

# Levelling Up

What is it and can it work?



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at the Centre for Inequality and Levelling Up (CEILUP) at the University of West London

## About the Centre for Inequality & Levelling Up

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**The Centre for Inequality & Levelling Up (CEILUP)** is a new research centre based at the University of West London. The centre produces policy relevant research that can shape approaches to addressing inequality in the UK. The centre focuses particularly on developing practical solutions to the challenges that face the UK in the early 21<sup>st</sup> century related to inequality in employment, education, and opportunity.

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To find out more, visit our website at [www.uwl.ac.uk/CELUP](http://www.uwl.ac.uk/CELUP) or follow us on Twitter @\_CELUP

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# Preface

## Rt Hon. Dame Diana Johnson DBE MP and Paul Howell MP, Co-Chairs of the All-Party Parliamentary Group for 'left behind' neighbourhoods

**As co-chairs of the All-Party Parliamentary Group for 'left behind' neighbourhoods we are delighted to welcome this important and – given the upcoming publication of the government's Levelling Up White Paper – timely publication.**

The diversity of perspectives it contains makes it a valuable and informative contribution to the debate around what levelling up means, and how to achieve it. Given the constituencies we represent, we know that there is an urgent need to level up those parts of the country that for far too long have felt ignored or forgotten. If the policy fails to make a difference to those disadvantaged communities that have the least, it leaves them at risk of falling further behind, unable to respond effectively to future challenges and opportunities as we rebuild post-COVID and make the transition to net zero.

We set up the APPG in the summer of 2020 to enable us to work together on a cross-party basis to increase awareness of the issues facing the neighbourhoods that are most in need of levelling up, those that tend to be described as 'left behind', and to advocate on their behalf. Over nine evidence sessions, the APPG has heard directly from communities about: what levelling up means to them, the challenges they are experiencing on a daily basis, and what can be done to help them improve their areas and their quality of life. We have been inspired by stories of how local residents have been able to make their neighbourhoods better places to live and their communities more resilient: from pioneering work on local renewable energy schemes and the creation of green spaces to supporting young people and improving access to employment opportunities.

We know that many of the issues facing 'left behind' neighbourhoods are often long-standing and deep-seated, but we also know that money alone isn't enough to solve the problems they face. Billions of pounds have been spent over the past few decades on place-based regeneration programmes, but they have had mixed results and not always had access to the longer term funding to really transform communities. For initiatives to be both truly transformational and sustainable, evidence heard by the APPG suggests that communities themselves need to be supported and resourced over the long-term to take action locally on the issues that matter most to them.

Levelling up has to be about investing in people as well as places: in the skills, capacity and confidence of residents to enable them to take greater responsibility for what happens in their neighbourhood. For those communities that – through no fault of their own – have been left furthest behind and have the lowest levels of capacity, engagement, assets and connectivity, levelling up is likely to be a lengthy process. It will also require institutional support and a flexible approach to funding that enables communities to take control of their own destinies, working with specialist partner organisations to respond to a range of local challenges, from improving health and wellbeing to boosting civic pride and upgrading the local environment.

For levelling up to be a success, it must be a bottom-up process that is led by communities themselves, rather than a top-down exercise. That's why we are supporting practical policy solutions to level up, such as the Community Wealth Fund (CWF), a proposal to use the next wave of dormant assets to put cash directly into the hands of local residents, securing the vital building blocks of social infrastructure in those disadvantaged communities that need them most.

We look forward to engaging as an APPG with the issues, ideas and approaches to levelling up contained in this publication in order to achieve the vision which we all share, to improve the lives of those who live in 'left behind' neighbourhoods, improving the areas in which they live and their quality of life – a true levelling up.



Left  
Behind  
Neighbourhoods

[appg-leftbehindneighbourhoods.org.uk](http://appg-leftbehindneighbourhoods.org.uk)

## Introduction: Energising the debate on levelling up

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**Professor Graeme Atherton, Head of the Centre for Inequality and Levelling Up, University of West London**

While it will take some time to judge whether the government's focus on levelling up will lead to substantive improvements for those in the country who need more support to progress, it has certainly energised the discussion on what inequality means and how to address it. This collection of 16 essays brings together a range of academics, politicians, and analysts from differing backgrounds to offer their perspectives on what levelling up means. It aims to add depth to the discussion surrounding the policy options regarding how to deliver levelling up and to highlight what needs to be in place if this latest attempt by a government to really address inequality is to have an impact. It is the latest in a series of reports from the Centre for Inequality and Levelling Up at the University of West London looking at what inequality means today and how it can be tackled.

The collection is divided into three sections. The first looks at how levelling up is defined. It includes essays looking at how we define levelling up cautioning against too heavy a focus on semantics here from the **Rt Hon Justine Greening former MP for Putney, Secretary of State for Education, International Development, Transport, Minister for Women and Equalities and Economic Secretary to the Treasury** who is now Chair of the Purpose Goals architecture - a new way of measuring social impact and from **Professor Peter John, Vice Chancellor of the University of West London** on meritocracy and levelling up as well from **Nigel Wilcock the Executive Director at the Institute of Economic Development** who points to the need for levelling up to relate to industrial strategy. Finally, **Dr Abigail Taylor from the University of Birmingham** draws on work she has led on at the Industrial Strategy Council looking at how Estonia, San Antonio, Greater Lille, and the Ruhr region have approached economic and social renewal.

The second section includes 6 further contributions examining the relationship between levelling up and place. The first coming from **Toby Lloyd, Chair of No Place Left Behind: The Commission into Prosperity and Community Placemaking**, draws on the work of the commission looking particularly at the importance of how people feel about where they live and what this means for policy before **Paul Swinney, Director of Policy and Research at Centre for Cities**, turns the lens on cities and their importance as engines of regional growth. After Paul's essay the first contribution looking at a specific place is included. **Professor Ben Rogers, Professor of Practice at the University of London**, considers what the different interpretations of levelling up could mean for the capital. New research from **Tolu Fashina-Ayilara, Policy Analyst for Social Security and Employment at The Salvation Army**, follows which identifies a range of areas who may be being missed out from the present levelling up discourse.

The next article from **Professor Kathryn Mitchell, Vice Chancellor of the University of Derby with Gaynor Davis and Dr Larissa Allwork** focuses again on a particular place and looks in detail at the contribution a university can make to levelling up in Derby. The last essay in this section is from the **Leader of Stoke-on-Trent City Council, Abi Brown** who describes their approach to levelling up based on their Powering Up strategy.

The third and final section looks at how to make levelling up happen. The first two essays look at education and skills. **Gordon Marsden former Shadow Minister for Further and Higher Education and Skills and MP for Blackpool South** argues strongly for greater strategic and coherent attention to be placed on skills as a building block of levelling up before **Senior Researcher at Policy Connect, Daniel Monaghan**, outlines how their Higher Education Commission enquiry into levelling up is developing recommendations to enhance the role of universities in this area. Attention moves away from education and skills explicitly to the importance of communities in the next essay from **Daniel Crowe, Senior Policy Officer at Local Trust and secretariat to the All-Party Parliamentary Group for 'left behind' neighbourhoods**. Daniel describes the key questions to be answered in understanding what levelling up could be and the work of the Trust in empowering local communities. The next essay picks up the baton of communities and localism through the perspective of social infrastructure. This article from **Rt Hon Baroness Armstrong of Hill Top, Lord Filkin and Daphné Leprince-Ringue** draws on the work of the Public Services Committee of the House of Lords. The final two essays put levelling up in the perspective of the wider challenges facing our society. Firstly, **Janet Williamson, Senior Policy Officer at the Trades Union Congress (TUC)**, looks at the reality of low pay and poverty before arguing that addressing these challenges through the workplace and wages is essential before **Sam Alvis, Head of Economy and James Fotherby, Policy Adviser at Green Alliance** argue that net zero and levelling up must go in tandem if we are to achieve real progress.

The collection concludes by outlining seven principles that should underpin any policy approach to inequality or levelling up. It then brings together some of the major policy recommendations from the essays to describe what a bold and innovative agenda to drive forward efforts to reduce inequality and level up could look like.



# Section 1: Defining Levelling Up



## 1.1 What is Levelling Up?

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### Rt Hon Justine Greening, Chair of the Purpose Goals architecture, Former Secretary of State for Education and Minister for Women and Equalities and MP for Putney

**There are two great global challenges of our time, not just one. The world faces a crisis for our planet but also a crisis for our people. There is an opportunity emergency as well as a climate emergency. And like the climate emergency, the opportunity emergency has not just happened overnight, it has been building over time. Back in 2015, the World Bank projected that:**

*“The global economy will need to create 600 million jobs over the next 10 years – five million jobs each month -- simply to keep pace with projected youth employment rates. Reversing the youth employment crisis is a pressing global priority and the socio-economic cost of inaction is high.”<sup>1</sup>*

The Syria crisis and unprecedented numbers of refugees - in 2015 a record 1.3m refugees sought asylum in Europe, the highest number since the Second World War - underlines how people will take extraordinary steps in order to get a better future. Opportunity is perhaps the most precious commodity in the world and people will put everything on the line, including their lives, to have it.

Closer to home we have our own manifestation of the opportunity emergency. Report after report, including the Sutton Trust's Elite Britain report<sup>2</sup> in 2019, demonstrates how our country remains a place where your circumstances and start in life massively shapes where you are likely to finish. Those who start ahead, stay ahead. As the Sutton Trust says in its report:

*“Social mobility across the UK is low and not improving, depriving large parts of the country of opportunity... The report paints a picture of a country whose power structures remain dominated by a narrow section of the population: the 7% who attend independent schools, and the roughly 1% who graduate from just two universities, Oxford and Cambridge.”*

Britain's status quo is inequality of opportunity and that must change. And this issue is now top of the political agenda in the UK. At the most recent 2019 election, Boris Johnson's government had a landslide victory, elected on a promise of helping those 'left-behind' communities catch up, through what he termed levelling up. So-called 'Red Wall' traditional Labour voting communities were prepared to switch to voting Conservative to see action they felt could improve their prospects finally taken.

Yet since then, the inequality of opportunity challenges have become worse, with the COVID-19 pandemic brutally exacerbating those gaps that were already there. In particular the prolonged schools shutdown often affected the most and least advantaged children differently because of differences in the ability of parents to home-school and the wider resources, particularly digital, students were able to access.

All of this means that, like climate change, the underlying issue of inequality of opportunity won't just disappear off the agenda any time soon. It is an unavoidable challenge that now must be confronted.

Consequently, the ongoing political bubble arguments in Westminster and beyond, about semantics and terminology on opportunity and aspiration are a somewhat pointless debating sideshow, prioritising political interests over the more important discussion - not what we call tackling inequality of opportunity but how we tackle it, systemically. The term politicians use, such as levelling up, or social mobility, or social justice matters far less than the substance of what we can all do to tackle inequality of opportunity and how fast we can do it.

Some political commentators and on opposing political sides to the government say there is a lack of clarity about what levelling up really means. Yet they should distinguish a government agenda on the issue from the issue itself. Because British voters seemed to understand perfectly well that it is articulating a Britain that works more fairly when it comes to access to opportunity. And that is what they want.

Our political ecosystem has to move away from point scoring and pointless debates on semantics and onto a substantive one on more action and delivery on the ground. Instead, they want a more collective, cross-party approach so that we can put in place longer term strategies that can make a difference to people's lives on the ground. Opposition parties have a crucial role to play in shaping the policy response to how Whitehall can drive equality of opportunity, and that is where their efforts should lie.

We must recognise that our short-term political cycle doesn't apply itself well to our political leaders taking longer term decisions on driving equality of opportunity that will take years to see the generational benefits pay off. Yet that is what we need - decisions that can unlock long term, structural change.

1 The World Bank (2015) Addressing the Youth Employment Crisis Needs Urgent Global Action [Online] Available at: <https://www.worldbank.org/en/news/press-release/2015/10/13/addressing-the-youth-employment-crisis-needs-urgent-global-action> [Date accessed: 7 January 2022]

2 The Sutton Trust (2019) Elitist Britain 2019: The educational backgrounds of Britain's leading people [Online] Available at: <https://www.suttontrust.com/our-research/elitist-britain-2019/> [Date accessed: 7 January 2022]



Fortunately, a big piece of the solution lies outside Parliament. And just as we have seen in the battle to tackle climate change, there are people and organisations who are prepared to work outside Westminster to drive change on tackling inequality of opportunity for the long-term.

The reality is that, although our political leaders should be doing just that - leading - on climate change, often the leadership has come from the outside of politics - from civil society, from businesses, themselves changing how they act in response to pressure from a wider world. We should recognise that however much time our political leaders may spend on the levelling up debate, a huge amount of leadership to drive social mobility and equality of opportunity can similarly still come from the outside world.

In my experience as someone actively advocating, campaigning, and taking action on inequality of opportunity I rarely end up debating with anyone about semantics. In the outside world, those many people like me who want to see change are simply working together. Whatever we call 'it', we know it's fundamentally about people developing and achieving their potential and then progressively and fairly connecting to opportunities throughout their life.

And it means our efforts have jumped over the semantics debate and onto the 'what' and 'how' debate to find common ground and have innovation on that.

We have broken down the challenge on inequality of opportunity into its 14 Levelling Up Goals, which set goals about closing the gaps that open up in education, accessing opportunities and eradicating the barriers that get in the way of reaching our potential. We could have called them Equality of Opportunity Goals. What's important is that they give us a common framework for action and a common framework for measuring progress.

We can start identifying the actions that make the biggest differences and how those impacts change depending on the different places and for the different people we want to see improvements in life chances for. It means we can more easily see different stakeholders with interests in the same Levelling Up Goals come together to join up their activities. This matters because ultimately inequality of opportunity is a structural, societal challenge that needs a holistic, system fix. It's the chance to align disparate, but related activities and have them pull in the same direction - that is the real key to unlocking progress. Of course, partnership working is the antithesis of a political system that depends on your opponent losing so that you can win. Perhaps it's why it's no surprise that the progress on tackling inequality of opportunity can more easily come from outside the political system than in it.

It's empowering to think that the means of change are ultimately in all our hands. We can all shift the dial when it comes to creating more equality of opportunity whether in the decisions we make, the organisations we buy from or the organisations we work for.

And like climate change, it's the sheer demand for action that means it is impossible to ignore.

For those in the political system, as with climate change, the challenge is to not be left behind in the wider drive for equality of opportunity, seemingly unable to rise to the task. Only a democratic system can truly deliver equality of opportunity. Because only a truly free system could allow the real freedom of being able to fulfil one's potential. But every person having a vote is one thing, having a system that delivers on people's collective priorities is another. For both net zero and inequality of opportunity now is the moment for Western democracies to rise to the two great challenges of our time set by their people.

## 1.2 Levelling Up With the Meritocracy: Balancing Equality with Opportunity

Professor Peter John CBE, Vice Chancellor of the University of West London

In an already deeply divided country, the pandemic revealed many of the structural inequalities that have plagued the UK for decades. Whether socio-economic, ethnic, health, gender, sexuality, or educational, the disadvantage was there for all to see. In fact, in many ways COVID-19 had made it more acute.<sup>3</sup> In December 2019, before the pandemic struck, Boris Johnson's electoral campaign had many of these problems in his sights as he strove to win over the so called 'Red Wall' seats which were traditionally Labour strongholds. His victory based on his manifesto desire to 'level up' Britain was an attempt to address some of these structural issues. Whether this political manoeuvre was merely an attempt to marginalise the Labour Party as a force in its heartlands or a genuine endeavour to level up Britain remains one of conjecture. This chapter will explore this new attempt to bring greater regional equality to the UK and how it fits with the idea of a meritocracy. In so doing, it will focus on a 'people' rather than a 'project' centred approach to levelling up and will attempt to demonstrate that equality of outcome and equality of opportunity are both central to the success of any such venture.

### Levelling up and inequality

Boris Johnson, in his speech to the Conservative Party conference in July 2021, explained that levelling up was different from previous attempts to address inequality (although he was careful to not use that word). In the speech, Johnson elaborated by focusing attention on his belief that potential and talent was spread evenly across the country. He said emphatically:

*'We don't want to level down. I don't believe ... that there is any basic difference in the potential of babies born across this country. Everyone knows that talent and energy and enthusiasm and flair are evenly spread across the UK...it is opportunity that is not...'*<sup>4</sup>

He also added that such a condition was causing a massive waste of human resource as too many were failing to fulfil their latent ambitions. However, he purposefully did not link inequality in the UK to poor outcomes rather he stuck with the standard Conservative trope – improving opportunity.

However, it is very unlikely that the latter on its own will solve the deep income inequalities or the wealth disparities that exist. The *Gini* co-efficient, which is by far the most reliable indicator of income inequality, shows that in the UK inequality has climbed from 0.25 in 1980 to 0.36 in 2020 along an axis that ranges from 0 (complete equality) to 1 (complete inequality). This makes the UK one of the most unequal countries in the developed world<sup>5</sup>. In addition, the pre-tax share of national income going to the top 1 % of earners has leapt from around 7 % in the early 1980s to about 12 % today; and on a post-tax basis, the top 1 % take home nearly 10 % of the national income<sup>6</sup>. Once again, the *Gini* co-efficient shows that wealth is distributed even more unequally where the wealthiest 10 % hold 45 % of the nation's wealth, while the bottom half hold less than 9 %<sup>7</sup>.

3 Anderson, S, et al. (2020) Quantifying the impact of COVID-19 control measures using a Bayesian model of physical distancing, Plos Computational Biology, December 3, pp 1-15. Available at: <https://doi.org/10.1371/journal.pcbi.1008274>

Department for Education (2020) Evidence Summary Coronavirus (COVID 19) – children, young people, and educational settings, July 2021. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1000025/Evidence\\_Summary\\_-\\_July\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000025/Evidence_Summary_-_July_2021.pdf)

Gov.uk (2021) Social Mobility Commission: State of the nation 2021 social mobility and the pandemic. Available at: <https://www.gov.uk/government/publications/state-of-the-nation-2021-social-mobility-and-the-pandemic>

4 Gov.uk (2021) the Prime Minister's Levelling Up speech: 15th July 2021. Available at: <https://www.gov.uk/government/speeches/the-prime-ministers-levelling-up-speech-15-july-2021>

5 Clark, D (2020) Gini index of UK 1977-2020, 13th September 2021. Available at: <https://www.statista.com/statistics/872472/gini-index-of-the-united-kingdom/>

6 Office for National Statistics (2020) All data related to income and wealth, September 2021. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datalist?size=50&sortBy=relevance>

7 Ibid.

Pitt, T (2020) Beyond levelling up: the Conservative case for tackling inequalities of income and wealth. Social Market Foundation, January 2020, pp: 1-24. Available at: <https://www.smf.co.uk/wp-content/uploads/2020/01/Beyond-levelling-up.pdf>

Such income and wealth disparity creates further health and social problems as the Office for National Statistics shows<sup>8</sup>. The US, for instance, exhibits similar social and economic problems to the UK in that it suffers from the largest income and wealth differences between rich and poor in the developed world, the highest homicide rates, the highest prison population, the worst rate of mental illness, the lowest adult life expectancy, and some of the worst suicide statistics, and early '*deaths of despair*'.<sup>9</sup>

### The meritocratic message

Given the Prime Minister's claim that talent and *ipso facto* merit is spread evenly across the population, why is the distribution of reward so badly skewed? And why is it far in excess of any reasonable distribution of talent as is claimed? His remedy is to reward talent or merit more fully and like many of his predecessors he asserted that the meritocracy was the answer.

The term was coined by Michael Young in his satire, *The Rise of the Meritocracy*. Back then his succinct definition was formed into an equation: '*intelligence and effort together make up merit (I+E=M)*'<sup>10</sup>. This rather rudimentary classification remains popular in the public mind. Interestingly, in a recent poll from Public First, the public appears to favour a pure form of meritocracy where background issues such as socio-economic status, ethnicity, location, family background, school type or standard, are not seen as important elements in the way talent or merit is understood or distributed<sup>11</sup>. According to this poll, people clearly work from the idea that ability is pre-ordained and relatively fixed where the only variables are effort and hard work. Many of these simplistic assumptions are based on an 'ableist' agenda where any social, cultural, or contextual factors do not influence academic, employment outcomes or success.

The government response to the views expressed above is to level up where the opportunity narrative invokes a 'you can do it' mentality; but if you fail then it is your own fault because you did not put enough effort in, or you did not take advantage of the opportunities afforded to you. This is often expressed in the language of familial failure or an intergenerational pathology alongside various other socio-cultural factors. In fact, in the levelling up agenda you are morally obligated to use the opportunities presented to you regardless of any deeper cultural and social barriers that might exist. This approach negates the fluid nature of aspiration and goal engagement which can have a demotivational effect on the young especially when the goals seem so far away and the barriers in front of them so high. In the words of Lyndon Johnson:

*'Equality of opportunity doesn't work if some people start a long way behind others not because of their individual merits but because they happen to be born members of a certain group'*.<sup>12</sup>

The absence of cultural and social capital and its effect on life chances has been well documented. It not only embraces childhood socialisation but is imbibed through familial conditioning. Styles of speech, dress, manners, etiquette, accent, gesture, and comportment all add to the 'polish' that the more advantaged in society have and the less advantaged do not. This has a linguistic dimension, where the more fortunate use an elaborate code<sup>13</sup> alongside a more detached abstraction and received pronunciation. This '*symbolic mastery*'<sup>14</sup>, continues to play a role when employment opportunities arise. Certain markers are then used to identify this so-called talent or merit as objective skill and yet when correlated to actual job performance or competence, it often turns out that many of these so-called talents have been misrecognised.<sup>15</sup> Nonetheless, this polish allows certain individuals to fit with the perceived role requirements regardless of their capability because they appear to be 'cut from the same cloth'.

