



# Business, Energy and Industrial Strategy Committee

## Oral evidence: Post-pandemic economic growth: Levelling up – local and regional structures and the delivery of economic growth, HC 675

Tuesday 24 November 2020

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Members present: Darren Jones (Chair); Alan Brown; Judith Cummins; Richard Fuller; Ms Nusrat Ghani; Paul Howell; Mark Jenkinson; Mark Pawsey; Alexander Stafford; Zarah Sultana.

Questions 88 - 144

### Witnesses

**I:** Henri Murison, Director, Northern Powerhouse Partnership; Katherine Bennett, Chair, Western Gateway; Lord Kerlake, Chair, UK2070 Commission; and Rachael Greenwood, Director, Midlands Engine.

**II:** Marvin Rees, Mayor, Bristol City Council; Sir Peter Soulsby, Mayor, Leicester City Council; Rokhsana Fiaz, Mayor, Newham Council; Andrew Carter, Chief Executive, Centre for Cities; and Duncan Simpson, Research Director, TaxPayers' Alliance.

Written evidence from witnesses:

– [UK2070 Commission ([LRS0025](#)); Western Gateway ([LRS0027](#)); Midlands Engine ([LRS0021](#)); Bristol City Council ([LRS0042](#))]



## Examination of Witnesses

Witnesses: Henri Murison, Katherine Bennett, Lord Kerslake and Rachael Greenwood.

**Q88 Chair:** Welcome to this morning's session of the Business, Energy and Industrial Strategy Select Committee. This is our last hearing under this inquiry on levelling up and looking at how different tiers of local, regional and national Government are responsible for delivering on the Government's commitment to level up the economy. We have two panels today. On the first panel, we are delighted to welcome Katherine Bennett, the chair of the Western Gateway; Rachael Greenwood, the director of the Midlands Engine; Henri Murison, director of the Northern Powerhouse Partnership; and Lord Kerslake, chair of the UK2070 Commission. Good morning to all of you.

My opening question this morning, to get us started, is to each of you. Who should be responsible for delivering the levelling-up agenda, and how do we measure its success?

**Katherine Bennett:** Thank you for the invitation to be here today. I have been listening in to your other hearings. Much has been written and a lot of analysis done on levelling up. Is it all about north versus south? Is it about the relationship between the four nations in the UK? Whatever we think about it, it is obviously current Government policy.

I like to look through the lens of a businessperson, which is what I was asked to do when I was appointed to this role. I remember another Government policy that was all about rebalancing the economy, so some of these phrases have longevity and cause a lot of debate. For me, the whole point should not be about the word "levelling" but perhaps more about the word "up". We want to work together to ensure that economies improve across the whole of our nation.

The Western Gateway is very new. We have only just marked our one-year anniversary. We did not emerge as a result, necessarily, of a huge amount of Government policy; rather, we emerged organically as a result of the city regions of Bristol and Cardiff, which realised that their economic footprint had a great potential to be a powerhouse. What happened was a great levelling-up issue, in that the Severn Bridge tolls were taken down. That has now led to a lot more economic development.

It became a really strong concept and led to the creation of the latest powerhouse. By the way, it is worth pointing out for your inquiry that this is the first cross-border one, which was announced back in November 2019. There are 4.4 million people in the whole area across south Wales and western England, from Swindon to Swansea and from Salisbury to Tewkesbury. It is estimated that about 100,000 people commute across the bridge. It is a very strong economic area.



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We are an area of contrasts. I know your other witnesses have talked about deprivation. There are lots of pockets of deprivation in many parts of the UK, whether it is London, Bristol or around Newport in south Wales. I know there has been a lot of debate about the structures. We are all waiting on tenterhooks for the devolution White Paper.

My final point is as a businessperson. We were all a bit flummoxed when the Northern Powerhouse was set up. "What does it mean?" But it has really generated a huge amount of interest and has a huge impact across the globe in many ways. For me, powerhouses can be a force for good. We are one of many parts of Government structures, as you said, Chair, but we are happy to play our part.

**Q89 Chair:** Rachael Greenwood, is the Midlands Engine the responsible delivery partner for levelling up? How will you be measuring success?

**Rachael Greenwood:** Levelling up for the Midlands Engine means equality: equality of opportunity for our communities and for our businesses, equality in infrastructure investment and a fair share of public sector funding, including in R&D. Levelling up means reversing historical trends of investment and proactively targeting the removal of barriers to economic growth.

All bodies have a role to play in levelling up. For the Midlands Engine, levelling up presents a challenge of scale. We have a £76 billion gap in GVA—that is one measure—the lowest R&D investment over time in our region by the public purse, and an £83 billion cumulative shortfall in overall public sector funding compared to average spend per capita elsewhere in the UK over the last 15 years. Those are the Treasury's own figures.

We welcome the Government's confirmation of their definition of levelling up and we stand ready to deliver those elements that it makes sense to do so at a regional scale. Specifically, we believe we are well positioned on gathering and sharing regional intelligence so we can target and prioritise interventions. We are well positioned, too, to grow the international reach of our region as an economy of scale that can transact in a global marketplace. Equally, we are advancing a prioritised portfolio of regionally significant infrastructure investments, including transport. These are areas where we believe pan-regional partnerships such as the Midlands Engine can lead.

**Q90 Chair:** Henri Murison, as the third of our powerhouses and as the first powerhouse, is it your responsibility to deliver levelling up? How will you measure success?

**Henri Murison:** It is not the responsibility of Whitehall alone to deliver this. Much of the investment that is going to close those longstanding regional inequalities—in this case, I am preoccupied with those between north and south, but there are, of course, others in the country—will have



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to come from Whitehall, but the idea that Government Departments can do this through initiatives or their own programmes is not credible.

The primary building block for delivery has to be devolution. In the north of England, we are fast approaching 100% devolution: that is metro Mayors with combined authorities. There is a role for Transport for the North in pan-regional delivery, but it is quite narrow, in our opinion. There is absolutely a convening role at the northern level particularly to mobilise businesses. Alongside public investment, there is a core role for private businesses to invest. We have a number of very large private infrastructure projects in the north of England, such as Anglo American's new mine in Scarborough. That will drive the economy in Scarborough as importantly as devolution to, say, North Yorkshire and York.

We think the role of the Northern Powerhouse is to take that original concept by Jim O'Neill of agglomeration economics and draw together bottom-up Mayors, combined authorities and business leaders around shared goals and areas where we can collaborate across the north, like energy policy, but not dictate to local places what is in their interest. Whitehall should stop doing that as well.

**Q91 Ms Ghani:** Good morning, everybody. My first question is to Lord Kerslake. I am going to reflect on the UK2070 report that you were involved in. The report said that the economic shock has had differential impacts on communities and that centrally defined responses have the danger of being place blind. I wondered if you could expand a bit more on "place blind". If that is the case, who is responsible for levelling up?

**Lord Kerslake:** Thank you very much for the question. There is no doubt that Covid has not been a leveller. It has impacted on those who are most vulnerable and, therefore, on places where there are large numbers of vulnerable people. We know that we have a very unequal economy in this country.

Those inequalities take a number of different forms: gender, ethnicity and so on. In the UK2070 Commission, we focused on spatial inequalities. We did that because they are the starkest ones in this country. We are 28th out of 30 developed countries. They are structural; they are long term; they have been with us for a long time. At the heart of them is a productivity gap, which means that, as a country, we are underperforming.

Who is responsible for dealing with this? The responsibility is both central and local. It is not one or the other; it is both. Central Government need to have a clear plan that is comprehensive, long term and large scale. "Go big" is what we called it. But the delivery and the initiative need to be local, at the lowest possible level. That might be local councils, combined authorities and, where you cannot do it at those two levels, with the pan-regional partnerships that are involved today.



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It has to go big and local, with shared responsibility. By the way, we need a Government Minister at senior level in the Cabinet to take the lead on levelling up. I am really worried that, a year on, we have very little definition of Government plans. That risks its credibility unless that gets sorted.

**Q92 Ms Ghani:** There is not absolute clarity on what “levelling up” means as well. To follow up on that question, reflecting on what Mr Murison said earlier, we are also making the assumption that whatever we consider as levelling up is the responsibility of either national Government or local government. Surely there is a role for local or national businesses to play here. How do you see them interacting with local decision-makers when it comes to the so-called levelling-up agenda?

**Lord Kerlake:** You are right about the need for Government to have a clearer definition of what they mean by levelling up and to set themselves some targets for success, so we can all tell whether they have succeeded.

Yes, businesses are critical to this. One of the strengths of what I call the pan-regional partnerships, the ones we have heard from already and we will be hearing more from today, is that they have all involved business. It is not simply about local government. They are the conveners and, ultimately, the people who should take the democratic leadership, but they should not do it alone. Business leaders are critical, because they have the insights into the needs on training, job growth and infrastructure that are crucial to getting this right at local level. It has to be a collaborative partnership, but, ultimately, democratically elected leaders have to be at the forefront of the thinking.

**Q93 Ms Ghani:** Ms Bennett, thank you so much for joining us this morning. Western Gateway is the newest of the powerhouses. What lessons have you taken from the established powerhouses, good and bad?

**Katherine Bennett:** Thank you for the question. One of the first things I did was pick up the phone to the Midlands Engine, the previous newest powerhouse. I had very generous guidance and advice from my counterpart there, Sir John Peace, and from Rachael, who is on the Committee today. We spoke to the Northern Powerhouse as well. As I said earlier, our powerhouse or cross-regional partnership goes across the border into Wales, so there was a different dynamic there. One of the most important things that I can see is the collective voice. The big thing was creating relationships and trying to work together. We are still in that process. We can speak with one voice when the geography makes sense.

Going back to your question about business relationships, when I have gone out and talked to businesspeople—I did a big speech last week to Business West and I am doing a big speech tonight at the Cardiff Business Club—I have had no end of support and emails sent out to me from other businesspeople, a lot of whom have businesses on both sides of the River Severn. They like the idea of getting behind this and becoming what I call an ambassador for the Western Gateway, because it



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is not just the responsibility of local authorities, as you have said. It is also something that businesses care about very deeply. They can become big advocates for potential inward investment.

