HOUSE OF COMMONS

Levelling Up, Housing and Communities Committee

Oral evidence: Funding for Levelling Up, HC 744

Monday 28 November 2022

Ordered by the House of Commons to be published on 28 November 2022.

Watch the meeting

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Mrs Natalie Elphicke; Kate Hollern; Andrew Lewer; Mary Robinson; Mohammad Yasin.

Scottish Affairs Committee Member present: Deidre Brock.

Questions 30 - 91

Witnesses

I: John Swinney MSP, Deputy First Minister, Scottish Government.

II: Councillor Kevin Bentley, Chairman of the People and Places Board, Local Government Association; Matt O'Neill, Executive Director for Growth and Sustainability, Barnsley Council; Geoff Raw, Chief Executive, Brighton and Hove Council; and Georgina Blakemore, Chief Executive, Epping Forest District Council.

Examination of witness

Witness: John Swinney MSP.

Q30 **Chair:** Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Select Committee. We are looking once again at funding for levelling up. Levelling up is a key aspect of Government policy in terms of how you level up areas of the United Kingdom that have not, in the past, been doing quite so well on a variety of indicators. We are looking at whether the various funding streams on offer can make a difference in that respect.

This afternoon we have two panels. Before I come to our first witness, who is online, I will ask members of the Committee to put on record any interests that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

Mohammad Yasin: I am a member of the Bedford town deal board.

Ian Byrne: I employ a councillor in my office.

Kate Hollern: I also employ a councillor in my office.

Deidre Brock: I do not have anything to declare.

Chair: Welcome, Deidre. You are a guest this afternoon from the Scottish Affairs Select Committee. Thank you for joining us.

Bob Blackman: I am the vice-president of the Local Government Association and I employ councillors in my office.

Mary Robinson: I employ a councillor in my office and I am a member of the Cheadle towns fund board.

Andrew Lewer: I am a vice-president of the LGA and a member of the Northampton Forward board.

Chair: Now over to our witness online from the Scottish Government. Welcome. John, would you like to introduce yourself before we come to ask some questions of you?

John Swinney: Good afternoon, Mr Chairman. I am the Deputy First Minister of Scotland. I carry portfolio responsibility for covid recovery, and for a temporary period I am acting as the Finance and Economy Secretary in the Scottish Government, in the absence of my colleague Kate Forbes, who is on maternity leave. I very much welcome the opportunity to respond to the Committee's questions this afternoon.

Q31 **Chair:** Thank you very much. This is slightly unusual for our Committee because we generally deal with English matters almost exclusively, but obviously not completely exclusively because this afternoon we are looking at levelling up across the whole United Kingdom.

Given that the UK Government have taken an overview of this, how far have the Scottish Government been able or willing to engage in discussions about the funding of levelling up for the current arrangements and any possible future arrangements?

John Swinney: My first point is that we very much welcome the policy intent of the levelling-up agenda. It addresses many of the issues about which we will be concerned—Scotland's position within the United Kingdom and the position of individual economies and regions within Scotland, where we need to improve the opportunities that exist for people and their quality of life.

We are supportive of the policy intent of the levelling-up agenda. When it comes to looking at that agenda, there are some challenges because, essentially, as you said in your question, the UK Government are taking an interest and perspective across the whole United Kingdom, and that rather jars with the devolution of particular functions to the Scottish Parliament, where many of the areas affected by the levelling-up agenda will, in most circumstances, be wholly devolved functions. That raises issues about the alignment of decision making to ensure that, in all circumstances, the levelling-up funding is allocated in a way that is consistent with needs and opportunities on an aligned basis within our policymaking in Scotland.

Q32 **Chair:** How would you rather it had been done if you are not happy with the current arrangements?

John Swinney: I would be happier if the UK Government had taken a decision to essentially devolve the levelling-up agenda to the Scottish Parliament and for us to take those decisions in partnership with various organisations in Scotland so that we were doing it on an aligned basis across Scotland.

Work will be undertaken to try to make sure that decisions under the levelling-up agenda are taken in as aligned a fashion as possible, but we probably would achieve a better set of outcomes if we were able to take those decisions within the Scottish Government in partnership with a variety of organisations so that we could be assured of the direction and the alignment of those funding decisions.

Q33 **Chair:** Given that the distribution of funding is always a contentious area, if that approach had been adopted, the UK Government would have had to decide how much money to provide to the Scottish Government to operate in the way you wanted. Should the UK Government have looked at the total levelling-up money available and distributed the Scottish share according to the Barnett formula?

John Swinney: The Barnett formula dictates a large amount of the way in which public expenditure decisions are taken. There has generally been policy confidence around the administration of the Barnett formula and a recognition that it has given an orderly approach to the way in which public expenditure is distributed across the United Kingdom. It has directed the overwhelming majority of the funding that comes to Scotland and has enabled us to take those decisions.

There is another element to some of this, which we may well come on to, around the distribution of successor EU funding, which historically has had a different character in terms of how it has been taken forward.

Q34 **Chair:** As a principle, however, you would sooner have simply had the money according to the Barnett formula and have been allowed to get on with it.

John Swinney: That would be the simpler and more consistent way to take the levelling-up agenda forward within the structures of devolution. One of the issues that we are concerned about is that if you take decision such as the levelling-up agenda decisions and put those alongside some of the issues that were taken forward by the internal market legislation that the United Kingdom Government legislated for, that legislation erodes some of the scope for decision making within properly devolved areas of activity. We view this, therefore, as essentially eroding some of the powers, scope and responsibilities of the Scottish Parliament as envisaged in the devolution settlement in the 1998 legislation.

Chair: You mentioned the successor EU funding and that leads on to the next set of questions.

Q35 **Deidre Brock:** Good afternoon, Cabinet Secretary. It is nice to see you.

Moving on, you have mentioned some of the implications of the changed funding arrangements. Clearly there has been an attempt by the UK Government to try to suggest that these are filling the space left in the budget by the loss of the European structural investment fund. Can you expand a little on some of the other implications of that change in funding? You mentioned the erosion of the power of the Scottish Parliament as a result of the inability to take decisions to the same degree as they were able to do with Europe.

John Swinney: The core point here is that, when the devolution settlement was put in place in 1998, a very clear division of responsibilities was allocated. Generally, that has been pretty clear and has worked pretty well in the years since the first election of the Scottish Parliament in 1999.

The internal market Act was the first significant attempt to enable the UK Government to act in a number of previously exclusively devolved areas of responsibility, and much of that relates to the levelling-up agenda. Part of what has concerned us about the internal market legislation, which was of course a response to the decision to leave the European Union, was that scope was created for the UK Government to intervene in areas where, ordinarily, an approach could have been taken within Scotland for us to weave together all those areas of policy—all the policy considerations—and to take decisions accordingly.

That has now had an element of confusion added to it because people and organisations in Scotland who were looking to the Scottish Government for coherent policymaking in a particular area now have to look to the Scottish Government and then to the UK Government for the potential availability of certain funds, and that can affect the levelling-up funds, but it also affects the successor EU funds, which previously would have been distributed directly through the policy approaches and interventions of the Scottish Government.

So an element of confusion and uncertainty has been added to the decision making around the funding streams that are available. The pathway for funding support can now come from both the Scottish Government and the United Kingdom Government, whereas pre Brexit the combined EU and Scottish Government funding was essentially being administered together and we could take a range of policy decisions in what I would contend was a more coherent fashion than the current arrangements will permit.

Q36 **Deidre Brock:** My impression is that the projects that Scotland has had so far are rather ad House of Commons, and I say that as a Member who has received the benefits of one of the projects—the Granton gas holder—in my constituency.

Do you have a view on who is taking responsibility for an overview of all these projects to make sure that there is no duplication and that they are co-ordinated? You mentioned your concerns about alignment in these devolved areas with the Scottish Government's existing policies. Who is in charge? Is it the Levelling Up Department? Is it the Scotland Office?

What impression do you gain from these projects in Scotland?