- 8 Wilkinson and Pickett, K. (2010) *The Spirit Level: Why Equality is Better for Everyone*. London: Penguin
- Wilkinson, R. G and Pickett, K. (2019) *The Inner Level: Why More Equal Societies Reduce Stress, Restore Sanity, and Improve Everyone's Well Being*. Penguin; London
- 9 Case, A and Deaton, A. (2021) *Deaths of Despair and the Future of Capitalism*. Princeton University Press: Princeton
- 10 Young, M. (1958) *The Rise of the Meritocracy*. New Jersey: Transaction Publishers (Pg 252)
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However, for those who do manage to break through the ‘Class Ceiling’<sup>16</sup> and demonstrate equal or even higher standards of attainment than their more privileged peers, a major salary gap persists. This mainly relates those who originated from a different social or ethnic background and who attended a different type of school. This financial detriment is on average £5,000 a year less even if they attended the same university and gained similar or a better degree classification. Further analysis also shows that those from the top private schools are twice as likely to gain elite positions and occupations than others regardless of ability, competence, and effort. Friedman and Laurison highlight ‘the distinct cumulative advantages that flow from following those particular pathways’<sup>17</sup> or as Savage calls it ‘the royal road’ to success<sup>18</sup>.

## Conclusions

In parts of left-behind Britain, the gap between those who have gained from the new meritocracy and the rest has widened with more and more being trapped at the bottom of the social hierarchy<sup>19</sup>. The levelling up agenda is, in part, an attempt to address this issue by emphasising the importance of the ladder of opportunity.<sup>20</sup> However, despite the Prime Minister’s detachment of improved opportunity from more equal outcomes, both are vital if levelling up is to have any material substance. Numerous independent organisations highlight the connection between the two pointing out that poor economic and educational outcomes leads to poor social mobility and lower economic growth.<sup>21</sup> The OECD further suggest that it can take up to five generations for those in the poorer social brackets to reach the average income or more.<sup>22</sup> That is far too long.

Perhaps the last word should be left to a teacher from Sheffield who wrote a letter to *the Observer* newspaper on the 26th April 2019.

*‘I have experienced the meritocratic messages from both sides of the fence (as a pupil and a zero-hours contracted teacher in a working-class area of Sheffield). These messages, which often continue to be sticks with which to beat young people, eventually led me to leave teaching as I felt morally unable to promote an idea of the good life to those for whom it was unattainable. For those without pre-existing professional connections or the intangible characteristic ‘polish’, the future has been little more than zero-hours contracts, an unsustainable housing market and ‘low skilled’ employment opportunities for a decade or more’.*<sup>23</sup>

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21 Montacute, R (2020) *Social Mobility and Covid-19*. Sutton Trust 2020. [Online] Available at: <https://www.suttontrust.com/wp-content/uploads/2020/04/COVID-19-and-Social-Mobility-1.pdf>

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23 The Observer (2019) *Letters: a society to inspire young people? If only*. The Observer, 26th April. [Online] Available at: <https://www.theguardian.com/commentisfree/2020/apr/26/society-inspire-young-people-if-only-letters> [Date accessed 4 January 2022]

## 1.3 Levelling Up Or A New Beginning?

**Nigel Wilcock, Director at Institute of Economic Development**

**Levelling up appears to be a political masterstroke. Its breadth covers a myriad of concerns and at the same time it is a cause in which almost everyone agrees. If it is to be effective as a policy framework, however, there is need for greater definition. With this in mind, the objectives set out by government were somewhat surprising. The language of levelling up is suddenly far more about communities, services, and pride than it is about companies, investment, and productivity – and this is a significant shift in tone.**

The objectives for levelling up laid out in the Spending Review documentation were as follows:

- spreading opportunity and improving public services, particularly where they are weaker;
- boosting living standards, particularly where they are lower;
- restoring local pride;
- empowering local leaders and communities.

One problem of examining levelling up is that the analysis can start to get political very quickly. Certainly, by referencing public services and local leaders, the mind is drawn to a decade of Local Authority budget cuts and the long-awaited new model for local funding. Accepting that an analysis of recent policy is not particularly helpful in a new policy debate, it is nevertheless important to give some thought to the longer-term systemic issues that led us to this point.

### Systemic patterns

We have lived through at least a century of long-term economic growth and the concentration of economic power. Global markets, free movement of capital and economies of scale have created powerful cities and even more powerful companies. This economic advancement has been transformative.

Even the most ardent are now recognising that untrammelled, the economic power that has been created has not always been used in the general interest. The need for a levelling up policy is an acknowledgement that some structures must be put in place in market economies, that trickle-down economics has failed those who were most relying on it, and that economic growth is for nought if it doesn't touch everyone at least slightly.

Any treatise on genuine levelling up needs to consider the curtailment of political power and concentrations of capital. Levelling up surely means that local communities need to be more empowered to make local decisions and invest their own economic surpluses. Meanwhile, full employment may have been achieved in the UK, but poorer communities have been often more poorly paid working for businesses which are in the hands of increasingly fewer people.

Nobody is suggesting that this government's levelling up policies are about to tackle the systemic patterns of capitalism but at the very least they need to recognise that the in-built momentum of that market-based system is creating a pull in the opposite direction. Once again, this is a debate about how to control the excesses of the system.

### What to change?

It seems that the UK is now at a crossroads. We cannot deliver the type of social justice generally associated with Scandinavia whilst at the same time aspiring to design our tax and spend approach on the free-market US model. At a government department level, we cannot claim to be strengthening local leaders and communities whilst at the same time creating a central government department of levelling up which scrutinises every penny of local spend.

In all the work, levelling up cannot be a race to the bottom. A knowledge driven industry establishing in a town may create wealth for its owners and worsen the equality divide between communities. That knowledge driven investment is not the villain in this story. It is government policy and influence that must deal with the issue of balance and opportunity – the investment can still be a force for good.

Whatever else it is, levelling up must also be for the long-term. The disparities in the UK economy have been created over many decades and even partial success in levelling up will take many decades more to address.

All of these thoughts lead to some logical conclusions for future activity.

**We need a clear view of success.** The breadth of levelling up means that some clear objectives must be set. Economic reporting needs to measure progress against those objectives – economic output of less successful areas, higher levels of skills achieved by disadvantaged communities, investment made in regional infrastructure, long term employment attainment from those previously unemployed or on insecure contracts, reinvestment of local taxation in local assets.

**Any course set must be for the long term.** The concept of levelling up is far reaching and a large part of delivery will rely on shifts in aspiration, education, and skills. These are generational issues, they can be addressed, but they need a concerted long-term effort. This is not a one to two parliament policy initiative, but a multi-generational approach allied with a shift in the national psyche.

**Industrial policies must outlive the investment cycle.** It is unclear where the 2017 Industrial Strategy now sits in UK economic policy, but its objectives remain valid. Industry needs a clear view on the UK's priorities for investment. Business makes capital investment for the long term and needs some clarity before it risks that investment capital – long term government commitments in areas such as infrastructure, energy, transport, rural affairs, and defence can all drive UK economic success (often in the regions). Too often, over the last fifty years, turning areas of expenditure repeatedly on and off has meant that the UK must buy from overseas when equipment is finally needed again – the factories of the regions having failed.

**Market economics must be twinned with redistributive intervention.** Market economics benefits the successful and it is this incentive effect that creates economic growth. This economic success whilst welcome, does not automatically benefit everyone and this is where government must curb market economy excesses. Recently however the redistributive efforts of government have been weakened to the point where even a debate about curtailment of powers and higher levels of taxation are represented as being dangerously radical. This debate is long overdue.

**Devolved power is essential. UK decision making and fiscal policy is too centralised.** Local areas may wish to create the environment that can stimulate local growth and strengthen communities but to deliver anything they must go 'cap in hand' to Westminster. In turn central government has long seen all UK taxation receipts as their money – it begrudges sending this back to local regions. Local decision making, linked to local taxation and local investment, can enable local areas to self-determine the future and having to ask Westminster to return even a small portion of locally generated taxation revenue is illogical and demeaning.

**The very idea of a central Department for Levelling Up and Homes and Communities (DLUHC) is a nonsense.** It is a symbol of how centralised UK political thinking has become, that to stimulate a policy concerning delivery of improved local services and strengthened local communities, the first act of government is to create a central department. Even in delivering mechanisms such as Towns Fund, DLUHC preside over the minutiae of local expenditure – expenditure at a scale that would formerly have been in the hands of locally elected politicians and their officials.

**Structures and delivery mechanisms are more important than actions.** The establishment of strong regional bodies with resources to build an economic evidence base and deliver effectively are more important than the individual actions themselves. Some policies will be successful, and others will fail but local lessons will be learned for the future – and the delivery bodies will live on and improve.

**Economic development is not achieved by relying on a prioritisation of expenditure predicated on current value for money measures.** The value for money measures of government completely fail underperforming areas. Competing policies that add 1-2% to either a small failing economy or a large thriving economy will always appear to offer the largest value for money in the successful area. At present, the entire system is rigged against levelling up. Attempting to justify investment in a badly underperforming location is always going to require an element of vision and risk – not helped by metrics based on the initially poor baseline.

**We need regional centres of decision making and capital.** Over the last few decades, most of the last few great regional businesses have capitulated and sent their headquarters to London. How many FTSE 100 businesses remain in the regions? Who can blame them – London is the undisputed centre for capital and policy decision making and influence. Until we redress this balance, the situation will continue, and the regions will continue to appear empty husks in terms of UK economic performance.

**Communities don't need to catch up, they need a new model.** At its purest, the idea of levelling up is unattainable – and suggests that we need yet more of the same economic medicine but to stretch the outcomes further. There is an alternative view. We need a revised economic model which concentrates to a greater extent on the environment, the ecosystem, more circular use of resources and the wellbeing of all. This is a model where everyone has a huge amount to do – and there is no leader. Rather than worrying about levelling up the old playing field we should be considering a new and important opportunity for us all.

### And if we fail?

Levelling up has become a serious matter for the UK. The concept is important socially, economically, and politically. Socially because without action the burden of intervention to deal with those left behind will continue to grow at an accelerating rate and the widening inequality will eat away at the fabric of society – with resentment feeding both sides. Economically because under-utilised assets across the wider economy could be brought into more productive use for the benefit of the whole country. Politically because the legitimacy of Westminster controlled policies will increasingly be questioned by left behind regions – particularly where the devolution train has already left the station. When seen in these terms, there is a lot at stake for the UK.

The speechwriters no doubt toasted their success at the masterstroke of the term levelling up. On the surface there is something for everyone. Peel away the layers however and there is a hard kernel of truth. Levelling up points to large scale changes in government objectives and to be genuinely successful, we will need at least some redistributive policies and a new set of goals to aim for.





The experiences of the case study places studied for the Industrial Strategy Council report suggests that levelling up requires **large scale capital and revenue investment over time**, likely taking at least 20 years. For example, the Ruhr region received €4 billion in EU structural funding between 1989 and 2011.<sup>26</sup> An important question in the UK context is whether such an approach is consistent with short-term national electoral cycles. One way of maintaining a focus on levelling up and offering independent and authoritative analysis would be to create an independent body to evaluate government performance against key targets. Is there political will to establish a levelling up equivalent of the Office for Budgetary Responsibility? Reports in the UK press<sup>27</sup> in December 2021 suggested that Michael Gove, the Secretary of State for Levelling Up, Housing and Communities is indeed considering establishing a statutory levelling up quango to monitor the impact of government policy on regional inequalities. To be successful, any such organisation is likely to require high levels of funding, quality management and clarity over its role and remit.

**Partnership and collaboration** are clearly vital. The case studies provide examples of local, regional, national, and international collaboration models. For example, in San Antonio collaboration between the Chamber of Commerce, the Mayor, the City Council and universities has facilitated growth of the Austin-San Antonio corridor. In England, devolution is greatest at the city-region level. However, questions exist regarding the effectiveness of current Combined Authority and county geographies. Jeffrey and Swinney advocate that further devolution must be motivated by *'building the institutional capacity and accountability of local government'* rather than identifying specific aspects of policy to devolve.<sup>28</sup> Others have called for a multi-scalar devolution framework designed to provide a structure and a set of principles that can survive changes of government<sup>29</sup>. How are Local Enterprise Partnerships (LEPs) best integrated into the levelling up agenda? Research has identified several challenges for LEPs under the current system including limited resources, workforce, expertise, analytical capacity, and public recognition.<sup>30</sup> How can policy better integrate their strengths, such as connections to the private sector and informal networking, whilst addressing these challenges?

All the case study places studied have invested in arts and culture to change perceptions and attract new residents. Large scale cultural events such as European City of Culture were important in Lille and Essen (a city in the Ruhr region).

San Antonio's use of public consultation to design its SA2020 vision, launched in 2010 following a consultation which we received 6,000 responses, shows the importance of including citizens in levelling up. This raises the question of how the Levelling Up White Paper and subsequent policy ensure that the feeling of being 'left-behind' and the need for local involvement is addressed.

**Vision and leadership** are vital at national, regional, and local levels. For example, in Greater Lille, the influence of Pierre Mauroy, mayor of Lille for over 25 years and a former French prime minister, was central to setting a vision for the city-region and liaising with national and local government to achieve it. It appears crucial that the Levelling Up White paper considers how to best balance national responsibilities and minimum standards with local knowledge, leadership, and ownership.

In terms of **transport infrastructure**, in the UK-context, the merits of HS2 have been widely debated and it is unlikely that the government will reverse the decision to scrap the eastern leg of HS2 to Leeds. Nevertheless, the case studies show the key importance of connectivity for growth. For example, in Lille opening a train station with international high-speed rail connections and developing an integrated transport system incorporating an underground and a tram helped to attract new employers to the city and better connected residents to opportunities. Greater devolution of transport budgets to allow local partners to decide what transport projects best improve connectivity is a clear way forward. However, clear evaluation and monitoring arrangements would be necessary. Perhaps, this could be a role for any independent body based on the Office for Budgetary Responsibility.

26 Schwarze-Rodrian, M. (2016) 'Ruhr Region Case Study' in Carter, D. K. (ed.) *Remaking PostIndustrial Cities. Lessons from North America and Europe*. New York: Routledge.

27 Zeffman, H. and Gryllis, C. (2021). American-style governors could level up England. *The Times*. [Online] 4th November. Available at: <https://www.thetimes.co.uk/article/american-style-governors-could-level-up-england-lpw9l2sbq> [Accessed 5 December 2021]

28 Jeffrey, S. and Swinney, P. (2020) Levelling up local government in England. Centre for Cities. [Online] Available at: <https://www.centreforcities.org/wp-content/uploads/2021/05/Levelling-up-local-government-in-England.pdf> [Accessed 5 December 2021]

29 Regan, A., Quinn, M., Romaniuk, A., Sampson, S., Stratton, T., Brittain, B. and Taylor, A. (2021) Devolution and Governance Structures in the UK. Industrial Strategy Council. Available from: [https://industrialstrategy.council.org/sites/default/files/attachments/Devolution%20and%20Governance%20Structures%20in%20the%20UK%20Lessons%20from%20Evidence\\_Final%20Version270521.pdf](https://industrialstrategy.council.org/sites/default/files/attachments/Devolution%20and%20Governance%20Structures%20in%20the%20UK%20Lessons%20from%20Evidence_Final%20Version270521.pdf) [Accessed 5 December 2021]

30 Gilbert, N. and Newman, J. (2021) Delivering Levelling Up: Don't turn on the taps without fixing the pipes. LIPSIT Policy Briefing No. 2 Available from: <https://demos.co.uk/wp-content/uploads/2021/09/Delivering-Levelling-Up-Policy-Briefing-Note.pdf> [Accessed 30 November 2021].



In relation to **skills policy**, should levelling up policy focus on areas with the lowest basic skills or specific skills priorities? Experiences in San Antonio and the Ruhr emphasise the importance of building on existing skills but using them in new ways. For example, in San Antonio the Quest (Quality Employment through Skills Training) project has sought to address an acute skills mismatch created as the economy moved from driven by manufacturing to service and technology-driven sectors. It focused on up-skilling individuals to work in the advanced manufacturing, healthcare, IT, and cybersecurity sectors. Like transport, there are strong arguments for greater devolution of powers and resources relating to skills.<sup>31</sup> However, this would also require the establishment of effecting monitoring and evaluation structures. Recent research in the West Midlands also emphasises the importance of strengthening partnership working between universities and regional stakeholders to facilitate effective up-skilling and re-skilling.<sup>32</sup>

International research offers examples of how levelling up can be achieved and the importance of scale and longevity of investments, collaboration, making places attractive to live in, universities and innovation, investing in transport and digital infrastructure and ensuring that skills policy building on past sector strengths, whilst adapting sector specialisms for the future. However, to best learn from international experience, there is need to clarify the aims and scope of levelling up policy. Developing a framework that is flexible enough to cope with regional and sub-regional inequalities across the UK is imperative.

31 Morgan, C. (2020). No strings attached. How community-led devolution would transform England's skills sector. New Local. Available from: <https://www.newlocal.org.uk/publications/no-strings-attached/> [Accessed 5 December 2021]

32 Taylor, A., Green, A. and Hassan, S. (2021). Priorities for up-skilling and re-skilling: what role can and should universities play? WMREDI. [Online] Available at: <https://www.birmingham.ac.uk/documents/college-socialsciences/business/research/wm-redi/wm-redi-project-docs/project-1c/what-are-the-priorities-for-upskilling-and-reskilling-report-10.05.2021-v4.pdf> [Accessed 5 December 2021]



# Section 2: Levelling Up and Place

## 2.1 Levelling Up Left Behind Places

### Toby Lloyd, Chair of No Place Left Behind: the Commission into Prosperity and Community Placemaking

**In the last five years the political shock of the Brexit referendum result and the subsequent upheavals of electoral geography have created the political conditions for renewed government interest in economic rebalancing, prompting the Prime Minister’s announcement pledge as he entered Downing Street to ‘level up across Britain’ by focussing on the ‘left behind towns’.**

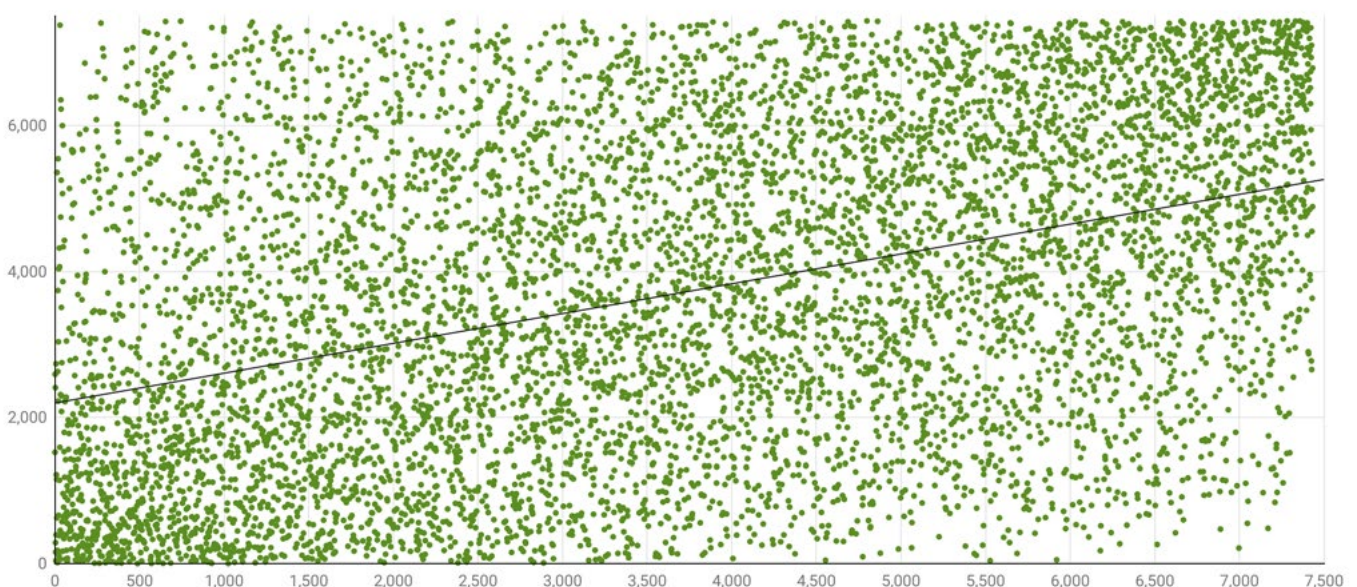
The Commission into Prosperity and Community Placemaking reviewed evidence on the experience of left behind places, to make recommendations for government aimed at improving England’s left behind places.<sup>33</sup> These focused on the quality of local places; the importance of social infrastructure; community-led regeneration; area-wide housing renewal; and the financial and institutional framework needed to deliver transformational change.

The term ‘left behind places’ has been criticised for being imprecise or pejorative. But the emphasis on place signifies, at the least, a refocusing on the specificities of different locations, which contrasts with the dominant universal service delivery model. And the more elusive concept of being ‘left behind’ captures something important about the sense of being neglected by government and market alike, and of being ignored by more dominant national narratives, that people in many communities report.

