottingham will benefit from a programme to improve the streetscape to promote safe active travel across the city.

The Towns Fund is investing over **£346m** across 15 towns in the East Midlands including in Boston, Corby and Lincoln. Boston will see the creation of a new community hub at Boston railway station, Corby will see public realm improvements with parts of the town centre pedestrianised and Lincoln will benefit from regeneration of Cornhill Square, a key public space for the community.



## Key

- **Levelling Up Fund:** Twycross, Leicester, Gainsborough, Farndon and Balderton, Derbyshire, Chesterfield, Nottingham and Lincolnshire.
- **Towns Fund:** Kirkby-in-Ashfield and Sutton-in-Ashfield, Boston, Clay Cross, Corby, Lincoln, Long Eaton, Loughborough, Mablethorpe, Mansfield, Newark, Northampton, Skegness, Stapleford and Staveley (Derbyshire).
- **Future High Streets Fund:** Derby, Nottingham, Heanor, Buxton, Grantham, Northampton and Sutton-in-Ashfield.
- **Community Renewal Fund:** Derbyshire, Leicester, Lincolnshire, North Northamptonshire, Nottingham, Nottinghamshire and West Northamptonshire.
- **Community Ownership Fund:** Thurnby (Leicestershire).
- **Project Gigabit:** Northamptonshire, Derbyshire, Leicestershire, Nottinghamshire, Lincolnshire.
- **Brownfield Land Release Fund:** Derbyshire Dales, Newark and Sherwood.
- **Freeport:** East Midlands Airport.
- **Civil Service relocation:** Loughborough (UK Anti-Doping Headquarters).
- **Education Investment Areas:** East Midlands local authority districts, including Derby, Derbyshire, Lincolnshire, North Northamptonshire, Nottingham and Nottinghamshire.
- **Transport upgrades:** Loughborough, Derby, Nottingham, Newark, Leicester, Melton Mowbray and North Hykeham.

## A new Freeport for the East Midlands

**East Midlands Freeport** will create a globally connected, world-leading advanced manufacturing and logistics hub at the heart of the UK. As the only inland Freeport in England, it offers unique and exciting opportunities for new high-value, low carbon investment and has Net Zero, skills and innovation at its core. It will also drive significant job growth in the region, creating thousands of new jobs.

## **The UK Government has been taking action to level up the East Midlands:**

### **Empowering local leaders and communities**

**Derbyshire and Derby, Leicestershire, and Nottinghamshire and Nottingham** invited to begin negotiations to agree new devolution deals.

**£203m** for 10 projects through the Levelling Up Fund, including in Twycross, Leicester, Gainsborough, Farndon and Balderton, Derbyshire, Chesterfield, Nottingham and Lincolnshire.

**Over £346m** invested in 15 Towns Fund deals including in Clay Cross, Staveley, Long Eaton, Boston, Mablethorpe, Skegness, Corby, Stapleford and Mansfield, to boost local economies, create jobs and new homes, transform public spaces, and revitalise cultural attractions.

**£63m** for seven high streets through the Future High Streets Fund to improve transport links, build new homes and transform underused spaces, including in Derby, Nottingham, Heanor, Buxton, Grantham, Northampton and Sutton-in-Ashfield.

### **Boosting productivity, pay, jobs and living standards**

**Local Growth Deals** are delivering major growth opportunities across the East Midlands. These include redevelopment of Nottingham's Southside area; support

for Derby's Infinity Park; unlocking land for housing and access to the M1 in Loughborough; and the creation of a medical school at the University of Lincoln.

**£400m** of new funding for the British Business Bank's Midlands Engine Investment Fund.

**£40m** through the Transforming Cities Fund for Leicester, including a new Electric Bus Link to connect rail and bus stations with the city centre and over £169m for transport enhancements across Nottingham and Derby, including a new pedestrian and cycle crossing of the River Trent and improvements at Derby bus station.

**Road upgrades** including M1 Junctions 13-19 and 23, A38 Derby Junctions, A52 Nottingham Junctions, and improving capacity along the A46 Newark Bypass.

**£387m** for local roads maintenance between 2022-23 and 2024-25, and £75m for smaller transport improvement priorities through the Integrated Transport Block across the East Midlands.

**£18m** through the Strength in Places Fund across the Midlands for development of advanced ceramics requiring less energy usage, with partners including Rolls Royce, the University of Leicester and Loughborough University.

**Gigabit broadband** coverage in the East Midlands increased from 6% in November 2019 to 69% in January 2022, and is forecast to reach 70-80% by 2025.

**299,720 new businesses** created in the East Midlands between 2010 and 2020.

**753,700 jobs** were furloughed and protected in the East Midlands through the Coronavirus Job Retention Scheme.

## **Spreading opportunity and improving public services**

**£229m extra for mainstream schools** is forecast for the East Midlands in 2022-23, an increase of 6% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**831 more doctors and 1,900 more nurses** working in hospitals in the East Midlands between September 2019 and September 2021.

**Four hospitals to be delivered** in the East Midlands, including three new hospitals that are part of the Government’s commitment to build 40 new hospitals by 2030. This includes the rebuild of Leicester Royal Infirmary and Glenfield; new facilities at Leicester General; the rebuild of the Queen’s Medical Centre and City Hospital sites in Nottingham; a national rehabilitation centre at Stanford Hall near Loughborough; and the rebuild of Kettering General.

**Civil Service relocation** will see the UK Anti-Doping Unit located at Loughborough University Sports Park.

**New Education Investment Areas** announced in East Midlands local authority districts, including Derby, Derbyshire, Lincolnshire, North Northamptonshire, Nottingham and Nottinghamshire, which will drive further school improvement in these areas through funding to intervene in underperforming schools, supporting growth of strong trusts, and retaining high quality teachers.

**Lincolnshire Institute of Technology** established with employer partners including Siemens, Bakkavor Ltd. and Olympus Automation Limited. A further Institute of Technology in development with the University of Derby, Derby College, Loughborough University and Loughborough College (covering the D2N2 and Leicestershire LEP areas).

**28,080 apprenticeships** started in the East Midlands in 2019-20.

**7,880 Kickstart jobs** started by young people and three youth hubs opened to help young jobseekers access local training and job opportunities.

## **Restoring local pride**

**841 extra police officers** recruited in the East Midlands since the start of the uplift programme in October 2019.

**Over £1m** under the Brownfield Land Release Fund to support the regeneration of two estates, Hurst Farm Estate in Derbyshire Dales and the Yorke Drive and Lincoln Road Playing Fields in Newark and Sherwood.

**Over £15m** for 27 projects across the East Midlands through the Community Renewal Fund, including for work in Northamptonshire on Net Zero and local energy projects.

**£250,000** from the Community Ownership Fund for the Hub Community Centre and Café in Thurnby.

**Over £4m** from the Sustainable Warmth Fund to help Leicester and Lincoln install energy saving upgrades and low carbon heating in low-income households.

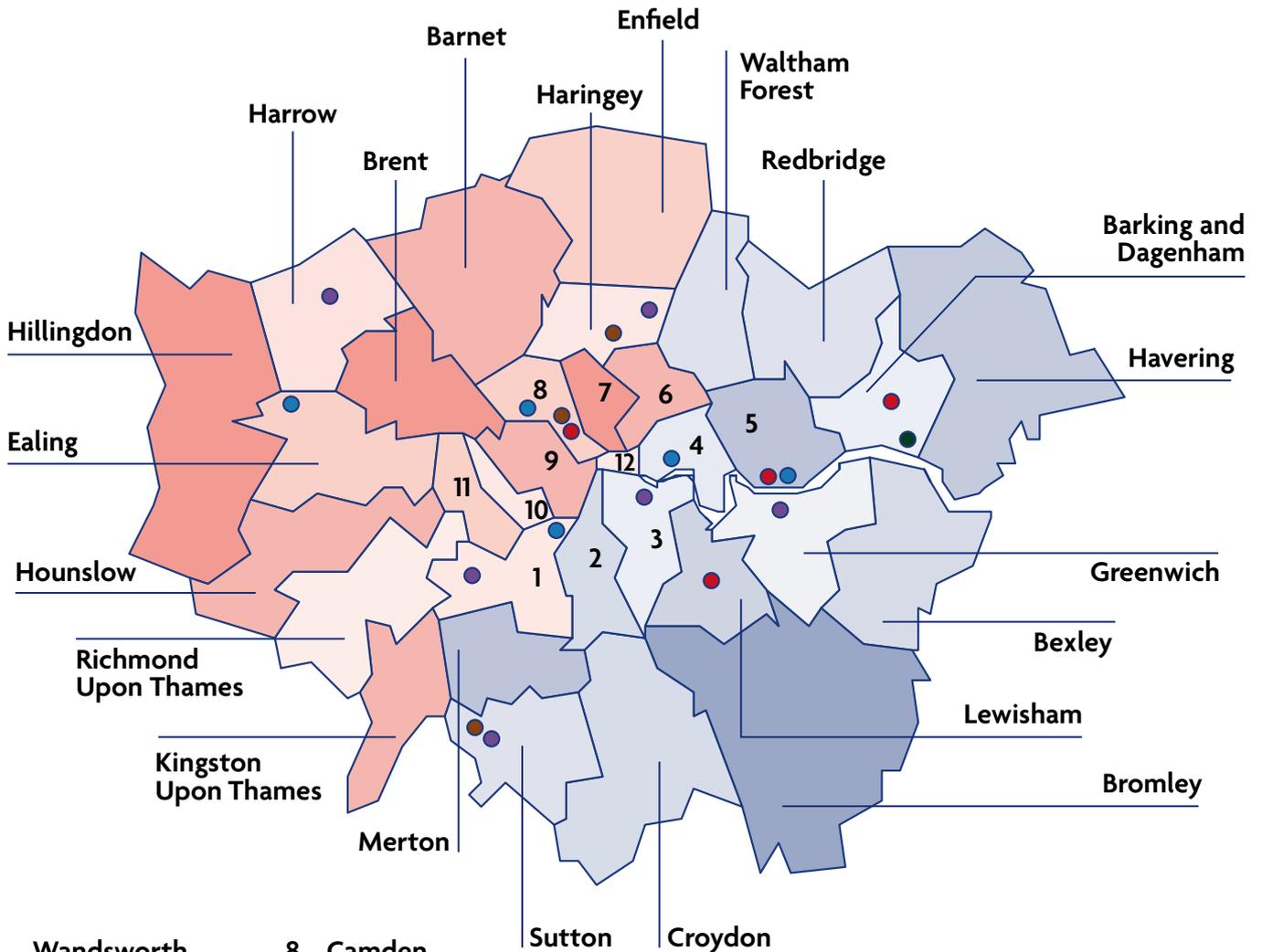
**£6m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

# London

**London is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£65m** of investment through Round 1 of the Levelling Up Fund is backing six projects in London. Transport enhancements include connecting Northolt Station to White Hart Roundabout, highway improvements on Whitechapel Road, and a new bridge, walking and cycling improvements in Newham. A new concert venue and music education centre will be built in Nine Elms and the Carlton and Grenville community Centres in South Kilburn will be refurbished.

The Future High Streets Fund is supporting the regeneration of high streets across the UK, including in London. The capital has received funding for six high streets totalling over **£56m**. In Woolwich, funding will help to transform the Old Town Hall, Powis Street and Beresford Square into a vibrant place to live, work, experience and shop. Along the Old Kent Road in Southwark, funding will be given to several projects along the south-eastern stretch to support wider regeneration plans. In Sutton, the funding will repurpose empty or unused buildings, build new and affordable homes contributing to the physical regeneration of the high street, including Elm Grove, and provide more flexible commercial workspaces.



- |                  |                            |
|------------------|----------------------------|
| 1. Wandsworth    | 8. Camden                  |
| 2. Lambeth       | 9. Westminster             |
| 3. Southwark     | 10. Kensington and Chelsea |
| 4. Tower Hamlets | 11. Hammersmith and Fulham |
| 5. Newham        | 12. City of London         |
| 6. Hackney       |                            |
| 7. Islington     |                            |

## Key

- **Levelling Up Fund:** Northolt, Whitechapel, Nine Elms, South Kilburn and Newham.
- **Future High Streets Fund:** Woolwich, Tottenham, Wealdstone, Old Kent Road, Sutton and Putney.
- **Community Renewal Fund:** London-wide projects, plus local projects in Newham, Barking and Dagenham, Lewisham and Camden.
- **Brownfield Land Release Fund:** Camden, Haringey and Sutton.
- **Freeport:** Dagenham.

## **A new Freeport on the Thames**

Thames Freeport takes advantage of excellent links into central London and major European cities. It will deliver jobs, new training and upskilling opportunities, and unlock port investment and new foreign investment. The Freeport will also catalyse the generation of clean energy, including hydrogen, and innovate in low carbon technology, contributing to regional and national Net Zero targets.

## **The UK Government has been taking action to level up communities in London:**

### **Empowering local leaders and communities**

**£65m** through the Levelling Up Fund, investing in six projects to improve everyday life including in Northolt, Whitechapel Road, Nine Elms, South Kilburn and Newham.

**Over £56m** in Future High Streets Funding for six high streets in London including Woolwich, Tottenham, Wealdstone, Old Kent Road, Sutton and Putney.

**The Levelling Up Advisory Council** will consider how to ensure London's complex economic geography and socio-economic spectrum can further benefit from levelling up.

## **Boosting productivity, pay, jobs and living standards**

**£44.6bn** to deliver a new high speed rail link between London and the West Midlands. HS2 will also transform Euston Station, with the station redevelopment expected to create up to 16,000 new jobs and 2,200 homes.

**£1bn** investment in London's transport network annually through Business Rates Retention, and over £4bn in additional funding since the start of the pandemic to support London's transport network, ensuring services continue to run during the pandemic.

**Over £18bn** investment in Crossrail which will improve connectivity across London via the Elizabeth line, and £1bn from the Public Works Loan Board to extend the Northern Line to Battersea.

**£24bn** strategic roads investment including the Lower Thames Crossing, increasing capacity across the Thames East of London by over 90%.

**Gigabit broadband coverage** in London increased from 14% in November 2019 to 78% in January 2022, and is forecast to reach 90-100% by 2025.

**929,070 new businesses** created in London between 2010 and 2020.

## **Spreading opportunity and improving public services**

**£322m extra for mainstream schools** in 2022-23 is forecast for London, an increase of 5.4% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**Institutes of Technology** established in East London, London City and West London.