John Swinney: In operational terms, as far as I can see, the Levelling Up Department seems to be in charge of these decisions. The Scotland Office will be somewhere involved in the consideration of these questions, but I do think that they rest with the Levelling Up Department.

However, I think you asked me a slightly different question, about who is taking a strategic overview of the effectiveness of this public expenditure. I have to say that I do not think that that is being done just now. In the previous arrangement, we could look at the totality of investment and intervention within the Scottish Government—at Scottish Government and European funding as a combined proposition—and we could take decisions accordingly. That is no longer the case, because of the quality of engagement we have—actually, we have no involvement, or no engagement, in the Levelling Up Department's decision making on these projects.

Perhaps I can give the Committee a comparison. On the levelling-up funds, I would describe us as being "notified" about the decisions that are being taken. When it comes to the decision making around green freeports, that is a joint set of decisions that will be arrived at by the Scottish Government and the Levelling Up Department, coming to a joint and agreed decision about what steps we should take. I am perfectly happy with those arrangements. They are working perfectly well. I had a conversation last week with the Secretary of State for Levelling Up on this question, and I have no complaints about that process. It is a process of clear, joint decision making. I cannot say that about the levelling-up decisions.

Q37 **Deidre Brock:** The Institute for Government recently warned that the choice to exclude devolved Governments from the decision-making process would increase costs and reduce efficiency by doubling up on the effort. Is that also something that you are concerned about as well?

John Swinney: Yes, I would share that concern. The opportunity to secure maximum value and effectiveness in public expenditure is diminished by the fact that there is no single strategic overview about how those funds should be administered.

Q38 **Chair:** In terms of the replacement for EU funding, when the EU funding arrangement was in place, you still had to deal with the EU as an organisation, and it was not always quite as simple as sitting down and agreeing everything, was it? The EU, effectively, determined the projects that were going to be funded in the social fund and the regional development fund, didn't it? It was not simply left to the Scottish Government to be an equal partner in deciding those things.

John Swinney: I would contend that what you had to do was ensure that any projects you were taking forward and authorising could fit into the policy criteria of the particular European Union programmes. So if we take that agenda—

Q39 **Chair:** The Scottish Government did not decide on those programmes, did you? They were decided for you.

John Swinney: We would decide on those programmes, but we would have to make sure that they were compatible with EU policies and direction. Obviously, in an area of activity—let's for argument's sake use regional policy and social policy—there were interventions that we were interested in taking forward. The EU would have particular attributes that had to be complied with, so projects had to configure to reflect those outcomes. Obviously, we had to be careful that the projects we were authorising were able to stand the test of scrutiny—to show that they were as compatible with the programmes as suggested. I would argue that that gave policy coherence, because it put discipline into the decision making about how projects could be taken forward, and they had to support the objectives of the EU programmes.

Q40 **Chair:** Yes, and I am just asking whether you concur with the point that the objectives and the policies were, effectively, laid down for you. Now you are saying that, because—

John Swinney: Yes, I would accept that point.

Chair: And it wasn't a joint decision. So I am saying that joint working was not quite as different under the EU arrangements.

John Swinney: I can accept a lot of that, but my point, following up on the question that Deidre Brock put to me, is that it brought a level of coherence. We knew that the EU programmes were focusing on regional and social policy interventions. We had to ensure compatibility of our programmes, but the direction of travel was one on which we were keen to make as much progress as possible.

Chair: Let's move on now to the level of funding, and maybe the shortfall.

Q41 **Ian Byrne:** Good afternoon, John. As Clive said, this is the thorny issue. There has been a disagreement between the devolved Administrations and Whitehall as to whether the UK nations are left with a shortfall in funding. What is your understanding of that disagreement, and how can we account for these different calculations?

John Swinney: My sense, from the data that we have available to us, is that we were receiving £183 million per year over a seven-year period from EU structural funds. What we now have is an allocation of £212 million over what I believe is a three-year period. I am sure elements of those figures can be further scrutinised, but the long and the short of it is that it looks to me that, on EU successor funds, we are not receiving an equivalent to what we were receiving before, which is the assurance that was given. But I am happy to write to the Committee with full details of our impression of the level of funding that was previously available and what we considered to be necessary to be available in the period going forward.

Q42 **Ian Byrne:** What has been the response from the Department when you have made those representations about the new levels of funding compared with the EU's?

John Swinney: As with a lot of these issues about funding, we make our pitch to UK Departments, often to the Treasury, and that is where the final decision making rests with the UK Government. Although we make these representations, we have not been able to change the outcomes. On a lot of the representations, the responses that come back to us are very much associated with the policy decisions of the UK Government to act in this sphere and to pursue their agenda on these different areas of policy.

Q43 **Ian Byrne:** For the purpose of our report, do you have any suggestions for the Committee when we scrutinise these fiscal variations?

John Swinney: I think pretty clear commitments were given that, in the aftermath of the Brexit process, the levels of funding would be sustained at what they were before. The Secretary of State for Scotland said in 2021 that the amount of funding would be as great or greater than the EU funds. That is the test, and I contend that that is not the case. Therefore, as a consequence of the exit from the European Union, we have lost vital and significant investment in areas of policy of real importance to tackling regional and social policy questions in Scotland. Although I do not know the situation in England so well, I imagine it will be a very similar case there.

Ian Byrne: Yes, indeed. Thank you.

Chair: Let us move on now to other issues about delivering on levelling up.

Q44 **Mary Robinson:** Mr Swinney, you have set out the disparities, as you see them, between the funding levels previously, with the EU, and as they sit now. What is your overall assessment of how that funding level is likely to impact the aims of levelling up for you in Scotland?

John Swinney: There will be a lot of challenges there. The historic EU funding has been very significant in transforming different communities and enhancing the infrastructure of Scotland over many years. Thinking about the challenges of tackling the improvements necessary to infrastructure in the highlands and islands, for example, to improve connectivity, or about the work focused on improving social and regional infrastructure in areas of deprivation that were significantly affected by the disruption to industrial systems in the 1980s in central Scotland, EU funding has been critical. Regional policy is an ongoing priority, so these funds really matter. Alongside the other investments that the Scottish Government makes, being in a position to rely upon constancy or comparability in EU funding over time would have assisted us in our objectives of enhancing regional and social policy within Scotland.

Q45 **Mary Robinson:** What would you say could guarantee the success of levelling up in Scotland? Is it about the finance, is it about the constancy of the finance, or is it about the way that you are working now with Government, compared with your previous working relationship with the

EU? Is it all those things, or is there any one thing that would guarantee the success of levelling up for Scotland?

John Swinney: Undoubtedly, there is a combination of those elements. It is about the quantum of the funds available, but it is also about the coherence of decision making. One of the points that Deidre Brock put to me, which I agree with, was about the need for there to be strategic policy coherence in the work we undertake. We endeavour to work closely with our local authority partners and with a variety of other stakeholders to make sure that the investment we make is undertaken as effectively and as coherently as possible. I think that there is an absence of strategic infrastructure to ensure that we have coherence, because of the way in which the levelling-up funds are taken forward. As a consequence, that runs the risk of diminishing the effectiveness of the public expenditure.

Q46 **Mary Robinson:** Can I tie you down a little? You mentioned the three-year pot of, potentially, about £212 million. What is the quantum that you would need to effectively level up in Scotland?

John Swinney: That is a slightly broader question. I would have difficulty objecting to a continuation of EU funds at the level that we previously enjoyed. That would be a reasonable expectation, because we had that and we were able to use it coherently within our distribution, so that would be a reliable base for us to operate from.

As to what would be the cost of levelling up in Scotland, we have many social and economic challenges to wrestle with. The number would be far greater than the EU funding, but a reasonable estimate of being able to rely upon that constancy of EU funding, or funding at the level previously given by the EU, would be helpful.

Q47 **Chair:** One thing that looks as if it will be positive in England is the Government's indication that they are going to allow councils to have a great deal of say about how money from the shared prosperity fund is spent at local level in their areas. Will the Scottish Government give the same degree of freedom to their councils?