Economic geographer Andres Rodriguez-Pose argues that how people feel about their place was a driver of voting patterns in the 2016 Brexit referendum. He sees strong Leave votes (and other recent political upheavals around the world) as revolts of people with a strong sense of attachment to ‘the places that don’t matter’ - those places that have been marginalised by economic change and an elite national narrative that both justifies and entrenches that marginalisation.<sup>34</sup> In this context ‘left behind places’ offer a useful framework for thinking about what levelling up might mean.

While there is clearly a relationship between deprivation, poverty and being left behind, it is a subtle one that economic indicators alone cannot fully capture, because ‘left behindness’ is about how people *feel* about their place and its relationship to the rest of the country. The Community Needs Index, designed by OCSI for Local Trust, compiles data on the social and cultural factors that drive poorer outcomes, such as poor facilities, poor connectivity and low community participation.<sup>35</sup> As shown by Figure 1, this index has a positive relationship with the Index of Multiple Deprivation, but there are many areas where this relationship is not strong.

Figure 1: IMD and CNI, all wards in England, 2019 (Source: OCSI ‘Left-behind’ areas)



33 Create Streets Foundation (2021) No Place Left Behind: The Commission into Prosperity and Community Placemaking, [Online] Available at: [http://www.createstreetsfoundation.org.uk/wp-content/uploads/2021/10/8560\\_PS\\_Create\\_No\\_Place\\_Left\\_Behind\\_FINAL\\_amended.pdf](http://www.createstreetsfoundation.org.uk/wp-content/uploads/2021/10/8560_PS_Create_No_Place_Left_Behind_FINAL_amended.pdf) [Date accessed: 7 January 2022]

34 Andrés Rodríguez-Pose, ‘The revenge of the places that don’t matter (and what to do about it)’, Cambridge Journal of Regions, Economy and Society, Volume 11, Issue 1, March 2018, Pages 189–209, Accessed online at: <https://academic.oup.com/cjres/article-abstract/11/1/189/4821289?redirectedFrom=fulltext>

35 See <https://ocsi.uk/left-behind-areas/>



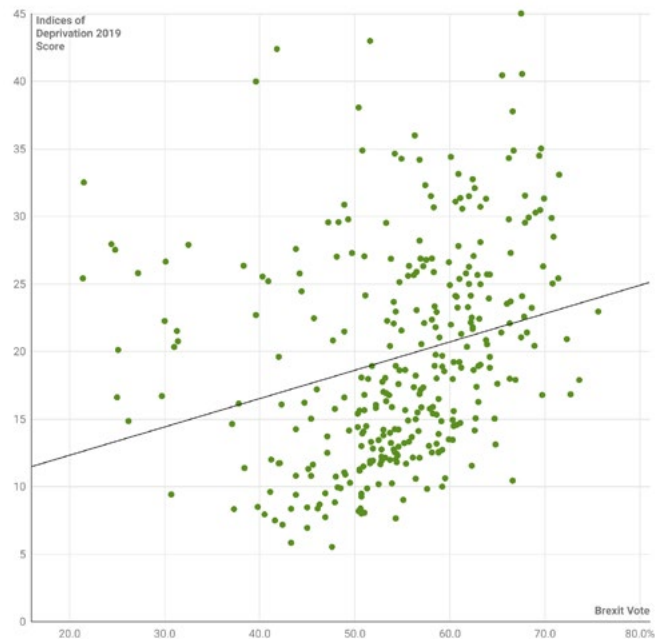
For example, few inner-city areas score highly on both measures, suggesting that the high level of deprivation experienced by many inner-city communities is not accompanied by the lack of social infrastructure or connectivity that the Community Needs Index highlights. Figure 2 shows that a local authority's score on the Index of Multiple Deprivation is only weakly correlated with its Brexit vote (a Pearson correlation co-efficient of 0.18). The Community Needs Index shows a much stronger positive relationship (0.66) as shown by Figure 3.

This suggests that the CNI is a useful measure of how people experience their place, and how this effects their political behaviour.

Left behind places often suffer from poor place quality – whether it's run-down housing and declining high streets, or a lack of decent public realm, green spaces, or public transport provision. Many bear the physical scars of economic decline and under investment. And where investment has occurred, low land values, stretched local authority finances and disempowered local communities have often resulted in insensitive economic development, car-dependent housing estates and poor-quality public spaces. The rise of the 'knowledge economy' and home working means that place quality is not just a welfare issue. A growing body of evidence shows that people and markets value pleasant, beautiful, and well-connected urban environments, and that poorly designed places are less socially and economically successful.<sup>36</sup> Reversing decline with an economic '*strategy of attraction*' means making them attractive places for people to stay, to move to, and to visit.<sup>37</sup>

The Commission identified improvements to streets, public and green spaces, and local transport as the best ways to improve place quality. The £24.7bn roads budget should be redirected towards removing over-engineered dual carriageways that sever towns, isolate communities, damage health, and undermine economic revival. Increasing urban greenery (particularly street trees), is associated with better air quality, and happier and healthier residents.<sup>38</sup> A new generation of local and regional public transport systems could reconnect peripheral suburbs (which are often the most left behind places) with urban centres, and free residents from the car dependency that locks in poor place quality. For smaller and more rural places we backed plans for a transformational national bus network providing a bus in '*every village, every hour*' (costing £3bn per year at a £1 flat fare).<sup>39</sup>

Figure 2: Brexit vote in local authority areas correlated with IMD (Source: OCSI, Developing a measure of 'Left-behind' areas Phase 2 analysis)



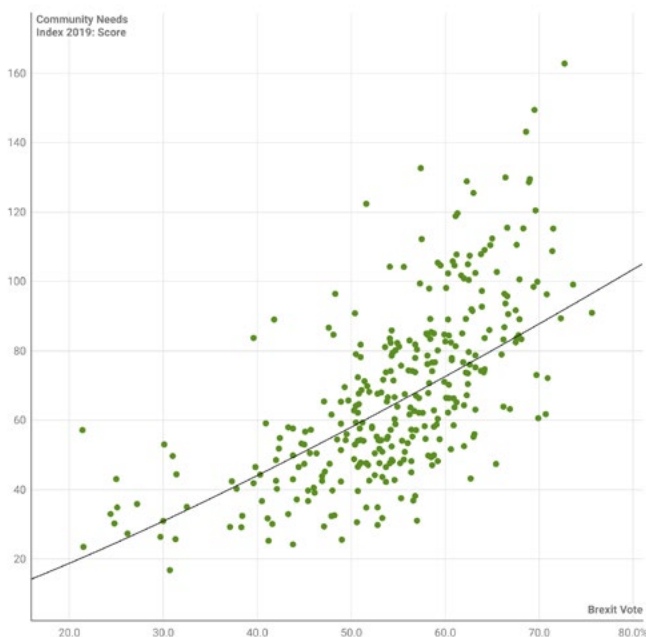
36 Maddalena Iovene, Nicholas Boys Smith and Chanuki Illushka Seresinhe (2019) Of Streets and Squares: which public places do people want to be in an why? [Online] Available at: [https://issuu.com/cadoganlondon/docs/of\\_streets\\_and\\_squares\\_26\\_march\\_wit?e=32457850/68741701](https://issuu.com/cadoganlondon/docs/of_streets_and_squares_26_march_wit?e=32457850/68741701)

37 Martin Sandbu (2020) The Economics of Belonging: A Radical Plan to Win Back the Left Behind and Achieve Prosperity for All. Princeton University Press, p.199-200

38 Dumbaugh, E. (2006) Safe Streets, Liveable Streets. Journal of the American Planning Association, Vol.71

39 CPRE (2021) Every village, every hour A comprehensive bus network for rural England. [Online] Available at: [https://www.cpre.org.uk/wp-content/uploads/2021/03/CPRE\\_Every-village-every-hour\\_report.pdf](https://www.cpre.org.uk/wp-content/uploads/2021/03/CPRE_Every-village-every-hour_report.pdf)

Figure 3: Brexit vote in local authority areas correlated with CNI scores (Source: OCSI, Developing a measure of 'Left-behind' areas Phase 2 analysis)



High streets are central to community life and the identity of places. Many have been hit hard by the decline of town centre retail and the pandemic. High street diversification is critical for reviving the fortunes and the self-perception of left behind places – so we called for urgent support for the independent shops and businesses that give places their distinctive character; a revolving asset fund to get vacant commercial property into beneficial uses; and smarter planning and regeneration policies.

The importance of social capital for well-being and economic growth is well established,<sup>40</sup> but left behind places often lack the social infrastructure that sustains it, weakening economic growth<sup>41</sup>, and making people more prone to poor health and other negative outcomes than the national average and to equally deprived places that are better equipped and connected.<sup>42</sup> Places with stronger social infrastructure are more resilient to economic shocks<sup>43</sup> and do better at reducing deprivation.<sup>44</sup> Survey evidence suggests that 'places to meet' are what left behind places need most, as these are central to community life, and the closure of these basic facilities in the face of market forces and public service cuts is keenly felt as both a symbol and driver of decline.

We heard that community-run organisations have huge potential to improve the condition of left behind places, because they can respond directly to the specific needs of places and because the process of community engagement and action itself creates additional social capital.<sup>45</sup> But despite the recent proliferation of funds to support them, these initiatives typically encounter multiple barriers. We therefore called for the government to empower communities to take control of vital assets that come up for sale, by creating a Community Right to Buy.<sup>46</sup> This would help increase the pitiful 1.5% of properties registered as Assets of Community Value that actually enter community ownership.<sup>47</sup>

40 The Bennett Institute for Public Policy, (2019) 'Measuring wealth, delivering prosperity' [Online] Available at: [https://www.bennettinstitute.cam.ac.uk/media/uploads/files/WER\\_layout\\_online\\_July\\_2019\\_final\\_doubles.pdf](https://www.bennettinstitute.cam.ac.uk/media/uploads/files/WER_layout_online_July_2019_final_doubles.pdf)

41 Kelsey, T. and Kenny, M. (2021) Townscapes 7: The Value of Social Infrastructure, The Bennett Institute for Public Policy, [Online] Available at: [https://www.bennettinstitute.cam.ac.uk/media/uploads/files/Townscapes\\_The\\_value\\_of\\_infrastructure.pdf](https://www.bennettinstitute.cam.ac.uk/media/uploads/files/Townscapes_The_value_of_infrastructure.pdf)

42 Local Trust/OCSI, (2019) 'Left behind? Understanding communities on the edge' Accessed online at: <https://localtrust.org.uk/insights/research/left-behind-understanding-communities-on-the-edge>

43 Abrahams, D. et al (2020), 'The Social Cohesion Investment: Local areas that invested in social cohesion programmes are faring better in the midst of the Covid-19 pandemic' Accessed online at: <https://www.nuffieldfoundation.org/wp-content/uploads/2020/10/The-Social-Cohesion-Investment.pdf>

44 Onward (2021), 'Turnaround: How to regenerate Britain's less prosperous communities by helping them take back control.' [Online] Available at: <https://www.ukonward.com/wp-content/uploads/2021/09/Turnaround-Publication-3.pdf>

45 Lee, N. & Swann, P. Power to Change, (2021) 'Saving the high street: the community takeover' [Online] Available at: <https://www.powertochange.org.uk/wp-content/uploads/2020/10/Saving-the-High-Street-the-community-takeover-Report.pdf>

46 Locality (2018) People Power Findings from the Commission on the Future of Localism. [Online] Available at: <https://locality.org.uk/wp-content/uploads/2018/03/LOCALITY-LOCALISM-REPORT-1.pdf>

47 Power to Change (2019) Our assets, our future: the economics, outcomes and sustainability of assets in community ownership. [Online] Available at: <https://www.powertochange.org.uk/wp-content/uploads/2019/07/Assets-Report-DIGITAL-1.pdf>





But too often the incentives on property owners are not aligned with those of local communities, leading to properties being left empty. This has been called the farming of dereliction, where speculative owners leave commercial property derelict for decades while pursuing multiple planning permissions for the sole purpose of inflating the value before selling on the property to another speculative owner. We found one example of a prominent high street building that had been derelict for 30 years, during which time it had received 10 distinct planning permissions and changed hands 13 times. To tackle this, we called for the government's proposed Right to Regenerate legislation to give communities the power to compulsorily acquire property left empty at a fair value.

Different interventions are required to make regeneration work in the residential neighbourhoods of left behind places, many of which are marked by poor quality homes and buy-to-let landlords pursuing the relatively high yields that they can fetch on housing benefit. The challenge of decarbonising the nation's homes by 2050 is all the more daunting where landlords have no incentive to invest in energy improvements, and the cost of retrofitting may exceed the value of the home. The solution must be public investment in area-wide retrofitting and place improvements that can, over time, raise values.

Successful places benefit from a huge number of different organisations competing and collaborating in dense networks of relationships; left behind places will need time and support to develop an equally rich institutional ecosystem. We called for increased revenue support and a ten-year funding settlement for councils in left behind places, replacing short term, narrowly defined, competitive funding pots. We suggested that the Treasury should reallocate £86 billion of outstanding local government debt onto the national books, freeing up councils' ability to invest, and backed proposals for a £2 billion Community Wealth Fund to support left behind communities develop their own solutions.

One estimate puts the bill for levelling up England at around £1.7 trillion, comparable to the cost of bringing the former East Germany up to the levels of prosperity of the West.<sup>48</sup> Levelling up is clearly possible, but it will take time, resources, and serious commitment.

<sup>48</sup> The Guardian (2021) 'The cost of Boris Johnson's 'levelling up': £2tn, says UK thinktank' 15th August, [Online] Available at: <https://www.theguardian.com/politics/2021/aug/15/the-cost-of-boris-johnsons-levelling-up-2tn-says-uk-thinktank>

## 2.2 Why Levelling Up the Economy Cannot Mean Making Everywhere the Same

Paul Swinney, Director of Policy and Research at Centre for Cities

*Levelling up the economy should be about helping struggling places, but policy must recognise its limitations in how much it can do for different places.*

The notion of levelling up implies that everywhere should be made equal. On measures such as educational attainment, this should be the goal. But when it comes to levelling up the economy, policy will fail if it sets the goal of making everywhere the same.

This is because different places play very different roles in the economy, resulting from the inherent benefits that they offer to businesses. Rural Cornwall, for example, offers spectacular scenery. In contrast, Manchester offers access to a large number of workers and a network of other businesses to interact with, particularly in its city centre. While we should want Cornwall to perform as best as it possibly can, we should not expect it to be as productive as central Manchester. And crucially, there is very little governments can do to change these inherent advantages (beyond building a new city in Cornwall), despite what politicians are fond of promising.

The problem for the UK economy is that most of its big cities make very poor use of their inherent advantages. We should expect big productivity differences between Manchester and Cornwall. But we should not expect them between Manchester and Bristol, or between Manchester and Munich or Milan for that matter. Currently neither of these things is true.<sup>49</sup>

This weighs heavily on both regional prosperity and the performance of the national economy. Conservative estimates by Centre for Cities suggest the underperformance of the 9 largest cities outside of London costs the national economy close to an estimated £50 billion per year, or 2.3 % of national output.<sup>50</sup> That's akin to the total contribution of the legal and accounting industries to the economy.

This means that the goal of levelling up the economy should not be about making everywhere the same, but instead be about helping places reach their productivity potential. But this potential is much higher for some places than others. And given the continued underperformance of Birmingham, Glasgow and Manchester in particular (their underperformance alone costs the national economy £33 billion per year), policy should focus on addressing their struggles in particular.

It also means that while gaps between different parts of the country would narrow if this goal was achieved, we should still expect variation in productivity across the country. That variation would look different to the unsatisfactory one we have today. But it would not result in everywhere looking the same. Figure 4 gives an indicative view of what this variation would look like.

As Figure 4 shows, the gap between the Greater South East and the rest of the country would shrink from 33 % to 24 %, but a gap would remain.

The difference between London and the next largest cities would fall from 56 % to 35 %. But London would still be more productive.

And the gap between Britain's cities and largest towns and the rest of Britain would widen slightly, from 14 % to 18 %. But crucially, in absolute terms those non-urban places would still be better off than is the case today. They would have higher wages, higher standards of living and benefit from the higher tax revenues generated within their area and from the larger cities to fund things like public services.

The improvement in performance of big cities would likely bring greater prosperity to the towns surrounding them too. Contrary to popular narrative, not every town is struggling (nor, as discussed above, is every city booming). Indeed, there are a great many, such as Ashford and St Albans, that are prosperous. A defining feature of these prosperous towns is that they are close to successful cities.<sup>51</sup>

To help illustrate this link between towns and cities, looking at a counter example is informative. Despite the struggles of the city, two of Birmingham's nine surrounding towns (defined by a size 30,000-135,000 people) are prosperous. Cannock and Litchfield do well seemingly in spite of Birmingham. This in part is because, despite its struggles, Birmingham's size means it is still home to many hundreds of thousands of high-skilled jobs, especially in its city centre. Of those people who choose to work in these jobs but commute in disproportionately choose Cannock or Litchfield to set up home.

Why is this the case? Looking at data on crime and housing quality suggests that the quality-of-life offer is greater in these two towns than their neighbours. Interestingly given the government's focus on reopening the railway lines closed by the Beeching cuts, transport travel times are not.<sup>52</sup>

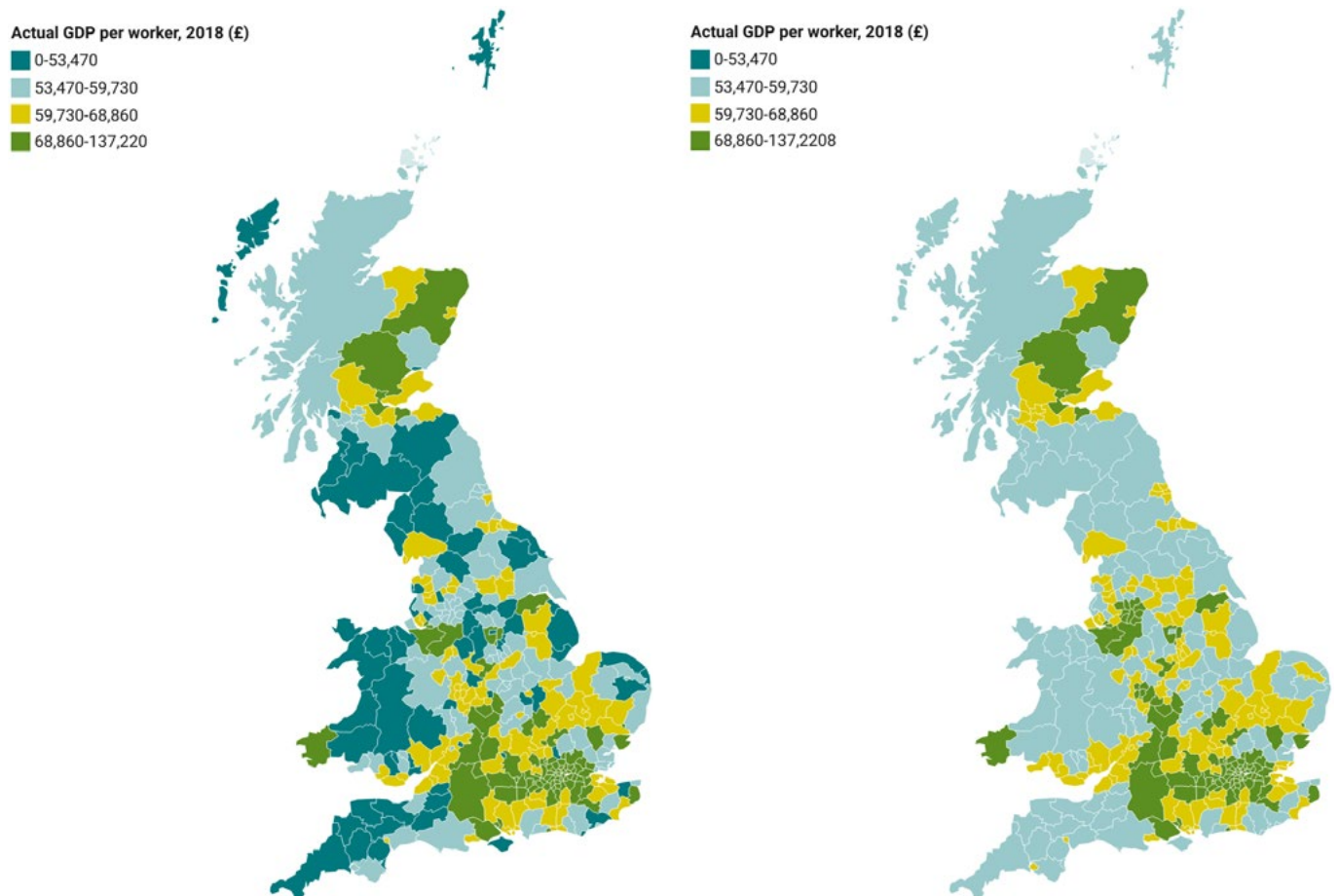
49 Swinney, P. (2021) Is London too Successful? [Online] Available at <https://www.centreforcities.org/blog/is-london-too-successful/> (Accessed 16th November 2021).

50 Swinney, P. and Enenkel, K. (2020) Why Big Cities are crucial to Levelling up. [Online] Available at: <https://www.centreforcities.org/publication/why-big-cities-are-crucial-to-levelling-up/> (Accessed 16th November 2021).