**Q94 Ms Ghani:** Can you explore in a bit more detail the particular policy issues or challenges that you face as a cross-border powerhouse?

**Katherine Bennett:** There are always going to be difficulties when you are dealing with lots of different authorities. I have to say that I have had very generous support from people across all parts of the powerhouse. The partnership board has some very strong-minded and individual people on it who care passionately about their council areas.

I have had numerous discussions with the Welsh Government as well. As you may know, Airbus, the company I work for, has a site in south Wales and a site in Bristol. We tick the box on cross-border economic interests. That has been a big thing for me. I was literally on the phone to Luke Hall yesterday, the Minister for our area, and David T. C. Davies at the Wales Office, so I am keeping the relationships going.

The challenge, apart from keeping the relationships going, is how we can present a united voice in bids for investment, whether we are supporting Bristol in part of the process of being a freeport or some of the opportunities coming up on the nuclear side. For me, it is about getting people together in coalition and making a case for investment.

**Q95 Ms Ghani:** I want to have a discussion about data. There seems to be a lack of regional economic growth data, and that is going to be fundamental to how you deliver the levelling-up agenda. How are you able to set targets, and how will you measure them?

**Henri Murison:** We would emphasise that we started the Northern Powerhouse with the Northern Powerhouse independent economic review. That set some very clear ambitions for the north of England primarily built around productivity. Our key focus in the north of England is on making the economy more productive. That is about not just having more economic activity and closing the gap with London and the south-east; it is about being able to share the benefits of that success around society.

The fundamentals are that large areas in the north of England, such as in parts of the north-east, have not quite recovered from the deindustrialisation of previous decades. Unless you can bring greater prosperity to those places, it is very hard to deal with the wider inequalities. The Northern Powerhouse independent economic review is monitored and continually updated by Transport for the North, which leads it.

I would critique the ONS's productivity figures. These come out for the regions two years in arrears. I can only give you today the data from 2018. That showed that some areas of the north were significantly outperforming productivity growth in London. Liverpool, for instance, and Cheshire and Warrington are two areas that were doing very well. There



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were a number of other areas significantly outperforming London and there were other areas not doing as well in our city regions.

That brings me to the point that there is not an amorphous northern picture. There are trends across the north around our productivity problem, but the particular circumstances, given the sectoral mix, are different. There are similarities, say, between Cumbria and the Humber; they are very energy-dependent economies. The Tees Valley is very similar. But the core cities and city regions are quite different. They share more in common with each other despite being geographically further afield.

Remember the ManSheffLeedsPool idea that Jim O'Neill first developed. Those cities along the M62 are in quite close proximity. Sheffield is not very far from Manchester. If people from Sheffield or, vice versa, from Manchester could more easily commute between these two places, it would have a significant impact on economic activity. If you look at the dynamism of the London economy, the reality is that its productivity is partly a reaction to its labour market mobility. If the south-east was taken away from London, London's economy would really struggle.

The challenge is that Sheffield, Manchester, Liverpool, Leeds and, in the case of the north-east, Newcastle all suffer from being disconnected from wider city regions, which makes it very hard for attracting businesses and location decisions, because we cannot compete not just with London but with other comparable economies around the world that are much better connected.

There are a number of examples from eastern China. Look at Hong Kong-Macau. That is a travel-to-work area of 200 million. We struggle to get 15 million people in the north of England to be able to commute to more than one or two cities within a reasonable time. That is not a credible basis for economic growth. That is why transport is one of the key drivers of the economic issues we have.

**Ms Ghani:** Chair, I have just noticed that I should have declared an interest. Mr Murison and I had the pleasure of working together when I was at the Department for Transport. I apologise for not mentioning that at the off.

**Rachael Greenwood:** We have a regional economic observatory within the Midlands Engine. It is a critical function of our partnership, and it provides comprehensive, contemporary data but, importantly, analysis and intelligence as well on the whole of the midlands economy. The observatory's work is today delivered through 14 dedicated research partners from universities from every part of the midlands. University partners co-invest with the Midlands Engine partnership and match our cash investment pound for pound in every piece of work that is delivered.

We have a wider intelligence community, which involves some 50 or more organisations that own and use data. They collaborate to produce



the evidence that we know is vital for shaping policies and targeting delivery plans within our region. Like the Northern Powerhouse, we have produced an independent economic review of the Midlands Engine. It was published earlier this year and was the first one to look at our macroeconomy. It identified a number of key barriers to growth, including low R&D investment; decades of underinvestment in infrastructure, transportation, energy and digital; well below average GVA per capita; and a struggle to retain skilled graduates.

The opportunity that the observatory presents has never been better demonstrated than through Covid. We as a partnership, as well as individual businesses and partners, need to understand the economic impact of Covid-19. Our observatory and our wider intelligence community collaborated at pace to produce economic monitors, which showed that the midlands had a higher percentage of furloughed staff than the UK average, but also showed where there were specific issues or opportunities that businesses and partners could capitalise on. Data is only as good as the use that we put it to, so we can report very positively that our observatory's Covid economic impact monitors are a fundamental cornerstone in the local recovery plans of partners and businesses in every part of our region.

In terms of how we measure success, the executive board of the Midlands Engine, which drives our policy and our strategic direction, receives regular updates from our observatory. More recently, we published our first *Midlands Engine State of the Region* report in 2020. Our partners benefit from a monthly dashboard of key performance indicators and key metrics of economic activity. Our executive board uses this information to drive decision-making. I am very happy to share the range of KPIs with the Committee, but they include metrics you would expect, such as economic growth and unemployment, ranging through to things like CO<sub>2</sub> emissions as well.

Q96 **Chair:** Lord Kerlake, before I come on to the next question, I am interested in your view from a UK2070 perspective about access to data and measurements, and how we decide on what metrics we are going to choose to look at delivery across the country. What was your observation from your work at UK2070 about access to data across the whole of the country, and not just areas where there are powerhouses?

**Lord Kerlake:** There is a lot of work to do still on data, I have to say. Indeed, some of the things you would want to measure more locally, for example the UN sustainable development goals, are not readily measurable at local level.

Government should decide what their metrics are around economic, environmental and, indeed, social goals. We have heard some of them already from others. They then need to develop the measurement processes that they are going to use to establish that. We have done quite a lot of work on this and how it might be done. Indeed, we proposed that the Government establish a national outcomes framework





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precisely to do this. I would be very happy to supply the Committee with a fuller note, because it is critical that we have both short-term and long-term measures of success. Levelling up is not going to happen overnight, and we need to track our progress constantly.

**Chair:** Thank you for that. If you could send us that note, we would certainly be grateful.

Q97 **Mark Pawsey:** Chair, I would like to ask some questions of the powerhouses on the importance of research and development in encouraging economic growth and the role of powerhouses in encouraging it. Henri, is it the case that, if you have research and development taking place in your area, you have a better chance of the manufacturing following? Without the R&D, are you less likely to get it? Is it as simple as that?

**Henri Murison:** It is pretty simple. I am talking to you today from the site of the former Orgreave works in Sheffield, which is better known as the Advanced Manufacturing Park where the AMRC was built. I am sat in Factory 2050. When you talk to those who are involved in attracting facilities like this, such as the founder investors from Boeing and some of the public sector actors who were involved, as well as the academics and industrial partners who wanted to be involved, the place was important to them.

The challenge is that there are specificities in our economy and in our places. In the north of England, we have four particular strengths: advanced manufacturing, digital, energy and health innovation. Those four strengths create 25% of the employment, but they drive much more of the economy. We need world-class research and development, and I stress the development, because we have some excellent world-class research in the north of England. Recent reports by Nesta prove that we probably do not get as much as we should, but we are particularly missing the development of some of the applications of our high-quality science research.

An opportunity like Royce, a pan-northern collaboration that also included other parts of the UK, is a good example of excellence in academic research and how that can lead to industrial growth. We need to think through how we work with those in industries like steel. We have facilities in Teesside like the Materials Processing Institute, which has a key role in the future of steelmaking in the UK. How do we support those assets that have both regional and national importance? That requires empowering our metro Mayors and having a northern view, but also working in partnership with central Government.

This comes back to much of what Lord Kerslake has been saying about that integration point of places getting to drive the agenda rather than getting scraps from the table. In the UK, we do far too much jam spreading. The place-based funding that has been done for universities in the last couple of years is an awful example of small, lowest-common-



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denominator amounts of money, which take more effort and time to compete for than they bring in benefits.

Instead, when we approach the target for R&D, we need to genuinely see the additional spend as being for places that have lower levels currently. It is not about taking money away from the golden triangle. For instance, a recent report by NHTA showed that many of the productivity issues that have come from our health outcomes in this crisis, which have been worse, could be dealt with in part by more use of our research base in health innovation. The gap in funding from what goes into many parts of the golden triangle would be enough to make a massive step change in the north of England.

If the Government are serious about increasing R&D spending, they should be doing it in the regions. That is probably one of the most important things we could do to genuinely achieve levelling up. Without it, we will see scarce resources going to suboptimal outcomes, because people spend more time competing for funding in national competitions than building genuine local partnerships like the one that made the AMRC possible when this was built, now many years ago. That saw significant upfront investment, but it has paid that back many, many times over to the public sector and to the UK Government.

**Q98 Mark Pawsey:** It is good to hear that you are coming from one of our excellent catapult centres. Rachael, we have catapult centres in the midlands, including the excellent Manufacturing Technology Centre in my constituency, but you have just told us that the midlands R&D performance is very poor and is lagging well behind the rest of the country. Why is that? What do we need to do to get R&D levels up?

**Rachael Greenwood:** That is a very good question. We know there is underperformance in R&D intensity within the Midlands Engine and a historical position of very low public sector investment. In the west midlands it is £83 per capita; in the east midlands it is £89 per capita. That is the lowest in the UK in terms of public sector spend.

**Q99 Mark Pawsey:** Is it a specific objective of yours to improve that?

**Rachael Greenwood:** It is, most definitely. To put this in context, where the private sector is investing in our region in R&D, it takes £3 or £4, depending on where you are in the east or west midlands, for a private sector investment to lever just £1 of public sector investment. We have some of the highest levels of private sector R&D investment in the UK, which is juxtaposed with the very low levels of investment from the public sector purse.