**36,930 apprenticeships** started in London in 2019-20.

**Five hospitals to be delivered** in London by the end of the decade, including four new hospitals that are part of the Government’s commitment to build 40 new hospitals by 2030. Projects include the rebuild of Hillingdon Hospital; the rebuild of St Mary’s Paddington and Hammersmith Hospital (Imperial College Healthcare NHS Trust); a new eye care, research and education facility, Moorfields Eye Hospital and UCL Institute of Ophthalmology; major floor by floor refurbishment of Charing Cross; and a new hospital at Whipps Cross.

**2,264 more doctors and 3,511 more nurses** working in hospitals in London between September 2019 and September 2021.

**27,380 Kickstart jobs** started by young people and 26 youth hubs opened to help young jobseekers access local training and job opportunities.

**1,291,600 jobs were furloughed** and protected in London through the Coronavirus Job Retention Scheme.

## **Restoring local pride**

**2,155 extra police officers** recruited in London since the start of the uplift programme in October 2019.

**Over £3m** from the Brownfield Land Release Fund for the regeneration of three estates including the Bacton Low Rise Estate in Camden, the Broadwater Farm Estate in Haringey and Beech Tree Place in Sutton.

**Over £3m** for the Greater London Authority for six projects through the Community Renewal Fund, to invest in people, places, businesses and communities, including in Newham and Camden.

**Over £142m** has been allocated to build permanent homes for rough sleepers with an ambition to deliver 1,640 homes in London in total.

**Over £168m** for the East Bank development to bring world class cultural institutions such as the BBC, V&A, and UCL to the Queen Elizabeth Olympic Park, attracting an additional 1.5m visitors to the area each year, and delivering on the Olympic legacy to transform this part of East London.

**£2m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

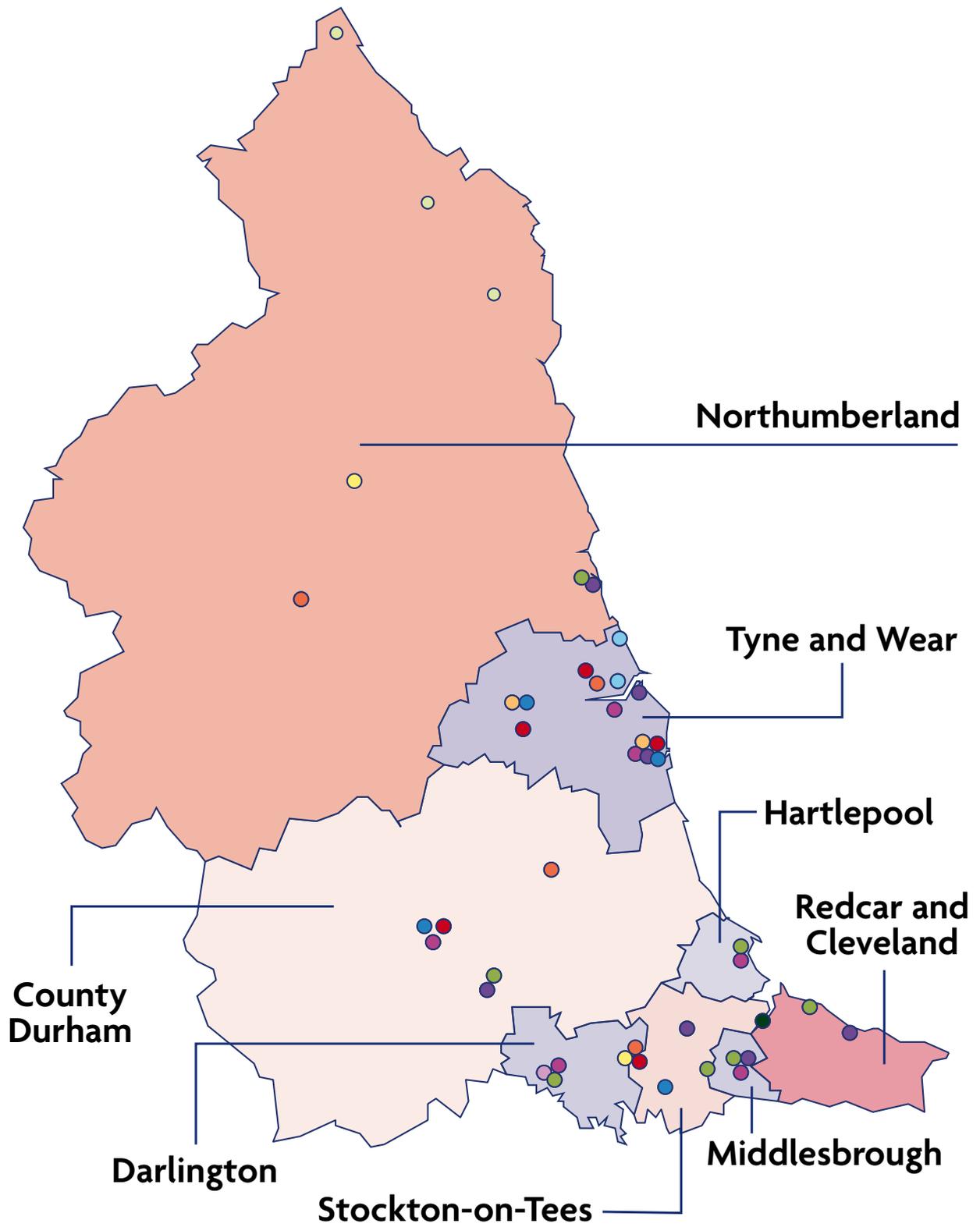
# North East

**The North East is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£100m** of investment through Round 1 of the Levelling Up Fund is backing five projects in the North East. Town centres will be transformed with regeneration projects in Yarm and Eaglescliffe, and the restoration of Grainger Market in Newcastle. The Whorlton Bridge over the River Tees in County Durham is the world's oldest suspension bridge and will be reopened with a new visitor centre to celebrate the area's transport heritage.

Establishing the Housing Innovation and Construction Skills Academy in Sunderland and building a state-of-the-art sports facility in West Denton will provide new employment and sports opportunities.

The Towns Fund is investing over **£172m** across seven towns in the North East including Darlington, Hartlepool and Blyth. Darlington town centre will see revitalisation of the historic yards and wynds, new town centre lighting and WiFi, as well as the acquisition of a redundant office block to make way for new development. Hartlepool will see the refurbishment of derelict town centre properties and Blyth will receive funding to establish business-led skills facilities for the energy sector, helping residents to seize local job opportunities.



## Key

-  **Levelling Up Fund:** Yarm and Eaglescliffe, Sunderland, Newcastle and County Durham.
-  **Towns Fund:** Bishop Auckland, Blyth, Darlington, Hartlepool, Middlesbrough, Redcar and Thornaby-on-Tees.
-  **Future High Streets Fund:** Middlesbrough, Bishop Auckland, Blyth, Loftus, South Shields, Stockton and Sunderland.
-  **Community Renewal Fund:** County Durham, Gateshead, North of Tyne, Sunderland and the Tees Valley.
-  **Community Ownership Fund:** North Shields and Whitley Bay.
-  **Project Gigabit:** Durham, Tyneside, Teesside and Northumberland.
-  **Strength in Places Fund:** Sunderland and Newcastle.
-  **Freeport:** Teesside.
-  **Civil Service relocation:** Darlington.
-  **Education Investment Areas:** Middlesbrough, Hartlepool, Darlington, Sunderland, South Tyneside and County Durham.
-  **Transport upgrades:** Tees Valley (Middlesbrough and Darlington) and Northumberland.
-  **Borderlands Inclusive Growth Deal:** Alnwick, Berwick-upon-Tweed and Wooler.

## Civil Service relocation to the North East

**The Darlington Economic Campus** is a pioneering new cross government hub which will bring together people across departments and public organisations to play an active role in the most important economic issues of the day. As part of the Places for Growth programme, the Campus will drive to diversify the way the UK Government makes policy, broaden access to skills and talent and widen opportunities. There will be substantial career opportunities and exciting prospects across the departments and organisations based at the campus, including HM Treasury, the Department for International Trade, the Department for Levelling Up, Housing and Communities, the Department for Business, Energy and Industrial Strategy, the Office for National Statistics and the Competition and Markets Authority.

## The UK Government has been taking action to level up the North East:

### Empowering local leaders and communities

**£450m** over 30 years through the Tees Valley Combined Authority Devolution Deal, which first elected its Mayor in May 2017.

**£600m** over 30 years through the North of Tyne Combined Authority Devolution Deal, which elected its Mayor in May 2019.

**Over £98m** from the Future High Streets Fund for seven towns and cities across the North East including Middlesbrough, Blyth and Sunderland.

**£100m** for five projects across the North East through the Levelling Up Fund, including in Yarm and Eaglescliffe, Sunderland, Newcastle and County Durham.

**Over £172m** for seven Towns Deals across the North East, including in Bishop Auckland, Blyth, Darlington, Hartlepool, Middlesbrough, Redcar and Thornaby-on-Tees, to boost local economies, create jobs and new homes, transform public spaces and revamp cultural attractions.

**Durham** invited to begin negotiations to agree a new devolution deal and negotiations to be taken forward to agree an expanded Mayoral Combined Authority deal for the North East.

## **Boosting productivity, pay, jobs and living standards**

**Teesside Freeport** will make the most of the opportunities available from the regeneration of the site of the former Tees steelworks, providing a boost to the local economy while making a significant contribution to Net Zero.

**The Borderlands Inclusive Growth Deal**, involving £265m of UK Government investment, is supporting cross-border partnership, innovation and growth, including in Northumberland. To date, £29.5m has been earmarked for projects in the North East.

**£660m** of additional funding for the British Business Bank Northern Powerhouse Investment Fund to finance a new round of the fund and expand it into the North East.

**Over £208m** for transport enhancements in the North East and over £75m for transport improvements in the Tees Valley through the Transforming Cities Fund.

**£310m** for transport schemes in the Tees Valley, including Middlesbrough and Darlington station upgrades and improving local rail links.

**£34m** of initial funding for preparatory works to support the reintroduction of passenger rail services on the Northumberland Line.

**Gigabit broadband coverage** in the North East has increased from 2% in November 2019 to 66% in January 2022, and is forecast to reach 70-80% by 2025.

**77,400 new businesses** created in the North East between 2010 and 2020.

**Local Growth Deals** for Local Enterprise Partnerships in the North East, including investment in NETPark, a leading science and technology park in Sedgefield.

**329,800 jobs were furloughed** and protected in the North East through the Coronavirus Job Retention Scheme.

**Spreading opportunity and improving public services**

**£110m extra for mainstream schools** in 2022-23 is forecast for the North East, an increase of 6% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**New Education Investment Areas** announced for Middlesbrough, Hartlepool, Darlington, Sunderland, South Tyneside and County Durham, which will drive further school improvement in these areas through funding to intervene in underperforming schools, supporting growth of strong trusts, and retaining high quality teachers.

**North East Institute of Technology** established covering Durham, Newcastle, Middlesbrough, Sunderland and Northumberland (North East LEP area).

**17,310 apprenticeships** started in the North East in 2019-20.

**Two hospitals to be delivered** in the North East by the end of the decade, including the rebuild of Northgate hospital and a new hospital to replace Shotley Bridge Hospital that is part of the UK Government's commitment to build 40 new hospitals by 2030.

**725 more doctors and 1,552 more nurses** working in hospitals in the North East between September 2019 and September 2021.

**200-300 jobs** at the new HM Treasury campus in Darlington as part of the Places for Growth programme.

**5,310 Kickstart jobs** started by young people and 12 youth hubs opened to help young jobseekers access local training and job opportunities.

### **Restoring local pride**

**645 extra police officers** recruited in the North East since the start of the uplift programme in October 2019.

**Over £7m** from the Community Renewal Fund for 14 projects across the North East, including a project to strengthen the voluntary and community sector in Sunderland.

**£600,000** for two projects in North Shields and Whitley Bay from the first round of the Community Ownership Fund to protect valued community assets.

**£690,000** towards the regeneration of Church Lane North estate in Redcar and Cleveland through the Brownfield Land Release Fund.

**£53m** for the North East Local Net Zero Hub to improve the energy efficiency of homes of low income households, helping to reduce fuel poverty, phase out high carbon fossil fuel heating and deliver progress towards the UK's commitment to Net Zero by 2050.

**Over £11m** from the Sustainable Warmth Fund, to help four councils in the North East install energy saving upgrades and low carbon heating in low-income households.