51 Swinney, P., McDonald, R and Ramuni, L. (2018) Talk of the Town. [Online] Available at: <https://www.centreforcities.org/publication/talk-of-the-town/> (Accessed 16th November 2021).

52 Enenkel, K. (2021) What do successful towns tell us about the levelling up agenda? [Online] Available at: <https://www.centreforcities.org/blog/what-do-successful-towns-tell-us-about-the-levelling-up-agenda/> (Accessed 16th November 2021).

Figure 4: In a levelled-up world, there would still be differences in productivity across the country (Source: ONS; Centre for Cities calculations.)



Note: The map shows the 63 primary urban areas of Great Britain. Where these span more than one local authority these authorities have been merged. All areas outside of the primary urban areas are represented by local authority boundaries.

A noble policy goal would be to improve housing quality and reduce crime in those other towns. But without doing anything to increase the number of higher-paid jobs in Birmingham, this would simply continue to pit the towns in competition with each other for residents.

There is much that policy can do in towns though. A focus on skills should be a key part of this, both in terms of schools and further education colleges - skills of residents are a strong predictor of the prosperity of a town. And without having the appropriate skills, the number of high-skilled jobs in a neighbouring city has much less relevance.

A focus on improving life expectancy through better prevention and cure in places where life expectancy lags the national average is another. And improving public services, which have borne the brunt of a decade of austerity is a third.<sup>53</sup>

These interventions, coupled with the aforementioned improvements to housing and crime, create a positive levelling up agenda for towns focused around improving standards of living. By focusing on things that it does have influence over, such as boosting skills, improving public services and better local transport, policy can make a difference.

It's easy for politicians to claim they will rebalance the economy, or level up. What's much harder to do politically is to recognise the reality that different places play different roles in the economy. The role of policy designed to improve the economy is to make places the best versions of themselves, rather than making everywhere the same. The former of course will not be easily done. But the latter will be impossible. And politicians should be wary of staking their legacy on something that is impossible to achieve.

53 Centre for Cities (2019) Cities Outlook 2019. [Online] Available at: <https://www.centreforcities.org/publication/cities-outlook-2019/> (Accessed 16th November 2021).



## 2.3 Two and half cheers for levelling up

Professor Ben Rogers, Professor of Practice at the University of London

**What should Londoners make of the government's levelling-up agenda? Should we embrace it as an opportunity for a city that has more than its fair share of poverty and disadvantage? Or should we see it as a threat to the funding of a great global city, with all the housing shortages, congestion and inequality that seem to come with that?**

My argument is that London has nothing to fear and much to gain from an intelligent levelling up agenda. But it does all depend on how that agenda is pursued.

Below I single out four accounts of what of what levelling up means – all of them with some basis in political, and in particular government, discourse. Two of them, I want to argue, have a lot to recommend them and would be positive for country and capital alike. One is rather limited in ambition and one is simply wrong headed – neither would be good for London.

### A UK of regional power houses

One version of levelling up is all about narrowing the UK's yawning regional economic divides by promoting the economic productivity of cities and regions beyond the South East and in particular in the north of England. Interpreted in this way, levelling up can be viewed as building on George Osborne's Northern Powerhouse agenda.

This version of levelling up has much going for it. The UK is highly unusual, among nations of its size and development, in having so much economic strength concentrate in a single mega-region, centred on London. There is lots of evidence that cities with a more balanced economic geography perform better<sup>54</sup>. The regions with the most obvious potential are the Midlands and North of England, with their numerous conurbations, long records of public and private under-investment and correspondingly low productivity. But other city regions could also benefit.

Need this represent a threat to London? Not at all. London and the South East (the London mega-region) is the only part of the country to make a net contribution to government finances. The government will need London firing on all cylinders in order to provide the investment that other regions badly need. And there are good arguments that London would benefit in turn from better performing regions, which could well take some of the growth pressures of the capital and/or enable increased investment in it.

But we also have to recognise that there are versions of this version of levelling up that would not bode well for London and the South East. This would be the case, for instance, if government set about cutting funding to the region and directing it elsewhere. But this would not just harm London, but ultimately other regions as well. Creating a more balanced regional economy is the work of decades not years. It involves building support for an approach across political and sectoral divides and beyond short term electoral cycles, involving sustained investment in London *and* other regions, along with a radical programme of devolution. That seems to be the lesson from places like East Germany and the Basque country, which appear to have successfully re-vivified their once struggling economies. In the words of The Institute of Fiscal Studies, levelling up '*will need to be a long-term, multifaceted agenda if it is to succeed where other governments have failed in the past*'<sup>55</sup>.

54 Carrascal-Incera, A., McCann, P., Ortega-Argilés, R., & Rodríguez-Pose, A. (2020). UK Interregional inequality in a historical and international comparative context, *National Institute Economic Review*, 253, R4-R17. doi:10.1017/nie.2020.26

55 IFS (2020) Levelling up: where and how? [Online] Available at: <https://ifs.org.uk/uploads/Green-Budget-2020-Levelling-up-where-and-how.pdf> (Accessed: 7 Jan 2022)



### Levelling up on individual inequality

In a second interpretation, levelling up is about combatting individual disadvantage, wherever it is found, and raising living standards and life-chances for the worst off. This again has much to recommend it. And London would certainly be a beneficiary. It has the highest poverty rates and child poverty rates of any region, and by far the most individuals living in poverty – a function of higher housing and other living costs, which far outstrip any London earnings premium. Moves to increase the minimum wage – or better still devolve minimum wage policy to the Mayor - and beef up its enforcement, strengthen benefits and spend more on public services on which poor people rely, would certainly benefit London and lead to more funds going to the capital. It would also be a win for racial justice, given the large number of non-white Britons living there.

### Levelling up civic pride

In a third interpretation, levelling up is first and foremost about renewing the economic and civic fabric of the country's smaller 'left behind' cities and towns, including former mining towns in the Midlands and the North, but also rundown seaside towns around the country. This is a positive agenda. UK local authorities are underfunded and underpowered by international standards and local places have consequently suffered. To be fair, planning, design, and social infrastructure – town centres, parks, streets, libraries, etc - are poor almost everywhere, but no doubt some towns and small cities have found themselves slipping down a vicious spiral as weak economies and poor 'liveability' have re-enforced each other.

But while investing in and empowering these localities would certainly be a good thing - boosting living standards, well-being, and perhaps economic growth - it is not the principal answer to the UK's large challenges. It would be strange if this government's flagship agenda ended up being about boosting the civic pride and liveability of towns that had once know better times, as important as that is.

### Levelling up public spending

In a final interpretation, levelling up is all about addressing a perceived in-balance between public spending in the South East and in particular, London, and other parts of the country. But there is little that can be said in defence of this interpretation.

Yes, more public money is spent on London and the South East than in other parts of the nation – even if some of the claims about this are wildly exaggerated. But this is the pattern with large highly productive cities and regions everywhere. They require large and expensive public transport systems and other public goods – extra policing for large public events, support for major tourist attracting cultural institutions - as a condition of their higher productivity. It is also worth mentioning that some of the extra public spending is paid for by taxes and charges imposed on London businesses and residents on the grounds that it will improve and address London issues – it would be hard to justify simply redirecting the extra taxes that London businesses are paying for Crossrail to other parts of the country.

Of course, those outside the South East might well argue that they would happily accept more public spending as a way of growing productivity. But that is different argument. And do those living in rural idyls in Wales, Cumbria or Yorkshire, really want the towers, traffic and long commutes that would justify the increased public spending needed to increase productivity to London levels.

Or to put this another way, public spending needs to be justified by reference to need and other factors (e.g., productivity) rather than a simple principle of equality. The Peak District no more needs London level of public transport funding than London needs Peak District levels of agricultural subsidy.

It will be fascinating to see how the government picks its ways between these versions of levelling up above. The choices it makes will be momentous for London but also for the country as a whole.

## 2.4 A Call to Dig Beneath the Surface

Tolu Fashina-Ayilara, Policy Analyst at The Salvation Army

The concept of levelling up is undoubtedly the cornerstone of this government’s social and economic agenda. We have seen political discourse hail the policy proposal as the road to regional equality and regeneration, as well as considerable efforts across the country to define what it might look like in practice. In its most simplified form, levelling up recognises the need to leverage communities at risk of being ‘left behind’ by investing in improved living standards, public services, social infrastructure, as well as empowering local leadership and pride.<sup>56</sup> However, to truly know whether this flagship policy is ready to deliver something great, we need to consider how the methodology used, as well as wider economic priorities, will shape outcomes.

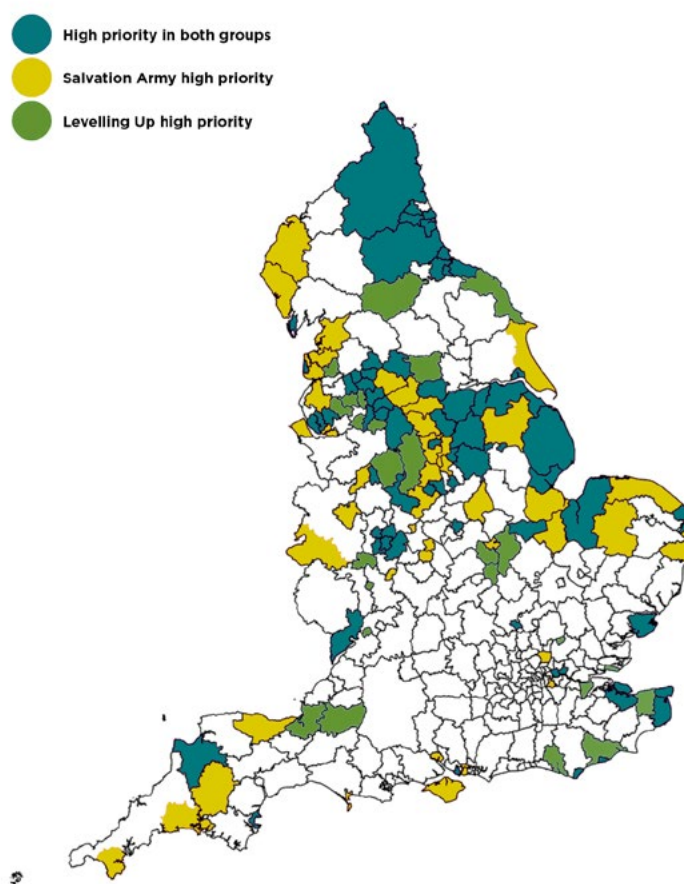
So how will the government roll out a national programme to yield transformative benefits? It should approach levelling up in layers. The first layer to peel is the one which concerns diversity of place. This means acknowledging the hard reality that certain areas within the country enjoy regional advantage. The second concerns the diversity of people. This means understanding how being from a certain community or background can shape one’s quality of experience or outcomes. By adopting this twofold approach, we can then begin to understand the deeper-rooted issues that trail beneath the surface of what has come to be known as levelling up.

### Understanding people, understanding places

Our 2021 report entitled ‘Understand People, Understanding Places’<sup>57</sup> explores what levelling up means to the communities we serve here at The Salvation Army. The government will tell you that the levelling up agenda is the facelift which this country needs, but before any standard procedure, we must identify what needs to change. By undertaking this research, we were able to not only gain perspective on which areas needed to be levelled up the most but also in what specific ways.

To produce the most comprehensive analysis, our research was comprised of thirteen social, economic, and labour market indicators, which we then used to determine which priority category each of the 345 levelling up areas should go into. Through this metric system, we found that the government had excluded 45 additional vulnerable areas which should have been eligible for high priority investment from the £4.8 billion Levelling Up Fund. With the government’s methodology being centred around economic recovery and growth, improved transport connectivity, and regeneration, it made significant oversights concerning the landscape of employment in certain areas, as well as the future trajectory of the labour market and changing sectors. Figure 5 shows the difference between the areas the government prioritised for the Levelling Up Fund and the areas our metric system identified as being a priority for levelling up.

Figure 5: High priority areas by definition status (Source: IES/The Salvation Army analysis of local economic, labour market and social data)



56 HM Treasury, 2021. Autumn Budget and Spending Review 2021. [online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1029974/Budget\\_AB2021\\_Web\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029974/Budget_AB2021_Web_Accessible.pdf) [Accessed 12 December 2021].

57 The Salvation Army (2021) Understanding people, understanding place [Online] Available at: <https://www.salvationarmy.org.uk/sites/default/files/resources/2021-08/Levelling%20Up%20Report%20-%20Understanding%20People%20-%20Understanding%20Places.pdf>

### Determining the levelling up narrative

Primarily, our research found that successful levelling up meant prioritising coastal communities. 67% of coastal areas are currently in the highest income deprivation category, in comparison to just 36% of non-coastal towns and these areas also have the highest level of non-permanent employment contracts.<sup>58</sup> To make matters worse, our raw indicator analysis also revealed that coastal areas have an extremely low Gross Disposable Household Income (GDHI), with places like Blackburn with Darwen averaging as low as £13,000 per annum. This can be explained by the high costs of living and housing in these areas versus low wages, which eats into what families have left over to spend. Coastal areas are also characterised by a high percentage of sectors projected to decline, such as manufacturing, yet have limited access to high-skilled and high paid employment opportunities. These evident gaps must be addressed to make sure that those living in these coastal regions are not placed at a further social and economic disadvantage moving forward.

Aside from recognising the role geography plays within the conundrum of levelling up, we must also look at people within these places. Based on focus groups which we organised, it was mentioned time and time again that low-income parents were concerned with the prohibitive cost of childcare. As it stands, the weekly average cost of a full-time nursery place for two children in the UK is £526, however the median salary is £585 a week, which suggests that the expense of childcare is unaffordable.<sup>59</sup> In addition to this, childcare can act as a barrier to employment opportunities or career progression due to parents forfeiting jobs out of the obligation to look after the children. This might even be due to ill-funded nurseries being forced to shut down as a result of the pandemic. Considering this, there must be room in the levelling up agenda for childcare reform.

### A course for change

The levelling up agenda has revitalised the hopes of many in its desire to 'level up opportunities across all parts of the United Kingdom, support jobs, businesses and economic growth and address the impact of the pandemic on public services'.<sup>60</sup> With the upcoming White Paper due to be published in early 2022 and the UK moving away from the European Social Fund, there are many conversations being had around whether the government's strategy can achieve this. As promising as it sounds, the key findings of our report suggests that more thought needs to go into creating an agenda where no one misses out. Whether it may be the single mum raising a child alone in an urban area in London, a recent graduate struggling to find entry-level work up North, or a waitress seeking a permanent job contract in a coastal area. Everyone deserves an equal shot.

Our main policy ask for the government and the levelling up agenda is firstly to consider investing in a childcare system which is more inclusive. In our report, we suggested implementing measures such as extending business rates relief for nurseries, offering 30 hours free childcare all year round, and using pupil premium as a basis for childcare support. These policies could potentially set the foundation for families being able to get the hand up that they need.

Our second commitment as a charity and church (which has been in operation on the frontline for over 150 years) is to make sure the levelling up agenda is driven by localised needs and not just at Whitehall. After all, the shaping of every successful narrative is placed in the hands of the storyteller. At the Salvation Army, we believe that the storyteller is the local people.

### Conclusion

Ultimately, the government's levelling up agenda can only work if it recognises the interconnectivity between people and place. A place cannot thrive without investment being made in its communities. Likewise, people cannot thrive in a place that is functioning on the margins of potential or in a place that has limited opportunity. When we begin to address the issues that truly matter at a local level and push for a more representative model of indicators, we can steer the agenda towards accomplishing what it set out to achieve.

58 ONS (2020) Coastal towns in England and Wales [Online] Available at: <https://www.ons.gov.uk/businessindustryandtrade/tourismindustry/articles/coastaltownsinenglandandwales/2020-10-06>

59 Kinchen R (2021) Childcare is a Mess, Who Will Tidy it Up?, The Sunday Times, [Online] Available at: <https://www.thetimes.co.uk/article/childcare-is-a-mess-who-will-tidy-it-up-3whvn7djr>

60 Powell, A et al. (2021) The Levelling Up Agenda. House of Commons Library. [Online] Available at: <https://commonslibrary.parliament.uk/research-briefings/cdp-2021-0086/>

## 2.5 Levelling Up & Social Mobility – The Role of Higher Education

Professor Kathryn Mitchell, Vice-Chancellor, Gaynor Davis, Head of Regional Development & Policy and Dr Larissa Allwork, Associate Professor at the University of Derby

In 2016, the Social Mobility Commission announced that Britain had a ‘*deep social mobility problem*’ and identified a series of ‘*cold spots*’.<sup>61</sup> Derby was identified as one of these and ranked 303rd from 324 local areas. The city was chosen by government as one of six ‘*Opportunity Areas*’ to level up outcomes for children and young people.

The University of Derby is the *only* higher education institution in Derbyshire and our Strategic Plan<sup>62</sup> articulates our role to ‘*open doors*’ and ‘*be a force for positive impact*’ on the economic, social, cultural, educational and environmental prosperity of our home. Social mobility is one of our strategic priorities - evidenced by a consistently strong record in widening access to higher education and our leadership of national programmes designed to improve the life chances of people across our region.

In addition, our applied research has shaped many of the local interventions that have developed to mitigate and reduce intergenerational inequalities and to support disadvantaged children, families, and communities in Derby.

### Strategic approach

The University’s geographical location is characterised by a deep level of social immobility. Half of the local authorities (LAs) in the East Midlands are identified as social mobility ‘*cold spots*’<sup>63</sup> with Derby city identified as becoming an ‘*entrenched social mobility cold spot*’. Educational attainment is particularly poor; GCSE attainment is well below the national average.

The University’s Strategic Framework places social mobility at the centre of its priorities; as a detailed blueprint, it provides the institution with the foundations and direction on which to plan, perform and succeed in a changing and globally dynamic environment. It frames the University’s activity and ambition around three Pillars – Game Changers; Positive Impact; Opening Doors.

### Positive Impact

The University’s programmes highlight the positive impact of partnership working to improve social mobility within the professions.

A partnership with Nottinghamshire Police has led to the first UK Police Constable Degree Apprenticeship. A targeted engagement campaign was undertaken to increase Black Asian and Minority Ethnic (BAME) participation in the programme. This meaningful engagement with potential recruits sought to diminish myths and stereotypes about the profession. As a result, 21.8 % of applications were from the BAME community, compared to 10 % for previous recruitment campaigns and 4.63 % within the force.

The sector leading Nursing Associates Foundation Degree programme was developed to provide a progression route into graduate level nursing for non-traditional applicants. These students worked as Health Care Assistants and the programme offers them career progression where previously there was none. The University had the largest pilot group in the country and in 2018-19 enrolled 162 apprentices, the majority of whom were mature and from low participation neighbourhoods.

Specifically designed to be able to progress from Nursing Associates to Registered Nurses, this pioneering education programme, leading to professional registration, is helping transform the health and social care workforce as well as the lives of these successful trainees.

Addressing social mobility goes beyond the University and the commitment to learners, academics reach out to the community and promote social change. ‘This is Derby’ is a nationally recognised, innovative multi-sector partnership between the University of Derby, Derby’s Cultural Education Partnership (DCEP) and a range of sports organisations in the city as part of the Opportunity Area project. This unique collaboration empowers young people to improve essential life skills such as resilience, emotional well-being, and employability. Over 2,800 young people have engaged in the project, and hubs have been established in nine of the most deprived wards in Derby, plus a SEND (Special Educational Needs and Disabilities) hub. Evaluation shows 95.2 % of participants have increased confidence. The programme has helped build civic pride among the community, breathed new life into community facilities and promoted community cohesion.

61 Social Mobility Commission (2016) State of the Nation 2016: Social mobility in Great Britain [Online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/569410/Social\\_Mobility\\_Commission\\_2016\\_REPORT\\_WEB\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/569410/Social_Mobility_Commission_2016_REPORT_WEB_1_.pdf)

62 University of Derby (2018) Strategic Framework 2018-30 [Online] Available at: <https://www.derby.ac.uk/about/strategic-framework/>

63 Social Mobility Commission (2017) State of the Nation 2017: Social mobility in Great Britain [Online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662744/State\\_of\\_the\\_Nation\\_2017\\_-\\_Social\\_Mobility\\_in\\_Great\\_Britain.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017_-_Social_Mobility_in_Great_Britain.pdf)



Figure 6: University of Derby Regional Development Interventions, 2020



'This is Derby' is just one among a range of projects taking place in the city region which utilises the research knowledge and evaluation expertise of academics in social sciences to promote social mobility and alleviate inequalities. 'Plus One' (led by Derby Theatre and Derby Cultural Education Partnership, DCEP) encouraged and enabled participation in the arts among looked after children, care leavers and their families; while the provision of advice to Roma Community Care supported a successful grant application which supported the provision of a youth club used by around 60 young people.

The University's Institute for Education has also been integral in promoting social mobility through good career guidance and the promotion of high-quality education for all. The International Centre for Guidance Studies (iCeGS) informed the Gatsby Charitable Foundation's Good Career Guidance Report<sup>64</sup> and provided the rationale for the eight Gatsby Benchmarks which offer a robust but user-friendly set of measurements for schools and colleges across England to evaluate the level and quality of their careers provision. Equally, policy and practice interventions by the Institute's academics in SEND and Technical Vocational Education and Training (TVET) have pushed for high quality provision, training and practice in areas which are too often overlooked in the UK's education landscape.