John Swinney: We certainly believe in devolving decision making to local authorities, and we give our local authorities significant scope to decide on their own priorities.

On the shared prosperity fund, I do not know if I am in a position to give a definitive answer that we will have the scope to give that power to local authorities, because that may be material that is determined by a decision of the UK Government and not by the Scottish Government. I would have to look more closely at whether that point has been reached in the discussions with the UK Government. The dialogue around much of this area of activity is not of the same character as the decision making on green freeports, for example, which is very much joint decision making—I cannot complain about it, because it is entirely joint decision making—but with the levelling up and the shared prosperity funding, it does not feel like that just now.

Q48 **Chair:** In principle, would your inclination and objective be to give councils that sort of freedom?

John Swinney: Yes, it would be.

Chair: Okay. I am sure we will have a further look at that as developments unfold in the next few months. Thank you very much indeed, Deputy First Minister, for coming to give evidence to our Committee this afternoon. It has been really helpful to us in understanding the broader, UK-wide implications of levelling-up funding. Thank you very much indeed.

John Swinney: Thank you very much.

Examination of witnesses

Witnesses: Councillor Kevin Bentley, Matt O'Neill, Geoff Raw and Georgina Blakemore.

Q49 **Chair:** We now move on to our second panel. Thank you all for joining us this afternoon. Can I go down the line, starting with Councillor Bentley?

Councillor Bentley: Thank you, Chair. I am Councillor Kevin Bentley, the Local Government Association chair of the people and places board and also the leader of Essex County Council.

Matt O'Neill: I am Matt O'Neill, the executive director for growth and sustainability at Barnsley Metropolitan Borough Council.

Georgina Blakemore: I am Georgina Blakemore, chief executive at Epping Forest District Council.

Chair: Geoff Raw is joining us online.

Geoff Raw: Good afternoon, everyone, and I am sorry that I cannot be with you in person. I am Geoff Raw, the chief executive of Brighton & Hove City Council.

Q50 **Chair:** Thank you all for joining us in person or online. You are all welcome this afternoon.

Clearly, levelling up is a major Government priority, with lots of ambition set out in the White Paper. Do you think enough has been done to address these ambitions and particularly to streamline the various funds that are currently part of those ambitions—the towns fund, the high streets funds and so on? I will go down the line to begin with, in the order you introduced yourselves. Councillor Bentley.

Councillor Bentley: The short answer is yes, I think it does help with a lot of ambition for local government. It gives clear direction, which we have lacked in previous years and decades. I am a great believer in devolution, by the way, so I think the power needs to go as close to the public as it possibly can, and local government is of course the source of that. Indeed, this Government has set an ambitious plan to do that, both in existing measures, but also in the White Paper.

The funding is a bit like the curate's egg—it is good in parts—and some of it is very good because it helps us streamline. In particular, after the exit from the European Union, we now have the UK SPF. However, it is my strong view, and certainly the LGA's strong view, that if you believe in levelling up, you do not believe in bidding for funds. Evidence must point to where the funding needs to go, not bidding in. You are in danger then of having the best bid writers winning the money, and that may not be where you need to put the money. Evidence needs to suggest where the money goes. You will have areas of deprivation in some of the most affluent parts of the country, and they could miss out.

So, yes, it is very good. It is a really good start and something that we welcome and that we can progress. I think we need better, more targeted funding than we currently have.

Q51 **Chair:** We will certainly pick up on the issue of competitive bidding in just a minute in our next set of questions, but let's go to Matt O'Neill first.

Matt O'Neill: I would agree. The intention of the White Paper is welcome in terms of levelling up and the direction of travel. Much more needs to be done to simplify the funding landscape. Far too many funds are still available and are not very integrated in terms of application. In Barnsley alone, we have had 16 competitive bids in the town centre in the last three years from different DLUHC, DFT and DCMS sources, and that is adding extreme resource pressure within the team and also complexity in the monitoring. From our perspective as practitioners, more needs to be done for people to be able to navigate those funding pots.

Georgina Blakemore: From a district perspective, I have to say that access to the funds feels a bit remote. We are clearly a two-tier council—my leader at county level is sitting to my right, so I will be very polite—so it feels quite remote to us. The levelling-up White Paper is very welcome, but there are still many funds to access, and significant capacity is required in the competitive process.

Geoff Raw: We always welcome the opportunity to secure more funding, and anything that would streamline the process is welcome, because it involves a lot of work and investment from our side. Not winning a bid that you have invested heavily in is really significant in this period in our budget situation.

The broader question for us is how much of our resource ask from Government has to come as biddable funds and how much could be a strategic conversation as part of the devolution debate. It could be a more strategic discussion to say that, if public funds are available from Government, how we can we get into a more mature, adult-to-adult conversation about what the sensible things are to spend money on in our locality.

Chair: Okay. To follow up on those issues, we have Andrew Lewer.

Q52 **Andrew Lewer:** It is interesting that you brought that up, Kevin, given that the LGA itself reported that the average cost to councils of pursuing each competitive grant was around £30,000 and that it would therefore cost each local authority roughly £2.25 million a year to chase down all the pots of money distributed from the centre. I remember that, when I was a county council leader that we did not bid for certain things, because of the cost. Given the growing financial pressures on local authorities, do you think they will be even less inclined to engage in resource-intensive bidding rounds?

Councillor Bentley: Without a doubt. When you look at a bid, you have to see what is in the bid, what it is worth and then of course what the cost is to the local authority to resource that bid round.

If we had devolution, we would not be having this conversation, because we would have the funds either regionally or locally. That is a fact about devolution that we have to grasp. Having fiscal independence is one of the main drivers—not the main driver, but one of them—for devolution. If you are constantly tied to the apron strings of Whitehall, you will advance at a lesser speed than you would if could do things yourself.

So I do think that Whitehall has to let go of some of the fiscal control they have, as well as some of the policy controls they have. Absolutely, as it sits, a deciding factor will be whether we can afford to put a bid in. If you are at that stage, you are not following the evidence and people will not gain.

Matt O'Neill: I absolutely agree. Even in an area like ours, South Yorkshire, which has mayoral combined authority, we are still chasing pots of money. There is still a national requirement for competitive bidding, and that call on capacity is really challenging when you consider that you also have to deliver BAU. Also, when funding streams come out simultaneously—when the UK shared prosperity fund requirement to build investment plans coincides with levelling-up round 2 application deadlines—you are asking the same people to do the same things, and there is only so much bandwidth to do it.

I also think spot funding leads to suboptimal outcomes because you are not looking strategically at the longer term. I take the point that was made: let's have a mature conversation with Government around a 20-year plan. Let's be honest that levelling up will not be done by 2030, and then let's devolve the money to Mayors and leaders to decide on local projects that can be delivered and let's get more of that spend in the local economy rather than held in Whitehall.

Georgina Blakemore: I agree with both of those points. I made the capacity point in my first answer. At a district level, that is very challenging. Often, we are talking about reasonably small sums of money when it is a direct bid from ourselves. For anything that gives us under £1 million but that has governance around it, we often make the call that we will not submit for those funds.

I echo the grown-up conversation point around the devolution agenda and larger areas—regional areas—being able to spend the money where it is required.

Andrew Lewer: My most memorable one was being asked to put a bid in for money to put a bid in. I managed to stop that one. Geoff, over to you.

Geoff Raw: One thing I would add is that being purposeful about what it is you are putting a proposal forward for really matters. We are often engaging partners to help to develop a bid, a proposal, and to co-invest with us. We can waste a lot of people's time if it is just a one-off process and it feels opaque to everyone. To echo what has been said, a more strategic, more mature discussion with Government would help. I think that would secure more long-term commitment from partners in the locality, whether business, community groups or local communities.

Q53 **Andrew Lewer:** Although some Government Ministers have made the right noises about moving away from the bidding culture, that happened just before the investment zones were announced, and apparently 90 local authorities bid in for something like a dozen investment zones, even though they were a bit amorphous even then.