**£1m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

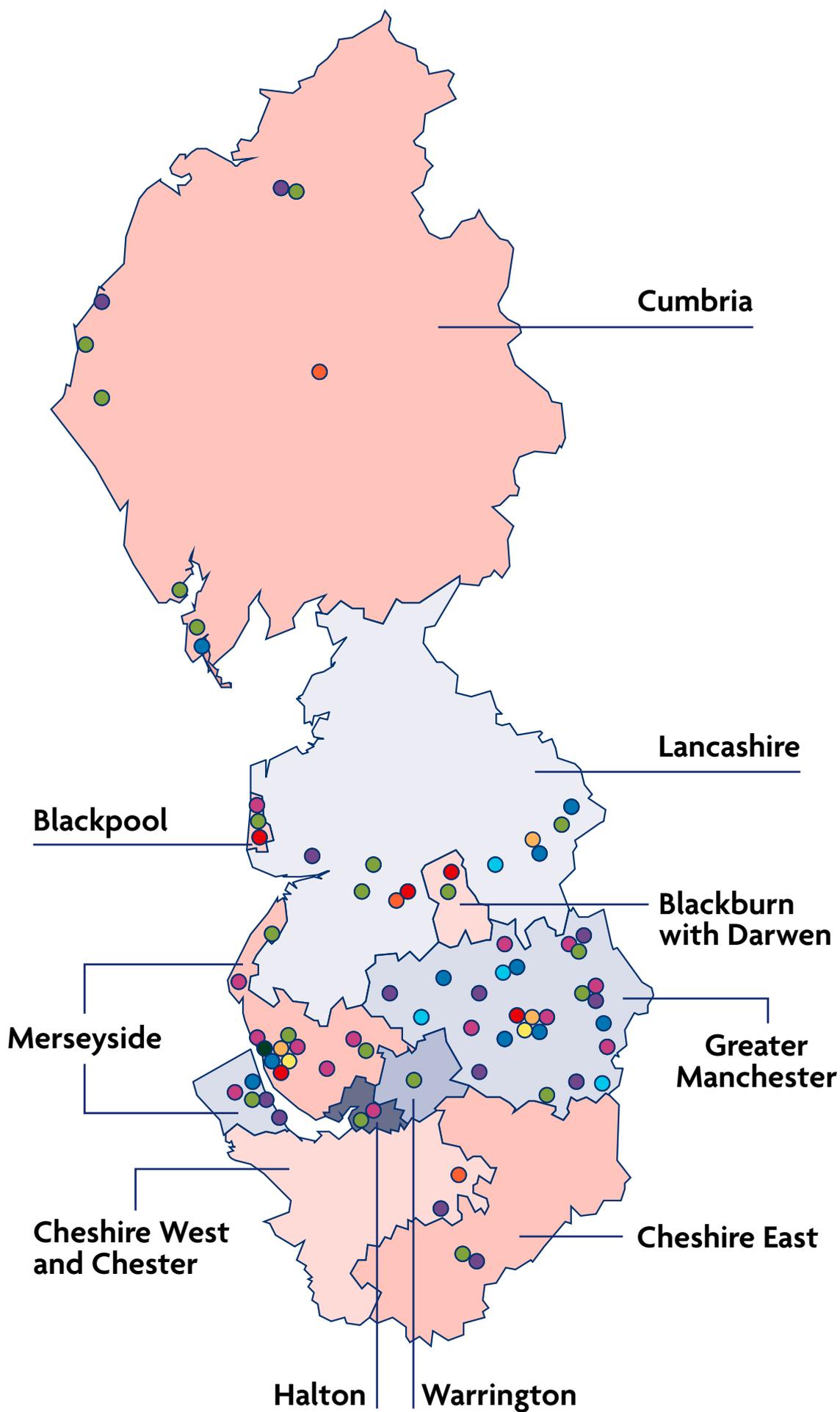
## North West

**The North West is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£232m** of investment through Round 1 of the Levelling Up Fund is backing 12 projects in the North West. Town centres will be revitalised with investment in theatres in Colne town centre, modernising the Market Hall in Barrow-in-Furness and renovating one of Britain's favourite markets in Bury. Heritage assets will be restored with investment in Ashton Town Hall and continued regeneration of Liverpool's docks. Connectivity enhancements include segregated walking and cycling routes across Liverpool and preserving the ferry route across the Mersey in Woodside. Creating the Bolton College of Medical Sciences, delivering a new civic hub in Radcliffe and expanding the University of Central Lancashire's Burnley campus will enhance skills, create jobs and provide new opportunities for wider development. Two dilapidated buildings in Manchester will be repurposed to deliver large, modern workspaces and the Salford Innovation Zone will be connected to surrounding communities.

The Towns Fund is investing **£486m** across 20 towns in the North West including Blackpool, Warrington, Rochdale, Southport and Workington. Transport improvements include a new bus facility at Warrington

with the capacity to support an electric bus fleet, and improvements to cycling and walking routes at Cleator Moor. Cultural and leisure attractions will be transformed, with investment in the Blackpool Illuminations and redevelopment of the Fire Service Museum in Rochdale. Town centre regeneration will be supported through the acquisition of key sites to make way for new development including in Barrow-in-Furness, Leyland and Oldham.



## Key

-  **Levelling Up Fund:** Bolton, Burnley, Birkenhead, Bury, Manchester, Liverpool, Colne, Barrow-in-Furness, Tameside and Salford.
-  **Towns Fund:** Barrow-in-Furness, Birkenhead, Blackpool, Bolton, Carlisle, Cheadle, Cleator Moor, Crewe, Darwen, Leyland, Millom, Nelson, Oldham, Preston, Rochdale, Runcorn, Southport, St Helens, Warrington and Workington.
-  **Future High Streets Fund:** Crewe, Farnworth, Oldham, Birkenhead, Maryport, Carlisle, Winsford, Kirkham, Rochdale, Stockport, Trafford, Wigan, and New Ferry.
-  **Community Renewal Fund:** Blackburn with Darwen, Blackpool, Greater Manchester, Lancashire and Liverpool City Region.
-  **Community Ownership Fund:** Leigh, Marple, Clayton-le- Moors and Bury.
-  **Project Gigabit:** Cumbria, Lancashire and Cheshire.
-  **Strength in Places Fund:** Rochdale and Liverpool.
-  **Freeport:** Liverpool.
-  **Education Investment Areas:** Knowsley, Blackpool, Liverpool, Rochdale, St Helens, Oldham, Salford, Halton, Tameside, Sefton, Manchester, Bury, the Wirral and Bolton.
-  **Transport upgrades:** Greater Manchester and Liverpool.

## A new Freeport for the North West

Liverpool Freeport will provide significant opportunities for the city, its people and the wider region, helping communities thrive through new investment and thousands of new jobs. Liverpool is the UK's leading transatlantic port with excellent links to the US. It will support a globally competitive, environmentally responsible and socially inclusive city region.

## **The UK Government has been taking action to level up the North West:**

### **Empowering local leaders and communities**

**Devolution deals** with Greater Manchester and Liverpool City Region Combined Authorities, devolving new powers over transport, planning and skills.

**£900m** investment fund over 30 years as part of Liverpool City Region Combined Authority's devolution deal.

**£900m** investment fund over 30 years as part of the Greater Manchester Combined Authority's devolution deal.

**A trailblazer deeper devolution deal** to be negotiated with Greater Manchester Combined Authority that could act as a blueprint for other MCAs including Liverpool City Region.

**£232m** from the Levelling Up Fund for 12 projects across the North West, including in Bolton, Burnley, Birkenhead, Radcliffe, Bury, Manchester, Liverpool, Colne, Barrow-in-Furness, Tameside and Salford.

**Over £168m** invested in 13 high streets through the Future High Streets Fund to support the renewal and reshaping of town centres and high streets across the region, including in Carlisle, Rochdale, Stretford, and Winsford.

**£486m** invested through 20 Towns Fund deals across the North West, including in Crewe, St Helens and Darwen, which will deliver new homes, transform public spaces, and revamp cultural attractions.

## **Boosting productivity, pay, jobs and living standards**

**£172m** for a new Hartree National Centre for Digital Innovation at Sci-Tech Daresbury, a five-year £210m partnership between IBM and the STFC Hartree Centre.

**A pilot Innovation Accelerator centred on Greater Manchester** with access to £100m in funding.

**£660m** of additional funding for the British Business Bank Northern Powerhouse Investment Fund.

**Over £1.5bn** through the Local Growth Fund in the North West for projects to boost local economies.

**£14.7m** investment through the Transforming Cities Fund to regenerate the Friargate North and Ringway area in Preston.

**Transport investment** through City Region Sustainable Transport Settlements with a further £1bn in Greater Manchester for schemes such as the next generation Metrolink tram-train vehicles and £710m in Liverpool City Region for schemes such as battery power for new Merseyrail trains.

**£280m** for local roads maintenance between 2022-23 and 2024-25 to local authorities not receiving City Region

Settlements, and £51m for smaller local transport improvements across the North West.

**£23m** through the Strength in Places Fund for the Advanced Machinery and Productivity Initiative in Rochdale, and £19m for the Infection Innovation Consortium led by the Liverpool School of Tropical Medicine.

**£15m** through the Transforming Foundation Industries Challenge for Glass Futures in St Helens, a state-of-the-art glass furnace R&D facility.

**120 zero emission buses** for Warrington from the £270m Zero Emission Bus Regional Areas Fund.

**Gigabit broadband coverage** in the North West has increased from 9% in November 2019 to 61% in January 2022, and is forecast to reach 80-90% by 2025.

**383,885 new businesses** created in the North West between 2010 and 2020.

**1,041,200 jobs were furloughed** and protected in the North West through the Coronavirus Job Retention Scheme.

**The £265m Borderlands Inclusive Growth Deal** has so far earmarked £76m for the North West.

**£52m** for the North West Local Net Zero Hub to improve the energy efficiency of homes of low-income households.

## **Spreading opportunity and improving public services**

**£360m extra for mainstream schools** in 2022-23 is forecast for the North West, an increase of 5.8% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**New National Cyber Force** campus at Samlesbury in South Ribble, Lancashire, which will boost the local economy and create jobs.

**New Education Investment Areas** announced for Knowsley, Blackpool, Liverpool, Rochdale, St Helens, Oldham, Salford, Halton, Tameside, Sefton, Manchester, Bury, the Wirral and Bolton, which will drive further school improvement in these areas through funding to intervene in underperforming schools, supporting growth of strong trusts, and retaining high-quality teachers.

**Three Institutes of Technology** in development with Blackpool & the Fylde College (covering the Lancashire LEP area), University of Salford (covering the Greater Manchester LEP area) and Cheshire College South and West (covering the Cheshire and Warrington LEP area).

**46,250 apprenticeships** started in the North West in 2019-20.

**Five hospitals to be delivered**, including two new hospitals that are part of the UK Government’s

commitment to build 40 new hospitals by 2030. These include an oncology hospital in North Cumbria; the rebuild of both the Royal Preston Hospital and Royal Lancaster Infirmary (subject to consultation); a new hospital to replace the Royal Liverpool University Hospital; an additional non-elective, high acuity hospital to support the Greater Manchester Major Trauma Service; and the rebuild of North Manchester General Hospital.

**1,620 more doctors and 3,161 more nurses** working in hospitals in the North West between September 2019 and September 2021.

**16,390 Kickstart jobs** started by young people and 22 youth hubs opened to help young jobseekers access local training and job opportunities.

### **Restoring local pride**

**1,638 extra police officers** recruited in the North West since the start of the uplift programme in October 2019.

**£137.6m** from the Getting Building Fund for 26 projects in the North West since August 2020, including £23m to create the first public park in Manchester in over 100 years. The investment in Mayfield unlocked the delivery of the park, put at risk by the pandemic, and secured up to £1bn in private sector investment in the wider development of the site.

**Over £12m** for 28 projects across the North West backed by the Community Renewal Fund, including for skills

investment in businesses developing low-carbon technology in Blackpool and Rossendale.

**£1.63m** from the Community Ownership Fund to protect valued community assets in Bury, Leigh, Marple and Clayton-le-Moors.

**Over £3m** towards the regeneration of three estates in the North West from the Brownfield Land Release Fund, including Sutton Way estate in Ellesmere Port, Lower Falinge area in Central Rochdale and Sale West estate in Trafford.

**£11m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

# Northern Ireland

**Northern Ireland is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

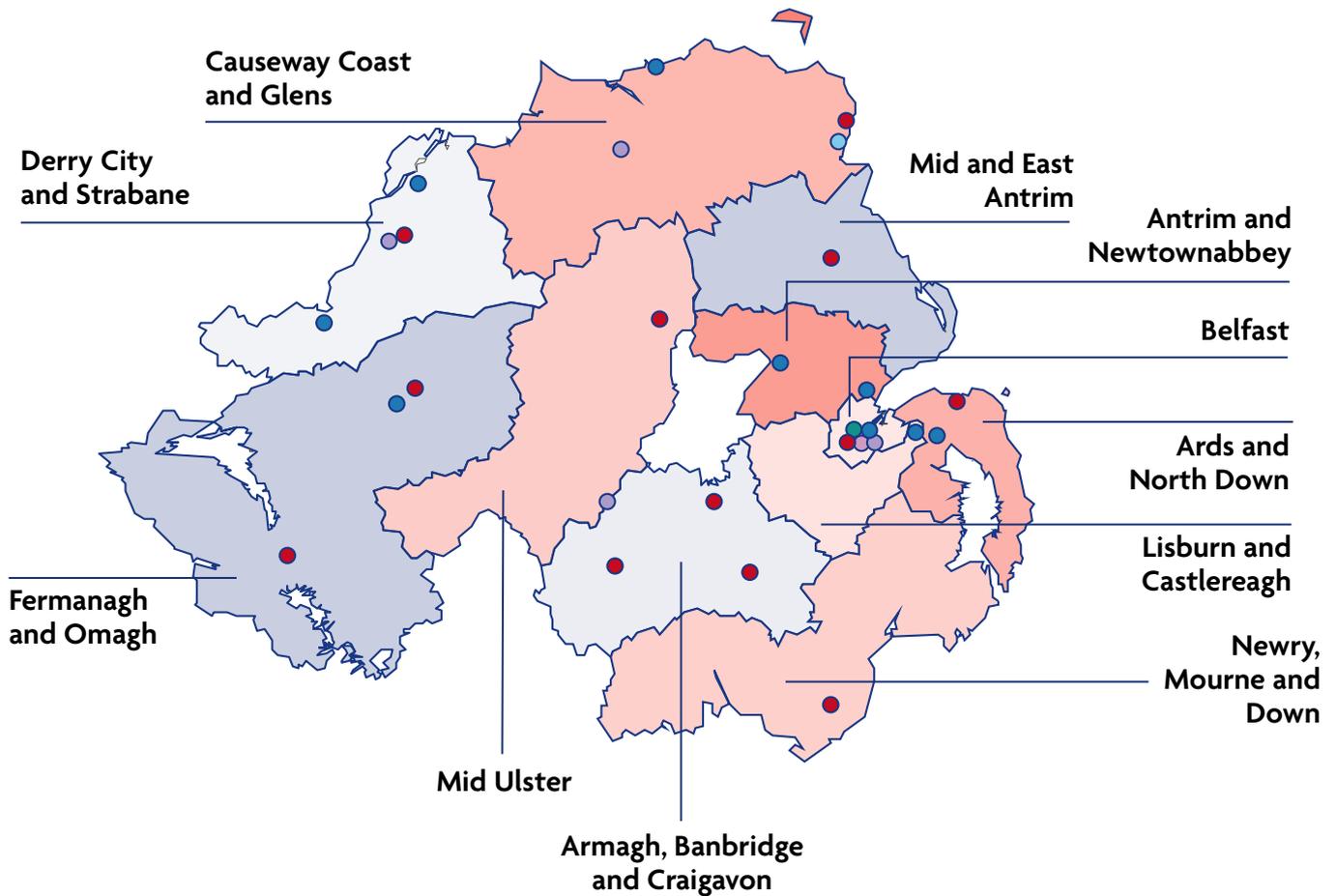
Towns and cities across Northern Ireland will see **£617m** of investment through four City and Growth Deals. The Belfast region will see infrastructure improvements including the Newry Southern Relief Road, tourism and regeneration programmes including for the Bangor Waterfront, and programmes to support economic growth including new regional innovation hubs to incubate growing businesses such as the Advanced Manufacturing Innovation Centre. The Derry-Londonderry and Strabane Region City Deal will see investment in a suite of innovation, digital and health projects aimed at transforming the region's capability and capacity, such as the Centre for Industrial Digitalisation, Robotics and Automation. This is alongside the City Deal unlocking investment in regeneration schemes to transform Strabane town centre. Further, the Mid South West and the Causeway Coast and Glens Growth Deals will facilitate economic growth by investing in innovation, infrastructure, digital and tourism.