In addition, the University of Derby supports local firms to innovate and grow into sustainable and productive businesses that create high value employment – jobs of the future. This innovation activity, outlined in Figure 6, has been driven through a collaborative approach to unlock regional development funding (including from European Structural and Investment Funds) to deliver a holistic package of local growth projects. New collaborations have been developed with a range of both HE and non-HE partners within and beyond the D2N2 LEP area to ensure that small and medium-sized enterprises (SMEs) in our region have access to the breadth and depth of support that they need. Access to student and graduate talent is an important part of our offer to local firms as this provides crucial work experience and confidence building for our learners improving their chances of positive outcomes.

### Opening Doors

*Progress to Success* is the University's key framework in widening access to higher education, providing a progressive programme of activities to pupils across Derbyshire - including experience days, summer schools and mindfulness workshops.

The programme reaches out to pupils in local, social mobility cold spots. Taking a multi-intervention approach, a series of 'drip feed' touchpoints have been created from Year 7 through to Year 11. Additional activity strands underpin the framework and ensure the focus is concentrated on acutely under-represented groups, such as looked-after children and white working-class boys.

64 Gatsby Charitable Foundation (2013) Good Career Guidance [Online] Available at: <https://www.gatsby.org.uk/uploads/education/reports/pdf/gatsby-sir-john-holman-good-career-guidance-2014.pdf>

Incorporated throughout the programme is a robust evaluation framework, through which short, medium, and long-term impacts and outcomes are assessed. Targeting those that would benefit most is crucial. Of the 5,379 pupils who participated in Progress to Success in 2018/19, 77.2% were from low participation areas, 34.6% BAME students and 29.8% accessed free school meals.

Our leadership of the Derbyshire and Nottinghamshire Collaborative Outreach Programme (DANCOP) inspires and informs local underrepresented young people. DANCOP works with teachers and advisors, parents, carers, and learners to address concerns and breakdown barriers that may prevent young people progressing to higher education. As a partnership network DANCOP provides us the opportunity to work collaboratively with other local higher education providers, schools and colleges across Derbyshire and Nottinghamshire to great effect. During 2018/19, a total of 6,521 activities were delivered, engaging 59% of the target population, significantly above the government target of 20%.

The Derby Scholars Programme is a new collaboration between the University and Corpus Christi College, Oxford, designed to address the low number of young people from disadvantaged backgrounds in Derby progressing to Oxbridge. The Derby Scholars group are a vibrant community of young scholars who inspire each other, set high ambitions, and map effective pathways to achieve their goals. Programme activities include homework clubs, academic skills, and application support sessions, designed to address the barriers, both real and perceived, which may prevent these very able, young people achieving their potential and accessing opportunities. Launched in December 2019, 28 Year 12 and 76 Year 9 pupils have been identified to join the programme, against a target of 40 overall. Early evaluation shows the programme having a tangible impact, with 97.9% stating their concerns about university have already been allayed.

### What difference has this made to social mobility and the levelling up agenda?

The impact of the University's commitment to social mobility and the success of our region is reflected in the student lifecycle and beyond.

*Progress to Success* has seen a 55% increase in those stating they had the knowledge to make informed progression choices; focus group evidence highlights increased confidence and motivation. This impact continues into higher education, in 2018/19, 54% of students enrolling at the University from target schools were from the lowest participation areas (POLAR4 Q1/2). 47.1% were from the most deprived areas (IMD quintile 1 & 2).

The *Police Constable Degree Apprenticeship* campaign resulted in increased BAME recruitment (19% compared with 10% previously); female recruitment (50% compared with 30% previously and 31.4% in force); and more than 50% of the cohort are first in their family to enter higher education.

In 2018-19, 26.5% of all University of Derby entrants were white and from areas of high deprivation (one of the most underrepresented groups in higher education), compared with the sector average of 21.3%. The awarding gap for students from the most and least deprived areas (IMD quintile 5 compared to quintile 1) has closed from 17% in 2015-16 to 12% in 2018-19. By comparison, the sector gap closed 0.2% over this period to 18.3%, 6.3% behind the University.

The sustained focus on employability demonstrates improved outcomes: an increase of 16% in graduate employability (2013/14 - present); 73% of students from areas of high deprivation gaining graduate level employment compared with the sector average of 69.1%.

Our 'This is Derby' Opportunity Area project is a unique collaboration of sport, arts and cultural activity supporting the development of essential life skills of young people. Working with Derby County Community Trust, Derby's Cultural Education Partnership and Derby Sport Forum, we empower young people to improve essential life skills such as resilience, emotional well-being, and employability. We've engaged over 2,000 young people in activities as either participants or volunteers, established ten hubs in nine of the most deprived wards in Derby, and a SEND hub where we deliver 120 hours of activities per week. 'This is Derby' enabled the leveraging of a further £2.5 million investment in expanding arts and sports activities in the city and the project won The Guardian University of the Year Award 2020 for Social and Community Impact.



Our Institute of Education projects have also benefited the levelling up and social mobility agendas by enabling different types of learners to progress in their lives and careers. University of Derby SEND researchers were commissioned by the Department of Education to evaluate the impact of the 2014 Children and Families Act, specifically in terms of the effectiveness of Education, Health and Care (EHC) plans as a route to independent adulthood for over 230,000 young people with SENDs. Our academic experts in technical and vocational education and training have scrutinised UK government policy and contributed to debates to ensure best practice in industry placements. Influenced by University of Derby academics, The Gatsby Benchmarks for good career guidance have become a cornerstone of the Department of Education's 2017 Careers Strategy which stipulated that every school and college in England should apply the benchmarks by 2020.

Through our innovation activity, over 500 internships have been placed in local SMEs and businesses have been supported to create 2000 new jobs.

### Conclusion

The University's strategic framework sets out our philosophy which underpins our educational activity: *'we believe in the transformational nature of education and, as a champion of social mobility, strive to inspire and create opportunities for all across our region and beyond'*.<sup>65</sup>

This is delivered through our outreach, our curriculum and our applied research and innovation activity.

The University of Derby is not an ivory tower; it demonstrates social responsibility and contributes to social change. It demonstrates the clear role of higher education in place-based interventions that link widening access, research and innovation to benefit social mobility and the levelling up agenda to improve livelihoods and opportunities.

<sup>65</sup> University of Derby (2018) Strategic Framework 2018-30 [Online] Available at: <https://www.derby.ac.uk/about/strategic-framework/>



## 2.6 Levelling Up Stoke-on-Trent

### Councillor Abi Brown, Leader of Stoke-on-Trent City Council

***Levelling up will accelerate delivery in Stoke-on-Trent, now let's join up the conversation nationally too***

In Stoke-on-Trent we secured £56 million for three bold and ambitious projects through the government's highly anticipated first phase of the Levelling Up Fund. It was the largest allocation for any city, more than Birmingham and Leicester, and second only to Liverpool in total allocation for their docklands and wider city region transport plans. We were one of only five areas across the UK to be successful with three levelling up bids. These are eye-catching statistics, and of course, we are thrilled to have been so successful – it marks the biggest government direct funding in our city in a generation. We challenged London leaders that our city was the litmus test for the levelling up agenda. We turned heads when we did this. We made national leaders and media take note of Stoke-on-Trent and question what levelling up truly means for cities like ours. There is still much to be done for the levelling up agenda to be successful, funding is a very welcome, but ultimately a small first step.

After years of social decline, pre-COVID-19 Stoke-on-Trent was undergoing its most significant transformation for over 30 years. Rebounding from the last recession, we had outstripped swathes of the UK in economic growth, job creation and innovation. And the momentum continued as we look to recovery beyond the pandemic. As the UK emerged from lockdowns in the summer of 2021, more people returned to the high street in Stoke-on-Trent and spent more money than any other area of the West Midlands.

We're the thirteenth largest city in the country and have a unique identity right at the heart of the UK with first class connectivity across the whole of the country, cheaper land values than bigger cities to the north and south, and sites primed and accessible for regeneration.

We have a clear understanding of our vision and the challenges we need to overcome. Before the government launched levelling up, we had our own version – Powering Up Stoke-on-Trent. It was a vision we launched in February 2021, with four key pillars: transport, economic development, education and skills, and health and productivity. Our challenges come from improving the infrastructure and connectivity of a polycentric city made up of six distinct towns with one city centre. We have already been working in these areas, and so when we submitted levelling up applications in July 2021, we did so with the gravitas of not only a clear plan for how we want to spend the money, but with work already being done to deliver. We have always made it clear that levelling up will help us to accelerate the work we are doing, and firmly believe that the wealth of knowledge and understanding of local leaders being given the confidence to deliver for their communities is the key to succeeding with this agenda. That confidence must come from leaders who demonstrate they know what is needed to make their cities and regions successful and can point to work they are doing to deliver on it.

We've already laid four kilometres of pipes and infrastructure for one of the most ambitious district heat projects in the country to deliver sustainable energy for businesses and residents. We are creating a greater sense of place and a central business district with a sense of purpose that's one of a series of sites that will regenerate the city in a post-bricks-and-mortar, retail-led economy, one that most cities are struggling with. Central to this is the successful Smithfield development which in eight years has secured a string of firsts for the city centre: the first 'Grade A' office accommodation, the first high-end private-rented accommodation, the first Hilton hotel – which opened during the pandemic and shows the depth of support from international brands (there are now two Hilton hotels in Stoke-on-Trent); and work is underway on further multi-million pound projects – a 750-space car park, planning permission for further office and private-rented accommodation. We've turned problem brownfield land, some on sites of redundant historic potteries in need of remediation, into sites suitable for new town centre living, with hundreds of homes already built and hundreds more in the pipeline. Our Ceramic Valley Enterprise Zone is one of the fastest growing enterprise zones in the country.



We developed our levelling up bids, with support from our three MPs, and have been backed by business leaders and a wide range of stakeholders, all united in wanting what is best for Stoke-on-Trent. Thanks to the success of these bids, we have secured:

£20 million towards accelerating city centre regeneration. It will enable the first phases of residential development to be built in a 10-acre prime city centre site, it will allow key infrastructure improvements to take place and prepare the ground for an arena to be developed.

£20 million towards the town centres of Longton, Stoke and Tunstall. This will deliver almost two hundred new homes and commercial spaces, breathing new life into historic former pottery sites and heritage buildings. Delivering more homes in our town centres will help to increase footfall on these high streets for local businesses.

£16 million towards the Goods Yard, a hugely significant site for Stoke Town, the University Quarter and the station. It will enable this development of commercial office space, 180 residential units, short-stay leisure and business development and major public realm work, connecting the city's main railway station to the city centre, Stoke Town, university, college, and main city park

The challenges we face with levelling up now mean we have three projects, out of a total of 105 across the country that will all be investing in and accelerating projects at the same time, tendering contracts, recruiting the skills and expertise to deliver. As a city with deep pockets of deprivation and as a council with many financial challenges, we have become a leaner authority, stretching taxpayers' money all the way, primarily on statutory services and supporting the most vulnerable people in the city who need our help the most. We don't have the same in-house expertise on delivering multiple large-scale projects, not when we have over 1,000 children in care, when our social workers are helping vulnerable adults who need care in their homes and supporting them through the worry and isolation that the coronavirus has brought with it. We are not alone in this. These are challenges that authorities across the country face. The market for skills, capacity, competence, and overall resources to deliver all 105 levelling up projects has now swelled, but the pool of available skills and resource is only finite. It does leave question marks over the process of competitive bidding for government money, such allocations must be made in different ways in the future. That is a debate that we are willing to be a part of. For now, we are committed to delivering for our city and have been given a great opportunity to boost our work in doing this.

A total of 105 bids were successful in the first allocation of £1.5 billion in levelling up funding. The Chancellor has allocated £4.8 billion to the levelling up agenda. These are significant, transformational sums of money, but it cannot work in isolation. If true levelling up is to be achieved, it will not be through a succession of beauty parades for small pots of cash for centrally directed pet projects. It will be secured by one joined-up conversation, a commitment to long-term partnership, to a shared vision of what cities like Stoke-on-Trent can become, and the resolve and funding to see it through. That is the challenge for the new government department, it needs shared goals across Whitehall and structuring public investment to best lever private capital. That will be the ultimate post-pandemic economy.

# Section 3: Making Levelling Up Happen



## 3.1 Lifelong Learning and Skills Strategies to Addressing Inequality

### Gordon Marsden, Former Shadow Minister for Further and Higher Education and Skills (2015-19) and MP for Blackpool South (1997-2019)

**What's in a name? Is levelling up just a phrase, a slogan, a brand, or all of the above? Who, if anyone, has ownership of it?**

Sceptics might cite Lewis Carroll: *'when I use a word, Humpty Dumpty said in rather a scornful tone - 'it means just what I choose it to mean, neither more or less'. The question is, said Alice, whether you can make words mean so many different things.'*<sup>66</sup>

We need to go through the looking glass and put some flesh onto the rhetoric. Levelling up can mean several of Alice's *'many different things'*. Addressing inequalities in jobs, apprenticeships, education, and skills, and - if we can still use the word - class. It can use economic growth, productivity, and community impact as indicators. It can be prayed in aid of social justice, capital and mobility for individuals or disadvantaged groups - terms which in themselves can be contentious.

Levelling up can also be highly specific in place, geography, and history - or in targeting left behind groups by age, disabilities, ethnicity, and types of employment and deprivation, which may often be widely dispersed.

Is it a set of short-term initiatives to address challenges turbocharged on people and places post-Brexit and post-COVID-19? Where does levelling up fit in with a longer time span of globalisation and the pressures of climate change, the so-called 4th Industrial Revolution, the digital world, the gig economy? Is it lingering impacts on income, savings, pensions, and fragility still scarring families from the 2008 financial crisis as well as a decade of austerity since 2010? Or do we go right back to Thatcherism in the 1980s and left behind deindustrialised landscapes?

Levelling up can be addressed in many different ways. Right to Learn, the campaign I and my three other co-founders launched in December 2020, called for *'a new statutory right to learn for every UK citizen throughout their lives - enabled and backed up by strong funding, information, advice and guidance'*<sup>67</sup>. We highlighted:

*'unequal access to education through life' as 'a huge cause of inequality in our country - with four million fewer adults participating in education now than in 2010. This sows division in our communities; entrenches low skills, low wage work and levels down the life chances of millions'.*

Levelling up needs to focus on three stages of analysis - input, output, and outcome - as well as getting the balance right between supply and demand.

The replacement after 2010 of a grant system for vocational adult learners (with Advanced Learning Loans instead) made many, especially women in their 30s and 40s, reluctant to pursue a level 3 qualification - key to achieving progression or even starting their own businesses. Year on year at least 50% of the funding has simply gone back to the treasury unused. These issues remain a live context to the government's current Post-16 Education and Skills Bill promising progression at level 3 and beyond.

Output is not the same as outcomes. Government's much vaunted skills boot camps may result in refreshed skills and qualifications. But whether there will be more permanent outcomes for those participating - in income, promotion, or a new career - is another matter.

These are not mere academic arguments for statistics wonks. They affect whether businesses survive and thrive or shrivel and die, and how many people's life chances can suffer as a result.

In the written evidence Right2Learn submitted to the Skills Bill Committee in November 2021, we argued that the key Local Skills Improvement Plans<sup>68</sup> (designed to drive delivery with employers at its centre) were flawed because they did not take sufficient account of other potential partners such as smaller businesses, as well as supply chains. Virtually all the changes the House of Lords put into the Bill to give local skills more levers have been taken out.

In the global economy of the 2020s, where the worlds of further and higher education and skills - including digital and online - are rapidly being integrated and adopted by our competitors, this stubborn fragmentation and *'Whitehall knows best'* does not bode well for our future.

Equally worrying is the failure of government departments to address the needs of young people caught in the crosshairs

66 Lewis Carroll (1871) *Through the Looking-Glass*, Macmillan, United Kingdom

67 Right2Learn (2020) *Our Launch Statement* [Online] Available at: <https://right2learn.co.uk/what-we-do/> (Date accessed: 7 January 2022)

68 Right2Learn (2021) *The Skills Bill and Lifelong Learning – Where are we, and what do we need?* [Online] Available at: <https://right2learn.co.uk/content-hub/the-skills-bill-and-lifelong-learning-where-are-we-and-what-do-we-need/> [Date accessed: 7 January 2022]



of the pandemic. Kickstart - Rishi Sunak's diluted version of what Gordon Brown brought in after the 2008 financial crisis to help 16–24-year-olds get jobs and training - has been heavily criticised for only reaching 40 % of its target by mid-November 2021 - underlined by the National Audit Office<sup>69</sup>.

As a Blackpool MP for over two decades, I am acutely aware of the challenges that transience, ill-health, families needing two or three part time jobs to make ends meet, often in inadequate housing, and low wages, make for the local community as well as elsewhere across the seaside and coastal towns of Britain.

Add to that small towns - including the so-called red wall ones - in the North and Midlands - (the subject of Learning About Place a ground-breaking survey published by the Centre for Levelling Up in July 2021, surveying eight towns, incorporating research and local stakeholder contributions<sup>70</sup>), as well as suburbia and rural towns in the South West and East of England. Many need bespoke strategies but all are struggling to improve skill sets post COVID-19 and Brexit. They are right on the front line of whether levelling up sinks or swims.

Then there are the challenges posed for specific groups, whether defined by age, background, disability, or professions. If levelling up is to mean anything, their needs must be tackled also.

Kirstie Donnelly, Chief Executive Officer of City and Guilds highlighted at a Right2Learn conference in May 2021, how the pandemic had hit hardest people working in areas such as logistics, social care, hospitality, and service jobs, as well as those who could not work remotely. She cited young people, lower income earners (a high proportion of which were women), and those with disabilities and ethnic minority employees as those who were impacted the most.

All these groups had heavily invested in taking broad BTEC qualifications as gateways to jobs and further skills.

Government attempts to side-line BTEC - to give T levels a free run with no competitors - will not help them, given so many young people from disadvantaged backgrounds are already struggling to get onto T level programmes. It will also do little to level up 700-800 thousand young people, still stuck as NEETS (not in employment, education, or training) between the ages of 16-24.<sup>71</sup>

The Lifetime Skills Guarantee<sup>72</sup> announced in September 2020 promises funding to get adult learners a free qualification at Level 3. But there are two snags. This offer is only currently available to those without a qualification at Level 3 (equivalent to an A Level). At a time of rapid change in careers, jobs, and professions that risk nudging adults, whose qualifications may be out of date, away from reskilling new opportunities.

Unless more people go through a pipeline from Levels 1 and 2, without which they cannot progress to Level 3, the Lifetime Skills Guarantee will do little to reduce the 8-10 million people without basic skills. Those numbers are stubbornly stuck, and especially numerous in areas most needing levelling up.

The October 2021 budget saw the setting up of Multiply<sup>73</sup>, a £560 million programme to improve half a million adults' numeracy from spring 2022. But this is not new money, it comes out of the UK Shared Prosperity Fund, those closest to the problem, such as the Learning and Work Institute's Director Stephen Evans, are calling for Multiply to be accompanied by initiatives to improve literacy and digital skills as well.

The mantra of New Labour's first years in power was 'education, education, education'. I have frequently argued the watchword now needs to be 'progression, progression, progression.' Without that pipeline for both people and places to link Level 1 and 2 achievements to progress to much higher levels of skills in the 2020s, levelling up will have no effective ecosystem, at the mercy of short term 'initiatives.'

The White Paper proposals for a Lifetime Skills Guarantee, are a useful start, but at present sketchy. There are useful

69 National Audit Office (2021) Employment support: The Kickstart Scheme [Online] Available at: <https://www.nao.org.uk/wp-content/uploads/2021/11/Employment-support-the-Kickstart-Scheme.pdf> [Date accessed: 7 January 2022]

70 Centre for Levelling Up (2021) Learning about place: Understanding lifelong learning and social mobility in Covid Britain [Online] Available at: <https://policynetwork.org/wp-content/uploads/2021/07/Learning-about-place.pdf> [Date accessed: 7 January 2022]

71 ONS (2021) Young people not in education, employment or training (NEET), UK: November 2021 [Online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/november2021> [Date accessed: 7 January 2022]

72 Gov UK (2021) Hundreds of free qualifications on offer to boost skills and jobs [Online] Available at: <https://www.gov.uk/government/news/hundreds-of-free-qualifications-on-offer-to-boost-skills-and-jobs> [Date accessed: 7 January 2022]

73 Gov UK (2021) Everything you need to know about the new multiply programme [Online] Available at: <https://educationhub.blog.gov.uk/2021/10/27/everything-you-need-to-know-about-the-new-multiply-programme/> [Date accessed: 7 January 2022]

pilots - a £2 million bid process for universities and further education colleges to do short courses and modules that could start to form a backbone. But they need to be bolder, faster, and take on board ideas coming up from local stakeholders, especially in levelling up.

Written evidence to the Commons Skills Bill Committee raises serious concerns around strategies Ministers are pursuing. The WEA says failing to include anything below Level 4 in the current Lifelong Loan Entitlement proposals will seriously impair them. The Open University (for whom I worked as a tutor for 20 years) is concerned government still needs to address maintenance grants and living costs for adult learners - in sharp contrast to the initiatives the Welsh Government announced in November 2021.

The Local Government Association's submission says most of their members are not seen in the Bill as '*core and strategic partners*'<sup>74</sup>. Meanwhile, there is a too often disgruntled relationship between Mayoral Combined Authorities and Government which, as Dan Jarvis the Mayor of South Yorkshire, has remarked results in mere delegation and not true devolution.