We know that has resulted in innovation assets not being joined up, not being integrated and spend, as Henri has said, being too concentrated in particular areas. Knowledge diffusion across our business base is poorer than it should be. We are a region of entrepreneurs and innovators. Levelling up definitely means investment from the public purse in R&D so



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that businesses have access to the resources they need to grow, develop and continue to innovate.

**Q100 Mark Pawsey:** Katherine, you told us that the first thing you did was speak to other powerhouses. We know that research and development is important, and Henri reminded us of the strengths of the north. Should the powerhouses be competing with one another for research and development? If there is a company looking to place an R&D centre, should you be competing with one another? Should you be acknowledging that, if it is a particular industry, it is more appropriate in the north or the midlands? You would perhaps argue that, for aerospace, it should be in the south-west.

**Katherine Bennett:** Every region has sectoral expertise, some of which doubles up. I know the north is putting a lot of energy into digital, but so are we. If we are getting into the battle of catapult centres, we have catapult centres around the UK. There is an excellent one in Newport, the semiconductor catapult, and the composites centre is just on the outskirts of Bristol.

Catapult centres were part of the Government's industrial strategy set up about a decade ago, and they have gone from strength to strength. The key point, as other witnesses have commented, is that centres like that really become a hub for investment. Companies such as mine, Rolls-Royce, GKN or Formula 1 companies realise the benefit of co-locating and working closely with academia. That is the key point. I do not see my powerhouse in competition with my friends from the Midlands Engine and the Northern Powerhouse. We want to work together.

**Q101 Mark Pawsey:** Is there a carve-up taking place? Have you decided that certain parts of the country are going to get certain types of investment whatever happens?

**Katherine Bennett:** We cannot be that imperial, if I may say so. Business makes decisions based on where the expertise is, where the workforce is and where the skillsets are. I used to work in the car industry, so I know the automotive sector very well. Your constituency has a large supply base. Suppliers and academia working together encourages investment.

I would not be in the game of carving up. I want the area I am looking after, with the chair role I have, to demonstrate its strengths in low carbon, helping with the net zero targets we all have to meet, and digital. Advanced manufacturing, yes, is a strength in the west of England, in Wales and in your constituency. There are opportunities. The enemy is not in the UK. The target of our competition needs to be external investment and encouraging existing business to continue to invest. That is very powerful.

**Q102 Alexander Stafford:** I have a very quick question to Lord Kerslake in light of the UK2070 report. To achieve investment in clustered R&D, you



recommend establishing a national programme, but surely this is at odds with levelling up. Areas like Rother Valley in my constituency in the north need that investment. A national programme might actually go against this levelling-up programme. What do you say to that?

**Lord Kerslake:** We do need a national programme, but the reason why we need it is that things have essentially moved in a different direction than people realise. We have seen a regional policy in the past; the money has just gone towards London and the south-east. In the case of R&D, the key point is this, really. First, as a country, we underinvest in R&D. We need to get the level of spending up.

Secondly, in so far as we have invested, we have focused on the so-called golden triangle of London, Oxford and Cambridge. They need to carry on being brilliant, but we need to grow more centres of excellence. More of them need to exist across the country, and in particular in the midlands and the north. That process cannot just be a local decision. "We choose to be a centre of excellence." It has to be a combined conversation between central and local players about where those centres of excellence go.

That is why we say it has to be a national programme, but driven at local level. We have not made a lot of reference so far in this debate to universities. They are critical. They were critical in the AMRC, which is not that far away from where I am at the moment, and they will be critical in the future. Yes, it is a national programme, but tailored to local centres and networks of excellence across the country on agreed areas where we can shine in particular places. That is the way we get both more R&D investment and more in the north, which is the critical success we are looking for.

Q103 **Chair:** Lord Kerslake, just on that point and further to Mark Pawsey's point, there is tension between competition and collaboration in the debate around levelling up. We have already heard that different powerhouses have shared strengths, albeit in different sectors, around advanced manufacturing, digital, energy and net zero. Different universities perform differently, especially on research compared to teaching. Parts of the country are much better practised at bidding and winning funding than others.

How do we get around the fact that the areas that are currently successful and need to continue to be successful should continue to be funded, but the areas that have not been as successful in bidding and winning funding in the past also need to be given a fair share of the funding? Is it just a case of increasing the size of the pot and sharing it, or is there something fundamentally different between the competitive approach to funding versus a more collaborative approach?

**Lord Kerslake:** It is a very good question you are raising. There are two things here. We certainly need to increase the size of the pot. We argue in our report for tripling the size of the shared prosperity fund so we can



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spend £15 billion a year on the agenda of strengthening local places. We do not want to see that money simply given out through short-term beauty parades, put bluntly, between different places. All the evidence tells us that just does not work.

First, we need a long-term plan from Government. Secondly, we need an honest assessment of where the strengths and weaknesses are in research excellence. We cannot all be digital excellence centres. Some choices have to be made here. Thirdly, we need to have a proper conversation at local level and then with the pan-regional partnerships about where those centres of excellence are developed. That does not rule out local initiative. There are a huge number of things that can happen at local level.

I often talk about the need to think about Grimsby as well as graphene. It has to be about both: it is about local economic growth as well. As far as R&D is concerned, we need to deal with it in a collaborative, national and local way. Otherwise, we will end up, frankly, wasting the money on short-term competitive initiatives that do not go very far.

**Q104 Paul Howell:** I would like to move the discussion on to the UK shared prosperity fund. I will start with the powerhouses. This is about understanding how that should be specifically targeted to replace EU funding and particularly address regional inequality. I have a little more familiarity with the north. I have met Henri before. Even just looking at the north to try to understand how you would do that, the difference between Manchester and Newcastle is one thing; the difference between Newcastle and Sedgefield, where I am from, is another thing again.

I would like you to talk about how you prioritise within your region but also how you would prioritise within the UK. The Government have been asked what their priorities should be and what should be recognised and measured within this UK shared prosperity fund. What are they for your particular region, and are they the same for each region?

**Henri Murison:** Our initial response would be that previous funding was targeted based on need. Whatever people thought of EU funding, it was needs based. The shared prosperity fund has to take a similar lens. The metro Mayor for your neighbouring area, Ben Houchen, who abuts your constituency at the airport, and his colleagues on the Labour side have written with us, and others like the Joseph Rowntree Foundation, to Government to make it very clear that we need to see a continuation of funding. Particularly if we want people who are furthest from the labour market to be able to get into employment, which is a key way in which we address social inequality, that can only be done through place-based interventions. They are currently funded by the funding that comes historically from the European Union.

We have to continue doing the things that, for instance, the North East LEP has done very well, in the case of Sedgefield, dealing with the different issues in a coalfield community like yours, Paul, which has



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significant opportunities for manufacturing growth, as we have seen, for instance, in Newton Aycliffe, versus what is happening in, say, Newcastle and Sunderland, where there are industrial employers, but there is a bigger focus on the digital sector, as I have alluded to before. There is an approach there that is meaningful.

It comes from a bottom-up approach. Where you have local enterprise partnerships working in partnership with their newly elected metro Mayors, we have seen a very effective approach to prioritising the previous EU funding streams. I have every belief that that will continue. My biggest fear is that central Government Departments will try to top-slice the shared prosperity fund and pocket it in Whitehall for their own programmes. That is the wrong approach. The shared prosperity fund and the regional funding—the clue is in the name—should be spent in the regions by the regions, not by central Government.

When the Chancellor speaks on Wednesday and reveals a bit more detail about what he has in mind, it would be good to hear from him that the programmes he is suggesting, which I understand will be around piloting what could work for the SPF, should be led by places. If we do that, taxpayers will get value for money. Remember that the whole point about making decisions closer to the problems or the need is that we should be spending less money on initiatives that are poorly targeted and spending it more smartly and effectively.

In the Tees Valley, there is a very clear example. Since the metro Mayor began spending previously national funding streams, like the adult education fund, that money is being spent more effectively. We believe that can be demonstrated. This is about getting value for money for the taxpayer, not just a principled argument about powers being better held at local level. There is an argument for that, but my argument is predominantly a practical one. We are best placed in our local enterprise partnerships and our metro mayoral combined authorities to spend this money.

**Q105 Paul Howell:** Should we be driving that money into towns as their own economic places, using the example you gave of Newton Aycliffe, or should it go to cities to pull the whole region up? Where would the balance be? Do we need a bit of both, like everything else?

**Henri Murison:** Cities still play a powerful role in economic development and they require investment. If you look at the combined strengths we have in the north, where I alluded before to those key sectors, my point would be that some of those sectors, like manufacturing and energy, are not located in cities. The investments you make in driving your manufacturing sector will, by their very definition, be on the fringes of city regions in places like Rotherham, near where I am today. Then there are places like the west coast of Cumbria, with the energy sector and nuclear. Of course, investments in Warrington or north Wales benefit the west coast of Cumbria, but you will see, in Mark's patch, that there is not



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a city that drives the economy for the west of Cumbria. It is absolutely driven by investments in places. That includes towns.

The work you have done to make clear the economic importance of towns is really important, particularly in the context of their regions. Often a group of towns, like those in the Tees Valley, can function a bit like a city, but it is not the same. It is spending money in Stockton, Middlesbrough, Hartlepool and Darlington. If you just invest in one of those places, none of them would be significant enough to drive the wider economy. You have to look at them as a connected group of economies. Agglomeration can happen without a core city; you can see groups of towns starting to function more like a traditional city region. We think that would drive up productivity. We are starting to see it in places like the Tees Valley, but we need to do more to push that agenda on.

**Rachael Greenwood:** The shared prosperity fund can play a key role in enabling levelling up by targeting areas of greatest need. We welcome the Government's ambition to use the fund to reduce inequalities. The Midlands Engine is very focused on prosperity within the region, which means prosperity for every community in every part of our region. The parameters of the fund need to be settled quickly. We need the detail of those parameters. The fund has been in design mode for some considerable time, and we really need clarity on how it will operate. We know it will take time to mobilise, so time is really of the essence.