The Levelling Up Fund is investing **£49m** in 11 projects across Northern Ireland. Connectivity will be improved through the development of cycling greenways linking Bangor to Newtownards and Newtownards to Comber.

There is support for Northern Ireland's film and television industry with investment in Ulster University's virtual production facilities in Belfast and cultural and leisure spaces will be transformed with the regeneration of the Daisyfield Sports Hub in Derry-Londonderry.

Regenerating public spaces will have a lasting impact on communities including in Omagh, Glengormley and Antrim, while the Portrush recreation grounds and Dundonald International Ice Bowl will also be redeveloped. New and upgraded sports facilities will be provided in Castlederg and an urban community farm will be established in Derry-Londonderry. The Fund will also see upgrades made to the electric vehicle charging network across Northern Ireland.

The UK Government will continue to work closely with the Northern Ireland Executive on a range of policies to drive tangible change in places and improve life chances.



**Key**

- **Levelling Up Fund:**  
 Derry-Londonderry, Portrush, Dundonald, Castlederg, Ards and North Down, Glengormley, Antrim, Lisburn and Castlereagh, Omagh and Belfast.
- **City and Growth Deals:**  
 Belfast Region, Derry-Londonderry and Strabane Region, Causeway Coast and Glens and Mid South West.
- **Community Renewal Fund:**  
 as well as national projects, local projects in Armagh City, Banbridge and Craigavon, Belfast, Derry City and Strabane, Bangor, Mid & East Antrim, Omagh, Enniskillen, Mid Ulster, Mourne Mountains and Cushendun.
- **Community Ownership Fund:** Cushendall.
- **Civil Service relocations:** Belfast.
- **Trade and investment hub:** Belfast.

## **Supporting Businesses in Northern Ireland**

The UK Government has guaranteed £400m for the New Deal for Northern Ireland, announced in December 2020. The New Deal will help boost economic growth, increase Northern Ireland's competitiveness and invest in infrastructure, and is aimed at supporting businesses to operate following the UK's exit from the EU. It will enable Northern Ireland's businesses to compete in the global market, driving forward future growth and prosperity. The funding will also invest in social development across Northern Ireland to strengthen social cohesion, including by supporting initiatives that enable children from different community backgrounds to be educated together.

## **The UK Government has been taking action to level up Northern Ireland:**

### **Empowering local leaders and communities**

**£1.6bn** additional funding on average per year through the Barnett formula over the Spending Review 2021 period, on top of annual baseline funding of **£13.4bn**, enabling the Northern Ireland Executive to provide additional future investments in areas such as health, social care and education.

**£730m** for the new PEACE PLUS programme (including a contribution from the Northern Ireland Executive) to support economic stability, peace and reconciliation in Northern Ireland. This represents almost 75% of the total budget and delivers in full on the UK Government's commitments to the programme.

**£617m** for City and Growth Deals which include funding to enable digital innovation and expand the hi-tech companies cluster.

### **Growing the private sector and boosting living standards**

**£400m** New Deal for Northern Ireland, aimed at supporting businesses to operate after the UK's exit from the EU, while also ensuring that Northern Ireland is ready to seize the trade and investment opportunities ahead. Almost half has been allocated to new systems for supermarkets and small traders, medicine supply chains, trade promotion and skills development.

**A new trade and investment hub** in Belfast, which will ensure that the benefits of the UK's global trade policy are channelled to Northern Ireland.

**£1bn** for farmers and land managers and **£9.3m** to support fisheries from the UK Government over the 2021 Spending Review period.

**Gigabit broadband coverage** in Northern Ireland increased from 31% in November 2019 to 81% in January 2022, and is forecast to reach 90-100% by 2025.

**59,055 new businesses** created in Northern Ireland between 2010 and 2020.

**£70m** for a new British Business Bank investment fund in Northern Ireland, working closely with local partners.

**£500m** committed across the UK through the Shared Rural Network programme to improve 4G coverage by 2025, increasing coverage from 97% to 98% in Northern Ireland.

**£50m** over two years from the New Decade New Approach deal to support the rollout of ultra-low emission public transport.

## **Spreading opportunity and improving public services**

**60** new jobs by 2025 in Belfast from the expansion of the Department for Business, Energy and Industrial Strategy to this new location.

**240,200 jobs were furloughed** and protected in Northern Ireland through the Coronavirus Job Retention Scheme.

## **Restoring local pride**

**Over £22m** for the Tackling Paramilitarism Programme over the 2021 Spending Review period, contributing to a safer Northern Ireland.

**£12m** from the Community Renewal Fund to support 30 projects, such as helping small businesses in Armagh City, Banbridge and Craigavon innovate to reduce their carbon footprint, as well as national projects supporting communities across Northern Ireland.

**£300,000** for the Glens Digital Hub in Cushendall from the first round of the Community Ownership Fund to protect a valued community asset.

**£49m** invested in local communities for 11 successful project bids through the Levelling Up Fund, including in Dundonald, Omagh and Antrim.

**£700,000** of UK Government funding to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

# Scotland

**Scotland is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

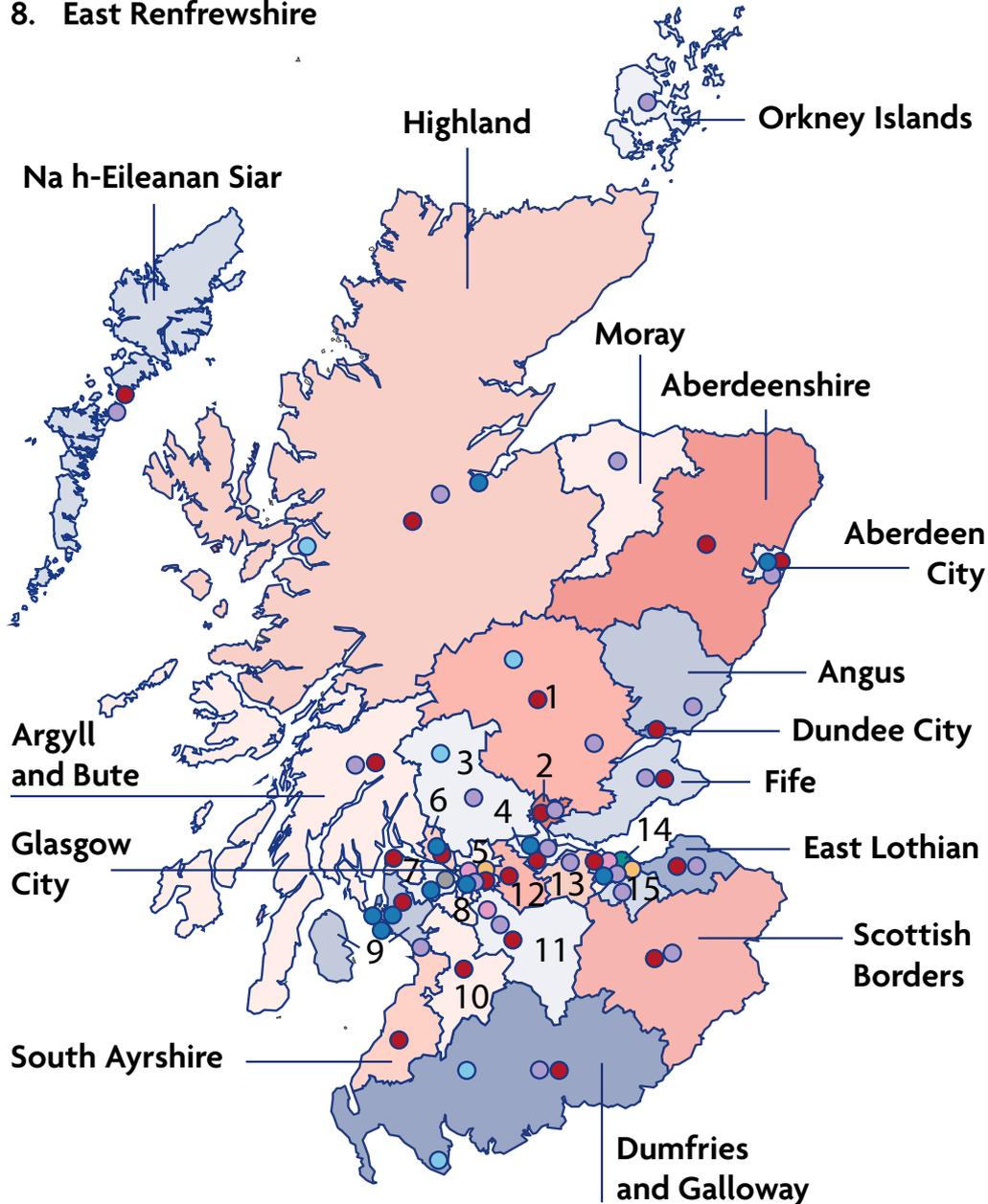
12 regions across Scotland will see £1.5bn of UK Government investment through City and Growth Deals. Of these, the Ayrshire Growth Deal will see a total of up to £103m invested to create over 7,000 new jobs across Ayrshire. The Borderlands Inclusive Growth Deal will deliver up to £265m of investment over the next ten to 15 years, supporting cross-border partnership, innovation and growth. The Tay Cities Region Deal will deliver up to £150m of investment to the region, including in aviation and cyber security, and Stirling and Clackmannanshire will see £45m of investment.

The first round of the Levelling Up Fund is backing eight projects in Scotland with **£172m** of investment. Cultural and heritage attractions will be revitalised, including with the transformation of the Pollok Stables and Sawmill in Glasgow into a Net Zero hydro-powered heritage and community centre. Transport connectivity will be enhanced with a new direct route between Glasgow and the Three Towns in North Ayrshire, upgrades to Westfield Roundabout in Falkirk and improved links to Renfrewshire's Advanced Manufacturing Innovation District. Additionally, Granton Waterfront will be developed in Edinburgh, the Artizan Shopping Centre in West Dunbartonshire will be

remodelled, Inverness Castle will be redeveloped and a new marketplace in Aberdeen City Centre will be delivered.

The UK Government will continue to work closely with the Scottish Government on a range of policies to drive tangible change in places and improve life chances.

- |                        |                       |
|------------------------|-----------------------|
| 1. Perth and Kinross   | 9. North Ayrshire     |
| 2. Clackmannanshire    | 10. East Ayrshire     |
| 3. Stirling            | 11. South Lanarkshire |
| 4. Falkirk             | 12. North Lanarkshire |
| 5. East Dunbartonshire | 13. West Lothian      |
| 6. West Dunbartonshire | 14. City of Edinburgh |
| 7. Inverclyde          | 15. Midlothian        |
| 8. East Renfrewshire   |                       |



## Key

- **Levelling Up Fund:** Inverness, Aberdeen, Glasgow, the Three Towns in North Ayrshire (Ardrossan, Saltcoats and Stevenston), Renfrewshire, Edinburgh, Falkirk and West Dunbartonshire.
- **City and Growth Deals:** Glasgow City Region, Aberdeen City Region, Inverness and the Highlands, Edinburgh and South East Scotland, Stirling and Clackmannanshire, Tay Cities, Ayrshire, Borderlands, Moray, Argyll and Bute, Falkirk and the Islands (Orkney, Shetland and the Outer Hebrides).
- **Community Renewal Fund:** Argyll and Bute, Dumfries and Galloway, East Ayrshire, Falkirk, Glasgow City, Inverclyde, Na h-Eileanan Siar, North Ayrshire, North Lanarkshire, Scottish Borders, South Ayrshire, South Lanarkshire and West Dunbartonshire, Clackmannanshire, East Lothian, Edinburgh, Fife, Highland, Aberdeen, Aberdeenshire, Dundee, Perth and Kinross.
- **Community Ownership Fund:** Whithorn, Inverie, New Galloway, Kinloch Rannoch and Callander.
- **Strength in Places Fund:** Glasgow and Edinburgh.
- **Civil Service relocation:** Glasgow, East Kilbride and Edinburgh.
- **Trade and investment hub:** Edinburgh.
- **Medicines Manufacturing Innovation Centre:** Renfrewshire.

## Scotland on the global stage

In October and November 2021, Glasgow hosted the **COP26 UN Climate Change Conference**, showcasing Scotland on the global stage. The Prime Minister brought together heads of state, climate experts and campaigners to agree coordinated action to tackle climate change. Glasgow, Scotland, and the whole of the UK, will benefit economically from having hosted the summit, including future growth in international tourism.

## The UK Government has been taking action to level up Scotland:

### Empowering local leaders and communities

**£4.6bn** additional funding to the Scottish Government per year on average through the Barnett formula from 2022-23 to 2024-25, on top of its annual baseline funding of £36.7bn. This funding enables the Scottish Government to provide additional investments in areas such as health, social care and education.

**£1.5bn** of UK Government investment has been committed to City and Growth Deals since 2014. These now cover every part of Scotland and will stimulate economic growth and jobs through investment in local projects.

### Boosting productivity, pay, jobs and living standards

**Over 8,900** homes and businesses will get access to next-generation broadband speeds thanks to £12.5m awarded through the UK Government's nationwide gigabit programme.

**Expanding the trade and investment hub** in Edinburgh to ensure Scotland benefits from the UK's global trade policy.

**A pilot Innovation Accelerator** centred on Glasgow City Region with access to £100m in funding. This is a new

partnership to support the City Region to become a globally competitive centre for research and innovation.

**£21m** through the Strength in Places Fund for south west Scotland and Cumbria to develop technology to support and decarbonise the dairy industry, £38m for medical innovation and research in Glasgow and £23m for the Global Open Finance Centre of Excellence in Edinburgh.

**£1.9bn** for farmers and land managers and £42.2m to support fisheries from the UK Government over the 2021 Spending Review period. The UK Government has extended the recommendations of the Bew Review so that additional funding will continue to be provided to farmers in Scotland over the next three years.

**Gigabit broadband coverage** in Scotland increased from 5% in November 2019 to 60% in November 2021, and is forecast to reach 70-80% by 2025.

**£500m** committed across the UK through the Shared Rural Network programme to improve 4G coverage by 2025, increasing coverage to 91% in Scotland.