Other nations of the UK also matter, so much of the policy the Westminster government is implementing in education and skills is England centred, because of devolved powers in Scotland, Wales and Northern Ireland. If Whitehall does not share and learn more with and from them, effective levelling up across the UK will remain incomplete.

Government plans now leave out the capacity of trade unions and their Learning Reps to be crucial agents of change in workplaces, and local economies. Shutting down from April 2021 the highly effective Union Learning Fund<sup>75</sup>, flew in the face of a 20-year record of success, externally monitored in the workplace, getting union members to acquire new skills and learning, which were strongly valued by business, including the CBI. The gap left could weaken reskilling for adults and urgent plans, in the wake of COP26, for a green economy to combat climate change.

The jury is still out on Government attempts to substitute in Brexit Britain for decades of EU funding. How will the

new UK Shared Prosperity Fund compare in money terms and outcomes that came from EU social and regional development funding? How will the Government's new Turing Scheme's one way funding for '*international opportunities for education*' compare with the EU's two-way Erasmus funding and exchanges?

Not everything has to come in big numbers to have cut through. Enabling funding, tightly targeted, can yield good results, with possibilities of further rollout.

So what can be done to help young carers, some as young as 12, struggling to keep up in school and skills while having to look after a sibling, a parent or even grandparent? For care leavers, who have to compete for jobs and apprenticeships with others of their age? For young veterans and armed forces leavers, especially from service in Afghanistan and Iraq, trying to make adjustments and gain new skills in civilian life?

Most of these groups are significantly represented in precisely the areas that need levelling up such as Blackpool, where frequently as their MP I came across individuals in all those categories.

My final perspective comes from three encounters - with the same person - in Blackpool. I first met a woman in the early 2000s on a visit I made to the Mereside Sure Start - one of the countryside network of centres set up by a Labour Government, giving early years support and services to parents and their children. She had come with her children, nervous about how she could be helped - so I listened, reassured her and she spoke to the staff. Two years later I saw her again at Sure Start, much more confident, now helping run their Parents and Toddlers Group. Three or four years later she stopped me in the street - she had got qualifications from Blackpool and Fylde College and was training to be a primary school assistant. A life and family changed for the better - by the power of confidence from the advice, context, and encouragement on which she had thrived

All those three encounters took place in the first decade of the millennium. Let us hope that the 2020s can see myriads of those transformations, not just in Blackpool but in all the places countryside that need levelling up.

<sup>74</sup> Local Government Association (2021) LGA Submission to the House of Commons Public Bill Committee Skills and Post-16 Education Bill [Online] Available at: <https://bills.parliament.uk/publications/44079/documents/1073>

## 3.2 Empowering Small and Modern Universities to Help Regional Levelling Up

Daniel Monaghan, Senior Researcher at Policy Connect

**The challenge of levelling up regional economies across the UK cannot be met without the higher education sector. The UK is home to one of the world's foremost higher education systems, containing many of the world's oldest and most elite institutions. These institutions have played an important role in our society and economy for hundreds of years, producing knowledge, innovation and research that has led to several world-changing discoveries. Most recently, the University of Oxford has developed a Coronavirus vaccination which has helped to save millions of lives and will be vital in the roll-out to the developing world.**

Beyond ground-breaking scientific discoveries, universities are also epicentres of their communities. They are major employers, skills providers, research centres and business partners – serving in the role of ‘anchor institutions’ for their local areas and region. All of these elements will be important to delivering meaningful economic levelling up and consequential rise in living standards. For too long many parts of the UK have been blighted by low economic growth, low wages, and low productivity.

As stated by Nobel Laureate economist Paul Krugman, *‘productivity isn't everything, but in the long run it is almost everything’*. It is widely recognised that increasing productivity will primarily come through increasing innovation within economies. The UK and its various regions score poorly on innovation – trailing the OECD average of 2.4% spending of GDP on Research & Development (R&D). The higher education sector will be vital to increasing innovation rates in the UK, as it provides a world-leading research base that can spread productive practices throughout the economy. The higher education sector maintains the majority of the UK's research centres, working closely with industry to translate research into commercialised products or processes. The recent Higher Education Commission inquiry has found that collaboration between universities and industry will be a core part of boosting R&D levels in economically struggling regions of the UK that lack the innovative businesses which bring high wages and spill over benefits to the local economy. Consequently, if we are to have a higher growth economy

with greater innovation and productivity levels, we will need to support our universities to deliver this much needed work.

A particular area which needs more attention from central government is the contribution of small and modern universities to local growth and productivity. Supporting the growth of these institutions and reducing the concentration of funding in the higher education sector has been a long-term challenge, explored in recent work by representative organisations such as GuildHE<sup>76</sup>.

Many small and modern universities are found in archetypal ‘left behind’ communities – such as post-industrial urban centres and coastal towns. They are often the only higher education providers in the local area and are thus central to the prosperity of local communities. The University of Sunderland is one example of a modern university which has worked to assist their local economy and region. The North East of England is one of the UK's most economically deprived regions, with some of the lowest levels of R&D activity<sup>77</sup>. The University has been integral in efforts to increase innovation output from the region. This includes the creation of the Sustainable Advanced Manufacturing (SAM) project, which helps deliver innovation amongst the local SME community and is evaluated as contributing £43 million to the North East economy<sup>78</sup>. The impact on local growth has been recognised by the Knowledge Exchange Framework, which ranked the University of Sunderland in the top 10% of UK universities for local growth and regeneration.

The University of Lincoln is another example of a small university having a transformative effect on its ‘left behind’ locality and region. Established in 1996 without central government funding, the University of Lincoln has grown from a student population of 2,000 to over 18,000, becoming a regional leader in research and innovation<sup>79</sup>. By working with local industrial partners on existing regional strengths and assets, the University has maintained its core approach of increasing living standards, economic growth and productivity. The University now generates £430 million for the local economy annually, providing a demonstrable example of university-led levelling up in action<sup>80</sup>.

75 TUC (2021) Union Learning Fund [Online] Available at: <https://www.unionlearn.org.uk/union-learning-fund> [Date accessed: 7 January 2022]

76 Trendall, D (2021) Specialist universities can help to transform forgotten coastal, rural and inner city places. Available at: <https://wonkhe.com/blogs/the-government-must-not-ignore-the-needs-of-specialist-universities/>. [Date accessed: 24 November 2021]

77 Nesta (2020) The Missing £4 Billion [Online] Available at: [https://media.nesta.org.uk/documents/The\\_Missing\\_4\\_Billion\\_Making\\_RD\\_work\\_for\\_the\\_whole\\_UK\\_v4.pdf](https://media.nesta.org.uk/documents/The_Missing_4_Billion_Making_RD_work_for_the_whole_UK_v4.pdf) [Date accessed: 24 November 2021]

78 University of Sunderland (2021) University of Sunderland's multimillion-pound impact in transforming the North East. [Online] Available at: <https://www.sunderland.ac.uk/more/news/story/university-of-sunderlands-multimillion-pound-impact-in-transforming-the-north-east--1567> (Accessed: 24 Nov 2021)

79 HEPI (2021) Catching the wave: harnessing regional research and development to level up, [Online] Available at: <https://www.hepi.ac.uk/wp-content/uploads/2021/10/Catching-the-wave-harnessing-regional-research-and-development-to-level-up.pdf>

80 R, Hall (2021) How Lincoln University regenerated the east Midlands city, The Guardian [Online] Available at: <https://www.theguardian.com/education/2021/sep/30/how-lincoln-university-regenerated-the-east-midlands-city>



While there are examples of major successes for small universities in 'left behind' areas, the Higher Education Commission has identified three policy levers which would help to take the regional development initiatives of all small universities to the next level. Firstly, reforming and expanding the Higher Education Innovation Fund (HEIF) to make sure small and modern universities receive funding. Since its introduction, the HEIF has been very effective in boosting knowledge exchange between academia and industry. It has led to SMEs receiving improved skills and the diffusion of technology and research – all of which have helped productivity grow. Small and modern universities have struggled with the current allocation system, either receiving very little or no HEIF funding. This has hindered their ability to expand their research and innovation work. This issue should be corrected by either lowering the threshold for eligibility of HEIF or having the Knowledge Exchange Framework (KEF) become the new allocation model – with weightings arranged accordingly so smaller universities receive HEIF.

Vital knowledge exchange work can be further increased by expanding the number of Knowledge Transfer Partnerships (KTPs). University to industry KTPs have been in operation since 1975, bringing substantial benefits to business communities throughout the UK.<sup>81</sup> By embedding graduates in SMEs, KTPs enable SMEs to receive new knowledge, technologies and practices that enable innovation and growth. A widely respected and successful programme, the government should aim to make sure KTPs cover the whole UK's geography, with a target of expanding their number consistently over the next few years in low-R&D intensive areas.

Finally, small and modern universities should receive greater recognition for their contribution to innovation by non-STEM sectors. The UK government maintains a very traditional approach to innovation – assuming that it emerges only from science, technology, engineering or mathematics (STEM). In recent times, universities have sought to change this and increase the amount of innovation emerging from non-STEM sectors such as the creative industries, which are worth £117.7 billion to the UK economy per annum<sup>82</sup>. The UK government should assist in the development of more STEAM initiatives from universities – which combine the arts into STEM innovation. An early leader in this field is Birmingham City University, which has established STEAMHouse as a centre of creative innovation, helping to bring innovative technologies and practices to traditionally non-R&D intensive sectors, such as real-estate and architecture<sup>83</sup>. The UK government and UKRI should value this contribution to UK innovation by making greater funding available for STEAM initiatives emerging from the higher education sector. The government's R&D Tax Credit system could also be expanded to cover innovation emerging from the creative industries, arts, and social sciences. At present, little of this innovation activity is covered by the current R&D Tax Credit provision.

In short, universities have a big part to play in levelling up the UK. Small and modern universities – often found in 'left behind' areas - will be a core part of this process. The UK government must quickly, as a matter of priority, provide these institutions with the tools they need to make a major impact locally, regionally, and nationally. Too much of their contribution is going unrecognised and without support, leaving out many sectors which are low in innovation. To create a meaningful transformation of the UK economy, we will need to make sure these low R&D-intensive regions and sectors are more innovative and productive. Now is the time to establish higher education intuitions as a core driver in the prosperity of their region and nation.

81 Knowledge Transfer Partnerships (2021) About KTPs. [Online] Available at: <https://www.ktp-uk.org/about-ktp/>. (Accessed: 26 Nov 2021)

82 London Higher (2021) Submission to the Higher Education Commission – University Research & Levelling-up inquiry [Online] Available at: <https://www.londonhigher.ac.uk/news/london-higher-submission-to-higher-education-commission-inquiry-on-university-research-regional-levelling-up/>

83 University Alliance (2021) Submission to the Higher Education Commission – University Research & Levelling-up inquiry [Online] Available at: <https://www.unialliance.ac.uk/2021/07/05/university-alliance-submission-to-higher-education-commissions-university-research-and-regional-levelling-up-inquiry/>

## 3.3 Levelling Up By Devolving Down: A ‘Least First’ Approach

**Daniel Crowe, Senior Policy Officer at Local Trust and secretariat to the APPG for ‘left behind’ neighbourhoods**

*It needs a ‘least first’ approach and to level up by devolving down*

Along with words like ‘lockdown’ and ‘super-spreader’ – in daily use as a result of the pandemic - ‘levelling up’ and ‘left behind’ must surely be contenders for the English dictionary’s new entrants in 2022. This is so despite the uncertainty about what ‘levelling up’ and ‘left behind’ actually mean, even among Westminster-watchers familiar with the evolving political lexicon of our rapidly changing times.

For Local Trust, secretariat to the All-Party Parliamentary Group for ‘left behind’ neighbourhoods (APPG) and manager of the Big Local programme – a radical social experiment in community power and governance - there is a shared and evolving understanding of what these terms mean. And it is no accident that ‘level up’ and ‘left behind’ are so often juxtaposed; when it comes to definitions, it is critical to take them together.

Our understanding of this relationship is not theoretical. It has been gleaned through practical work supporting local community leadership in the 150 deprived areas across England that had historically missed out on National Lottery and other public spending. Through the Big Local programme, each of these areas was capitalised with over £1.1 million to spend on a ‘no strings attached’ basis to meet the needs and priorities identified by local residents. The starting point of Big Local is that the people who live in a locality know best what is needed to improve outcomes across the local area. This has proved true, not only in the Big Local partnerships and other community-led projects that are working to revitalise the places they call home, but also in recent studies into what works when it comes to place-based regeneration.

Research for Local Trust by the University of Cambridge<sup>84</sup> into the efficacy of 40 years of regeneration initiatives found that those that took a strategic, holistic, hyper-local, and long-term approach with place-based funding achieved positive change in the local area. The most successful interventions were those that offered the greatest opportunity and support for residents to influence the decision-making process, such as through community-led partnerships, with the New Deal for Communities cited as

a solid model for this approach. Recent research by Onward has also highlighted the value of these key elements in underpinning successful local regeneration<sup>85</sup>.

A useful way to illustrate how to level up is through asking and answering the 5 Ws: where, who, what, why and when – and for a practical policy solution we can also add an H: how. This approach draws on Local Trust’s experience of working with a diverse range of communities on the frontline and is rooted in a core set of principles amounting to the key ingredients in our recipe for levelling up.

**Where? Prioritising the most deprived and ‘left behind’<sup>86</sup> communities**

Government’s levelling up focus should be at the hyper-local neighbourhood level, the most effective scale at which to focus regeneration activity. Lessons learned from the Big Local programme and from foundational research that underpinned the creation of the APPG suggest the need for a ‘least first’ approach, prioritising those communities most at risk of falling even further behind, the most severely disadvantaged neighbourhoods with the weakest social fabric.

Residents of the 10% most deprived neighbourhoods across England according to the Index of Multiple Deprivation (IMD) and with high levels of community need as measured by the Community Needs Index (CNI) experience worse outcomes across a range of socio-economic indicators compared not only to the national average but also to other, similarly deprived areas<sup>87</sup>. This is despite decades of investment in area-based regeneration programmes. Given the elements assessed by the CNI – the essential civic assets, community engagement and connectivity, both physical and digital, that many of us take for granted – it underscores how important a strong foundation of social infrastructure is to improving outcomes.

The APPG advocates on behalf of the most ‘left behind’ wards in England, identified using the framework of the CNI. All lack social infrastructure. They are often places on the periphery: former colliery and post-industrial communities in the north and Midlands; council estates on the edges of our towns and cities; and communities isolated along the English coastline. They are communities for whom the nearest town centre may seem a world away.

84 University of Cambridge (2019). Achieving local economic change: what works? Local Trust. Available at: [https://localtrust.org.uk/wp-content/uploads/2019/10/Achieving-local-economic-change\\_Oct\\_2019.pdf](https://localtrust.org.uk/wp-content/uploads/2019/10/Achieving-local-economic-change_Oct_2019.pdf)

85 Tanner et al. (2021). Turnaround: Learning from 60 years of regeneration policy. Onward. Available at: <https://www.ukonward.com/reports/turnaround-regeneration-Neighbourhood/>

86 We recognise that the term ‘left behind’ is contested, and do not use it to imply that the areas so described lack people with skills and commitment or a rich heritage. Experience of the Big Local programme indicates that the reverse is generally the case. However, such areas have tended not to receive their fair share of available investment and they therefore lack the services and facilities (social infrastructure) that many of us take for granted. It is these services and facilities that help to connect people in a community and bind them together, providing the opportunity for residents to develop and prosper. It is in this sense that they are ‘left behind’.

87 OCSI and Local Trust (2019). Left Behind? Understanding Communities on the edge. Available at: <https://localtrust.org.uk/insights/research/left-behind-understanding-communities-on-the-edge>

These communities are likely to be bypassed by support through initiatives such as the Towns Fund, whilst big physical infrastructure projects, though often welcome, miss the need to invest in people's capacity, skills, and confidence. At the same time, 'left behind' areas have historically received low levels of funding – on average £7.77 in national charitable grant funding per head from 2004 to May 2021 - less than half the amount received in other equally deprived areas (£19.31) and below the average across England as a whole (£12.23)<sup>88</sup>. Competitive funding pots are also more difficult for these communities to access, when compared to areas with lower levels of community need where residents may be more adept at making funding applications and bids.

### Who? Investing in community leadership capabilities as the primary agent of change

Investment in people as well as place is a key arbiter of success in local regeneration programmes, with a growing body of evidence pointing to the value of community leadership in achieving improved local outcomes<sup>89</sup>. Endowing local people with trust and responsibility for the levelling up process should not be an add-on, a consultation tick box exercise or an optional extra – it must be intrinsic to any future area-based regeneration programme. In order to level up, it is necessary to devolve down. As the co-chairs of the APPG say in the preface to this publication: *'For levelling up to be a success, it must be a bottom-up process that is led by communities themselves, rather than a top-down exercise.'*

It is not just a commitment to localism and community power that underpins the ambition to place trust and responsibility with local people. As the APPG has heard, enabling communities themselves to take the lead in driving local change brings results across a range of issues important to local residents as well politicians and public policy makers. We know that residents are ambitious for their local areas, that they know best about what is needed, and that there is an untapped wealth of experience that we need to find a way of unlocking and resourcing. As the lessons from past initiatives show us, regeneration – or levelling up – cannot be something that is done to people and communities.

For change to be sustainable, the people that live in a local area must feel part of it, own it and lead it. The value in this approach is clear, as seen through the case of the Big Local partnership Ambition Lawrence Weston in Bristol. Community-led action has built trust among residents, providing the opportunity for initiatives that span service delivery to influencing, which are often accompanied by additional co-benefits to other policy areas. A project initially designed to tackle fuel poverty within the community has led to household energy audits and a plan for community-owned and generated clean electricity, placing Lawrence Weston in good stead for the national transition to net zero. Examples such as this highlight why local people themselves hold the key to improving their communities, why they need to be supported and resourced to be the primary change agents, and why to level up we need to devolve down.

### What? Investing in social infrastructure to ensure equality of opportunity

Access to functioning local social infrastructure plays a key role in levelling up. From strengthening social capital and the ties that bind us together<sup>90</sup> to enabling people to take advantage of opportunities for a meaningful life, social infrastructure is increasingly recognised to be as important as economic infrastructure in its contribution to our health, wealth, and wellbeing. Neighbourhoods without access to the social infrastructure that provides the foundations for healthy, vibrant, and inclusive communities and underpins strong community leadership find themselves at a considerable disadvantage.

Our approach to levelling up is therefore one that is predicated on investment in foundational social infrastructure:

- **Civic assets:** the places in a community where people can regularly meet and interact, helping build meaningful relationships and a sense of community, and supporting social action;
- **Community engagement:** supporting the organisations active in a neighbourhood that provide services and bring people together, vital to developing common ground and a shared understanding between groups and individuals;
- **Connectivity:** those physical and digital connections that link people across geographical boundaries, connecting them to services and opportunities.

88 OCSI (2021). 'Left behind' neighbourhoods: community data dive. Available at: <https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2021/06/APPG-Community-Data-Dive-Report-for-APPG-S7.pdf>

89 New Local (2021) Community Power: the evidence. New Local and Local Trust. Available at: <https://www.newlocal.org.uk/wp-content/uploads/2021/02/Community-Power-The-Evidence.pdf>

90 APPG for 'left behind' neighbourhoods (2020). Communities of Trust: why we must invest in the social infrastructure of 'left behind' neighbourhoods. Available at: <https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2021/03/8118-APPG-Communities-Report-NEW.pdf>



There is an urgent need to invest in local social infrastructure to ensure 'left behind' neighbourhoods do not fall even further behind. Not only do these communities lack local civic institutions – 'left behind' neighbourhoods have fewer than half the local charities (1.1 per 100,000 population) found in the English average (2.8 per 100,000 population) or in other deprived neighbourhoods (2 per 100,000 population), but they also have fewer civic assets (73 % of 'left behind' areas have less dedicated community space than the national average)<sup>91</sup>. It is investment in an area's strong social foundations that will help secure the sustainability and success of other targeted interventions aimed at levelling up a broader range of outcomes, for example supporting local economic development.

### Why? The human and financial costs of leaving communities 'left behind'

'Left behind' communities were more impacted by the pandemic, due to higher levels of clinical vulnerability, whilst their depleted social infrastructure meant that they lacked community resilience when compared to other areas. This was reflected in lower concentrations of mutual aid groups formed in response to the pandemic, and less success in obtaining COVID-19-specific funding from charitable foundations, compared to the national average and other deprived areas (i.e., those in the 10 % most deprived as measured by the IMD)<sup>92</sup>.

A weak social fabric and lack of resilience mean that 'left behind' areas are also more likely to be vulnerable to future external shocks. For example, 'left behind' neighbourhoods are likely to be more exposed to the impacts of climate change, with around a quarter of 'left behind' areas on the coast, having less access to green assets, and being more at risk of flooding than the average for England<sup>93</sup>. In addition, their economic profile, including a lower skills base and educational attainment at every stage from primary school to post-16 than other deprived areas, means that without targeted support and investment they are likely to lose out in the transition to net zero. This risks a repeat of the damage caused by previous economic restructuring.

Targeting investment in 'left behind' neighbourhoods has the potential not only to improve outcomes for local residents and the community as a whole – and help ensure that other levelling up interventions are successful – but also to increase productivity and generate fiscal and economic returns. For example, research for the APPG found that tackling the health inequalities between local authorities that contain left-behind neighbourhoods and bringing them up to England's average could add an extra £29.8 billion to the country's economy each year<sup>94</sup>. Modelling by Frontier Economics for Local Trust estimated that investment in community led social infrastructure in a 'left behind' neighbourhood could generate approximately £3.2 million in economic benefits over a ten-year period – £1.2 million in fiscal benefits, including tax and benefit savings, and £2 million through improved employment, health and wellbeing outcomes and reduced crime<sup>95</sup>.