In the Midlands Engine, we would welcome a degree of local autonomy about how local funding is directed and spent. Quite who should administer funds depends on precisely what they are meant to be used for, but a combination of our combined authority, our upper-tier authorities, our local enterprise partnerships and, indeed, pan-regional partnerships may play a role. If the Government view that all these bodies will be part of the conduiting and determination of focus for the shared prosperity fund locally, they need to be involved in advance in the design of the fund. The sooner the Government publish plans on how this will operate, the better.

Q106 **Paul Howell:** Do you have any suggestions or proposals as to how the parameters should work?

**Rachael Greenwood:** In terms of the focus, it is very important that there is a whole suite or a phenomenal portfolio, in fact, of activity that has been ongoing over time with a focus on addressing inequalities in local areas. It is really important that there are mechanisms for identifying any gaps between the end of existing funding and the roll-out and mobilisation of the shared prosperity fund, so significant programmes, activities and interventions do not fall between the SPF coming on stream and European funds diminishing over time.

**Katherine Bennett:** Our gateway is still in its infancy. I was not asked a question about the data, but the key thing for us is that we are in the middle of our economic review being undertaken at the moment. When



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we have the results of that, we will be in a better place to make a case. One of the key things for the Western Gateway is that we are not trying to reinvent the wheel. There is already a load of great work being done, whether it is by the cities themselves or the combined authority we have on the English side of the river and the Cardiff capital region.

I know you were an accountant by profession before you joined the House of Commons. For me, it is all about business cases. Putting forward a good combined case will ensure the Government understand that a lot of people, organisations and stakeholders care enough to put their names forward for a bid.

I mentioned the freeport and how that is operating. I quite like the way they have said there will be a number in the UK and then the local areas have to make a case to win that. That works quite well. Way back, I remember when there was a decision being made about the green investment bank. I know Bristol put forward a good strong case for that, but we were disappointed that it went to Edinburgh. You win some; you lose some. For me, it is about coalition building and putting a good business case together.

As a businessperson, I was involved when there was the regional growth fund. That was very important in unlocking a certain number of projects and, more importantly, the skills and training opportunities that then help businesses develop.

**Q107 Paul Howell:** Picking up on your comment that I am an accountant by trade, how do you stop accountants from getting too involved in a competitive process, to make sure that we get progress rather than just spending our time evaluating things?

**Katherine Bennett:** Accountants have a huge role to play in all parts of business and the way we run our Governments. I am not one by profession, but I have lots of family friends who are. For me, there is no problem with that. I understand there are going to be some changes in the Treasury on the Green Book process, which we will watch with interest. The most important thing is that the Western Gateway can provide a voice in those changes.

**Q108 Paul Howell:** I hope you are right in terms of the Green Book changes, I have to say. Is there any specific additional support you can think of, particularly for the poorest parts, to pick up what would have been objective 1 funding? Could I get a quick answer from the three of you?

**Katherine Bennett:** The loss of EU funds is disappointing for many, but I have been involved in applying for EU funds in my last job. It is not that straightforward and can take a long time. That may be one of the benefits of a UK funding system. I agree with other witnesses: making it more locally run and managed is key to that. We can be fleet of foot and we can respond quickly. Let us make the process clearer and simpler.





**Rachael Greenwood:** Picking up on the point about competition, if capacity to compete is a challenge in a particular area and that is a reflection of the state of play in that particular geography, perhaps there is an opportunity for the shared prosperity fund to think about how funds are awarded, not necessarily always to the best business case or the top of the pile. There need to be mechanisms to evaluate opportunity, impact and the scale of change that is sought, but it is really important that the SPF recognises the capacity to compete as a fundamental consideration.

**Henri Murison:** This is a plea against jam spreading. The reality is that, currently, EU funds go disproportionately to the places that need them. Some parts of the country get little or nothing, and that should continue. Some of those places are in the north of England. There are prosperous parts of the north that do not get a lot from the current funding, but would never have got objective 1 funding. If we are going to keep funding areas with the most significant levels of deprivation, we are going to have to give nothing to some people. We should be okay about that.

What Bob alluded to is right: we do not currently have enough money in the pot. If the pot gets no bigger, the Chancellor is going to have to be very focused on not simply giving people money to make them happy when they do not need it. If this money is about dealing with structural inequalities and you do not have significant structural economic problems based on your place, you should not be getting any SPF money, because you should be relying on wider public funding streams that are available to pay for core public services. This money is about dealing with the challenges that are endemic in our nation. It has to be focused on those who need it most.

Q109 **Mark Jenkinson:** In my discussions with businesses, there is often a perception of overlap and a lack of clarity on responsibility in various local government structures and other organisations such as powerhouses, LEPs and chambers of commerce. Rachael, in written evidence to the Committee the Midlands Engine stated that it was looking forward to the devolution and local recovery White Paper providing clarity on local government structures. What clarity is it that you specifically require, and what are your hopes for that White Paper?

**Rachael Greenwood:** We are keen to understand what the Government view as the role they would like the pan-regional partnerships to play. We look forward to the devolution White Paper coming forward. We hope it has a focus on additionality and complementarity for pan-regional partnerships, which is the way of working of the Midlands Engine.

Our partnership works at scale with shared effort around common causes. We do not duplicate; we rarely operate on a place basis. We take on big shared challenges in our region, like digital, and address things that it makes sense to address at a pan-regional level, like internationalisation. Fundamentally, our focus is more on additionality. We anticipate and hope that the White Paper will reflect that as a core role and focus for pan-regional partnerships.



Q110 **Chair:** Do any of the other witnesses have any views in anticipation of the devolution and local government White Paper? I can see that Henri is bobbing with excitement, so I will give you the chance to comment.

**Henri Murison:** I am probably one of the few people who are excited about the devolution and recovery White Paper, along with Bob. It is a very unusual class of individuals.

My key point would be that we need to make it easier for people like Mark and his colleagues, who seek devolution in Cumbria, to get it, because it is far too difficult to establish metro mayoral authorities. The debate in the north of England is quite different about how we operate in terms of recovery, because we have such a large amount of the north's population covered by metro Mayors.

It is very easy to have a northern economic recovery plan, which is what I understand the Prime Minister has promised to Mark, Paul and some of their colleagues in the Northern Research Group, because the Mayors can deliver that. We have local political structures ready to pick that up. In some parts of the north, we are trying to accelerate that process greatly, and the current rules are cumbersome around getting local government changes but also the establishment of combined authorities, when perhaps some tier-two authorities are less than enthusiastic about something that may, in the end, lead to their abolition.

We need to see a much greater set of tools so that genuine local consent drives the process rather than the self-interest of some local politicians, which is not the right basis for stopping a whole economy, in the case of, say, Cumbria, from making progress. We need to speed up the process of getting devolution deals through. That means you should not have to have the consent of both tiers of local government, if there is a settled will from the wider population and the business community, because that has held up devolution in too many cases.

**Lord Kerslake:** I share the concern about the complexity of where we have ended up, I have to say. We need greater clarity about what level we are doing what function at. My personal view is that we should go as low as is practical: local government first, then combined authorities and then pan-regional partnerships only for those things that really make sense to be done at this level: energy, wider strategic planning and inward investment, which, as we have heard, is crucial.

There is a lot to be done. While it did a lot of good in pushing forward the devolution agenda, the deal-based approach has probably reached the end of its useful life. We need a clearer plan about where we are trying to get to, if nothing else so that the people in the country and businesses have a sense of who is responsible for what. That is a critical issue. For me, the White Paper needs to set out in a very clear way what we are trying to achieve at what level. That seems to me to be crucially important.



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I would just make one other point. I am a great believer in local areas taking the initiative to review how they are working. I am agreed with and very enthusiastic about the Teesside Taskforce we are doing with Mayor Ben Houchen, which is going to look very practically at how they can move forward their agenda of zero carbon in their part of the world. We should look to local areas to try to simplify and clarify arrangements, as well as thinking about it at national level. But we have to do some clarification and simplification of how we do things in this country; otherwise, everyone is going to feel a bit confused.

Q111 **Chair:** Katherine, you have the most politicians on your hands, from councillors, city Mayors, metro Mayors, devolved Administrations as well as LEPs. Is there anything you want to add on the devolution White Paper?

**Katherine Bennett:** We all seem to be waiting for this jam tomorrow, and I hear the devolution White Paper is way off into the distance. That will be important, but, for me, I want to get on; I want to bring businesses together; I want to continue to fight for our area. Yes, it is complicated, from the level of local councils up to combined authorities, but we have other parts of the UK that are not covered by these partnerships, so we have very close links with the rest of the south-west peninsula. There is a lot of work to be done. As a businessperson, I am happy for Government to get on with that, but I want to fight for the area and for investment.

Q112 **Mark Pawsey:** I want to follow up on the point from Mark Jenkinson about the engagement between the powerhouses and businesses. Generally, businesses just want to get on with running their business. People running businesses know what skills they need in their area and what infrastructure may be required to stimulate growth, but often businesspeople will not know who to go to talk to. Should it be the local council? Should it be the local enterprise partnership? Should they chat to their MP? Should they go directly to a Government Department? They might want to talk to their chamber of commerce or their local trade association.

What is the level of relevance of a powerhouse, and when should a business engage with a powerhouse? I might give that to Rachael first, seeing as she is covering the midlands.

**Rachael Greenwood:** We have a significant track record of engagement with business. I have mentioned our independent economic review. It was really important, as part of that piece of work, that we speak directly to business. We were overwhelmed with the response from business, the amount of time and the level of investment they were prepared to give us in terms of understanding the opportunities, barriers and challenges that exist within our regional economy.

I take the point in terms of businesses necessarily wanting to focus on their business, but we are fortunate within the Midlands Engine to work



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with growing numbers of private sector firms on particular programmes and projects. We have a Midlands Engine energy conversation that is rolling out at the moment, which will result, at the end of this financial year, in a green growth action plan. We have been bowled over by the level of uptake and interest, with businesses wanting to give us their views, to help shape that action plan, to get inside the Midlands Engine partnership and to work with us, as co-producers and co-investors, to improve the lot of the Midlands Engine as a whole.