**North Sea Transition Deal signed** to support workers, businesses and the supply chain in the oil and gas industry, concentrated in the north east of Scotland, with the transition to a low carbon future, and £27m for the Aberdeen Energy Transition Zone.

**The Borderlands Inclusive Growth Deal**, involving £265m of UK Government investment, is supporting

cross-border partnership, innovation and growth, including £65m in Scotland.

**217,430 new businesses** created in Scotland between 2010 and 2020.

**£150m** for the British Business Bank to establish a new investment fund in Scotland to support access to finance for Scottish businesses, working closely with the Scottish Government and Scottish National Development Bank.

**£13m** for the Medicines Manufacturing Innovation Centre in Renfrewshire which will improve domestic medicine manufacturing to prepare for the risk of future health crises.

## **Spreading opportunity and improving public services**

**500 extra jobs** for civil servants to be employed by the Foreign, Commonwealth and Development Office in East Kilbride and a planned Cabinet Office base in Glasgow by 2024, providing new jobs, attracting investment and bringing policymakers closer to the people they serve in Scotland.

**10,970 Kickstart jobs** started by young people and 19 Youth Hubs opened to help young jobseekers access local training and job opportunities.

**736,500 jobs were furloughed** and protected in Scotland through the Coronavirus Job Retention Scheme.

## Restoring local pride

**Over £170m** for eight projects in Scotland from the Levelling Up Fund including in Inverness, Aberdeen, Falkirk and West Dunbartonshire.

**Up to £3m** over three years to boost Glasgow's cultural offer. The funding will be directed to the Burrell Collection, recognising its important cultural and economic contribution to the UK.

**Up to £1m** made available to support the delivery of an Extreme E race in Scotland, the 2022 Hebrides X-Prix. The event will highlight the climate challenges faced by different ecosystems and showcase Hebridean green Hydrogen to a global audience.

**Over £1m** from the Community Ownership Fund, representing 20% of the total value of fundable bids, for five projects to protect valued community assets in Whithorn, Inverie, New Galloway, Kinloch Rannoch and Callander.

**£18m** through the Community Renewal Fund for over 50 projects across Scotland including an employment and wellbeing programme for people living in the Scottish Borders.

**£2m** of UK Government funding to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

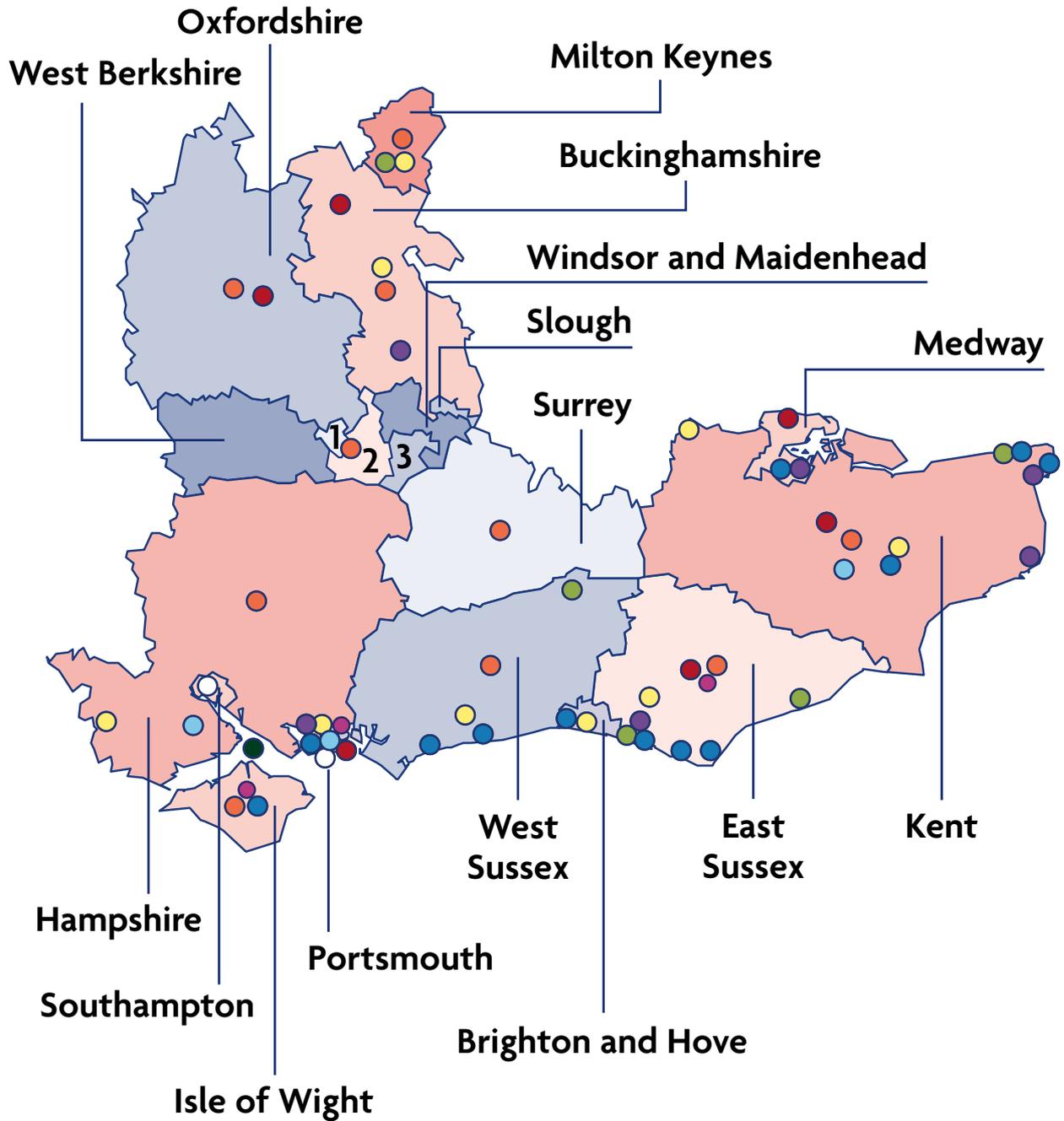
# South East

**The South East is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£151m** of investment through Round 1 of the Levelling Up Fund is backing 11 projects in the South East. This includes connectivity improvements such as widening Exceat Bridge in Seaford and pedestrianising Victoria Place in Eastbourne, as well as regeneration including Hove seafront, the Port and Royal Harbour in Ramsgate and the iconic Columbine Building in the Isle of Wight shipyard. The funding will also support treasured community assets including by revitalising the Alexandra Theatre in Bognor Regis and repairing the Brook Theatre in Chatham town centre. Ashford will see the development of an international film studio and new landings to support local fishermen will be built in Newhaven. The Hilsea Lido will become the cornerstone attraction of an urban linear park in Portsmouth and Margate Digital will deliver technical qualifications to young and adult learners.

The Towns Fund is investing **£109m** across five towns in the South East including Margate and Crawley. In Margate, funding will be spent on supporting town centres, creating jobs, boosting businesses and connecting people to where they live and work through physical and digital infrastructure. In Crawley, a number

of projects will receive funding, including a transformed bus station and sustainable transport interchange, a new Cultural Quarter and a new Innovation Centre.



1. Reading
2. Wokingham
3. Bracknell Forest

## Key

-  **Levelling Up Fund:** Seaford, the Isle of Wight, Ashford, Hove, Margate, Bognor Regis and Littlehampton, Portsmouth, Ramsgate, Eastbourne, Newhaven and Chatham.
-  **Towns Fund:** Crawley, Hastings, Margate, Milton Keynes and Newhaven.
-  **Future High Streets Fund:** High Wycombe, Chatham, Portsmouth, Newhaven, Dover and Ramsgate.
-  **Community Renewal Fund:** Buckinghamshire, East Sussex, Kent, Medway, Oxfordshire and Portsmouth.
-  **Community Ownership Fund:** Portsmouth, East Boldre and Bethersden.
-  **Project Gigabit:** Hampshire, Isle of Wight, Oxfordshire, Berkshire, Kent, Buckinghamshire, West Sussex, East Sussex, Milton Keynes and Surrey.
-  **Freeport:** Solent.
-  **Education Investment Areas:** Isle of Wight, Portsmouth and East Sussex.
-  **Transport upgrades:** Brighton, Ashford, Aylesbury, Dartford, Arundel, Lewes, Ringwood and Milton Keynes.
-  **Transforming Cities Fund:** Southampton and Portsmouth.

## A new Freeport for the South East

The **Solent Freeport** in Hampshire, which includes the ports of Southampton, Portsmouth and Portsmouth International will capitalise on the area's existing maritime strengths. It will unlock investment, create thousands of new jobs and help attract new businesses in high growth sectors such as advanced manufacturing and engineering.

## The UK Government has been taking action to level up the South East:

### Empowering local leaders and communities

Supported the **Thames Estuary Growth Board**, a pan regional partnership which brings together local leaders and the private sector to drive growth across East London, North Kent and South Essex, chaired by Kate Willard, the Estuary Envoy.

**£109m** through the Towns Fund for five towns across the South East, to boost local economies, create jobs and new homes, transform public spaces and revamp cultural attractions.

Over **£39m** through the Future High Streets Fund to support high streets across the South East to drive growth, improve experience and ensure future sustainability, including in High Wycombe, Chatham, Portsmouth (Commercial Road and Fratton), Newhaven, Dover and Ramsgate.

### Boosting productivity, pay, jobs and living standards

**Over £62m** investment in Southampton through the Transforming Cities Fund, including for developing new rapid bus links.

**Over £59m** investment in transport enhancements across Portsmouth through the Transforming Cities Fund.

**£151m** from the Levelling Up Fund for 11 projects across the South East, to invest in infrastructure that improves everyday life.

**Rail improvements** in the South East including a £9.5m line speed improvement between Ashford and Ramsgate, £20.3m for operational improvements and journey time reductions on the Brighton Main Line, and £132m for a major upgrade of Gatwick Airport station.

**Road upgrades** in the South East include upgrading to smart motorways along sections of the M27, M3, M4 and M25, and improvements to the south east Aylesbury link road, the planned Lower Thames Crossing, the A2 at Bean and Ebbsfleet, the A31 at Ringwood, the A27 Arundel Bypass, and the A27 East of Lewes.

**56 zero emission buses** for Milton Keynes and 33 zero emission buses for Kent, from the £70m Zero Emission Bus Regional Areas Fund.

**£558m** for local roads maintenance between 2022-23 and 2024-25, and £142m for transport improvements across the South East.

**£275m** investment through the Local Growth Fund to support 96 projects across the region, including creating a Bio-Innovation Centre – a business incubator for new life-science projects, part of a new Life Sciences building at the University of Sussex.

**£18m** through the Strength in Places Fund for development of climate-smart food production and processing technologies.

**Gigabit broadband** coverage in the South East increased from 8% in November 2019 to 66% in January 2022, and is forecast to reach 70-80% by 2025.

**542,110 new businesses** created in the South East between 2010 and 2020.

### **Spreading opportunity and improving public services**

**£405m extra for mainstream schools** in 2022-23 is forecast for the South East of England, an increase of 5.8% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**1,735 more doctors and 4,090 more nurses** working in hospitals in the South East between September 2019 and September 2021.

**Six hospitals to be delivered** in the South East by the end of the decade, including five new hospitals that are part of the Government’s commitment to build 40 new hospitals by 2030. These include a new women and children’s hospital at Milton Keynes Hospital; the rebuild of Royal Berkshire; a new hospital at Basingstoke & North Hampshire Hospital; a major refurbishment of Royal Hampshire Hospital in Winchester; a new hospital

for Epsom General Hospital and St Helier Hospital (Epsom and St Helier University Hospitals NHS Trust); a new Regional Centre for Teaching, Trauma and Tertiary Care at Royal Sussex County Hospital; and a new hospital at Eastbourne.

**New Education Investment Areas** announced for the Isle of Wight, Portsmouth and East Sussex, which will drive further school improvement in these areas through funding to intervene in underperforming schools, supporting growth of strong trusts, and retaining high quality teachers.

**South Central Institute of Technology** in operation, covering Buckingham, Thames Valley, Oxfordshire, South East Midlands and Thames Valley Berkshire LEP areas. A further two Institutes of Technology are in development with Solent University (covering the Solent LEP area) and Chichester College Group (covering the Coast to Capital LEP area).

**49,020 apprenticeships** started in the South East in 2019-20.

**12,030 Kickstart jobs** started by young people and 21 youth hubs opened to help young jobseekers access local training and job opportunities.

**1,216,600 jobs were furloughed** and protected in the South East through the Coronavirus Job Retention Scheme.

## Restoring local pride

**1,059 extra police officers** recruited in the South East since the start of the uplift programme in October 2019.

**£13m** for 22 projects from the Community Renewal Fund to invest in people, places, businesses and communities including the Hastings 2066 project and skills renewal in Canterbury, Folkestone and Hythe.

**Over £1m** for three Community Ownership Fund projects to protect valued community assets - the John Jenkins Stadium in Portsmouth, Community Stores in East Boldre and The George pub in Bethersden.