When Michael Gove has come in front of us, he has referenced Michael Heseltine who, despite being a localist in some respects, still has this "talking to Whitehall and making your case" sort of mentality. Do you think there is a case for some kinds of competitive bidding in that "trying to impress Whitehall" culture, or do you think we should move away from that altogether?

Councillor Bentley: There is no harm in having a conversation. Dialogue is always good. It depends on who controls the money, of course, as to who you are talking to. Clearly, with the way we operate, we need to make sure local government is talking to national Government. I am a great believer that local government governs alongside national Government in this country—not for it but alongside it—so our views and experience are as important as anyone's in Whitehall or Westminster.

Having said that, it is important that dialogue takes place, but I firmly believe that evidence must point to where funding needs to go. If you believe in levelling up, it is not levelling up for some, but levelling up for all and everybody, and evidence will give you that.

Matt O'Neill: For the first time, I will disagree with Kevin. I think that scrapping the bidding process is the way forward. As my leader, Sir Steve Houghton, would say, it is the poor competing with the poor. Having certain winners and losers in levelling up is not the solution. It should be based on data. From our perspective, in terms of the data and the prioritisation process, for Barnsley to come as a category 2 was quite anomalous when, by any other metric, you would say, "That is a priority 1 place and the need is the greatest." We would get rid of the bidding process and look at a place-based investment plan over 20 years, with regular conversations with Government, but devolved down to the Mayor and local leaders to deliver.

Q54 **Andrew Lewer:** Even if it is all about data, does Government not have a role to play in assessing the data that you are providing about how you are going to spend the money and have to make a decision accordingly?

Matt O’Neill: Absolutely, but more money would come to the areas of greatest need.

Q55 **Andrew Lewer:** There is a difference between money going to the area with the greatest need and Government making an assessment about local authorities’ projects to get that area out of that need and making a decision as to whether what you are proposing will achieve that.

Matt O’Neill: That would come back to the place-based investment plan and having the proper governance and assurance in place that it will deliver those outcomes. That sets the framework, as opposed to the spot, competitive bidding.

Q56 **Andrew Lewer:** Georgina Blakemore, is there any useful value in bidding to Whitehall as a culture?

Georgina Blakemore: I think there is, to an extent. I do not think it should be the sole way of accessing funding. The competitive process is useful, but it depends on the size of the prize. That is my view.

Geoff Raw: I agree with the last speaker: it depends on the scale. There are a few things here, aren’t there? If Government has a policy objective that it wants to fulfil, it is not unreasonable for local areas to come in with asks and offers, but if it will take them a lot of time and effort to work with Government to try to fulfil those objectives. Government needs to be operating in the knowledge that there is a level of financial scale. For example, with city deals, a much more significant chunk of money was on offer, which helped in terms of putting a lot more time and effort into that. For very small-scale projects—that can still be significant sums of money, for which we need to be publicly accountable—it is a lot of work for potentially no gain, and we are just not in a position to resource that process anymore.

Andrew Lewer: Some valuable nuance in there, Chairman.

Q57 **Kate Hollern:** I have a quick question for Matt. How much time and resource does your borough spend on trying to unpick these pots?

Matt O’Neill: We have a head of economic development and a policy officer who look at funding, but we bring in other people, who are delivering the day-to-day capital projects, to put together funding applications and build them on an ad hoc basis. It is in the order of several hundreds of thousands of pounds, but lots of that capacity is not within the council, so we have to commission consultants to provide the evidence for business cases. I would have to come back to you on the total quantum over a calendar year, but it is certainly in the hundreds of thousands of pounds.

Q58 **Kate Hollern:** Do you think that there are missed opportunities for Barnsley because of concern about resources to put in the bids? If that is the case, is there a danger that better-placed authorities will be more successful in winning bids?

Matt O’Neill: I think it comes back to the quality; the good bid writers tend to get the outcomes. We have capacity and we can bring funding in, but I would argue that it is not a good use of officer resource to be spending that externally. We then have procurement, finance and legal processes that need to be undertaken. I would much rather have the funding allocated and us able to deliver that against agreed priorities and programmes.

Kate Hollern: Does anybody else want to come in on that?

Councillor Bentley: It is not always just a question of resourcing; it is the timing. A lot of these applications require just a few weeks' turnaround. We mentioned investment zones. Essex, as a county, put in some bids for the investment zones, and we worked very closely with Georgina's authority in Epping Forest on one of them. That was all turned round in a space of three to four weeks. To put that in, we had to stop doing everything else. Subsequently, of course, the investment zones appeared to be scrapped. None the less, that gave us a lot of evidence and information we need, and this evidence is hugely important.

So it is not always around resourcing, in terms of the number of people; it is the time you have to take to do it and the things you have to stop doing to do it. You cannot simply be at the mercy of a particular policy at a particular time, which may then change. Local government does not work like that, and I do not expect national Government to work like that.

Georgina Blakemore: I was about to make the same point and use the same example. My other comment is that if you have the capacity, but also the capability, in bid writing, success breeds success. That is another observation. It is worth investing in that, in the current way that funding is accessed.

Geoff Raw: We have worked with our neighbouring authorities to try to pool our resource, capacity and skills. But even then, one of the challenges is often that, in these bid rounds, we are given very late notice to try to do things. So often it happens right at the beginning of the summer holidays, which makes it even more tricky. We need that more mature lead-in time and the ability to think about and work out whether we are going to devote resources to bid in, to be clear with all the partners about what is potentially on the table and how likely we are to be successful, rather than just shooting in the dark.

Chair: Let us move on to the levelling-up fund.

Q59 **Mohammad Yasin:** Given that we are yet to hear about the successful bids from round 2 of the levelling-up fund, does the panel think that the levelling-up fund round has been successful so far?

Geoff Raw: I suppose I ought to say that it is a success, because we got some funding, which we are delighted about. It was a well-constructed bid, and we engaged strongly with our local communities. We invested probably several tens of thousands of pounds in putting the technical bid together. On that criterion, we could say, tick, it is a success. There is still a lot of work to do in implementing it.

Matt O'Neill: Unfortunately, we were not successful in round 1. We are optimistic for round 2. We have two very strong bids that have gone in for Elsecar and Barnsley Central. The feedback from us would be that the statistical anomaly I mentioned in our place-based ranking and prioritisation were a bit of a challenge for us. We felt that the timelines were unnecessarily compressed. A lot of information was required, and the guidance came out and moved as the process went along. For round 2, we had the delay with the portal not being live, so it was building up suspense. The framework was out, but we could not submit.

For us, DLUHC has been transparent and has worked well with us in the local office in Yorkshire and the Humber, but there are some constraints and worries about inflation if we are successful in any of the bids. How would that be delivered in the context of the application that was initially put in, considering the delay in terms of when we were hoping to commence and construct.

The other point to make clear is that you build up lots of capacity. You work up planning applications in certain instances. You test the market. Those contractors and consultants move on. All that uncertainty adds additional pressure, on top of the inflation in construction prices and materials. That is some feedback from the team.

Q60 **Mohammad Yasin:** Were the metrics the Government used to measure need were reasonable, considering that your bid was not successful?

Matt O'Neill: In our case, we felt that we were a priority 1 place, and we had some real challenges with the statistical data that was used for the three criteria. It was based on skills and also regeneration and transport. In the regeneration category, we felt that the data was incorrectly agglomerated by the Government. They used a private sector firm that brought together data based on FOIs, which was not the industry-standard methodology. We challenged that directly with the Department. That purported Barnsley to have a higher occupancy of its commercial and residential voids, which was not true. It would have put us in the top per cent. of the country, with limited voids, at 1.8%, when our own data showed that it was 8.5%, which would have moved us down the prioritisation. We made those representations, and that anomaly was not picked up by the Government when they amended the place-based prioritisation matrix. That was a real concern for us, which we escalated from our leader and chief executive directly to DLUHC.