We make a very overt and open offer to businesses in terms of getting involved. We do that in a variety of ways. I have mentioned a few. A third would be opportunities for businesses to share views with Ministers and MPs. We convene a number of roundtables and conversations from time to time with different areas of focus. We have done several during the pandemic focused on skills, on the visitor economy and on internationalisation and the impact of Covid-19 on international trade. Businesses value the opportunity to be able to transact at a pan-regional level and have those macroeconomic conversations directly with Government. We are recognised as the route through which to do that.

**Q113 Mark Pawsey:** Katherine, you are the newest powerhouse. How did you go about letting people in your area know that you exist and what you are there for?

**Katherine Bennett:** I often say that, if I went into my local village right now and said, "I am the chair of the Western Gateway," I do not think most of my neighbours would know what I was talking about. That is the case with a lot of businesses. If a business comes to me and asks me a question that probably would not be in the scope of the gateway, the most important thing is to signpost them. I am sure all MPs make it their business to get to know the businesses in their constituencies, so you can help in that process as well. It is a confusing landscape, I agree, but I am absolutely focused on what Rachael said about trade missions and inward investment opportunities. If we work together, it is much stronger.

**Q114 Paul Howell:** I will move the discussion on to something we are all familiar with now, which is Covid and the tiered approaches. There has been a new announcement on the tiers coming back. I will start with Rachael, because the impact in the midlands has been quite significant. I would like to get an understanding of what impact Covid and the regional tiered approach has had in disrupting what you might see as being the levelling-up agenda.

**Rachael Greenwood:** It is very clear that the impacts of Covid-19 will exacerbate the already significant challenges within our regional economy. According to data from our observatory to October, in the midlands there were 420,000 unemployment claimants aged 16 years and over. That is a significant rise of almost 200,000 since March 2020. There are some real challenges now, but there are also some real challenges ahead.



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Research suggests that we will lose a further 517,000 jobs in our region by quarter 4, directly attributable to the consequences of the pandemic. We have also had very high exposure to access to the furlough scheme for key, significant sectors in terms of our economic activity. In the visitor economy, over 75% of total eligible workers were furloughed; in construction, 57%; in advanced manufacturing, which is a key sector for us, 46%; in retail, 42%. Since 45% of total jobs in the Midlands Engine are in those hardest-hit sectors, the impact of Covid is very significant indeed.

**Q115 Paul Howell:** Has there been any change in terms of sectors, areas, regions, people or communities, whatever definition you choose to use, that would not have been seen as requiring much help from the levelling-up agenda and now, all of a sudden, do? Does that disrupt the targets or the way we should be moving forward on this?

**Rachael Greenwood:** Our region has demonstrated the digital divide really well. In some parts of our region, we have very low levels of connectivity to full fibre to the premises, for example. If you have a poor broadband connection, poor access to internet or, indeed, low levels of digital skills, the shift during the pandemic to working from home is not a straightforward one.

The responsibilities that people have, the extra juggle and the diverse challenges, added perhaps to digital poverty, have really exacerbated and shone light on what are already 30% of local authority areas within our region that have serious challenges in digital skills capabilities within their populations. As I have mentioned, Covid has certainly exacerbated some of the challenges that we know we already face as a region and prioritised, for us as a partnership, the imperative to make sure we ramp up connectivity, for instance, so that, in times of the progressing pandemic and perhaps permanent shifts to working from home, that digital divide does not begin to be a performative and structural barrier to growth within our economy.

**Paul Howell:** Henri and Katherine, if you would like to make a very short comment on that, it would be very useful.

**Henri Murison:** On tiers, we have had a lot of the most draconian restrictions in the north of England. That previously came with offers of financial help, some of which has not arrived yet. Now there will not be any financial support for those areas with severe local restrictions. That causes us some significant concerns, because, despite the fact that the north-east and Yorkshire, if you look at the PMI indices, were coming out of the crisis quite well, we have then seen a lot of retrenchment from what were hopefully green shoots of recovery.

The idea that you would have a differential set of health measures until March but the same set of economic support measures for the whole country just does not seem appropriate. Many areas in the north are exiting these, hopefully, now. This is not so much a worry for the north.



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It just seems unfair. Having been through it in the north of England, other parts of the country that are about to experience what we had before the current restrictions may end up having that without the support they might need.

There is a related point specifically about education. Schools and the disadvantage gap have been very disproportionately affected. When the Government's catch-up premium runs out, most of that money has gone to schools regardless of the levels of inequality. Many of your schools, for instance, have some of the most disadvantaged kids in the country; it is the same in many other northern constituencies. Those schools have high numbers of children without laptops, who do not have the ability to learn at home. Those young people are going to have a learning deficit for a number of years. The Government have to think seriously about how we prioritise any additional funding for education to deal with that problem, not just for this current year, the academic year we are in now, but in future years as well.

**Paul Howell:** Thank you, Henri. I knew you could not give me a brief comment.

**Henri Murison:** I am sorry.

**Paul Howell:** No, I appreciate it. Katherine, the last word is from you. We are incredibly tight on time.

**Katherine Bennett:** I will be very quick. In our area, we are waiting for our independent economic review, which will show the true hit of Covid. My sector and advanced manufacturing have been really hit, as have hospitality and the creative industries, which for the area of the Western Gateway is a very important sector. We just have to work together. A lot of our member organisations have excellent recovery strategies. The final point is that investment in skills will help. That is exactly what businesses want to recover.

**Chair:** That brings an end to the first panel. Thank you to Katherine Bennett, Rachael Greenwood, Henri Murison and Lord Kerslake for your contributions this morning. We are very grateful.

### Examination of Witnesses

Witnesses: Marvin Rees, Sir Peter Soulsby, Rokhsana Fiaz and Duncan Simpson.

Q116 **Chair:** We are now moving on to our second panel, where we are delighted to welcome Marvin Rees, the Mayor of Bristol; Rokhsana Fiaz, the Mayor of the London Borough of Newham; Sir Peter Soulsby, the Mayor of Leicester; Andrew Carter, the CEO of the Centre for Cities; and Duncan Simpson, the research director at the TaxPayers' Alliance. Welcome to all of you. Before we begin, I should quickly declare my interest, in that I chaired Marvin Rees's successful bid, not the unsuccessful one, to become Mayor of Bristol. That is on the record.



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I am sorry that we are running a few minutes late. We are going to go straight into questions. The core question we are trying to answer on the Committee is who should be responsible for the levelling-up agenda and how we measure its success. I am going to ask the city Mayors that question. What role do you want to play and what role do you play in delivering on this concept of levelling up?

**Marvin Rees:** Thanks for the election win, Darren. It is much appreciated.

Leadership is a collective act, so there is no single point of responsibility. Government have a role, because we are a centralised country and there is a lot of resource in Government's pocket that we are desperate for them to release to us. Government have a role in releasing funds. I say "releasing funds", because it is not just about directing funds. Quite often, it feels like Westminster or Whitehall believe they need to have the solution and pump that out into the minds and actions of the population. Sometimes it is about releasing the funds and making space. At the place level, the subnational level, it is our job to step into those spaces and take those opportunities, where space is made for us to act.

It is a partnership, but a rebalancing of sovereignty and of resourcing in the country is needed. The place with the power to facilitate that rebalancing is London, but it means giving up some power.

Q117 **Chair:** Lord Kerslake said that the core cities have more in common than different large regions. Do Ministers understand enough the power of the Core Cities Group?

**Marvin Rees:** To be frank, I do not think that is the case. I have been quite shocked. I was elected for the first time in 2016, and I have done a few things around that. I was shocked that there was not a regular rhythm of engagement with the core cities by the national Government or the Cabinet. The 10 biggest cities outside London get together on a regular basis throughout the year, but Ministers are not tapping into that and building a partnership with them.

There are a whole bunch of reasons to do that. First, the greatest city areas are a quarter of the economy and a quarter of the population, so you should be connecting with them. Secondly, it ensures that your policymaking and your ideas in Westminster and Whitehall are informed by what is happening in your major cities, your major population centres. The core cities are not just operating as a second tier of Government; we are international actors. Our connections through business, society and twinning are global. Our city is twinned with Guangzhou; we do trade trips. Government can work internationally through cities as well. On a whole raft of areas, it just makes sense.

I am not going to Brexit this session, but when we were going into the Brexit negotiations the core cities met with Michel Barnier before they got to meet our own Brexit Secretary. It strikes me as remarkable that we



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could craft a whole approach to one of the biggest decisions we have made in recent history without having the views and understandings of our cities. That is not just local government. When you talk to a city, you talk to the whole collection of institutions that shape life in that city: our universities, our businesses, our unions, our voluntary sector and our police. No, there is no evidence to say that Government have really understood the importance of the core cities.

**Q118 Chair:** Rokhsana Fiaz, from a borough perspective in London, are you responsible for levelling up?

**Rokhsana Fiaz:** Absolutely, but it is a responsibility we share with the Mayor of London, working with other London councils. We bring to bear an absolutely granular understanding of the impact, both in public health terms but also economically, of the Covid-19 pandemic. By way of illustrating that, in Newham, our resident population has the highest number of residents on furlough anywhere in this global capital. Similarly, in the period between February and October, we saw an increase of 24,800 in the people claiming benefits of some form, with the most significant increase between April and May.

Picking up on the points that Marvin has made, it is a collective responsibility. The levelling-up endeavour requires effort at a local, regional and national level. That resource from national Government is really vital, but having the appropriate infrastructure at a local level and interfacing with the regional levers is equally critical.

**Q119 Chair:** Peter, as a city Mayor, what role do you play in levelling up in Leicester?

**Sir Peter Soulsby:** First, let me say a couple of words about levelling up. It sounds like a very straightforward process, but, echoing what Rokhsana and Marvin have said, it is about recognising that there are parts of the UK that are underinvested in and do not get the attention they need, and that, as a result, the whole of the UK loses out. There is a lot behind the agenda for levelling up that perhaps deserves some exploration. To echo Marvin's point, it is about partnership and the recognition that it is not just about what comes down from the centre to the rest of us; it is about what we at a regional and local level are able to do and are empowered to do.