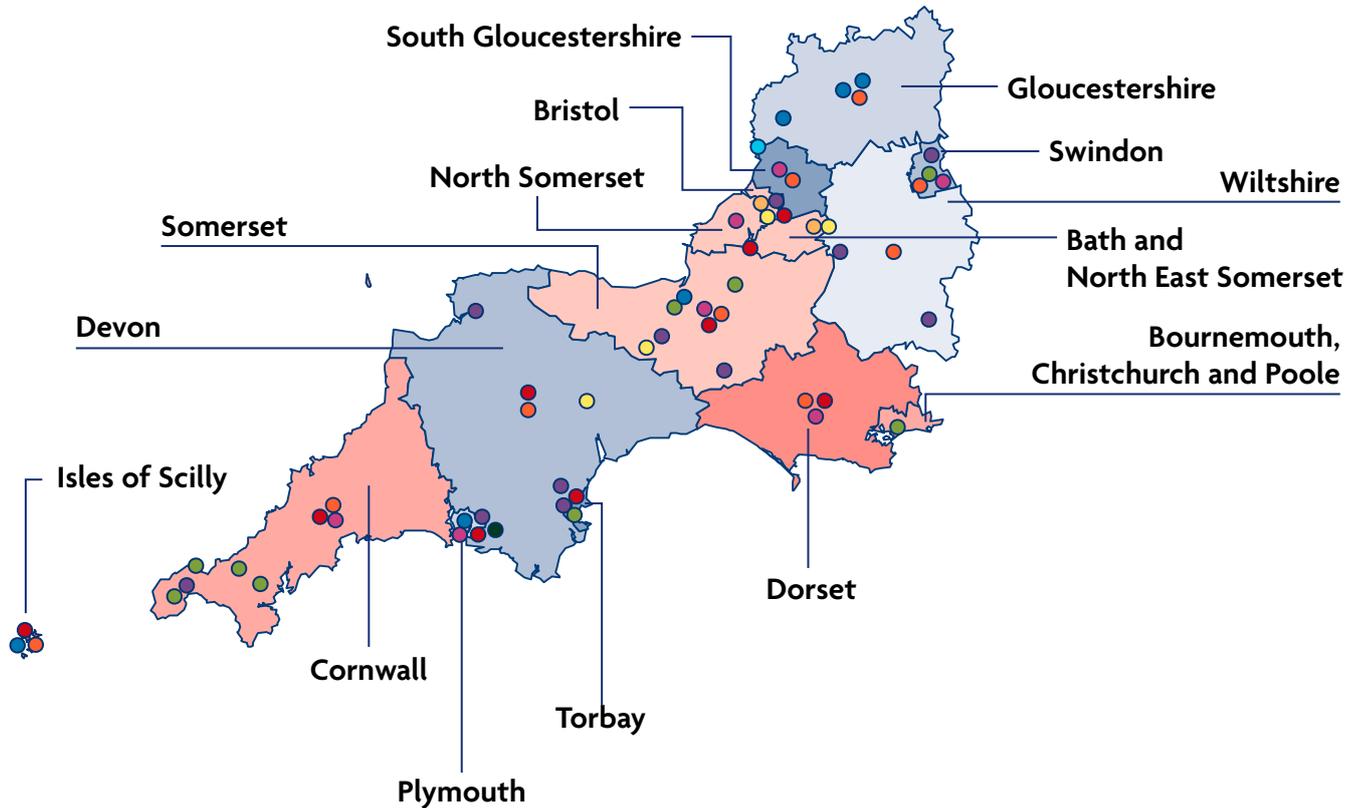
**Over £7.3m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

## South West

**The South West is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£131m** of investment through Round 1 of the Levelling Up Fund is backing six projects in the South West. These include upgrading ferries to the Isles of Scilly, supporting the University of Gloucestershire to bring empty buildings back into use, regenerating Cinderford Town Centre, expanding the George Park and Ride site in Plymouth, linking Gloucester City Centre with its docklands and a package of improvements along the A38 corridor north of Bridgwater.

The Towns Fund is investing **£198m** across nine towns in the South West to drive sustainable economic regeneration and deliver long-term economic and productivity growth. These include almost **£22m** for Bournemouth to support regeneration plans for Boscombe, including creating new jobs and homes; over **£23m** for Camborne to fund projects to transform the town, including redeveloping redundant sites into a state-of-the-art, multi-purpose work, entertainment and living space; and over **£23m** for Glastonbury to bring existing assets back into community use, including redeveloping the historic Baily's Buildings into a zero-carbon hub for local businesses, educational groups and workshops.



**Key**

- **Levelling Up Fund:** Isles of Scilly, Forest of Dean, Gloucester, Gloucestershire, Plymouth and Bridgwater.
- **Towns Fund:** Bournemouth, Bridgwater, Camborne, Glastonbury, Penzance, St Ives, Swindon, Torquay and Truro.
- **Future High Streets Fund:** Penzance, Barnstaple, Plymouth, Yeovil, Swindon, Taunton, Newton Abbot, Paignton, Kingswood, Salisbury and Trowbridge.
- **Community Renewal Fund:** Cornwall, Devon, Dorset, Isles of Scilly, Somerset, Plymouth, North Somerset, Torbay and the West of England Combined Authority.
- **Community Ownership Fund:** Woodcroft (Forest of Dean).
- **Project Gigabit:** Cornwall, Isles of Scilly, Wiltshire, South Gloucestershire, Swindon, Dorset, Devon, Somerset and Gloucestershire.
- **Strength in Places Fund:** Bath and Bristol.
- **Freeport:** Plymouth.
- **Education Investment Areas:** Plymouth, Somerset, Dorset, South Gloucestershire, Cornwall, Swindon and North Somerset.
- **Transport upgrades:** Bath, Bristol, Wellington (Somerset) and Cullompton (Devon).

## The South West on the global stage

Carbis Bay in St Ives hosted the G7 Summit in June 2021, showcasing Cornwall on the global stage. The Prime Minister brought the world's leading democracies together to reach major new agreements to help the world fight COVID-19, build back better from the pandemic and create a greener, more prosperous future. The total economic impact for the county from hosting the G7 Summit is estimated to be **£50m**, including **£24m** during the event itself, and over **£26m** from forecast future growth in the international tourist market over the next five years. Cornwall will also benefit from investment in its town centres and natural landscape under plans to create a long-term legacy from the G7 Summit.

## **The UK Government has been taking action to level up the South West:**

### **Empowering local leaders and communities**

**£900m** over 30 years in a devolution deal for the West of England Combined Authority, giving the West of England significant powers over transport, planning, skills and employment, and control of the investment to boost economic growth.

**Cornwall and Devon, Plymouth and Torbay** invited to begin formal negotiations to agree new devolution deals.

**£198m** invested in nine towns through the Towns Fund to boost local economies, create jobs and new homes, transform public spaces and revamp cultural attractions.

**Over £138m** invested in 11 high streets through the Future High Streets Fund, including Penzance, Barnstaple, Plymouth City Centre, Yeovil, Swindon, Taunton, Newton Abbot, Paignton, Kingswood, Salisbury and Trowbridge.

**£131m** invested in six projects through the Levelling Up Fund, including in the Isles of Scilly, Gloucester, Cinderford, Plymouth, Forest of Dean and Bridgwater.

### **Boosting productivity, pay, jobs and living standards**

**£540m** City Region Sustainable Transport Settlement over five years to transform local transport networks in

the West of England, for schemes such as a fully prioritised bus route between Bristol and Bath.

**£200m** for the British Business Bank to expand its Cornwall and Isles of Scilly investment fund across the South West.

**Plymouth and South Devon Freezone** (Freeport) will create a regional hub for trade, innovation and commerce by building on the region's unique capabilities in marine, defence and space, unlocking new high-skilled jobs for the region.

**£30m** from the Strength in Places Fund for the MyWorld collaboration in Bristol and Bath, a hub which will build on regional strengths in creative media production, technology and research.

**£5m** development funding to reopen rail stations in Wellington, Somerset and Cullompton, Devon.

**£559m** of local roads maintenance funding between 2022-23 and 2024-25 to local authorities not receiving City Region Settlements and over £76m for smaller transport improvement priorities.

**£241m** from the Transforming Cities Fund split across the West of England Combined Authority, the South East Dorset region and Plymouth, to build new cycle freeways and bus priority infrastructure.

**Gigabit broadband coverage** in the South West increased from 12% in November 2019 to 57% in January 2022, and is forecast to reach 70-80% by 2025.

**266,100 new businesses** created in the South West between 2010 and 2020.

## **Spreading opportunity and improving public services**

**£229m extra for mainstream schools** in 2022-23 is forecast for the South West, an increase of 6.1% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**952 more doctors and 2,327 more nurses** working in hospitals in the South West between September 2019 and September 2021.

**Eleven new hospitals** to be built in the South West that are part of the UK Government’s commitment to build 40 new hospitals by 2030. These include a new cancer Hospital at the Royal Hospitals Bath; the rebuild of Musgrove Park Hospital, Torbay Hospital and North Devon District Hospital; a new hospital in Plymouth; a new Woman and Children’s Hospital in Truro; new services across Dorset including integration of the Dorset Growth Hub with GP and community services in a new hospital; a new build of St Ann’s Hospital for Child and Adult Mental Health Services in Dorset; the rebuild of

Poole Community hospital with theatres and sterile services; the rebuild of Bournemouth Community Hospital; and the rebuild of Christchurch Community hospital, consolidating services into new community hubs, with associated investment in the Dorset Growth Hub and mental health care.

**New Education Investment Areas** for Plymouth, Somerset, Dorset, South Gloucestershire, Cornwall, Swindon and North Somerset to drive improvements through funding to intervene in underperforming schools, support growth of strong trusts and retain high quality teachers.

**Three Institutes of Technology** established covering the Cornwall and Isles of Scilly, and Heart of the South West LEP areas; Swindon & Wiltshire covering the Swindon and Wiltshire & GFirst LEP areas; and West of England covering the West of England Combined Authority LEP area.

**34,690 apprenticeships** started in the South West in 2019-20.

**7,160 Kickstart jobs** started by young people and 7 youth hubs opened to help young jobseekers access local training and job opportunities.

**771,400 jobs were furloughed** and protected in the South West through the Coronavirus Job Retention Scheme.

## Restoring local pride

**712 extra police officers** recruited in the South West since the start of the uplift programme in October 2019.

**£175,000** for the Rising Sun Woodcroft Community Pub project in the Forest of Dean from the first round of the Community Ownership Fund to protect a valued community asset.

**Over £21m** from the Community Renewal Fund for 36 projects to invest in people, places, businesses and communities across the South West, including a training and work experience scheme to help young people secure jobs and support the region's transition to a green economy.

**£53m** for the South West Local Net Zero Hub to improve the energy efficiency of homes of low-income households, reduce fuel poverty, phase out high carbon fossil fuel heating, and deliver progress towards the UK's commitment to Net Zero by 2050.

**Over £2.2m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

# Wales

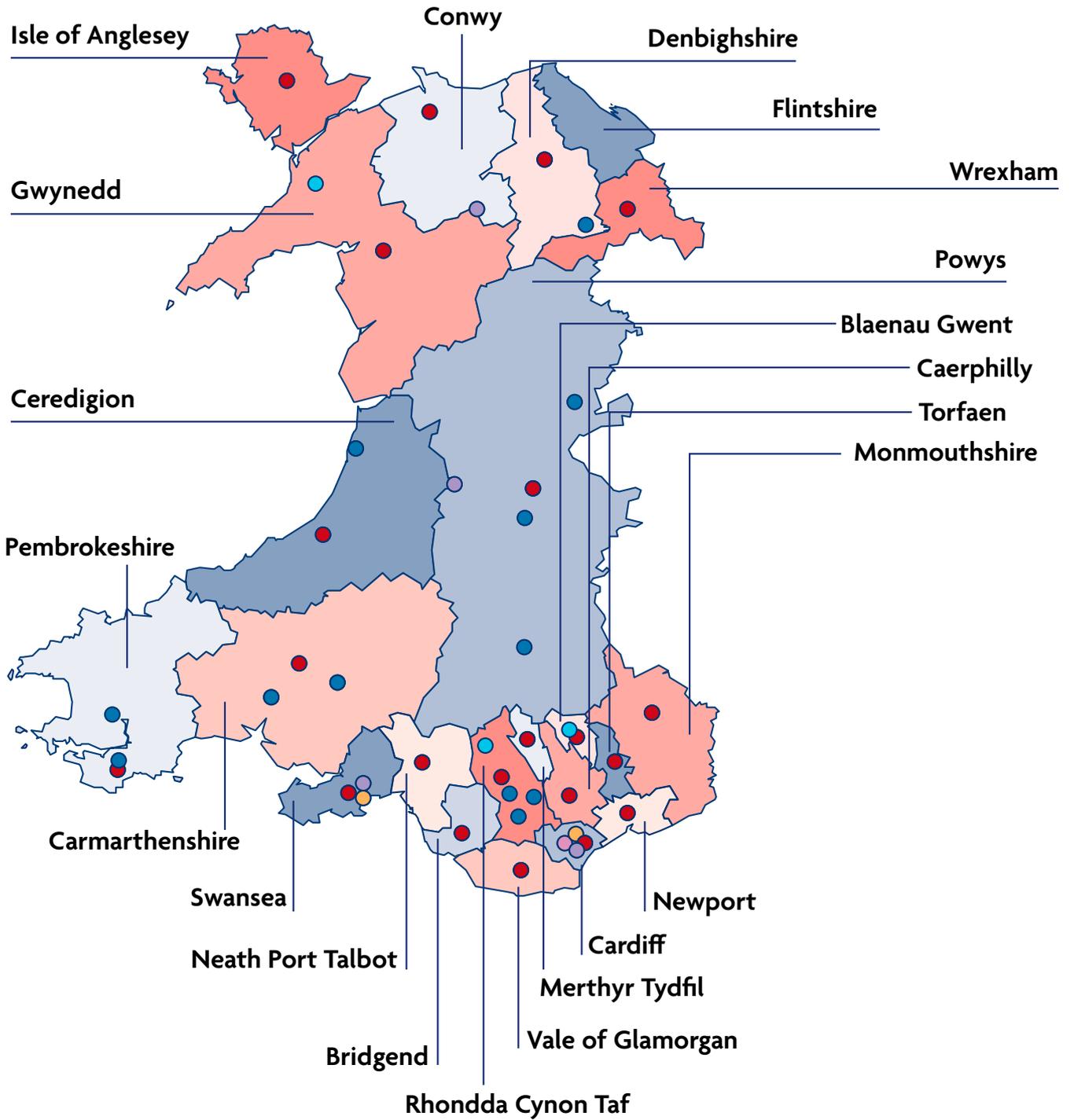
**Wales is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

Four regions across Wales will see £790m of UK Government investment through City and Growth Deals. £500m of investment for the Cardiff Capital Region will support projects including a new Fintech development strategy and a region-wide Challenge Fund aimed at rebuilding local wealth. £115m of investment in Swansea Bay will support projects including constructing Swansea's Waterfront Digital District, floating offshore wind at Pembroke Dock Marine's test sites, and full-fibre broadband across the area. **£120m** in North Wales will benefit projects in advanced manufacturing, low-carbon energy and digital infrastructure. £55m in Mid Wales will support projects including in digital connectivity, applied research and innovation, energy and skills.

**£121m** of investment through Round 1 of the Levelling Up Fund is backing ten projects in Wales. Transport enhancements include building the Porth Transport Hub, dualling part of the A4119 at Coed-Ely and creating a 20km walking and cycling route in the Tywi Valley from Carmarthen to Llandeilo. A disused section of the Montgomery Canal from Llanymynech to Arddleen will be revitalised and enhancements to the 11-mile Pontcysyllte Aqueduct and Canal World Heritage site will transform leisure and tourism opportunities. Haverfordwest Castle

will also be supported to become an all-weather attraction and the Muni Arts Centre in Pontypridd will be reopened. Aberystwyth will see regeneration of the Old College and Marina, while new Hwbs will provide a central venue for health, education and employment opportunities in Carmarthen and Pembroke. Investments in Brecon will see redevelopment of the Theatr Brycheiniog Arts Centre and the creation of a new Multi-Agency Hub, and in Llandrindod Wells derelict land will be revitalised to support affordable, energy efficient housing.