Councillor Bentley: The main aim is that any money that comes out of the Treasury to local government has to be welcomed, which is the most important thing. What does a lot of this bidding—these applications—that we have been talking about mean for people? What does it mean for those on the ground, and how can you improve their lives? I mentioned before, the evidence needs to point towards that. It is hugely important.

I absolutely agree on the point of inflation. We have seen it through HIF bids and LUF bids. By the time you put the bid in and the money is awarded, with inflation suddenly you cannot afford the bid itself. We in local government—I think I can speak for all of us—are not awash with money. We do not have money floating around so that we can suddenly top up this grant. Speed of decision making is hugely important. None of us expected inflation to rise as quickly as it did, but none the less many people, I am sure, will receive grants of all sorts—we certainly have in the past with HIF—and will now find the inflation costs so high that the bid becomes almost impossible to deliver.

The bottom line is that we must think about what this means for people and about how we try to improve their lives, not just about grabbing money—I am not suggesting that we do grab money, but we must make sure that we absolutely target those most in need and those who will benefit in the future from what we are trying to achieve. We are all in this with the same aim: to help people. It is about where these bids need to go to help those people.

Q61 **Mohammad Yasin:** Does the levelling-up fund provide a short-term solution, or is it long term? If it is not long term, how can we ensure that these investments work in the long term?

Councillor Bentley: It must be long term. Well, it must be short, medium and long term all put together, to be honest with you. It is hugely important that we look at those long-term areas where we can get better economic benefits for our residents. That is in skills, jobs and future employment. That is in investing in emerging technologies, particularly in the green energy sector, and making sure that we are future-proofed. That is not just good for our local economies, it is good for UK plc. That is where the conversation with the Government needs to take place so that we are one on our strategy. We cannot have lots of different strategies going on. We must make sure that the United Kingdom is competitive and that England, Wales, Northern Ireland and Scotland are competitive in all of this. That is why it is important, on LUF bids, HIF bids or any other bids in the future, that we are targeted towards what it means for future generations.

Q62 **Mohammad Yasin:** Georgina, I understand that your council successfully bid recently. Is that right?

Georgina Blakemore: In terms of levelling up? We have had a number of smaller successes, yes.

Q63 **Mohammad Yasin:** Is the current funding short term, or will it work for the long term?

Georgina Blakemore: I see it as quite short term.

Q64 **Mohammad Yasin:** What do you have to do to ensure that these investments work for the long term?

Georgina Blakemore: Position the whole levelling-up agenda over a longer term and more regionally. It needs to be a far bigger conversation than the specific local authorities themselves, whether that is part of the devolution agenda or not. It probably is because you need a connection to central Government of course, but there seems to be a lack of long-term investment.

Matt O'Neill: I would echo those points. A longer-term settlement of 20 years, linked to clear spatial priorities across demographics that link back into national priorities, would make a lot of sense and reduce the need for that competitive bidding. There is a lot of duplication in the system.

Geoff Raw: Every part of the UK has something that it can bring to the table and offer for the whole country. The conversation needs to be about what we can offer, where we need help from Government and where we can combine and pull on local resources. The challenge is different in different parts of the country. I appreciate that my colleague from Barnsley might think, "Why has Brighton and Hove got funding and Barnsley hasn't?", but when you look at average wages—

Chair: You are getting a few nods here.

Geoff Raw: Let me talk about that. When we look at average wages in Brighton and Hove, there is probably only a 10% difference in the levels, but if you look at the cost of renting accommodation or house prices, it is three to four times higher. You have to take things in the context of the living standards. I am from the north myself, and I have every sympathy with local government colleagues around the country, but it is a case of being clear in the levelling-up agenda about exactly what the economic objectives are, as well as the social objectives.

Q65 **Chair:** Can I follow up with Councillor Bentley? You mentioned the importance of inflation given the timelines on some of these funds. From an LGA perspective, have you managed to start collecting data from councils across the country about this? You get anecdotal evidence, but it clearly looks like quite a significant problem. Some councils are saying, "The construction costs have gone up 20%. We do not have the extra we can put in, so the project is dead."

Councillor Bentley: The answer to that is yes. In fact, I raised this question only the other day at the LGA. This work is being done on collating the story around the country for us. In Essex we have had to reimagine some of the projects; we are delivering them, but not quite as we wanted to, because of the inflation that has been going on and the cost of building, getting materials in and so on. A lot of the initial tenders put in are no longer relevant. That is what has happened.

So, yes, we are collecting data and we need to get a picture across the country. That is being worked on by the policy team at the LGA, and we need that future evidence so that we can go to the Government. That is not just because of the inflation figure; it is also to prove to the Government that if they were to devolve this—and we did not have to keep bidding for money and could make our own local decisions—there would be some real hard evidence.

Chair: Thank you. That was helpful. It will be helpful for the Committee to have that information when you have collected it. Let us move on to shared prosperity.

Q66 **Bob Blackman:** The UK shared prosperity fund has taken a different approach, with a funding allocation as opposed to a bidding approach. It is certainly different from the European structural investment funds. What are your various experiences of receiving the allocations? Is that working as a process?

Georgina Blakemore: It was different in how that came to us. It was a figure over a short number of years, with some timescales around it. What struck me most about that fund was the amount of governance in relation to the amount of money. I will call it multiple hoops—I can see nodding on the screen. That seemed quite heavy for the allocation of funding that we had. That is Epping's experience. The money was gratefully received. Through our decision-making process in cabinet, we broke that sum of money down into quite small pots and went very local in terms of what we were going to do with it in years 1, 2 and 3.

Q67 **Bob Blackman:** There was more freedom to make a decision at a local level but high-level governance as to how you spent it?

Georgina Blakemore: Absolutely.

Q68 **Bob Blackman:** Given where you are, how much of a challenge is that for you as a local authority in terms of administration and suchlike?

Georgina Blakemore: We did that; that is exactly what we need to do. On the bigger point about where local authorities are right now on funding—I know there are some later questions on that—it is a challenging environment. It is an extra burden, but the money will go through the process and be spent locally, which is what we are all here to do.

Q69 **Bob Blackman:** Equally, there is quite a short time, relatively speaking, to spend the money. We heard from Kevin about some of the challenges with bidding for money and then having a short timeframe to spend the money. How difficult was that?

Georgina Blakemore: Spending money is sometimes incredibly challenging in short spaces of time. We tend to make sure that the money goes towards what is deliverable, not necessarily the right things. The timeframe does affect where you put your efforts and what you try to deliver.

Q70 **Bob Blackman:** Is there one project that has been delivered that you are proud of and that you can share with this Committee?

Georgina Blakemore: Absolutely. It is a partnership piece around making sure that Epping is contributing to, and able to invest in, core innovation corridor partnership work. I am proud of that because it is partnership and it is a bigger set of partners trying to get a greater outcome. That is one that I am proud of.

Matt O’Neill: We see this as an improvement on the ERDF, because of the removal of some of the restrictions there, which has given greater flexibility to focus on retail and other sectors that were ineligible.

One downside is the shortness in the duration, which does not go with the longer-term planning aspiration—it is only three years. We have not, as we sit in this room, had confirmation yet of the 2022-23 allocation, so the projects that we have identified and some of that activity is at risk. We will make that clear to some of the bidders and partners.

For us, it is about integration with some of the cliff edges in the finishing of the EU programmes, and having certainty on that is important. We have staff funded and business commitments. Lots of our programme is about business-important skills, and that is where we have focused in terms of our economic needs. Getting that brought forward is important.

Also, on the point that Professor Fothergill made to this Committee a couple of weeks ago, if we were going on the old EU ratio, both Teesside and South Yorkshire would have done as well as Cornwall. We would have had a third more spending power attributed to us that we are missing out on based on this current formula. That is a big miss for us in terms of having that regional aid and being able to spend that locally in South Yorkshire.

Q71 **Bob Blackman:** What is one project that you are proud of?

Matt O’Neill: We have a good business support programme actively working with companies, helping them to transition through climate adaptations and getting them to look at jobs of the future in the renewables sector.