It is worth reflecting back on the evidence we have just heard from the powerhouses. I would emphasise the importance they have, certainly for us in the midlands, but I know it is also true in the north and other parts of the UK, in drawing together and taking a region-wide perspective. For us in the midlands, that is comparatively new and very welcome indeed. Their ability to take that region-wide perspective and to co-ordinate the delivery of levelling up is vitally important. The third element of the partnership is, of course, the local government level and the way in which we at a local level can work with other sectors, particularly with the private sector, because we are the ones right at the sharp end of it.





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This is something that we may wish to come back to later, but the way in which devolution has been and is being played out across the UK raises a number of challenges. Inevitably, there is a pressure to try to provide a uniform structure across the UK. In the east midlands, we are a distinctly non-metropolitan area without a metro Mayor and with no particular wish to have one. I will come back to that later.

**Q120 Mark Pawsey:** I will put my question to Duncan of the TaxPayers' Alliance. You have heard the metro Mayors making a strong case for their role in levelling up. Where should the responsibility for levelling up lie? How should we best go about dealing with the regional imbalances?

**Duncan Simpson:** I would echo Marvin's point that power is necessarily quite diffuse. It is very difficult to have a single point of accountability. One area that has not really been explored either in this evidence session or the preceding one is much more tax devolution. There is one particular element that the Government and previous Administrations have done in terms of business rates retention. The pilots have now expanded quite substantially, but nevertheless the Government need to escalate that quite a bit.

It is important that it is done across all tiers of local government, so combined authorities, unitary councils like Cornwall, for example, counties and metropolitan boroughs. That is one example. Without a concomitant increase in responsibility for revenue-raising powers within any tier of local authority, the effectiveness of more cash from the centre being removed to any tier of local government will be diminished. That is something the Government need to be exploring at the moment.

More specifically, is there an optimal tier of local government at which to do this? The Government seemingly were committed to an increase in the number of unitary authorities. We are quite in favour of that for various reasons, not least the efficiencies gained from removing one tier of local government. That could be an appropriate forum for that, but let us wait and see with the pilots on business rates retention. As I said, many tiers of local government are doing this, so let us wait and see the effects of that.

**Q121 Mark Pawsey:** You are referring to my question in the previous panel about the diverse actors involved here, both at different levels of Government and in trade associations. Is there a role for the powerhouses and metro Mayors in this agenda?

**Duncan Simpson:** There is, but, if you look at combined authorities, the work they are taking on is mostly in relation to spending power. There is more of a role for business rates retention, but that has to be a concurrent route, which the Government have to pursue in addition to any transfer of spending power.

**Q122 Mark Pawsey:** I will turn to Andrew Carter from the Centre for Cities. You have suggested that we should extend mayoral devolution as one of



the best ways of delivering levelling up. What empirical evidence is there for that?

**Andrew Carter:** There is quite a lot of evidence across the OECD countries that more organised and co-ordinated governance at the scale at which the local economy functions drives economic performance.

Q123 **Mark Pawsey:** How about in England?

**Andrew Carter:** We cannot look at England for that, in the sense that we have not done it. The best thing we can do is look at international experiences and evidence.

Q124 **Mark Pawsey:** The powerhouses have been around for some time. Why can we not evaluate what their contribution has been?

**Andrew Carter:** In a sense, the powerhouses are not comparable to mayoral combined authorities or to local government. They are non-statutory institutions.

Q125 **Mark Pawsey:** There is no empirical evidence that the powerhouses have a role in encouraging economic growth?

**Andrew Carter:** There is no hard empirical evidence that institutions like the powerhouses you had on your previous session materially improve economic performance in places that we are interested in.

Q126 **Mark Pawsey:** Why would you wish to give them more powers?

**Andrew Carter:** Are we talking about mayoral combined authorities or are we talking about institutions like the Northern Powerhouse?

**Mark Pawsey:** Let us look at them all in the round.

**Andrew Carter:** No, they are fundamentally different institutions. It is not helpful to look at them all in the round. You want to be able to identify the institutions that have statutory and funding powers within them. The Northern Powerhouse, Midlands Engine and Western Gateway have none of those things. They do not have money to spend unless it is given to them by Government, and they do not have any statutory powers to influence things like transport.

Q127 **Mark Pawsey:** You have dealt with the powerhouses. Let us turn to the Mayors, who we have on the panel with us. What evidence is there in support of the Mayors' case for more powers? Is Andrew Carter hearing me?

**Andrew Carter:** I am sorry. I was not sure whether you were asking the Mayors or me.

**Mark Pawsey:** I was asking you that question on the basis of the work the Centre for Cities has done.

**Andrew Carter:** As I said to you, you have to look at the evidence across the piece, not least from other countries that have these forms of



governance. There is clear evidence across the OECD that, where we have institutions like the mayoral combined authorities that bring together the powers around planning, transport, skills, R&D and business support at the scale of that geography, you see higher rates of economic performance and output. You also see higher rates of activity, more policy experimentation and greater customer and citizen satisfaction. You can see that quite clearly in the evidence available to us from the OECD.

**Q128 Chair:** Andrew, this question of data is an important one. It is one that we have been asking in every session of this inquiry. We are trying to understand who measures what, what metrics are agreed for success and how that aligns with Government policy so we can look at how things can be delivered as effectively as possible. You may have heard Lord Kerslake in the first panel essentially saying that we have much more work to do because the data picture is not complete, which makes it very hard for us to take an evidence-based view on this. Would you agree with that sentiment?

**Andrew Carter:** I would agree that we have more work to do. I would also put on record that, since the Charlie Bean review of the ONS and regional statistics more generally, the ONS has really picked up the baton and done fantastic work. Even through Covid, we now have good modelled regional GDP and real-time figures. That is incredibly important. We have some of those figures. ONS has made real strides on that.

In this country, we still organise a lot of our data at the regional scale, but we do not govern at the regional scale at all. What Marvin or Peter really need to know is what is going on at the Bristol scale or the Leicester scale. Telling them what is going on at the east midlands scale or the south-west scale is helpful but not really insightful. Getting below the regional scale would be my first observation. That is challenging, not easy, but we need to do it.

There is an awful lot of administrative data collected by the Government and the ONS. If it was made available, it would make a material difference to our ability not only to analyse what is going on but to then think about how policy might respond to that. One example is HMRC and PAYE data. They collect all of that. Access to that is incredibly important.

There are issues about claimant counts, which we are currently trying to grapple with in terms of Covid, for those who are in work and not in work. It is fundamental for us to understand that. All of that data is collected. Furlough data is not made available at the local authority level. That is fundamental to us understanding what is going on. All of that data is collected.

There is a whole collection of administrative data that is already available. We are not asking for different or more collection; we are just asking for better availability. Make it available to our decision-makers so they can use it to inform the policy responses on unemployment, on high



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streets or in relation to business support, which we cannot currently do because the data is not made available, even though it does exist.

**Chair:** That is a very useful contribution. If you could write to us with the types of data you believe the Government collect but do not make available, we would quite like to consider that as a Committee. Thank you for that.

Q129 **Zarah Sultana:** My question is about research and development investment and funding. We know the Government announced in the Budget increased R&D spending from 1.7% to 2.4% of GDP by 2027. My question is to the city Mayors. How could clustered R&D investment support economic growth? How should priorities be agreed across the regions?

**Sir Peter Soulsby:** This goes back to the questions that were asked to the previous panel. For us in the midlands, the role that the Midlands Engine has begun to develop, and the understanding that it has begun to develop as to what the situation is across the whole region, has been something of an eye-opener to us. There is an opportunity for us to use it to help develop our local priorities.

Rachael Greenwood talked earlier about the work the regional economic observatory is doing. That has been important to the region as a whole, but it is particularly important to us at a local level for understanding how we have opportunities, what is coming our way and what is not. That is very new to us and is very welcome.

**Marvin Rees:** The question is very timely. It comes back to the opening point about whether the presence of core cities and the offer they make is really appreciated and understood. In October, the core cities and 24 of their universities, including Bristol University, put out a joint declaration setting out how exactly we can boost and broaden R&D spend, create high-skilled jobs and help level up the regions. That work has been done. It is great that the core cities and the universities took the initiative to do that. It is out there. The Government need to engage with it and begin to harvest some of those ideas that are being generated outside Westminster and Whitehall.

As something of a challenge, it is great that we are taking the initiative. We are constantly saying that we have to take the initiative, but the Government should have been asking for it, too. They should have been courting a relationship over the years in which that is done with the full knowledge of Government. There is a source of insight, innovation and creativity out there; if they open the doors, it can contribute. I would say there is a major contribution to be made right there.

Q130 **Zarah Sultana:** We know that 41% of R&D funding is currently concentrated in the golden triangle between Oxford, Cambridge and London. Do you have confidence that that will change in the future? Do you see a desire from the Government to rebalance that concentration?



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**Marvin Rees:** If you take into account the fact that 24 universities and the 10 core cities got to the point of making a shared declaration, inherent in that is a commitment to make sure that the investment and the benefits accrue right across the patch. Within that, there is another challenge. We are the core cities, and there are lots of towns and cities that are not in the core cities. We recognise that there is another conversation to be had here.

I do not want to be down on Government, but I am not yet sure what they actually mean by “levelling up”. This is my concern. If I can just throw something in, Chair, it is important to lock this down. When we talk about levelling up, we are talking about lots of things at the same time. There is clearly a geographical component to levelling up. The north has not benefited in the same way as the south.

In Bristol, we are one of the most unequal cities in England. We have six areas in the top 1% most deprived in the UK, and 40-odd super output areas in the top 10% most deprived in the UK. If you simply approach it on a geographical basis, you will miss out communities who live in wealthy cities in the south. Simply by getting the northern economy going, you will not necessarily pick up everyone with you. There will be communities who will be left behind by a general overarching uplift in the economy up north, too, be they black, brown, disabled communities or women, unless you begin to address the very nature of what economic growth is, so that it is inclusive.