The UK Government will continue to work closely with the Welsh Government on a range of policies to drive tangible change in places and improve life chances.



## Key

- **Levelling Up Fund:**  
Brecon, Coed-Ely, Montgomeryshire, Carmarthen, Llandeilo, Aberystwyth, Pontypridd, Haverfordwest, Porth, Pembroke, Llandrindod Wells and Llangollen.
- **City and Growth Deals:**  
Cardiff Capital Region, Swansea Bay, North Wales and Mid Wales.
- **Community Renewal Fund:**  
Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Merthyr Tydfil, Monmouthshire, Neath Port Talbot, Newport, Pembrokeshire, Powys, Rhondda Cynon Taf, Swansea, Torfaen, Vale of Glamorgan and Wrexham.
- **Community Ownership Fund:** Llandwrog, Pen-y-Waun and Tredegar.
- **Strength in Places Fund:**  
Cardiff and Swansea.
- **Civil Service relocations:** Cardiff.

## Civil Service relocation to Wales

The UK Government Hub in Cardiff Ty<sup>^</sup> William Morgan (William Morgan House) hosts several government departments. The building is named after Bishop William Morgan in recognition of his pivotal role in maintaining the strength of the Welsh language, and was chosen to reflect the creativity and dedication of civil servants in Wales as well as the UK Government's commitment to Welsh culture. More than 4,000 staff from various UK Government departments and agencies are working from the 12-storey hub, which has capacity to host full Cabinet meetings.

## **The UK Government has been taking action to level up Wales:**

### **Empowering local leaders and communities**

**£2.5bn** additional funding per year on average for the Welsh Government from the UK Government through the Barnett formula over the 2021 Spending Review period, on top of its annual baseline funding of £15.9bn. This funding enables the Welsh Government to provide additional future investments in areas such as health, social care and education.

**£790m** of UK Government investment through City and Growth deals covering every part of Wales to stimulate economic growth, regeneration and jobs through locally driven projects.

### **Boosting productivity, pay, jobs and living standards**

**£25m** through the Strength in Places Fund to establish CSconnected, the world's first global centre of excellence for compound semiconductor technologies, giving the UK a global advantage in technology for sectors such as 5G communications and autonomous vehicles, and £22m for media.cymru to accelerate growth in Cardiff's media sector.

**New trade and investment hub** in Cardiff which will ensure the benefits of the UK's global trade policy are channelled to Wales.

**£30m** to build a world class rail testing system, the Global Centre of Rail Excellence, at the head of the Dulais and Tawe valleys in south Wales.

**119,565 new businesses** created in Wales between 2010 and 2020.

**Over £4m** for a Hydrogen Hub in Holyhead to pilot the creation of hydrogen using renewable energy and its use as a zero emission fuel for Heavy Goods Vehicles.

**£900m** for farmers and land managers and £6.2m to support fisheries from the UK Government over the 2021 Spending Review period. The UK Government has extended the recommendations of the Bew Review so that additional funding will continue to be provided to farmers in Wales over the next three years.

**Gigabit broadband coverage** in Wales increased from 11% in November 2019 to 47% in January 2022, and is forecast to reach 70-80% by 2025.

**£500m** committed across the UK through the Shared Rural Network programme to improve 4G coverage by 2025, increasing coverage from 90% to 95% in Wales.

**£130m** for the British Business Bank to establish a new fund in Wales to support access to finance for Welsh businesses, working closely with local partners.

## **Spreading opportunity and improving public services**

**Civil service relocation** to Cardiff, contributing to over 4,000 jobs in the UK Government Hub across multiple government departments.

**5,860 Kickstart jobs** started by young people and eight youth hubs opened to help young jobseekers access local training and job opportunities.

**378,400 jobs were furloughed** and protected in Wales through the Coronavirus Job Retention Scheme.

## **Restoring local pride**

**479 extra police officers** recruited in Wales since the start of the uplift programme in October 2019.

**Over £460,000** from the Community Ownership Fund for three projects in Llandwrog, Pen-y-Waun and Tredegar that are protecting valued community assets.

**A Veterans Commissioner** for Wales, who will work to improve the lives and opportunities of the Welsh veterans' community.

**£121m** from the Levelling Up Fund for ten projects across Wales including in Wrexham, Montgomeryshire and Carmarthen.

**Over £45m** for more than 160 projects across Wales through the Community Renewal Fund, including a Creative Industry Training Programme across Merthyr Tydfil, Prosiect Net Zero supporting the decarbonisation

of housing in Gwynedd, AberInnovation Productivity Accelerator delivering services to manufacturers and agricultural businesses in Ceredigion, and Regenerating Llanelli aimed at supporting the town's post COVID-19 regeneration plans.

**£1.3m** of UK Government funding to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

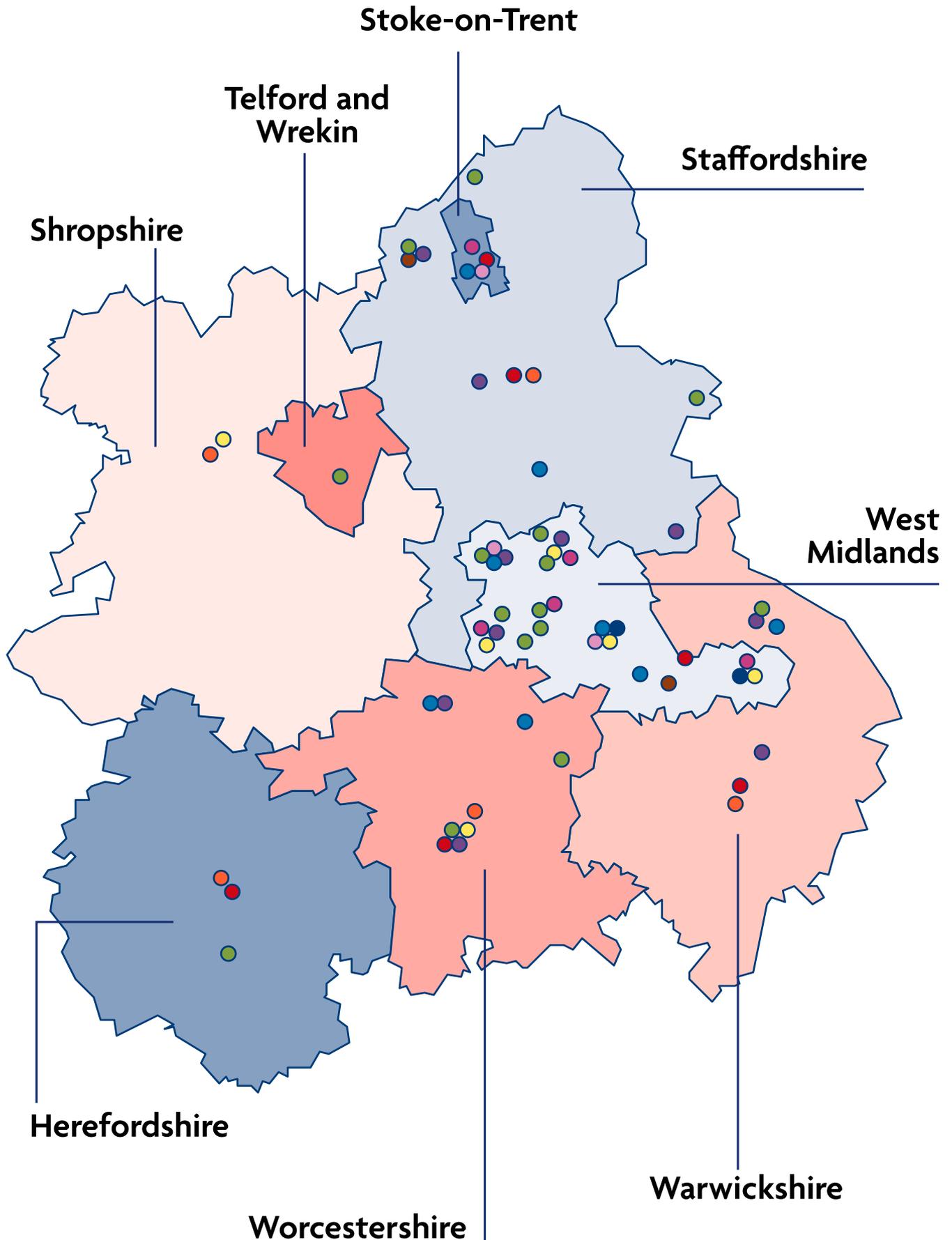
# West Midlands

**The West Midlands is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial **£196m** of investment through Round 1 of the Levelling Up Fund is backing 11 projects in the West Midlands. Cultural and leisure spaces will be transformed, with refurbishment of the Moseley Road Baths in Birmingham and a new Physical Activity Hub in Bedworth. Connectivity enhancements include improvements to the Canal Towpath in Kidderminster and the A457 Dudley Road in Birmingham. Regenerating brownfield sites in Bromsgrove town centre into commercial and cultural spaces, and three regeneration projects across Stoke-on-Trent, will have a lasting impact for communities. East Birmingham and North Solihull will see 20 hectares of unusable land remediated to catalyse regeneration, the Prince of Wales Theatre in Cannock Town will be refurbished and a new City Learning Quarter will be developed in Wolverhampton.

The Towns Fund is investing **£328m** across 15 towns in the West Midlands including in Wolverhampton, Hereford and Nuneaton. Wolverhampton will see new community spaces, high street and public realm improvements to regenerate the city. Hereford will see the redevelopment of a museum and art gallery as well as new skills facilities and improved green spaces. Nuneaton will see

repurposing of empty commercial property and new quality office space.



## Key

- **Levelling Up Fund:** Birmingham, Bromsgrove, Bedworth, Cannock, Stoke-on-Trent, Wolverhampton, Solihull and Kidderminster.
- **Towns Fund:** Wolverhampton, Kidsgrove, Bloxwich, Dudley, Redditch, Rowley Regis, Smethwick, West Bromwich, Burton-on-Trent, Nuneaton, Newcastle-under-Lyme, Hereford, Telford, Walsall and Worcester.
- **Future High Streets Fund:** Tamworth, Kidderminster, Worcester, Brierley Hill, Leamington Spa, Nuneaton, Wolverhampton, Walsall, Newcastle-Under-Lyme and Stafford.
- **Community Renewal Fund:** Herefordshire, Staffordshire, Stoke-on-Trent, Warwickshire, Worcestershire and the West Midlands Combined Authority.
- **Project Gigabit:** Shropshire, Worcestershire, Staffordshire, Warwickshire, Herefordshire.
- **Brownfield Land Release Fund:** Solihull and Newcastle-under-Lyme.
- **Civil Service relocations:** Wolverhampton, Birmingham and Stoke-on-Trent.
- **Education Investment Areas:** Dudley, Stoke-on-Trent, Walsall, Sandwell and Coventry.
- **Transport upgrades:** Worcester, Birmingham, Coventry, Shrewsbury, Walsall and Brierley Hill.
- **Cultural highlights:** Birmingham and Coventry.

## The West Midlands on the global stage

The UK Government, Birmingham City Council and its partners are investing **£778m** to stage the **Birmingham Commonwealth Games** in 2022. This investment will deliver the renovation of Alexander Stadium and improvements to Perry Barr and University stations. It will be the biggest sporting and cultural event ever held in the city, featuring thousands of world-class athletes, over a million spectators and an estimated global TV audience of 1.5bn. The Games will bring significant benefits for Birmingham, the West Midlands and the UK including new jobs, tourism and business investment, leaving a lasting legacy for communities long after the Games finish. **£24m** has been committed to deliver the Business and Tourism Programme, aimed at leveraging the profile

generated by the Games to boost the West Midlands' global reputation as a leading destination for tourism, trade and investment.

## **The UK Government has been taking action to level up the West Midlands:**

### **Empowering local leaders and communities**

**£1.095bn** investment fund over 30 years as part of West Midlands Combined Authority's devolution deal.

**A trailblazer deeper devolution deal** to be negotiated with the West Midlands Combined Authority.

**£328m** invested across 15 Towns Fund Deals including in Rowley Regis, Smethwick, Newcastle-under-Lyme, Hereford and Worcester, to boost local economies, create jobs and new homes, transform public spaces, and revamp cultural attractions.

**£196m** awarded to 11 projects from the Levelling Up Fund to regenerate town centres and high streets, upgrade local transport, and invest in cultural and heritage assets in Birmingham, Bromsgrove, Bedworth, Cannock, Stoke-on-Trent, Wolverhampton, Solihull and Kidderminster.

**£146m** from the Future High Streets Fund to help pandemic recovery and regeneration in Tamworth, Kidderminster, Worcester, Brierley Hill, Leamington Town Spa, Nuneaton, Wolverhampton, Walsall, Newcastle-Under-Lyme and Stafford.

## **Boosting productivity, pay, jobs and living standards**

**A pilot Innovation Accelerator** centred on the West Midlands Combined Authority area with access to £100m in funding. This is a new partnership to support the city region to become a globally competitive centre for research and innovation.

**£25m** for the West Midlands 5G Testbed, which has accelerated 5G rollout by four to five months in the West Midlands Combined Authority, giving it the best 5G coverage in the UK.

**£1bn** over five years for the West Midlands Combined Authority to develop a locally-suited London-style transport network, including by extending the West Midlands bus rapid transit system and completing the Wednesbury to Brierley Hill metro expansion.

**£400m** in new funding for the British Business Bank Midlands Engine Investment Fund, to support access to finance for SMEs in the region.

**£16m** Local Growth Funding towards Hereford's City Centre Transport Package.

**£306m** of local roads maintenance funding between 2022-23 and 2024-25 to local authorities not receiving City Region Settlements, over £41m for smaller transport improvement priorities and strategic road upgrades to key junctions in Coventry, Walsall and at Birmingham Airport.

**£18m** through the Strength in Places Fund across the Midlands for development of advanced ceramics requiring less energy usage.

**Gigabit broadband** coverage in the West Midlands increased from 9% in November 2019 to 74% in January 2022, and is forecast to reach 80-90% by 2025.