Councillor Bentley: It is important to recognise that UKSPF is better in many ways. The EU structural funds were very bureaucratic. We were talking about bidding and form-filling, and there was a lot to be done there. The UKSPF gives much speedier local decision making, and money goes to local authorities, which is hugely important.

Authorities can have some very quick wins in the short term, but it is a very short-term view. We must, as I said before, take a much more long-term view. There are clearly things you need to do quickly in some areas. There are other things where you need to take a much more pragmatic and long-term view—generational change—and we need to use UKSPF for that as well. However, the freedoms it offers should be welcomed, and it is better from that point of view.

However, again, we are looking at duplication. We have had the rural prosperity fund as well—which is good, because rural and coastal areas are important—but now we have two schemes running, so we are duplicating in many areas. Let’s streamline that even more.

Q72 **Bob Blackman:** From your members of the LGA, have there been any negative comments about the way the scheme operates, other than what we hear on a general basis?

Councillor Bentley: From our point of view, I am expressing what you will hear mostly. People welcome the freedoms and the ability to have money, despite the bidding process. They want the longevity. They want the determination on getting funding not just for one year but for longer so that they can plan better with the funding as well. Also, we must avoid this duplication at all costs. We reduced that by coming out of the EU structural funds. While good in many parts, there was duplication and bureaucracy, and that was removed. We do not want to start creating it again. We need a little bit clearer thinking about a lot of the funds I mentioned, but others too. Streamlining that is much better.

Geoff Raw: I have a couple of additional points. It was tricky that the UKSPF was run at the same time as the levelling-up fund, so you are trying to use the same officer team, and that stretches capacity. I also agree with my colleague from Epping that this is a challenge with the level of prescription for the amount of funding. Also, as you point out, we still have not heard whether we have the funding, and there is a spend deadline of this March, so we hope for some flexibility from Government.

On the question about what we are proud of when we have successfully bid for funding, we are proud of lots of things and we are grateful for the support we get from Government. We have tried to play as strategic a game as possible, and we are certainly keen to support the two universities in the city, and the knowledge economy is important to us. We have worked with private sector partners and universities to potentially grow the jobs of the future. That is a great area for any of us across the UK to focus on.

Chair: Moving on to the issue of funding formulas, Andrew Lewer.

Q73 **Andrew Lewer:** The levelling-up White Paper sets ambitious targets for overall improvements and narrowing gaps in health, education, housing, crime and local pride. Would you perceive that funding allocations have been effective in achieving any of these aims so far? Should all public service spending formulas perhaps have a levelling-up element to them?

Matt O'Neill: That would be a fantastic direction of travel, but in practice it will be difficult to implement. As I mentioned, in Barnsley we have had 16 different pots of funding in the last three years associated with some of the levelling-up, DCMS and DFT pots. As a stated ambition, that is definitely a good way to go. In practice, it is much more difficult to get those pots.

If you looked at a spatial augmentation of funding, it would make sense. Look at what is spent in a locality and then drive that towards levelling up, as opposed to looking at top-down departmental. Then you could start to bring that into Mayors' remits in terms of the devolution powers they already have and the ones they may want in the future. That is how I look at it.

Georgina Blakemore: A limited amount of funding comes directly to a district, so I would probably defer to our county to answer that in the main. The principle of a levelling-up element across all funding makes total sense to me. On the point about whether they have been effective so far, it is far too soon to tell.

Q74 **Andrew Lewer:** "Too soon to say," as Zhou Enlai said to Richard Nixon once. Let us go to unitaries and then counties.

Geoff Raw: First of all, one thing to recognise is that, over the last decade, central Government funding has really reduced. When I started here, we got probably £105 million of revenue support grant; we now get only about £5 million. We have had to think about diversifying our revenue streams to help compensate for some of that.

I would be concerned if the balance of funding that comes from the Government becomes more and more biddable. It does not help us make strategic plans, and it does not help us with medium-term financial planning. It creates more risk. More risk creates more cost. More certainty, as in business, helps you work out investment strategies that potentially reduce cost and risk provisions.

Sorry to repeat what I have said earlier, but it would be helpful to come back to having a bit more of a mature devolution debate that creates more certainty and means that we can more appropriately target public resources.

Councillor Bentley: To answer your question quickly, yes, it would be a good idea if levelling-up funding was put into all forms of Government processes and bids. In an ideal world, you would have those conversations we talked about before—that is where the conversation with the Government would come in—to allocate funding to an authority.

We are closer to these issues than anybody else. We represent the local people and we know the issues. We know where money needs to be spent more wisely because we are much closer and we are not sitting in a central area. It is about having that trust and faith in local councils and local authorities to allocate those funds. We can spend it and invest it better.

Q75 **Andrew Lewer:** To follow on from that, there has been change in council funding overall. Would you assess that levelling-up funding has helped compensate for changes in funding?

Councillor Bentley: Yes, in part. That certainly has happened in many experiences. People have been able to have more determination in terms of the bids they put in. It is just that there is this bidding process for so many funds: the prosperity fund, the towns fund, LUF, HIF—you name it, and there are many more. That is what we need to get right. I do not wish to go back over the other questions, but it has to be much more streamlined and targeted.

We have talked about resourcing, but I often wonder how much money we spend literally filling out forms and going backwards and forwards that could go directly to people if the formula was much more sharpened up. If you were running a business, you would not run it like this. You would be much more targeted in where your money was going, because you could not afford to waste it. Sometimes a lot of waste goes on between Government and local government.

Q76 **Andrew Lewer:** Matt, Georgina and Geoff, any final thoughts on that issue of levelling-up funding providing some sort of compensation for core grant? Geoff, you touched on that already, so you have probably answered the question already.

Geoff Raw: I just think that it takes us to a different place. It used to be called regional policy—I am that old. If there are regional policy objectives from the Government, which are perfectly sensible and laudable things to do, that ought to take one form of intervention. If it is about basic funding of core council services, and we were trying to look at different formulas for redistributing funding across the local government sector, that would cause some consternation and it would need some careful thinking. There is a distinction to be drawn between core funding of council services and perfectly understandable Government policy objectives.

Georgina Blakemore: I would absolutely agree. I asked this question of my section 151 officer, and he gave a short answer, which was, "No."

Matt O'Neill: We have had £105 million taken out of our core revenue budget since the onset of the recession and the austerity measures in 2010. You cannot put that back in with spot funding for £10 million or £12 million. But that has gone. Coming back to the earlier point on need, we are the 38th most deprived local authority in the country. It requires a different level of thought and complexity of funding to address those needs. I take the point that rental prices might be higher in Brighton, but we have had industrial decline for a long period and require far more innovative solutions over the longer term to raise wages and have more and better jobs within our economy. So, no, you cannot replace core revenue with levelling up.

Q77 **Chair:** A lot of what we are talking about with these funds and these bids are DLUHC arrangements. Most Government spending in your areas is not done through DLUHC, is it? It is done through a whole range of Government Departments. Should they be tasked with looking at levelling up as a fundamental part of how they spend their money as well? That is a sea change that Michael Gove has said he agrees with, but I am not sure how far he has got his Cabinet colleagues on side with it.

Councillor Bentley: Absolutely, that is the case. It is easier for us to deal with a Department. DLUHC, as far as we are concerned, is our shop steward around the Cabinet table and it is arguing our case. We do not need to keep continually dealing with different Departments, although we do on different matters.

When it comes to funding, it is easier to deal with one point of reference. It is about making sure, though, that the rest of Whitehall is joined up on this conversation. In most cases, funding would come from the Treasury, but sometimes there is Transport, which we have to deal with in the upper-tier authorities and indeed in the second-tier authorities. We all work closely together. Health, of course, is another big area where we need to be joined up. So while it is useful to have individual conversations from a funding point of view, it is easier to have one point of contact.