Bristol is an example of that. It has a fantastic story to tell. It is a £15 billion economy, and yet 20% of our children are at risk of hunger every day. There is more to do on levelling up than simply getting some of the big numbers going around geographical patches. If we do not address that fundamental question, we will get the big numbers going, but we will be doing it on a bed of very low resilience and social fragility.

Q131 **Zarah Sultana:** Andrew, the Centre for Cities has noted that innovation activity in a city does not automatically translate to economic growth, similar to what Marvin was just talking about. How can R&D investment be targeted to areas where it will translate into achieving growth?

**Andrew Carter:** It is a great question and, in a sense, the AMRC is a great example of this. When we get into a conversation about R&D, we focus on the R, where the research happens and the invention end. For local growth, it is the D that really matters. It is the development function and, when you look at the innovation and local growth literature, it is the collaboration that happens between the institution, whatever it might be—in this instance, the AMRC—and the business community more generally.

When thinking about how we allocate innovation or R&D spend, we want to be very mindful about focusing on the collaboration and the requirement for co-investment from the public and the private. That is how we maximise the local benefits of R&D. Otherwise, you get these



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citadels of invention and innovation, but they do not really have large effects on the locality and nor should they.

We did some work looking at the AMRC. It has an effect on the locality it is in, but it also has large effects, such as a significant employment effect in Broughton, because it did some R&D related to how you produce wings for Airbus. Airbus puts its wings together in Broughton in north Wales. That had a huge effect on employment in Broughton, which is obviously not very near Sheffield. Yes, the local lens matters, but, when we are thinking about R&D, it is the scale and nature of the interactions, both local and national, that really matters. It is the focus on that collaborative element. That seems to be the thing that really connects the innovation agenda with the local growth agenda.

**Rokhsana Fiaz:** By way of illustration, picking up on the points that Andrew has made and building on what Marvin has said, Newham is one of 33 boroughs in the capital. We operate within the context of a regional authority, the Mayor of London and the GLA. Newham benefits from London's only enterprise zone, one of several across the country. That enterprise zone, located in the south of the borough in the area where we had our industrial royal docks, is going to benefit to the tune of some £8 billion by 2037-38 including £600 million directed from Transport for London investment. That benefit is going to be linked to a trajectory of economic growth for London, the capital, but it will also benefit Newham residents.

In addition, in terms of the economic strategy being pursued by the Mayor of London's LEAP board, there is a clear picture of London growth notwithstanding the need to take into account the economic impact of Covid-19 and what London's recovery needs to look like. There is a whole raft of investment across the capital, including in Newham, in areas such as transport, infrastructure and housing, which also helps the levelling-up agenda at a much more hyperlocal level.

Quickly picking up on the points that were made previously with regards to data and the granularity of how you ensure appropriate interface between benefits being achieved at regional, sub-regional and local levels, the data point has been well made. We have been able to extrapolate from ONS data some of those important features of economic disparity that exist within a global capital such as London but mirror those disparities for people, both on gender grounds and on race grounds. The points that Marvin has made are really important for us to pursue as part of that levelling-up agenda.

Q132 **Alan Brown:** I want to explore how the UK shared prosperity fund should be targeted to replace the EU funding and to address regional inequality. It would probably be quite good to hear if there are any concerns about timescales and visibility of what the replacement UK shared prosperity fund is going to look like.



**Sir Peter Soulsby:** As yet, I do not think that, at a local and regional level, we have really engaged very much with how it is going to be made to work in practice. It is vital that it is made to work. I should perhaps defer to see whether my colleagues have a better idea of how we can make the best of the dramatic changes ahead.

**Rokhsana Fiaz:** The negotiations and discussions with regards to the prosperity fund are conducted under the auspices of the Mayor of London's LEAP board. I am a member of the LEAP board by virtue of the enterprise zone being here in Newham. One of the major arguments that we are making is that, as part of the levelling up between the north and the south, London's potency as a capital driving the UK's economy should not be undermined through a distribution of the prosperity fund that undermines London's present prominence. Those are being worked through, but it is quite a challenging conversation with national Government.

**Marvin Rees:** First, it needs to be adequate. In local government, we cannot keep being asked to make bricks without straw. We need to make sure that local authorities do not end up subsidising Brexit arrangements. Secondly, this is an example of continual serving up of uncertainty. At the moment, we talk about business needing certainty. The NFU was on *The Politics Show* on Sunday talking about the need for certainty. We need it, too. We cannot plan as local authorities and offer a certain framework unless we can talk about the future.

At the moment, working on these one-year horizons is not helpful. When our local government finance is uncertain, it reduces our ability to be a dependable partner for everyone in the city: the health service, the police, business and the voluntary sector, all the institutions that keep a place stitched together and allow other people to plan with a degree of certainty. There are two principles. Make it big enough and please make a decision, any decision. Just make a decision. That would be very helpful.

If I can go back to the points we were making earlier, I would not want to spell out criteria now, but there has to be an element of geography. That is true. If it is only geography, major people groups suffering from inequalities across the geographic patch will be disadvantaged. There has to be an element of focusing on particular groups and particular super output areas or wards that have deprivation. It has to be tied in with tackling the challenge of social immobility.

Q133 **Alan Brown:** I take from that that you are saying there needs to be a needs-based element, but, equally, you need a decision quickly from the Government, so is that a possible contradiction? Surely, you want more engagement and you need to establish a framework of how that money will be allocated, for example replacement of objective 1 funding. Would that be correct?



**Marvin Rees:** If it is about timing, it would be a contradiction if we were not expecting a consultation out in December 2018. It is still not out. There has been quite a bit of time to think about what we mean by this. I do not know what is going on. Someone is in an office spinning their wheels drinking coffee. At the local level, we need some decisions so that we can have some certainty with which to begin planning with the businesses and the other institutions where we are. At the moment, that certainty is not being provided, and that is undermining our prosperity and any hope of our prosperity.

Q134 **Alan Brown:** Is that undermining any follow-on projects you were looking ahead to do that currently have EU funding, where that uncertainty is having an impact? Is it still too early for that?

**Marvin Rees:** It fits within a broader approach. First, planning is good anyway. I am going to use a word. I hope it is not out of order, Chair. A friend of mine is a senior Army officer. He says, "Make a plan, any plan. Just make a bloody plan." We do not have one. We have no real coherent national framework with which to work. I do not what we are pointing at, as a country, at the moment, and that undermines our ability to plan.

In the city, we would like to begin aligning a sense of our future economic shape and lining up the skills to be able to go into that economy, both so that businesses have the workforce they are going to need and so that we can make sure that that economy is as inclusive as possible. An inclusive economy reduces the likelihood of people ending up dependent on public services, the tax burden and so forth. We are still trying to do that planning, but we would be much more effective in our planning if we had a degree of certainty.

There is something else about the nature of the relationship between places and Westminster. Being a first-time elected politician, I have been quite shocked by this. It sometimes feels that Government work with local government as though we are voluntary sector organisations. They put a bunch of money out there and say to us, "Fight for that." It is a limited pot of money. We are in a zero-sum game with other authorities when we are trying to collaborate across the country. We cannot have that as an approach. That undermines our ability to fund.

We put a bid in. Someone sits behind an Excel sheet, they add up a score and, if we are one point out, we do not get any money. That literally happened to us when we bid for some of the funds to tackle child hunger. We were one point out, so we got absolutely nothing. We went and raised the money with our private sector within the city because we think it is an embarrassment to have hungry children in the modern world. A wholesale reorganisation of the nature of that relationship between place-based leaders and Westminster and Whitehall needs to happen.

Q135 **Alan Brown:** Sir Peter, you spoke about a complete lack of engagement, as you saw it, going forward. Is there anything else you want to say about engagement or concerns about the timescales?





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**Sir Peter Soulsby:** I share Marvin's concern that they have had plenty of time to do the consultation. Somewhere, somebody is sitting on it and we are not engaged with it. We need the consultation, but we also need the decision and certainty about the future. We are not getting either.

Q136 **Alan Brown:** Is there any concern that the decision might be that Westminster will centrally administer the funds? That was the way the stronger towns funds went, for example.

**Sir Peter Soulsby:** That would certainly be true to form. That is the default position. We and you, I hope, will be pressing for them to decentralise the decision-making along with the money.

**Alan Brown:** I have a different devolution interest for decentralisation, but, yes, I agree completely.

**Chair:** It is remarkable that there was a consultation on this so many years ago; you have all done the work to put into it; we are now in the back end of November and this is supposed to be in place by 1 January. I am afraid, alongside lots of other issues, we have absolutely no idea whatsoever what you are going to be dealing with, but your points have been very clearly heard on that, so thank you.

Q137 **Judith Cummins:** My question is to Mayor Rees and it turns back to powers and responsibilities. We have overlapping and conflicting Government bodies and business groups, making it challenging for businesses to engage at the appropriate level. We also have overlapping city Mayors and metro Mayors. Is that a challenge to you as a metro Mayor, and a particular challenge with a competing body next to you in terms of business?

**Marvin Rees:** I am a city Mayor. Again, that is part of it. Tim Bowles is our metro Mayor. It is a challenge because you have different bodies. I do not want to be unfair about the nature of the challenge, because there is a challenge in any working relationship. I am the elected Mayor of Bristol, but our two universities are sovereign organisations in Bristol with small towns. I do not control the universities. The National Health Service is in Bristol. UHBWT is a £500 million organisation. It is not accountable to me; it is accountable to London. We already have a situation in which sovereignty within our cities and towns across the UK is fragmented. The police have their own police and crime commissioner. Avon and Somerset Constabulary is not accountable to me. We already have that situation.

There have been some challenges around the combined authority. Government did get it a bit back to front. They said, "Here is a structure and, if you adopt that structure, we will give you some money. If you do not, we will not." They should have said, "Here is a collection of behaviours we would like you to engage in, including cross-border work and long-term planning. Go away and work out how you would build the structure and culture to support that. Then we will negotiate with you over the structure." Deciding on the structure in Westminster and then



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giving it out does not necessarily guarantee you will get the behaviours you want. It is a bit back to front.