**242,710 new businesses** were created in the West Midlands between 2010 and 2020.

**820,200 jobs** were furloughed and protected in the West Midlands through the Coronavirus Job Retention Scheme.

**£500m** committed across the UK through the Shared Rural Network programme to improve 4G coverage by 2025, increasing coverage to 99% in the West Midlands.

## **Spreading opportunity and improving public services**

**£289m extra for mainstream schools** is forecast for the West Midlands in 2022-23, an increase of 5.9% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**New Education Investment Areas** announced for Dudley, Stoke-on-Trent, Walsall, Sandwell and Coventry, which will drive further school improvement in these areas through funding to intervene in underperforming

schools, supporting growth of strong trusts, and retaining high quality teachers.

**Three Institutes of Technology** are being delivered, with the Black Country and Marches Institute of Technology and the Greater Birmingham and Solihull Institute of Technology both already established. A new Institute of Technology is in development with Newcastle and Stafford Colleges Group, covering the Stoke on Trent & Staffordshire LEP area.

**1,063 more doctors and 2,221 more nurses** working in hospitals in the West Midlands between September 2019 and September 2021.

**Delivery of urgent care services** from three hospitals across the region into one state-of-the-art site at Midland Metropolitan University Hospital by 2030.

**800-900 jobs** will be created at the Department for Levelling Up, Housing and Communities' new base in Wolverhampton and the Department for Transport's base in Birmingham by 2025, alongside a new Home Office Innovation Centre in Stoke-on-Trent which will accommodate 500 roles by 2025.

**36,130 apprenticeships** started in the West Midlands in 2019-20.

**12,000 Kickstart jobs** started by young people and 12 youth hubs opened to help young jobseekers access local training and job opportunities.

## Restoring local pride

**1,253 extra police officers** recruited in the West Midlands since the start of the uplift programme in October 2019.

**£778m** for Birmingham Commonwealth Games and over £18m in total for Coventry's UK City of Culture 2021 programme.

**Over £2m** from the Brownfield Land Release Fund for the regeneration of Kingshurst Village Centre in Solihull and Cross Street in Newcastle-under-Lyme.

**Over £16m** for 29 projects through the Community Renewal Fund, including for Coventry City Council's Creative Growth and Cultural Tourism Recovery Programme.

**Over £2.3m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.

# Yorkshire and the Humber

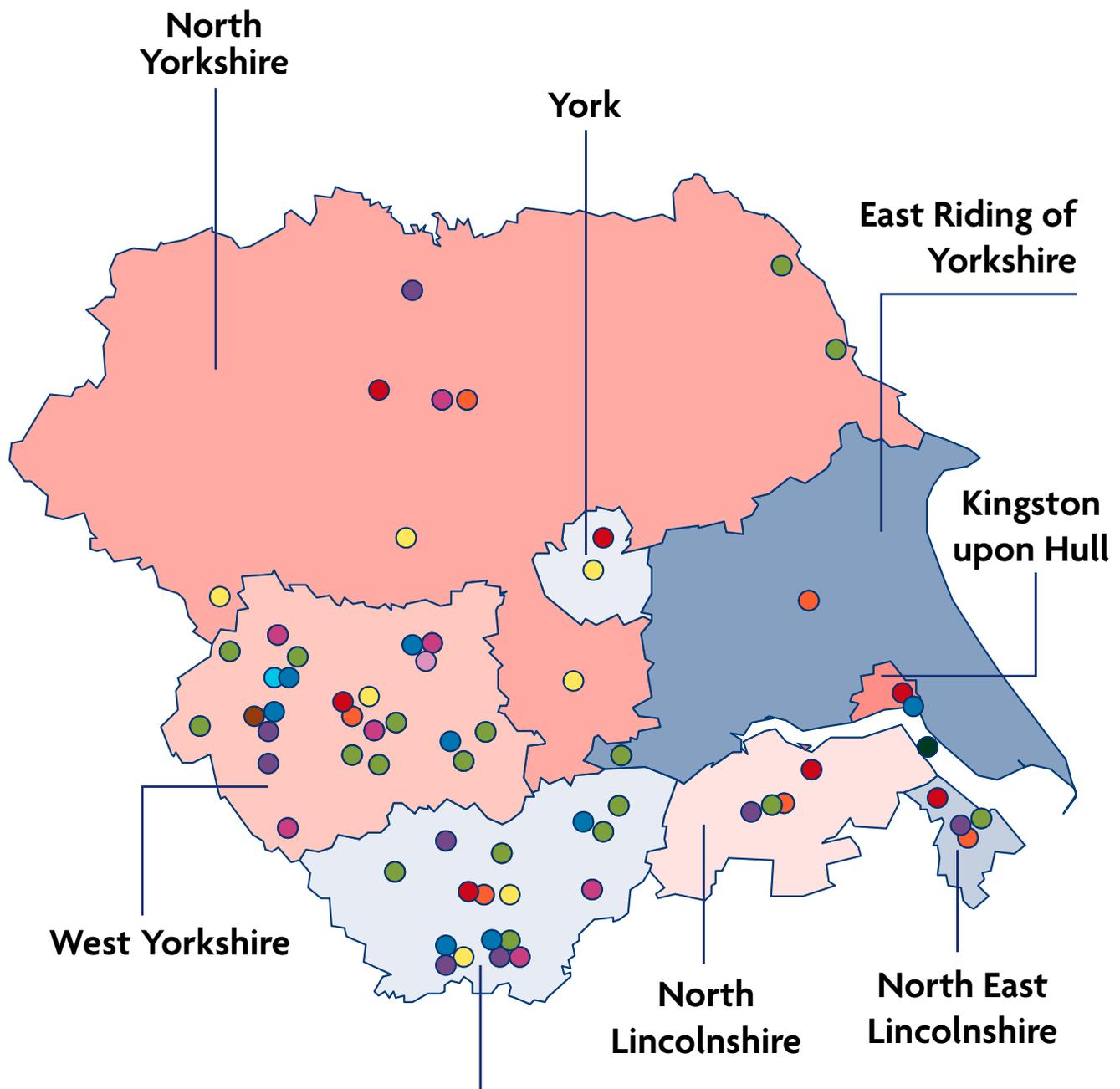
**Yorkshire and the Humber is already benefiting from investments to boost living standards, spread opportunity, restore local pride and empower local leaders.**

An initial £187m of investment through Round 1 of the Levelling Up Fund is backing ten projects across Yorkshire and the Humber. Culture and leisure spaces will be transformed with the creation of a new swimming pool in Halifax, completion of the culture and leisure quarter in Rotherham, a new museum and gallery for Wakefield, a new Wellbeing and Enterprise Centre in Bradford and new hospitality and visitor centres at Wentworth Woodhouse. Town and city centres will be improved

with the regeneration of Castlegate Quarter in Sheffield, Whitefriargate and Albion Square in Hull and the waterfront in Doncaster. West Leeds will see transport connectivity improvements and a new Centre for Child Health Technology will be established at the Sheffield Olympic Legacy Park in Attercliffe.

The Towns Fund is investing over **£422m** in 18 towns across Yorkshire and the Humber including Brighouse, Doncaster and Scarborough. Through improved connectivity, a revitalised marketplace and enhancements to the canal frontage and high street, Brighouse town centre will be reinvigorated as a destination offering a distinctive and inclusive leisure, retail and cultural

experience. The area around Doncaster railway station will be further regenerated to provide new commercial and enterprise space, an extension to the railway forecourt and improved connectivity to the town. Scarborough will see transformation of its station area and regeneration of its harbour to create new public space.



## Key

-  **Levelling Up Fund:** Doncaster, Halifax, Rotherham, Leeds, Wakefield, Hull, Bradford and Sheffield.
-  **Towns Fund:** Brighouse, Castleford, Dewsbury, Doncaster, Goldthorpe, Goole, Grimsby, Keighley, Morley, Rotherham, Scarborough, Scunthorpe, Shipley, Stainforth, Stocksbridge, Todmorden, Wakefield and Whitby.
-  **Future High Streets Fund:** Rotherham, Barnsley, Elland, Halifax, Northallerton, Grimsby, Scunthorpe and Sheffield.
-  **Community Renewal Fund:** York, Hull, North East Lincolnshire, North Lincolnshire, North Yorkshire, South Yorkshire and West Yorkshire.
-  **Community Ownership Fund:** Bradford.
-  **Project Gigabit:**  
West Yorkshire, North Yorkshire, South Yorkshire, North East Lincolnshire, North Lincolnshire and East Riding.
-  **Brownfield Land Release Fund:** Halifax.
-  **Freeport:** Humber.
-  **Civil Service relocation:** Leeds.
-  **Education Investment Areas:** Doncaster, Wakefield, Kirklees, Rotherham, Bradford, Leeds and North Yorkshire.
-  **Transport upgrades:** West Yorkshire, South Yorkshire, Sheffield, Selby, Skipton, Harrogate and York.

## A new Freeport for Yorkshire and the Humber

The Humber Freeport, spanning Hull, Goole, Immingham and Grimsby will provide new opportunities for Yorkshire and the Humber. This location has excellent connectivity to the UK's manufacturing hinterland and supply chain, and is ideally positioned to service the growing North Sea offshore wind industry. The Freeport will build on existing regional strengths, including renewable energy, clean growth and advanced manufacturing, to deliver thousands of jobs and new investment.

## The UK Government has been taking action to level up the Yorkshire and the Humber:

### Empowering local leaders and communities

**£1.1bn** over 30 years through the West Yorkshire Devolution Deal agreed in March 2020 with the first Mayor of West Yorkshire, Tracy Brabin, elected in May 2021.

**£900m** over 30 years for the South Yorkshire Devolution Deal, which saw funding released in September 2020 and the elected Mayor handed powers over transport, strategic regeneration and planning, housing and skills provision across the region.

**Devolution deal** negotiations to begin with York and North Yorkshire and Hull and East Yorkshire to ensure that all of Yorkshire is covered by a devolution deal.

**£30m** of gainshare investment continued annually as part of the Leeds City Region Deal.

**£96m** investment through the Future High Streets Fund, including in Barnsley, Halifax, Northallerton and Scunthorpe to renew and reshape town centres.

**£187m** from the Levelling Up Fund for ten projects across Yorkshire and the Humber.

**Over £422m** of investment through the Towns Fund in 18 towns across Yorkshire and the Humber to boost local economies, create jobs and new homes, transform public spaces, and revamp cultural attractions.

## **Boosting productivity, pay, jobs and living standards**

**£33m** UK Government funding for the Humber's Zero Carbon Initiative, alongside support for the East Coast Cluster, a collaboration between the Humber and Teesside to capture emissions and store them safely, which has the potential to remove around 50% of total UK industrial emissions.

**£75m** UK Government investment to develop an offshore wind port facility at the Able Marine Energy Park in North Lincolnshire.

**Over £1.3bn** through Local Growth Deals (Local Growth Fund) since 2015, delivering major growth opportunities and infrastructure projects across the region.

**Major transport investment**, with £830m to West Yorkshire and £570m to South Yorkshire Mayoral Combined Authorities in City Region Sustainable Transport Settlements over five years to transform local transport networks, for schemes such as A61 improvements for buses, cyclists and pedestrians between Leeds and Wakefield and the renewal of the Sheffield Supertram.

**Over £489m** investment through the Transforming Cities Fund for public and sustainable transport infrastructure across West Yorkshire, South Yorkshire and in Selby, Skipton, Harrogate and York.

**£194m** for local roads maintenance between 2022-23 and 2024-25, and £33m for transport improvements across Yorkshire and the Humber.

**Gigabit broadband coverage** in Yorkshire and the Humber increased from 16% in November 2019 to 69% in January 2022, and is forecast to reach 80-90% by 2025.

**97,710 new businesses** created in Yorkshire and the Humber between 2010 and 2020.

**598,300 jobs were furloughed** and protected across Yorkshire and the Humber through the Coronavirus Job Retention Scheme.

## **Spreading opportunity and improving public services**

**£251m extra for mainstream schools** in 2022-23 is forecast for the Yorkshire and the Humber, an increase of 5.8% per pupil, compared to 2021-22. This per pupil increase excludes “growth” funding, which is additional funding, provided for schools seeing significant increases in pupil numbers.

**New Education Investment Areas** announced for Doncaster, Wakefield, Kirklees, Rotherham, Bradford, Leeds and North Yorkshire, which will drive further school improvement in these areas through funding to intervene in underperforming schools, supporting growth of strong trusts, and retaining high quality teachers.

**Yorkshire and Humber Institute of Technology** has been established covering the Hull and East Riding and York and North Yorkshire LEP areas, and one further Institute of Technology is in development, the DN Colleges Group, covering the Sheffield City Region LEP area.

**36,520 apprenticeships** started in Yorkshire and the Humber in 2019-20.

**A new hospital** to be built in Yorkshire and the Humber as part of the UK Government's commitment to build 40 new hospitals by 2030. This will centralise children's and adult services at Leeds General Infirmary with pathology services at St James's University Hospital.

**996 more doctors and 1,643 more nurses** working in hospitals in Yorkshire and the Humber between September 2019 and September 2021.

**New jobs** will be created in Leeds through the opening of offices for the UK Infrastructure Bank, while the British Business Bank's national headquarters are already located in Sheffield.

**10,550 Kickstart jobs** started by young people and 14 youth hubs opened to help young jobseekers access local training and job opportunities.

## Restoring local pride

**1,270 extra police officers** recruited in Yorkshire and the Humber since the start of the uplift programme in October 2019.

**Almost £15m** for 28 projects across Yorkshire and the Humber through the Community Renewal Fund, including the Healthier Working Futures programme in Leeds which connects young people with fulfilling careers in the health and care sector.

**£77m** investment for York Central to help deliver 2,500 homes, alongside being given Enterprise Zone status.

**£225,000** from the Community Ownership Fund to protect the Jubilee Centre in Bradford.

**£15m** for the Northern Forest to support new woodland creation.

**£390,000** will be allocated towards the regeneration of the Beech Hill estate in Halifax from the Brownfield Land Release Fund.

**£77m** for the redevelopment of the British Library Boston Spa.

**£20m** from the Sustainable Warmth Fund to help councils in Yorkshire and the Humber install energy saving upgrades and low-carbon heating in low-income households.

**Over £5m** and over £2m for Leeds and Bradford respectively from the Green Homes Grant Local Authority

Delivery scheme to improve the energy efficiency of homes of low-income households, helping reduce fuel poverty.

**Over £11.7m** granted by the Football Foundation to improve grassroots sports facilities and increase opportunities for people to get involved in sports, especially in communities most in need.







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