### When? Levelling up is a long-term process

It is clear that many of the issues facing 'left behind' areas are deep-rooted and longstanding. For example, 2021 was the 20th anniversary of the National Strategy for Neighbourhood Renewal, which had the vision that '*within 10 to 20 years, no-one should be seriously disadvantaged by where they live*'. Whilst clearly not achieved, this vision recognised that regenerating disadvantaged communities is a long-term project, requiring engagement with systemic, complex, and multi-dimensional issues, which often have a generational effect.

That is why levelling up requires a strategic, long-term, and targeted approach to improving local outcomes, particularly for those communities with the highest levels of deprivation. Levelling up spending should therefore be guided by investment principles that reflect the sort of time-horizon needed, e.g., 10-15 years, that are patient and for the long-term, and not at the mercy of electoral cycles or subject to the limitations imposed by the short-term funding of traditional approaches to public sector budgeting and spending.

91 OCSI (2021). 'Left behind' neighbourhoods: community data dive. Available at: <https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2021/06/APPG-Community-Data-Dive-Report-for-APPG-S7.pdf>

92 APPG for 'left behind' neighbourhoods (2020). Communities at risk: the early impact of COVID-19 on 'left behind' neighbourhoods. Available at: <https://www.appg-leftbehindneighbourhoods.org.uk/publication/communities-at-risk/>

93 APPG for 'left behind' neighbourhoods (2021). Levelling up through climate action: a once in a lifetime opportunity to make sure no neighbourhood is 'left behind. Available at: [https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2021/11/APPG\\_LBN\\_Levelling-up-through-climate-action.pdf](https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2021/11/APPG_LBN_Levelling-up-through-climate-action.pdf)

94 Munford et al. (2022) Overcoming health inequalities in 'left behind' neighbourhoods. Northern Health Science Alliance and the APPG for 'left behind' neighbourhoods. Available at: <https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2022/01/Overcoming-Health-Inequalities.pdf>

95 Frontier Economics (2021) The impacts of social infrastructure investment. Available at: [https://localtrust.org.uk/wp-content/uploads/2021/07/Frontier-Economics\\_the-impacts-of-social-infrastructure-investment.pdf](https://localtrust.org.uk/wp-content/uploads/2021/07/Frontier-Economics_the-impacts-of-social-infrastructure-investment.pdf)

### How? The Community Wealth Fund – a sovereign wealth fund for local communities

The Community Wealth Fund (CWF) is a practical policy response to the issues faced by disadvantaged and 'left behind' areas. Backed by the Community Wealth Fund Alliance (CWFA), a group of over 460 public, private and civic organisations, and supported by members of the APPG, the CWF proposes to level up communities by investing in the structures, assets, infrastructure and processes that support the formation of social capital in neighbourhoods.

This new endowment would be governed and operated according to a set of principles developed and informed by the lessons from past approaches to regeneration outlined in this essay, including the Big Local programme. Financed initially through accessing the new tranche of dormant assets that are due to come onstream following the enactment of new legislation, as set out in the CWFA's detailed implementation plan<sup>96</sup>, the CWF would enable:

- Long term funding (well beyond usual public sector funding cycles);
- Secure funding, not dependent on public fundraising or grants;
- An approach which is collaborative and allows for learning;
- A secure basis to attract additional funding from the private sector and philanthropists.

### Conclusion

With evidence from past regeneration programmes and Local Trust research, more recent experience of the Big Local programme, and the APPG's evidence sessions, we know which communities are most in need of urgent and targeted action to help them level up. We understand that there are no short-cuts to levelling up, and that for regeneration to be successful and sustainable communities will require support and resourcing over the long-term. We appreciate that to be successful levelling up has to fully involve local people – and be led by the local community. We know that we therefore need to begin by investing in the people that live in a local area and in their foundational social infrastructure, to build community capacity and confidence, so that the community itself can be the key player and primary change agent in the levelling up process.

Levelling up can't simply be a top-down government project – if it isn't about levelling up from the bottom up it won't work, as the history of past local area-based regeneration has shown. It is the investment at the grassroots, over the long-term, that will contribute to driving real, lasting change. This is what is needed to level up the 'left behind'.

<sup>96</sup> Community Wealth Fund Alliance (2021). Community Wealth Fund – Implementation. Available at: <https://www.appg-leftbehindneighbourhoods.org.uk/wp-content/uploads/2021/12/Community-Wealth-Fund-Implementation-Guide.pdf>

## 3.4 “Social infrastructure” and Levelling Up: Why Improving the Delivery of Public Services Across the Country is Key to Reducing Inequalities

**Rt Hon Baroness Armstrong of Hill Top, Chair of the House of Lords Public Services Committee, Lord Filkin CBE, Member, House of Lords Public Services Committee and Daphné Leprince-Ringuet, Policy Analyst, House of Lords Public Services Committee**

The Public Services Committee was appointed by the House of Lords in February 2020 to consider public services, including health and education. As part of our on-going work, we have considered the role of public services in achieving the government’s levelling up agenda. There is a direct link between efficient public services, such as healthcare and education, and economic growth, meaning that inequality will grow across the country if public services like the NHS, schools and councils are not properly supported in every region. It is imperative, therefore, to fund and improve the public services that people rely on daily if the government is to ever reach its levelling up objectives. This is particularly the case in disadvantaged areas, where public services have been historically under-funded, and which are at risk of falling further behind as a result.

In May 2021, following a short inquiry that we carried out on this topic, we wrote a letter to Prime Minister Rt Hon Boris Johnson MP<sup>97</sup> to outline our position on levelling up, which included several recommendations ahead of the government’s publication of a White Paper on the levelling up strategy. Our letter called on the government to ensure that improving the delivery of public services is at the heart of the levelling up strategy. We argued that this approach will prevent deprived communities from falling further behind, while enabling more jobs, productivity and pay in those communities in the long term.

### The link between public services and economic growth

Neglecting public services such as local authority services, health and education services has a direct impact on a region’s prosperity. On health inequality, Richard Stubbs, Chief Executive Officer, Yorkshire and Humber Academic Health Science Network, told our Committee:

*“We know from our work, but also from other great research, that there are strong intrinsic links between health improvement and economic growth.”<sup>98</sup>*

According to research carried out by the Northern Health Science Alliance (NHSA) in 2018<sup>99</sup>, 30% of the gap in productivity between the Northern Powerhouse region and elsewhere in England was due to ill health, which equates to a cost to the UK of £13 billion each year in lost productivity. The COVID-19 pandemic has since further widened this gap: excess mortality rates in the Northern Powerhouse region are estimated to have cost a potential £6.5 billion in lost productivity according to Richard Stubbs. Improving health services in the region could therefore go a long way to reduce inequalities with the rest of the country. The NHSA research shows that increasing by 3.5% the proportion of people in the Northern Powerhouse region who have good health would reduce the employment gap between the region and the rest of England by 10%.

Dr Stefan Speckesser, Associate Dean, Brighton Business School, University of Brighton, told us that continued education investment leads to huge benefits for businesses and workers, including higher labour earnings, reduced household poverty and improvements to local income levels. Dr Stefan Speckesser said:

*“if you asked how much [this investment] matters for this [levelling up] agenda, I would say that it is central. It is also central because of the benefits of education investment for other outcomes such as crime, well-being and social cohesion. We have done research on this for every European country, and you can clearly derive the cost-benefit of investment in education from that point of view.”<sup>100</sup>*

To successfully level up the country, therefore, it is necessary to ensure that public services are delivered efficiently in every region.

97 Public Services Committee (2021) ‘Levelling up’ and public services. [Online] Available at: <https://committees.parliament.uk/publications/5952/documents/67603/default/> (Accessed: 09 December 2021)

98 Public Services Committee (2021) Oral evidence: “Levelling up” and public services. [Online] Available at: <https://committees.parliament.uk/oralevidence/1888/html/> (Accessed: 09 December 2021)

99 The Northern Health Science Alliance (2018) Major new report connects North’s poor health with poor productivity. [Online] Available at: <https://www.thenhsa.co.uk/2018/11/major-new-report-connects-norths-poor-health-with-poor-productivity/> (Accessed: 09 December 2021)

100 Public Services Committee (2021) Oral evidence: “Levelling up” and public services. [Online] Available at: <https://committees.parliament.uk/oralevidence/1888/html/> (Accessed: 09 December 2021)



### Supporting “social infrastructure”

The levelling up funds announced so far (The Levelling Up Fund, Towns Fund, Community Renewal Fund and UK Shared Prosperity Fund) focus on physical infrastructure and employment skills. This is welcome, but the levelling up agenda will also require targeted investment in wider public services on which people rely: the so-called social infrastructure. Social infrastructure includes healthcare and education, but also local childcare services, libraries, and youth centres.

Within the social infrastructure, the government should focus its levelling up strategy on preventative measures and early intervention services. These are effective ways to improve outcomes, and therefore reduce inequalities for users. For example, in the report that we published in November 2021 about the role of public services in addressing child vulnerability, our Committee found that between 2010/11 and 2019/20, local government spending on early intervention projects such as children’s centres, family support services and youth services had been cut by 48% to £1.8 billion<sup>101</sup>. These reductions were greatest in the poorest areas: in Walsall, which has high levels of deprivation, spending on early intervention services fell by 81% over the decade. In Surrey, which has lower levels of deprivation, spending fell by 10% over the decade. On the other hand, spending on late intervention services, which support children once they have reached crisis point and include youth justice services, looked-after children’s services and safeguarding, has increased by 34% to £7.6 billion. These figures show that reductions in early intervention programmes led to increased demand for later intervention services; this demand has led to further cost increases for the most deprived local authorities and a worsening of outcomes for the poorest children. Preventative services and early intervention in public services, have a central role to play in reducing deep and on-going inequalities, and should receive prioritised investment.

### A place-based approach to levelling up

Research from the Institute for Public Policy Research shows that in comparison to other OECD countries and the EU, England has one of the most centralised forms of governance<sup>102</sup>, particularly when it comes to economic power. Yet better quality services come from devolving more responsibility for service delivery to local organisations, which have a detailed knowledge of the needs of their areas. At the local level, organisations also have a better understanding of potential partnerships and cooperation between sectors that can improve outcomes. For example, Rt Hon Justine Greening, the chair of the Levelling Up Goals Campaign, described to our Committee the work carried out in Bradford as part of the ‘Glasses in Classes’ project<sup>103</sup>. Data from the Department for Education shows that 2,500 children in Bradford do not get the glasses they need, and that schools are unaware of their uncorrected eyesight issues. Children are often perceived to have problems with reading, rather than a problem with eyesight, which leads to the wrong educational response. ‘Glasses in Classes’ involved a data sharing agreement that for the first time provided schools with access to the results of an eyesight test that all children in Bradford undergo in their reception year. Early results show that the percentage of pupils behind the national average in reading at KS2 in Bradford schools reduced from 9% to 4% in 2018 and 2% in 2019<sup>104</sup>. Justine Greening told our Committee:

*“This was a really simple solution that came from simply connecting them up properly with a common agenda of how we improve educational outcomes. You have a sense that, for every one of those solutions, there are five, six, seven, eight or nine that can come from having a more connected approach at a local level.”*

A place-based approach also enables public services providers to leverage local third-sector organisations, which typically have stronger networks with marginalised vulnerable communities. Charities, community groups and volunteers are a valuable resource that should be tapped at a local level. The government should give local authorities and local service providers more autonomy. This will also entail new funding mechanisms centred around long-term devolution.

101 Public Services Committee (2021) Children in crisis: the role of public services in overcoming child vulnerability. [Online] Available at: <https://committees.parliament.uk/publications/7881/documents/81834/default/> (Accessed: 09 December 2021)

102 Rakes, L. (2020) The devolution parliament: Devolving power to England’s regions, towns and cities. [Online] Available at: <https://www.ippr.org/research/publications/the-devolution-parliament> (Accessed: 10 December 2021)

103 Public Services Committee (2021) Oral evidence: “Levelling up” and public services. [Online] Available at: <https://committees.parliament.uk/oralevidence/1826/html/> (Accessed: 10 December 2021)

104 Donelan, M. (2021) Letter to Rt Hon Robert Halfon MP about Opportunity Areas. [Online] Available at: <https://committees.parliament.uk/publications/5209/documents/52302/default/> (Accessed: 10 December 2021)



### Conclusion

Levelling up is as much about delivering more efficient public services that citizens use daily as it is about improving transport and housing. Economic outcomes are directly linked to social infrastructure such as health and education. This means that to reach its levelling up objectives, the government should pay particular attention to supporting robust public services across the country. Evidence suggests that this is best achieved thanks to targeted investment in early intervention and prevention services. It is also key for central government to improve the way that it cooperates with local-level service providers, which are often better placed to deliver effective public services.

This strategy requires adequate funding for public services. Our Committee has previously raised concerns that the government's spending plans will not enable the efficient delivery of public services that is necessary to level up the country<sup>105</sup>. We are carrying out on-going work to assess whether the Budget and Spending Review 2021 can address those concerns.

<sup>105</sup> Armstrong, H. (2021). Letter to Rt Hon Rishi Sunak MP about the economic context of public services provision. [Online] Available at: <https://committees.parliament.uk/publications/4667/documents/47063/default/> (Accessed: 10 December 2021)

## 3.5 Levelling Up and Work

Janet Williamson, Senior Policy Officer at the Trades Union Congress (TUC)

The government has made levelling up a key part of its post-Brexit agenda – and bringing poorer communities up to the level of wealthier ones is an important and worthwhile aim. But slogans don't always translate neatly into policy, and we need an open and transparent debate about what levelling up means in practice, how success is to be measured and what measures are needed to make it happen. How to level up at work must be a key part of that debate.

The world of work - and inequality within it - are central to the levelling up agenda. Low pay and poor working conditions are a key cause of broader inequality across the country and within all regions and nations, including those seen as the target for levelling up. While place-based strategies – including infrastructure projects, transport improvements and community wealth-building – have an important role to play, unless we reduce the numbers of people in jobs that are low-paid, insecure and offer no route to better quality work, little will change in the lived experience of a significant number and proportion of people across every part of the UK.

For most of us, work is our main source of income throughout our lives. But for too many working people, the link between work, security and opportunity is broken. Over half of those living in poverty are in working households – and this rises to a shocking three quarters of children living in poverty. Too many people find that work is trapping them in poverty, rather than providing a route out. And this is a national, rather than a regional problem, as shown by Table 1.

*Table 1: Rates of in-work poverty by region and nation (data is a 3-year average) (Source: IPPR Analysis of DWP (2020a) Households Below Average Income (HBAI) 2017/18 – 2019/20)*

UK Regions	2017/18 - 2019/20
North of England	17.7 %
South of England and East	15.2 %
London	21.8 %
Midlands	17.6 %
Wales	17.6 %
Scotland	13.7 %

*Please note: data refers to the number of people in working families who are in relative household poverty*

Low pay and job insecurity - the main causes of in-work poverty - are not neatly concentrated by geography, but are prevalent across every region and nation of the UK. Over one in seven jobs in every region and nation is paid less than the Real Living Wage. As Table 2 shows, in over 62% of constituencies, more than one in five jobs are paid below the Real Living Wage.

*Table 2: Low pay (pay below the Real Living Wage) across UK regions and nations, 2019 (Source: Annual Survey of Hours and Earnings (ASHE)<sup>112</sup>)*

UK Regions	Percentage of employees on low pay	Number of employees on low pay	Constituencies with high levels (over 20%) of low pay	
			Number	Percentage
North East	22.6	229,000	22	76
North West	21.1	629,000	53	71
Yorkshire and the Humber	22.1	492,000	57	100
East Midlands	22.8	432,000	17	40
West Midlands	21.7	488,000	46	78
East	18.8	471,000	30	52
London	19.8	839,000	61	84
South East	15.9	610,000	21	25
South West	20.4	482,000	29	53
Wales	22.6	268,000	31	78
Scotland	16.9	400,000	24	41
Northern Ireland	25.1	227,000	n/a	n/a
UK	20.5	5,568,000	391	62 %



This reflects the fact that low paying sectors are large employers across all regions and nations:

- Wholesale and retail is the largest or second largest sector of employment across every UK region and nation, with a median wage of £10.30 in 2020 (compared to a UK median of £13.68). 35 % of jobs in the sector were paid below the real Living Wage in 2019.
- Human health and social care is also the largest or second largest sector of employment across every UK region and nation. The sector incorporates a wider variety of jobs than wholesale and retail and has a higher median wage of £13.73 - but nearly one in five jobs, 18.1 % , were paid below the real Living Wage in 2019.
- Accommodation and food services, a top five employer in London, the South West, and Wales, is the lowest paid sector in the UK. It has a median wage of £8.72, and a shocking 63 % of employees paid below the real Living Wage<sup>106</sup>

Strategies which ignore these sectors cannot deliver levelling up.

Across the UK, 3.6 million people – one in nine of the workforce – is in insecure work<sup>107</sup>. Like low pay, insecure work is endemic across every region and nation of the UK. As Table 3 shows, only Yorkshire and the Humber and Scotland have less than 10 % of workers in insecure work.

*Table 3: Insecure work by region (Source: TUC analysis of Labour Force Survey and Family Resources Survey)*

UK regions	Proportion of workers in insecure work
North East	10.7 %
North West	10.9 %
Yorkshire and Humberside	9.0 %
East Midlands	10.3 %
West Midlands	11.0 %
East of England	13.7 %
London	11.0 %
South East	10.7 %
South West	12.4 %
Wales	13.4 %
Scotland	9.8 %
Northern Ireland	12.2 %

The strong links between poor-quality work and ill-health have been well-documented by the Marmot Review<sup>108</sup>. The five characteristics of work that the Review found to be associated with poor health outcomes – job insecurity, low levels of control over how the job is done, high levels of demand at work, lack of support and more intensive work with longer hours - are unfortunately strongly associated with insecure work. The government is right to highlight tackling postcode disparities in health as an important aim of levelling up, but these in part reflect the stark occupational differences in health outcomes. One in three low-paid workers who left their jobs before state pension age did so because of ill health, compared with just one in 20 professionals<sup>109</sup>. If we leave millions of people in low-paid insecure work, significant economic and social disparities in health outcomes and life expectancy will remain.

106 Living Wage Foundation (2021) Employee jobs paid below the living wage, [Online] Available at [https://www.livingwage.org.uk/sites/default/files/LivingWage\\_Employees\\_Below\\_The\\_LivingWage\\_2021.pdf](https://www.livingwage.org.uk/sites/default/files/LivingWage_Employees_Below_The_LivingWage_2021.pdf)

107 The total number in 'insecure work' includes (1) agency, casual, seasonal and other workers, but not those on fixed – term contracts, (2) workers whose primary job is a zero-hours contract, (3) self-employed workers who are paid less than the National Living Wage (£8.91). Data on temporary workers and zero-hour workers is taken from the Labour Force Survey (Q4 2020). Double counting has been excluded. The minimum wage for adults over 25 is currently £8.91 and is also known as the National Living Wage. The number of working people aged 25 and over earning below £8.91 is 1,910,000 from a total of 4,000,000 self-employed workers in the UK. The figures come from analysis of data for 2019/20 (the most recent available) in the Family Resources Survey and were commissioned by the TUC from Landman Economics. The Family Resources Survey suggests that fewer people are self-employed than other data sources, including the Labour Force Survey.

108 Marmot, M, Goldblatt, P, Allen, J et al. (2010) Fair Society Healthy Lives (The Marmot Review), [Online] Available at <https://www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review>

109 TUC (2020) Extending working lives How to support older workers, [Online] Available at <https://www.tuc.org.uk/research-analysis/reports/extending-working-lives-how-support-older-workers>

The distribution of insecure work and low pay both reflects and deepens existing inequalities. Black and minority ethnic workers are more likely to be in insecure work than white workers, while women are more likely to be low paid than men. Disabled workers face significant employment and pay gaps compared with non-disabled workers. These differences reflect and but also reinforce discrimination, creating further barriers to change.

We need to address the challenge of poor-quality work head on. As the recent deal between retail union Usdaw and Sainsbury's raising pay for all workers to at least £10 an hour shows, with the right action, these jobs can be improved<sup>110</sup>. Much industrial and regional policy has aimed to redistribute better paid jobs more evenly across the country. Achieving a better distribution of high-skilled, high-paid jobs around the country is an important part of what is needed to level up. However, if it is not linked to strategies to improve the experience and rewards of low-quality work, poverty and insecurity will remain endemic across the UK. As well as creating new good quality jobs, we need to level up the jobs that people are already in.

### Policy proposals to level up at work

We need to change the way our economy works so that decent work is hardwired into economic growth. This requires an institutional environment that encourages the development of business models based on high-wage, high-skilled and secure jobs, rather than a reliance on low-paid and insecure work.

To change the economic incentives that shape our economy, we need:

- A new lifelong learning and skills strategy for all workers;
- Corporate governance reform to promote long-terms, sustainable growth that benefits all company stakeholders;
- Stronger rights for workers to bargain collectively with employers, which is key to raising pay and giving workers more say over their working lives;
- New sectoral bodies for workers and employers to come together to set minimum standards and Fair Pay Agreements, starting with social care;
- Strong trade and procurement policies to strengthen local supply chains and raise employment standards.