Having said that, there is a responsibility at local level to be a bit grown up and to recognise that, in life, boundaries are blurred and there is crossover. We need to find a way of being reasonable with each other and working with each other. It would not be possible or desirable to have hard and fast lines of fractured sovereignty between the different business, local government and combined authority networks. An element of blurring is okay, but the way we get there is important.

Up in Manchester, I have seen that they grew into it and developed their own structure over time—I do not want to speak for them—rather than having the structure imposed on them. Our approach over here, from Bristol through the combined authority to the Western Gateway, is to understand those as bodies that amplify our voice. We expect to be amplified through the combined authority and we expect the Western Gateway to amplify Bristol's and the combined authority's voice. It should be complementary. We should not be in competition.

**Q138 Judith Cummins:** You are satisfied because you are all working towards one vision as such?

**Marvin Rees:** I would not say that I am satisfied, but it is a work in progress and it is our responsibility to try to make it work. Again, one of the best things we can do to help that is to make sure those bodies do not end up with money and we, the constituent members, are all asked to fight over it. That is always a danger. We need the certainty of finance over the long term. If we can agree on day one or month one what the long-term plan is, all the constituent parts will be bought into it because they will realise this is a vehicle by which they can see what is coming down the track in three, four, five or six years' time.

**Q139 Chair:** Sir Peter, I noted your comment earlier where you said that you do not want a metro Mayor. Is that right?

**Sir Peter Soulsby:** Yes, that was my view and it remains so. It is clear that the geography of the UK is various. What makes sense for local governance in the eastern part of the midlands is very different from what makes sense in the western part of the midlands. You just have to think about the metropolitan area that you have to the west and the fact that there are big gaps between the cities in the eastern part of the region. I am of the opinion that the collaboration we have within the Midlands Engine and within Midlands Connect, which is a part of that and is focusing on transport infrastructure, is a vehicle for ensuring that we can work together and our voice is heard.

To impose a mayoral system across the eastern part of the midlands would be entirely unnecessary and probably counterproductive. I believe, and this point has been made on many occasions by the Centre for Cities, that unitary authorities are an essential part of tidying up local



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government and making it much more accountable. That is a different argument from imposing metro Mayors where they, frankly, would add little.

Q140 **Chair:** Duncan, from the TaxPayers' Alliance, presumably you agree with that argument.

**Duncan Simpson:** I do. Marvin correctly speaks to a wider point in terms of the experience of Manchester, which was the first combined authority. The very competitive process, be it for the shared prosperity fund or for other measures, slightly misses the wood for the trees. It is the Government's role to think about this on a much smaller basis, at the individual level or community level. There is one great example. It is Broadband for the Rural North and this was born of frustration with planning authorities. It is generally mid and north Lancashire and relatively small community programmes that deliver broadband to incredibly rural communities. That kind of innovation is certainly possible and can be replicated outside any of the structures in which Marvin, Peter and Rokhsana are Mayors. That is one side of it.

There is a potential role for levelling up to ease the regulatory burden. For example, the Adam Smith Institute banged on about this about 40 years ago. The Centre for Policy Studies, with the current Chancellor, wrote a paper on freeports. That would be a very welcome element of the Government's levelling-up agenda and not merely the application of new funds, however much worth or merit that has in certain areas, particularly with R&D. I am perfectly relaxed about higher R&D spending. Ultimately, that increases human capital and productivity, but it is vital that the Government keep a very clear focus on elements that ease the burden on individuals as well as more innovative approaches such as freeports.

Q141 **Chair:** We have about 10 minutes left, and I want to ask the city Mayors a question that is indirectly related to levelling up, about the impact of Covid. We have been told that, at the end of the national lockdown, we are going to be entering tiered restrictions again. We have been told that the area-by-area negotiations we saw previously will no longer be the case. You will just get a settlement and a decision from Whitehall. I am keen to hear your views on that and what you think Ministers ought to be putting forward to ensure that we do not suffer long-term economic scarring alongside all the other tragedies associated with Covid.

Sir Peter, I will come to you first because you were one of the early city regions that had to grapple with this process between your office and Whitehall decisions. What are your views on exiting the national lockdown and going into a new tiered restriction?

**Sir Peter Soulsby:** We, of course, never escaped. It has been described as like being in Hotel California. We do not really know what we need to do in order to get out, but, yes, we re-entered a form of lockdown in early July just as the rest of the country was coming out. Throughout all



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of this time, we have struggled with the relations with central Government in knowing what they planned for us. For us, there was no opportunity to negotiate anything. It was handed down. We have struggled, as other areas have, in getting the information out from central Government with regards to the testing results and the ability for us to trace. It takes, on average, six days before test results are passed to us to do the tracing. We manage to do just under 90% of those traces when we get them.

On the question that you are really asking us, we have found that the level of support for our local economy has been more evident in the promises that have been made rather than the reality that has been delivered. Certainly, through much of the period of the summer when we were being promised levels of support for our local economy, it never materialised. Whatever else may be the situation as we move out of the current phase and into tiers again, we and other parts of the country must get that support for businesses. However broadly based our economy is, and it is comparatively robust as a result of that, none the less, a lot of sectors within it are going to come out of this very damaged, if they come out of this at all.

Q142 **Chair:** Are you being consulted at the moment by officials in Whitehall about what you think you need for your city, or are you just waiting to be told?

**Sir Peter Soulsby:** Throughout, we have found ourselves waiting to be told. Indeed, Leicester slipped into the small print of the news releases and that was how we found out what was happening. The engagement with us at a local level is effectively non-existent.

Q143 **Chair:** Rokhsana, Newham has had quite a high infection rate. You have your role at borough level and Sadiq at London mayoral level. What has your experience been?

**Rokhsana Fiaz:** As you will appreciate, given the significance of the Covid-19 pandemic here in the capital, we are operating in close collaboration with Public Health England in London but also with the Mayor of London. London is moving as one. We are still waiting for the determination as to which tier we will be placed into post-2 December. In terms of the broader economic impact, there is an absolute appreciation as to the corresponding impact on local economies. There is an appreciation of cost-cutting themes across the capital, so issues of disproportionality, inequality and certain sectors being hardest hit. In the London context, there is an understanding that the arts and cultural sector and the retail sector will be hardest hit, as will construction and manufacturing to a degree. In Newham, that is amplified.

We are working through, in the context of those sectors, how they impact on businesses and people. That is particularly relevant in the Newham context because, when you take a step back to the period pre-Covid, we had issues of longstanding deprivation and inequality. The London



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average income is just under £30,000. That is the average gross disposable household income. The average for London is £29,362. In Newham, just an inch above Barking and Dagenham, our average gross disposable household income is £19,465. When we have the highest number of furloughed workers living in our borough, reflecting the economic impact on businesses, it amplifies the imperative that we get the economic response right. It is a reason why, as part of this one London approach, we have developed, at local authority level, recovery strategies that also tie in with a pan-London recovery strategy.

Q144 **Chair:** Marvin Rees, before the national lockdown, you wrote to the Secretary of State for Health requesting to put Bristol in tier 2 alongside an economic analysis of the support that you felt the city needed. Have you had a response to that? Have they been in touch about how we are coming out of the national lockdown for Bristol?

**Marvin Rees:** No. I have had no response, and then we went into lockdown. We also asked for clarity on the exit strategy and the criteria by which you come out of lockdown or make decisions of moving between tiers. I would like an acknowledgement from Government. We have to acknowledge that the background consequences of Covid-19 and the lockdown are going to compound inequalities. It is not an ideological point. By definition, people who are most marginal in the economy are going to be hit first and hardest. Then they are going to be least well placed to benefit from any upturn in the economy, if and when it comes. They are also probably least well placed to benefit from the support packages, because they will have to navigate a political bureaucratic system to get at them. The background noise is going to compound inequalities and that will undermine levelling up, not just geographical but people-based.

I have a few reflections. We are waiting to be told what we get, but, as I said, leadership has to be a collective endeavour. National leadership is a collective act. We will not just talk about pleading poverty on local government funding, although that is important. When we worked out the Covid impact on Bristol, we were very clear that it is not just about the impact on local government. It is the impact on business and every other sector. We think that £54 million is the collective financial impact on the city. Talk to us. We want to solve this together.

I struggle when, on one hand, you have Ministers saying how wonderful we are at local government level and, on the other hand, saying, "We have given you all the money you need and, if stuff is not happening, it is because local government is not spending this money properly." No human being can accept that kind of doubletalk. If you appreciate what we do, you need to talk to us, show us some respect and invest the money that we collectively agree we need to get through this, to sustain our economy, to keep people in jobs and to keep future bills down.

We have to invest in public health. Public health got moved out of the National Health Service into local government. That brought it away from



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the protection that the NHS gets. That is dangerous. We have underinvested in the proactive activities that have happened historically to reduce people's sickness and to make them more well, when more well people are more resilient to things like Covid. We have to see public health as an issue critical to our economy. More well workforces are more resilient workforces. They are more productive workforces. That needs to be understood. It is not a nice-to-have. It is not a nanny state. It is a strategic investment alongside skills.

Finally, when we rebuild, let us put the sustainable development goals at the heart of our redeveloped economy. We need to rebuild an economy that is more resilient to future shocks but also makes a lower contribution to the likelihood of future shocks, be they climate, health, economic or social shocks. A friend of mine, a businessman in Bristol, said, "Riots are not good for inward investment." We have to build our economy back in the right way or it will be a patch-and-mend approach, which will be vulnerable to shocks that inevitably come along in the coming years. That will cost us all lots of time and money.

**Chair:** Thank you for that. There was a clear response that, as local leaders, you are not really being given the respect you deserve. If we are going to get levelling up right, there are some foundational things that we have to fix as well as institutional governance and financing decisions. We have the spending economic announcement tomorrow and I am told we will hear about tiers towards the end of the week. Hopefully, we will have a bit more clarity in due course.

Thank you to all our witnesses on our second panel, Mayor Marvin Rees, Mayor Rokhsana Fiaz, Mayor Sir Peter Soulsby, Andrew Carter and Duncan Simpson, for your contributions today. We are very grateful. Thank you to my colleagues on the Committee as always. I will now bring this session to an end.