Matt O'Neill: I would be seeking some action on this. Michael Gove is saying all the right things about bringing together, but the problem is getting Ministers to then devolve some of their power. We have equal conversations with DFT in terms of active travel and the CRSTS investments we make across Barnsley. To be fair, they come through the Mayor and are much easier to augment because it is devolved down at that level and we can allocate. We would seek similar arrangements from DCMS and in terms of further devolution for adult skills and also some of the place funding that sits with DLUHC that can supplement the existing mayoral deal, which would allow us to deliver what matters in Barnsley and South Yorkshire.

Geoff Raw: It is right to have a joined-up approach from central Government. Broadly, there are areas of economic policy where things like BEIS and the Department for Transport need to align, possibly also with housing infrastructure. There are areas of social policy where this needs to join up with work that we do on integrated care partnerships with Health. Anything that Government can do to join up their approach would be helpful in terms of the spending allocations from core Departments. If there is a framework that the Ministers from DLUHC can help choreograph, orchestrate or form, it would be welcome, so long as it coheres and ties funding streams together in a way that is relevant to the locality, as well as achieving national policy objectives.

Q78 **Chair:** Perhaps it is simply about devolving those funding streams to the councils so they can do the work.

Geoff Raw: Absolutely.

Chair: That is probably a bit ambitious, but probably right. Maybe I should not say that, should I? I am asking you the questions. Let's move on to fair and effective funding.

Q79 **Kate Hollern:** Let me follow up on that last question. A quick yes and no will be sufficient. Does levelling up allow the Government to exercise more control over local funding decisions?

Councillor Bentley: Yes, because they control the process. If they devolved it to us, we would do that much better.

Matt O'Neill: Yes.

Georgina Blakemore: Yes.

Geoff Raw: Yes.

Q80 **Kate Hollern:** We will move on to my actual question. When allocations were announced for the towns fund and levelling-up fund, concerns were raised about what metrics were used to determine those allocations and subsequently how certain areas met the criteria. Do you share those concerns? I will put that question to Matt, because you said you were 38th.

Matt O'Neill: Yes, absolutely. My chief executive and leader asked quite candidly why we could not use the IMD—the existing dataset that has been used by Government over decades—to inform the policy for those allocations. The methodology that they used was untested. It did not have empirical data to back it up. It was based upon FOIs from a private company.

We had some real challenges with the statistical basis on which that decision was made. It also meant that Barnsley residents and businesses missed out on some significant investments, albeit that we had excellent feedback from DLUHC on the quality of our bids and how they were put together. So matching up the two did not sit very well with us.

Councillor Bentley: The towns fund specifically is a brilliant scheme—a brilliant project—in my opinion, and towns in Essex have certainly benefited through the local authorities there.

For me, it is about the strategic approach on all of this. Getting funding for a high street is one thing, but what do you do then and what do you plan for the future in all of this? I think this is part of a planning conversation as well. We have spent decades in this country building houses outside of town centres, and then we wonder why people cannot all rush in at the same time in their cars—which are all working against them to make sure they use alternative forms of transport. Then, they cannot get into town centres and do not shop there, but go to out-of-town centre shopping spaces.

For me, part of the towns fund is to look at ways to build more properties back in town centres. I always ask how market towns started back in medieval times? People lived in an area, people brought their wares and goods to sell and it became a market town eventually. We have forgotten that principle, and we have spent too long taking people out of town centres. So that change needs to happen.

To answer the question, I think that the towns fund is a very good idea. It needs a strategic approach. Again, it is not about who has the loudest voice. The allocations need to be based on strategic thinking for the long term of town centres.

Q81 **Kate Hollern:** Do you recognise the lack of transparency?

Councillor Bentley: In some cases I think that there is lack of transparency. It depends on how the bids were put together in terms of needing to get people to sign off those bids. We need a very clear set of criteria that you match or do not match.

Feedback is also very important in all of this. Why were you not successful in one area against another area? Frankly, I do not think there should be this bidding round to start with. All town centres are important to their local communities. If we did not have bidding—back to our original conversation—we would not have this nightmare scenario of people bidding in, some successful and others not. All town centres and all high streets are important to UK plc.

Q82 **Kate Hollern:** So you do recognise that there is a lack of transparency in the allocations?

Councillor Bentley: I think that there needs to be better feedback as to why some places got some and others did not.

Georgina Blakemore: Epping has a number of market towns, and we were fortunate enough to be able to put some investment into some of those high streets. To be honest, I am unaware of the data that sat behind that decision-making process, so I would rather not comment.

Kate Hollern: I think that is part of the problem, isn't it? Geoff?

Geoff Raw: I agree that having very clear criteria is very important, otherwise it arouses suspicion. I suppose there is always the challenge about where the need is, and then there is also how compelling the bid is, how deliverable it is. You can have some areas that have absolutely huge need, but it is hard to put a proposal together that will turn it around. There is always a bit of a challenge there.

Q83 **Kate Hollern:** Do you feel that civil servants are best placed to understand need and therefore to make funding decisions and allocations? Equally, should Ministers have oversight of funding allocations? If not, who should be responsible for making decisions about allocations?

Councillor Bentley: Local government officers and councillors is the answer to that last question. I think that that is where the localism and the devolution come in. Of course, we have some excellent civil servants and excellent Ministers, but you do not know the place unless you live there and work there. Many of you have been councillors before, and you will know that we are not only at the heart of our community but we live in our community as well, and so do the vast majority of local government officers. They know the issues and the people. We talk to them every single day quite literally. So I think the allocation should be devolved, and it should be for local government officers and councillors to make those decisions.

Matt O'Neill: I completely agree, with just one addition, which is the Mayor as well in South Yorkshire, in terms of the geography and the level of governance. I absolutely agree that local decisions are best made locally by those people the residents have sought to elect, who understand the issues, have a handle on the delivery and seek to influence and deliver outcomes for them.

Georgina Blakemore: I completely agree.

Geoff Raw: The key thing is that the civil servants ought to be able to report back to the Ministers on how well the national policy is working, but the local delivery ought to be with the local representatives and experts on the ground.

Q84 **Kate Hollern:** How can Ministers and civil servants make a decision when they do not understand the area, particularly when bids are put in at such short notice and we do not know the metrics that were used to allocate funding?

One of the ambitions of levelling up was also to target pockets of deprivation in more affluent areas. One idea proposed at our last evidence session was that a more imaginative approach could be taken to support certain communities across areas or down to the more granular level of certain streets or even individuals. Can the panel tell us whether funding for levelling up has been used to support pockets of deprivation so far? It is a long question.

Councillor Bentley: Yes, of course in parts it does, but it is back to the same answer that we have given before. You have to have the local knowledge and the local experience to be able to do this. My view is that if you are going to allocate at all, you allocate to an area, whether it is a combined authority or a section of councils coming together, and they can make the determination as to where that money is spent. They have the evidence.

It is important that this money gets to the people and areas that need it the most for their own prosperity. We are not going to be successful as UK plc if you have areas that continue in deprivation. All of us have areas that are more affluent than others, and that just happens throughout history, but it is about making sure that no one is left behind; it is making sure that you give everyone the same start in life and that they have the same opportunities in life. You cannot force them to do things, but you make sure everyone has the equal opportunity. This money is also about equal opportunity, so it is better invested by local government in those areas, not from Whitehall.

Matt O'Neill: Unfortunately, we have not had any levelling-up funding yet. Hopefully, I can answer that question if you invite us back after the round 2 announcements.

On the allocation of the other DLUHC funding, absolutely it is allocated for those places where it can have the maximum impact. Goldthorpe—one of our more challenging communities up in the Dearne Valley—received £23 million of towns deal funding, which we absolutely welcome. It will have a real impact in remodelling the town centre and putting in residential—building high-quality homes for residents at accessible prices to excellent standards in terms of the EPC rating. There is also business support, shopfront improvements and skills programmes to tie in communities and open up employment sites.

We will continue in that vein. Our levelling-up applications both followed that same theme, which is why it is frustrating that they have not been successful.