The government should lead by example by showcasing good quality employment practices in public services and making decent jobs a requirement of all government spending so that the power of government spending is used to drive up employment standards.

Tackling low pay and insecurity also requires strengthening the floor of employment protection for all workers to make the worst forms of exploitation illegal, raise the wages of the lowest paid and tackle structural discrimination at work. This includes:

- Banning zero hours contracts by giving workers the right to a contract that reflects their normal hours of work, coupled with robust rules on notice of shifts and compensation for cancelled shifts;
- Raising the minimum wage to put more money into workers' pockets and address in-work poverty;
- Strengthening the gender pay gap reporting requirements and introducing ethnic and disability pay gap reporting.

People need economic security throughout every part of their lives. That's why levelling up requires a strong safety net that supports people when they need it, with a decent pension system, sick pay for all, and a social security system that enables people to live in dignity.

Levelling up is an important aim that rightly commands support from across the political spectrum. But we cannot level up the country without levelling up at work. Ensuring access to decent, secure work for everyone is a key test of the levelling up agenda.

*For a fuller version of this article, please see the TUC's 2021 report [Levelling up at work Fixing work to level up the UK](#)<sup>111</sup>*

<sup>110</sup> Usdaw (2022) Sainsbury's and Argos pay deal: Usdaw achieves a £10 per hour basic rate in another step forward for the union's New Deal for Workers campaign, available at <http://www.usdaw.org.uk/About-Us/News/2022/Jan/Sainsburys-and-Argos-pay-deal-Usdaw-achieves-a-10>

<sup>111</sup> TUC (2021) Levelling up at work Fixing work to level up across the UK, [Online] Available at <https://www.tuc.org.uk/research-analysis/reports/levelling-work-fixing-work-level-across-uk>

<sup>112</sup> The Annual Survey of Hours and Earnings (ASHE) estimates the number and proportion of employee jobs with hourly pay below the living wage, by work geography, local authority and parliamentary constituency, UK, April 2018 and April 2019; constituency counts were derived by the TUC. Data used are 2019 to avoid distortions arising from policy measures during the pandemic, but more recent data is available from the Living Wage Foundation (2021) <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/adhocs/10743annualsurveyofhoursandearningsasheestimatesofthenumberandproportionofemployeejobswithhourlypaybelowthelivingwagebyworkgeographylocalauthorityandparliamentaryconstituencyukapril2018andapril2019>

## 3.6 Nature and Climate: The Missing Piece in the Government's Levelling Up Approach

Sam Alvis, Head of Economy, and James Fotherby policy adviser at Green Alliance

To date, the government's approach to its two central agendas, levelling up and environmental ambitions, has been to deal with them separately. Legislation is still being published on skills without reference to the net zero carbon goal, while the government continues to announce new funding that will make it difficult to deliver against both agendas.

Net zero and levelling up, however, are not mutually exclusive. In fact, policy to achieve them is mutually reinforcing. If we view levelling up as the government does, broadly, as restoring regional economic imbalances, enhancing civic pride and the quality of the lived environment, and boosting individual life chances through skills, then much more concerted environmental action can deliver on all three.

Green Alliance has spent the last year understanding the links between net zero and levelling up, primarily by researching the roles that nature, the circular economy and green skills can play in delivering levelling up and meeting the pressing need of economic recovery post-pandemic.

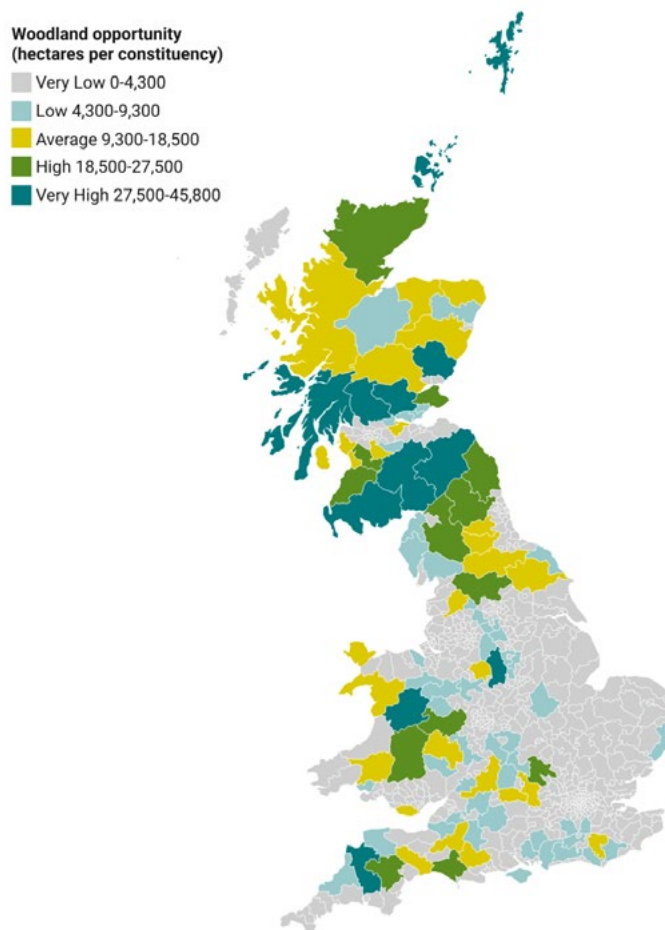
### How can action on nature and climate can help to level up?

With the publication of the government's *Net zero strategy* in October 2021, the UK now has a roadmap to achieve the economic changes required to meet its 2050 net zero target. Nature improvement is central to meeting this goal, especially as agriculture and land use are responsible for 12% of the UK's greenhouse gas emissions.<sup>113</sup>

Our analysis shows that action on nature will contribute to the levelling up programme. Emerging from the pandemic, places already struggling with unemployment like County Durham, Copeland, Wolverhampton, and Ashfield face growing labour market risks. These areas, however, also have the highest potential in the country for environmental improvements and green jobs growth. Improving peatland, woodland, and urban parks, for example, could create at least 16,000 entry level and skilled jobs across 20% of the constituencies experiencing the most severe employment challenges coming out of the pandemic.<sup>114</sup> As illustrated in Figure 7, these constituencies are largely in the so-called 'Red Wall' areas.

Reversing the decline of nature can also help to tackle other economic challenges. Nature-based solutions, such as tree planting and improving soil health, directly support economic activity like tourism, agriculture, and sustainable fishing. And, indirectly, nature improvements can raise productivity through better air quality, urban cooling, and physical health and wellbeing benefits.

Figure 7: A map of Britain showing potential hectares for new woodland by constituency. (Source: Green Alliance, 2021, *Jobs for a green recovery: Levelling up through nature*)



113 Climate Change Committee (2020) Sixth carbon budget advice report [Online] Available at: <https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf> (figure 2.1)

114 Green Alliance (2021) Jobs for a green recovery: Levelling up through nature [Online] Available at: [https://green-alliance.org.uk/jobs\\_for\\_a\\_green\\_recovery.php](https://green-alliance.org.uk/jobs_for_a_green_recovery.php)

We ran ten focus groups across the country to hear whether people valued these opportunities.<sup>115</sup> Whilst we found widespread enthusiasm for green jobs, we also found concern that the jobs could be a political gimmick that would not endure. There was recognition that these kinds of jobs would give them pride and purpose, especially when attached to local environments and using existing skill sets, but purpose on its own was not enough. Levelling up through the green economy must also mean jobs with security, good pay, and flexible working patterns, to meet the needs of the modern workforce.

The circular economy, a model which keeps products and resources in use for as long as possible, through reuse, remanufacturing, and recycling, is another means by which levelling up and environmental ambitions could be delivered together. It is, unfathomably, an absent area of UK climate policy, despite resource extraction and processing being responsible for half of all global greenhouse gas emissions.<sup>116</sup>

Growth in the circular economy can boost life chances, drive growth in local areas and save consumers money through better quality products which last longer and use less energy. Research we conducted with WRAP suggests that a transformational shift to the circular economy could create 450,000 gross jobs by 2035 across the UK, particularly in Wales and the East Midlands where employment is forecast to grow at a rate below that of the rest of the UK over the next five years (see Figure 8).<sup>117</sup> Beyond job creation, our focus groups pointed to greater pride in locally made and repaired products, especially when they are seen as high quality.

In reality, this could mean opportunities for engineers at a new biorefining plant in the North East, skilled repairers of machinery and electronics finding new roles in the West Midlands, more recycling operatives across the country, as well as all the connected supply chain jobs in administration, procurement, sales, and customer services.

### How can policy development effectively integrate levelling up and environmental ambitions?

There are numerous pots of money available for levelling up, such as the £4.9 billion Levelling Up Fund and the smaller Towns Fund. However, these funds have very limited environmental criteria, related to improving local green spaces. This overlooks the more enduring and substantial local economic potential of natural infrastructure investment. Widening the scope of investments to peatland restoration or new urban wetlands, for instance, would help. Two rounds of the government's £80 million Green Recovery Challenge Fund were intended to inject more money, but they were vastly oversubscribed, and their scale paled in comparison to the Levelling Up Fund.

In the March 2021 budget, the chancellor announced the creation of a new UK Infrastructure Bank (UKIB). This has a dual mandate to help reach net zero and level up, partially due to the £13.1 billion annual post-Brexit void left by the European Investment Bank. The split in its remit implies again that the agendas are seen as separate and requiring different solutions. Instead, UKIB should be a flagship public interest bank which addresses both together which means its design should change.

First, the bank should have a range of stakeholders on its board and staff, ensuring that, as well as finance professionals, there are people with expertise in climate and nature issues, and the needs of local areas.

Second, the bank should adopt success measures which extend beyond financial returns. Whilst these are of course important for the UKIB's future and for crowding in private finance, the bank should have a sufficient risk appetite and long-term view to consider job creation, skills development, and carbon sequestration as success factors. This will require greater capitalisation than the £7 billion the bank currently has, as well as giving it the powers to borrow on all capital and equity markets.

Finally, UKIB should take a wider view of infrastructure to allow for investment in natural capital projects, like natural flood defences or establishing the markets for ecosystems services.

115 Public First (2021) Good, Green Jobs: How to engage the public on green jobs [Online] Available at: [https://green-alliance.org.uk/resources/Public\\_First\\_research\\_good\\_green\\_jobs.pdf](https://green-alliance.org.uk/resources/Public_First_research_good_green_jobs.pdf)

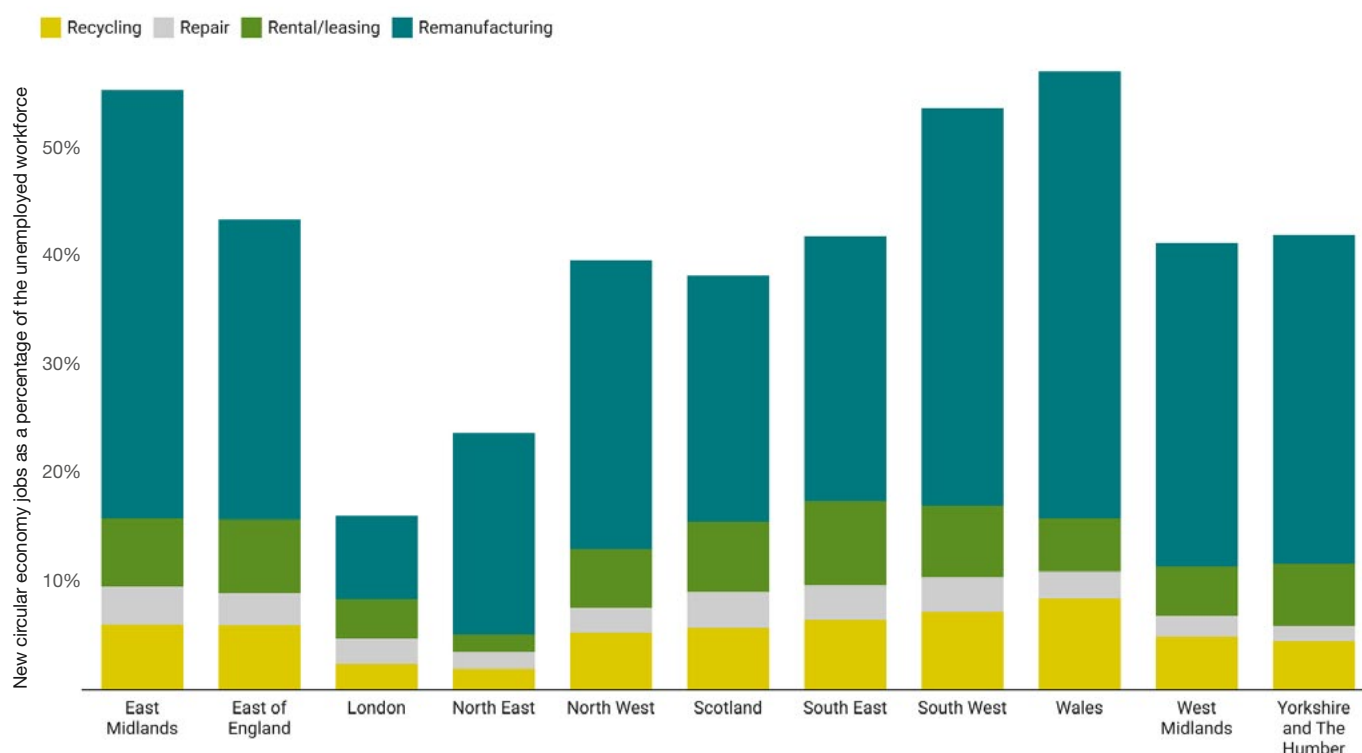
116 UN Environment Programme (2019) Global resources outlook 2019: natural resources for the future we want [Online] Available at: <https://www.resourcepanel.org/reports/global-resources-outlook>

117 Green Alliance (2021) Levelling up through circular economy jobs [Online] Available at: [https://green-alliance.org.uk/Levelling\\_up\\_through\\_circular\\_economy\\_jobs.php](https://green-alliance.org.uk/Levelling_up_through_circular_economy_jobs.php)

118 Ibid.



Figure 8: Potential new circular economy jobs as a percentage of the unemployed workforce by region (Source: Green Alliance, 2021, Levelling up through circular economy jobs)



The government has put skills at the heart of levelling up, with its Skills and Post-16 Education Bill, promising lifelong learning. But our analysis finds that every major sector in the UK economy faces a significant skills gap to reach net zero.<sup>118</sup> Sectors with the most immediate need to cut carbon emissions, such as housing, transport, and land use, face the most acute shortages, when the economy is already suffering from skills shortages to maintain the status quo. Crucially, these sectors are spread across the country. What is needed now is a new offer from the government on skills development.

Industry, institutions, and individuals all need help to understand the supply and demand of green skills, both regionally and sectorally. The Green Jobs Taskforce began to develop a framework for green jobs, but it must be updated more regularly and integrated into government. Based on this understanding, the government should recreate its 130 per cent tax relief to help businesses develop green skills. Similarly, institutions should be supported to provide new courses and modules in regions and sectors where the skills needs will be further in the future. Finally, risk around retraining must be reduced for individuals, with public information campaigns, grants, loans, and maintenance support offered to make the shift easier.

### Conclusion

Although there is considerable overlap, the government has, so far, failed to acknowledge the synergies between the environmental and levelling up agendas. With limited resources and funding from the Treasury, there is a risk of jeopardising both aims, and struggling to deliver the meaningful progress they both promise to people, cities, towns, and places across the UK.

Ahead of the 2024 general election, and in the wake of the pandemic and the Glasgow climate summit, it is time to integrate levelling up in the UK with the mission to become a net zero carbon economy.

## Summary: A bold agenda for levelling up

Professor Graeme Atherton, Head of the Centre for Inequality and Levelling Up, University of West London

### Why what levelling up means matters

The essays in this collection point to both the enduring challenges that exist when it comes to addressing inequality as well as a new agenda which can shape this latest attempt by policymakers to address these challenges. The contested nature of what is meant by levelling up is an issue which runs through the different contributions. By pushing forward this idea of levelling up, the government has put parameters around what inequality means putting some things in and out of scope. This is what makes this definition so important. We have already seen the impact of creating a new definition of inequality in how the recent Levelling Up Fund was distributed. Some parts of the country benefited greatly while others, who on other generally accepted metrics of deprivation did less well, did not - 5 of the 10 most deprived areas in the Index of Multiple Deprivation (IMD) rankings did not receive any resources via the distribution of Levelling Up Funds in October 2021.

### The principles of levelling up

It will be a continual task for the government to define levelling up and how to deliver it. The 2022 White Paper will only be one, albeit crucial, stage on this journey. On the basis of the essays in this collection, it is argued here that the government's journey along it should be informed by 7 cross cutting principles.

**1. Devolution of power to local communities and areas in greatest need:** as Nigel Wilcock of the Institute of Economic Development argues the idea of a central government Department to drive levelling up is something of an oxymoron. Devolution needs to be to local communities and not a reshuffling of the deckchairs at county or regional level. As Daniel Crowe from the Local Trust argued *'government's levelling up focus should be at the hyper-local neighbourhood level.'*

**2. Engagement of civil society:** as Justine Greening, former Secretary of State for Education argued, government cannot do this alone. As well as devolving down, it needs to open up to give opportunities for civil society organisations to engage and lead on parts of the levelling up agenda. This includes universities, as demonstrated in the essay by the University of Derby, they can play a huge role in place-based change, charities, and community groups.

**3. Recognition that no one model of place exists:** as the different case studies looking at how levelling up is and could be working in Stoke, Derby and London show, there is no one idealised place that we should aim to 'level up' all other places too. What progress means will be localised and the strengths of all places – even those who are experiencing the greatest challenges, needs to be recognized. As Paul Swinney from the Centre for Cities argued in his article *'the goal of levelling up the economy should not be about making everywhere the same, but instead about helping places reach their productive potential.'*

**4. Investment in social infrastructure:** a refrain through several of the essays was a real concern that the social infrastructure of places experiencing the greatest challenges was being overlooked. As Baroness Armstrong of Hill Top & Lord Filkin argued in their piece drawing on the work of the Public Services Committee, *'economic outcomes are directly linked to social infrastructure such as health and education'*. This infrastructure includes green space, as Toby Lloyd argues, to youth services, childcare, and, as former Shadow Minister for Higher Education Gordon Marsden argues, the role of unions. As he states, *'shutting down from April 2021 the highly effective Union Learning Fund, flew in the face of a 20-year record of success, externally monitored in the workplace, getting union members to acquire new skills and learning, which were strongly valued by business, including the CBI.'*

**5. Focusing on outcomes:** creating opportunities via new investment in physical or social infrastructure is vital but it is the economic and social outcomes for people that matter. As Professor Peter John points out in his piece *'despite the Prime Minister's detachment of improved opportunity from more equal outcomes, both are vital if levelling up is to have any material substance'*. These outcomes need to manifest themselves, as Janet Williamson of the TUC argues, in higher wages and more secure contracts for those in the lowest paid work.

**6. Making long term financial commitments and monitoring their progress:** Dr Abigail Taylor, in her piece looking at how other countries and regions have improved the economic and social outcomes in specific areas, asks whether there is the appetite for an office akin to the Office for Budgetary Responsibility to monitor progress. This piece also points to the need for significant new investment and the section below points to ideas from several authors including Daniel Crowe; Toby Lloyd, Daniel Monaghan, and Sam Avis and James Fotherby regarding where it could come from.

**7. Avoiding competition between places and people:** As Cllr Abi Brown, Conservative leader of Stoke on Trent City Council, stated *'if true levelling up is to be achieved it will not be through a succession of beauty parades for small pots of cash'*. Nor should towns be pitched against cities or coastal communities. It is crucial to identify areas in most need and do it correctly – as Tolu Fashina-Ayilara from the Salvation Army argues in her piece, coastal communities are being left behind at present – but this should not mean other areas are excluded (such as London is at risk of being as Professor Ben Rogers points out) from the levelling up agenda.

### Making levelling up happen

Adopting these principles would give the government’s approach to levelling up a foundation based upon what we know works where addressing inequality is concerned and would also command support from the communities that need the most support and the organisations that work in them. They would need to be accompanied though by a set of policies that can make a tangible difference to the lives of those in need of the most support. Drawing on the ideas presented in this report a levelling up ‘policy wheel’ has been presented below in Figure 9:

The policy wheel is a starting point in developing a more systems-based thinking approach where levelling up is concerned. No doubt other parts could be added – more specific health related policies, and a different approach to how schooling is delivered for example. But presenting the policies together in this way allows the relationships between them and in turn principles outlined above and other policy agendas be that employment, welfare, climate

change, or education to be better articulated. This forms the basis for a holistic approach to addressing inequality and levelling up which has the best chance of success. As is the case where the engagement of civil society organisations is concerned, levelling up cannot be achieved by solo policy interventions working in isolation.

Whatever the short or long-term trajectory for levelling up, the issues underlying it need to be of paramount importance to policymakers from across political divides. As Justine Greening states in her essay, we are facing an ‘opportunity emergency’ and this is why groups such as the All-Party Parliamentary Group for ‘left behind’ neighbourhoods are so important. Addressing levelling up requires a bold and innovative agenda that cut across all parts of economic and social policy and geographical boundaries. The ideas in this collection represent the fundamentals of such a bold agenda. We now need the leadership from government to take it forward.

Figure 9 – The Levelling Up Policy Wheel