Georgina Blakemore: I think this is part of the bottom-up approach. In terms of one of the things I would very much support and would like to see, we talk about devolution from central Government to bigger areas, such as combined authorities or mayoral authorities, and to whatever, whether it is two-tier or a single tier, but I would go further than that. If we are looking to improve at street or neighbourhood level, there are other ways of doing that, and it does not always have to be local authorities. There are voluntary groups, community groups and neighbourhood groups, all of which have the ability and capacity. They probably do not have the funding, because those funding streams and grants are tight now and being cut back, given the general overall funding picture. However, my point is that it does not have to be local authorities. Funding can make its way down to a much more grassroots level, and I think the effect would be probably greater. We know those streets, those homes and those addresses. We have that information.

Geoff Raw: It is an interesting question. In our levelling-up bids we thought very carefully about which communities can access locations. We are a very walkable city, so we were looking at anywhere between 15, 20 and 30-minute walk times and at which communities would be able to access the location where we could do something.

Sometimes I am not sure that granularity is the whole answer. If it is a question about unemployment and deprivation, for example, you might not be able to sort that at the street level. Creating jobs or other opportunities may have to be in a different location. However, as long as people are sensibly thinking about those considerations, these issues really ought to be resolved at the local level

Chair: Let’s move on now to the important issue of value for money.

Q85 **Mrs Elphicke:** I am also vice-president of the Local Government Association, along with a number of my colleagues. I want to explore this issue of data and value for money, and particularly to focus on the proposal from the Department for Levelling Up on the creation of an office for local government. I was wondering, listening to all of you—Essex, Brighton and Hove, Barnsley, and Epping Forest—and thinking about all of our areas, whether there was a project or an allocation of funding that you did not know about before you came today that someone else has mentioned?

Witnesses *indicated dissent.*

Q86 **Mrs Elphicke:** You all knew everyone else’s—because you looked each other up before you came. And you would know what has been allocated in each of our areas.

The purpose of this office for local government is said to be to look at the data on issues such as education, recycling, adult social care, climate change and so on, and the creation of this office is intended to be useful for local leaders. Rather than it being an administrative burden, taxpayers could see what was going on, central Government could get a better picture across local government and of course local government could presumably get a picture of itself. Do you think that such an office would help with understanding how funds are allocated in different areas? Would it address some of the concerns about decision making, transparency and the availability of feedback and information that you have expressed today?

Georgina Blakemore: I reread the piece in the White Paper about the creation of these things—there are a number of things, including director posts, office data—and my conclusion was that, as long as there is no duplication, there is absolutely nothing wrong with those as a set of proposals. When you read it, this does feel like another layer, but I am not saying that that is how it would manifest itself.

Matt O'Neill: It has gone a bit quiet about the levelling-up directors and where that process is at. If you take it back to the White Paper and the 12 missions, there are 50 indicators that come off those 12, and underneath that are subsets of other activity. If we can open up transparency, that is great, but I would suggest having fewer indicators that actually have greater impact and that are focused on some of the big issues that we face with skills, regeneration and housing. Otherwise, we can create a bureaucracy, and it could point back to Government Office days in terms of what was set up to monitor and review. There are certain views on how effective they were. So I think it must be very focused in terms of what they do. If you can get us the answers on the transparency of data, that would be fantastic. We have not had that so far.

Q87 **Mrs Elphicke:** Some of that could be done by data dashboard in terms of bringing it all together, as opposed to a new office entirely. Is that your thinking?

Matt O'Neill: Yes, absolutely. It is always good to share best practice in the LGA, and some of those networks exist in the County Councils Network, the Industrial Communities Alliance and others. I would suggest not reinventing the wheel. It would make sense if we can use things that are already available and share that, but I think there is a genuine question about the number of indicators in the levelling-up White Paper and those missions, and you could spend a lot of time tracking that without focusing on the right things.

Councillor Bentley: For me the jury is out, because this information that they are proposing could be published on a website and we could all see it. On the basis that no Government or council has money—they have the people's money—every person in this country should be able to see where every single penny of their taxpayers' money is spent. That should be published, from that point of view.

I welcome everything as a discussion if it will help local government, but it feels a little like centralisation to me and, I have to say, like another inspectorate for local government. The last thing we need is another inspectorate for local government. Through Brexit, through covid, through the problems we have with the economy now, local government has led the way continually. When this place was in a state of flux over Brexit, local government ran the country and delivered the services, while everyone else was having a bit of a ding-dong in here.

So it is very important that we understand what this is and is not. If it is another layer of bureaucracy, we should avoid it. I would like to know the cost of this compared to the benefit of this to the taxpayer.

Q88 **Mrs Elphicke:** Focusing particularly on the role of government in covid, do you accept that the way in which local government spent huge allocations, particularly at county and equivalent level, is quite difficult for people to see, from a transparency perspective?

Councillor Bentley: There is no need for it to be difficult. We have mentioned the County Councils Network, the District Councils Network and the LGA itself; these are places that already exist and where we can provide this information. It should be publicly available. Virtually everything we do is publicly available, even down to what expenses councillors can get, like MPs get. People should be able to see that, so we should publish it in a way that people can understand it.

My view is that everything should be transparent. This is a genuine question, because I do not know the answer, but do you need another organisation to do that? It still comes down to cost over benefit.

Q89 **Mrs Elphicke:** If I might press you slightly on that issue of spending versus performance, say on adult social care, we know that different authorities come up with different solutions, and the Committee has had evidence about that. Do you think that there is a role in being able to test and share, beyond the data, how different councils are performing in doing essentially the same function in different parts of the country?

Councillor Bentley: That is an upper-tier requirement. You could put that through the County Councils Network.

Geoff Raw: A couple of points. I am sure that lots of us would put our hands up to say we support the new office if it brought more attention in the Treasury to the importance of local government and we got more funding.

If the transparency was about how well government policy helps in dealing with things in localities—regional policy if you like—that data might be interesting. Locally, though, we already publish huge amounts of data to our local community about how we raise our funding and what we spend it on. I do not know what more our local community would want, because they can see everything. Councillors, certainly in my part of the world, take a great deal of pride in trying to be as transparent as possible on how public money is being spent.

Q90 **Mrs Elphicke:** Thank you. That is great. Finally in this session, can you all say briefly what needs to be done to ensure the success of levelling up, why it matters and what you would like to see?

Geoff Raw: There are two elements. I would like a lot more clarity on economic policy and, therefore, what is informing what we are trying to do with our economy and how that contributes overall to UK plc. On social policy, is it levelling up within our city or is it levelling up with other localities? Being clear on what the objectives are at national level and at local level would be incredibly helpful. I am not 100% sure we are there yet.

Georgina Blakemore: I was asked for a couple of words, so I wrote down UK plc.

Mrs Elphicke: That is why I am ending on Kevin.

Georgina Blakemore: I also wrote down that I would like to see equal life chances. It is the macro and then right down to the individual.

Matt O'Neill: We should remove the competitive bidding process—so get rid of the poor competing with the poor, to quote my leader. Then we should have focused interventions based on need and using the IMD dataset. We should also do this over a much longer term, with the devolution framework firmly in the hands of local leaders and Mayors.

Councillor Bentley: I will be very brief, since you have given me the order to be brief: levelling up for all, not just for some. It must mean something to everyone in the country, not parts of the country, and it must be targeted at those with the greatest need.

Q91 **Chair:** I will ask one controversial question, Councillor Bentley. How can we level up all when some are so far ahead of the others? Surely you must rely then on others levelling up to catch up with the ones who are doing best.

Councillor Bentley: That is true of all parts of the country, not just some parts of the country. Some of the affluent counties in this country in the south will have areas of real deprivation. One of the top areas of deprivation sits in Essex. There are other areas too. Yes, of course people have to catch up, but it is about levelling up for all, not just for some.

Chair: We might have a longer question about the major regional disparities, which is probably what levelling up is about, but I take the point about particular areas within wealthy regions.

Thank you all very much for coming to give evidence to the Committee this afternoon. It is really appreciated, and I think we have had a fair consistency of view about the need for devolution and more powers down at local level, but some interesting aspects to that as well. Thank you very much indeed. That brings us to the end of our public proceedings today.