

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

Thursday 1 October 2020

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Members present: Darren Jones (Chair); Judith Cummins; Ms Nusrat Ghani; Paul Howell; Mark Jenkinson; Mark Pawsey; Alexander Stafford.

Questions 1-56

Witnesses

I: Mark Bretton, Chair, LEP Network, and Chair, Hertfordshire LEP; Councillor Susan Hinchcliffe, Vice Chair, City Regions Board, LGA, and Leader, Bradford Council; and Councillor Sue Baxter, Chair, National Association of Local Councils.

II: Stuart Elford, CEO, Devon Chamber of Commerce; Louise Bennett OBE DL, CEO, Coventry and Warwickshire Chamber of Commerce; Chris Fletcher, Campaigns Director, Greater Manchester Chamber of Commerce; and Sandy Needham DL, CEO, West and North Yorkshire Chamber of Commerce.



Examination of Witnesses

Witnesses: Mark Bretton, Councillor Susan Hinchcliffe and Councillor Sue Baxter.

Q1 Chair: Welcome to this morning's session of the Business, Energy and Industrial Strategy Committee. This is our first session on the topic of levelling up, which is part of our inquiry on post-pandemic economic growth. We are delighted to be joined this morning by three witnesses for our first panel: Mark Bretton, chair of the Local Enterprise Partnership Network; Councillor Susan Hinchcliffe, leader of Bradford Council and chair of the West Yorkshire Combined Authority; and Councillor Sue Baxter, chair of the National Association of Local Councils and a councillor in Bromsgrove. Good morning to all of you.

To start us off, before we go into detailed questions from colleagues, I would be keen to hear from each of you how, from your perspective, you define and wish to measure levelling up, and what your organisation or the groups you represent feel your role is in delivering on that levelling-up agenda. Shall we start with you, Mark? How do you define and measure levelling up, and what role do LEPs have in delivering?

Mark Bretton: Good morning, everybody, and thanks for inviting us to take part this morning. As you are probably well aware, the 38 LEPs in England are charged with bringing together business, not-for-profit, local authority colleagues and the third sector to drive local growth. This is all underpinned by our local industrial strategies. I was interested in the session that you had last week with Greg Clark and just wanted to assure you that, although only seven have been published, every LEP is ready to go with an oven-ready local industrial strategy. That is really underpinning our approach to not only the long term but also how to take advantage of some of the difficult things that have happened over the last six to nine months, recognising that it has highlighted major challenges across the whole country.

For us, as a LEP community, levelling up is a holistic thing. It is not just a question of moving money around the country but making sure that every area has the maximum opportunity, whether in the north, the south, the east or the west. As you will probably know, as you have constituencies across the country, there are significant areas of deprivation right alongside areas of significant wealth.

Our view on this is to ensure that the plans we put together represent the entirety of our communities in each of those local areas. We have put together a clear five-point plan, based upon the evidence that we have pulled together for our local industrial strategies, which picks up some of these major discrepancies. We have a plan for people and recommendations for how to take advantage of the skills advisory panels and the digital skills partnerships that we have created. As I am sure you can see in all the media, the biggest challenge coming through this is the impact on people. We are very keen to make sure we address that well.



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We have given strong recommendations on fiscal stimulus for this, either in bringing more enterprise zones to bear or using catalysts. We see how we can leverage that to spread that opportunity across the country and ensure that it has an underpinning of a green innovation element, because we must not forget the long-term objectives that we have. The last thing is a proper settlement for LEPs.

For us, in summary, levelling up is really about ensuring that the whole country takes advantage of the opportunities that LEPs can bring, in bringing that business focus and ensuring that local strategies are really relevant, well researched, well measured, properly communicated and consulted upon, and well implemented.

Q2 Chair: Should we invite you back in a few years' time, Mark, how would we measure success in levelling up delivered by LEPs? What are the key measurements that you want to be measured by?

Mark Bretton: Our normal range of measures comes in the suite that we report regularly into BEIS and into the centre. It has quite a bit to do with housing, and clearly there is a key challenge for housing in every area. I am in Hertfordshire, and we have a target for 100,000 new homes, so what are we doing to help encourage the use of modern methods of construction, which might come out of our enterprise zones? I have that in my own part of the world.

I would look to see what we have done for jobs and skills: have we worked very closely with apprenticeship providers and businesses to make sure that the courses they are putting together with the FE colleges are really relevant to help people secure those new jobs? Are we then also able to see a good measure of holistic economic success here, which we quite often measure in GVA, as you know?

Q3 Chair: You mentioned that the 38 LEPs are ready to go with their local industrial strategies. Would you be able to send those to the Committee?

Mark Bretton: I will go and have that conversation with each of my colleagues. I know that one of them is going to publish anyway. I know that mine is ready. We have ensured, over the last few months, that the fundamentals that make up each of our local economies have been retested. We have made adjustments for the impact of the virus in the last few months, but the message that has come through is that those fundamentals hold good for most of us. It is just about making those short and medium-term adjustments. Some sectors have been quite impacted in very different ways, but the long-term strengths of some of them are really very solid. The mix of those has changed but they will be there, and I will come back to you on that.

Q4 Chair: That is great. It would be useful for us to see how Covid has changed those industrial strategies as well, if you can provide that context. Thank you, Mark.

Councillor Hinchcliffe, good morning. It is the same question to you: how



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would you, from your perspective, define and measure the success of levelling up? What role do the LGA and the councils you represent have to play in delivering that?

Councillor Hinchcliffe: The big issue with levelling up is that we need to be careful what we measure. For me, the scandal of our time is health inequalities, and Covid has shone a stark light on health inequalities in this country. That is the thing that we need to tackle. Historically, the success of economic strategies in this country has been based on GVA and productivity. While those are interesting to look at, I believe that health inequalities are what we should be measuring, so healthy life expectancy. In my part of the world a woman lives, on average, 23 years of her life in ill health. That impacts on her and on her family. She cannot work, which impacts on the local economy and, therefore, on the nation at large. I would like to see healthy life expectancy as the key indicator of how well we are doing as an economy.

Q5 **Chair:** What is the role of councils in delivering levelling up from your perspective? Are you happy with how it is happening at the moment, or does it need to change?

Councillor Hinchcliffe: We live in a very centralised country in the UK, more centralised than any country in Europe. Therefore, the Local Government Association would very much like to see more devolution of powers to the local level, which means more devolution of money as well. There are an increasing number of combined authorities now practising alongside local enterprise partnerships, and we believe that devolving powers and funding to that local level means that the money is better spent on priorities and tried-and-tested programmes that we know work. There is no bureaucracy alongside that, which is expensive and does not get to the frontline. The way we believe in delivering that economic growth is through devolved powers and funding. Subsidiarity is key in this.

Q6 [Click here to enter text.](#) **Chair:** Just so I am clear, when you say, “devolved powers and funding,” do you mean to councils, combined authorities, LEPs or all of them in different ways?

Councillor Hinchcliffe: It should be bottom-up. It should be how those communities want that to work in their area. In West Yorkshire, we have five local authorities that have come together to form a combined authority, which will be a mayoral combined authority from next year. In other places, it may be different. It is for those local communities to decide that for themselves.

Q7 **Chair:** Lastly, because I am taking up too much time now, when you say “for local communities to decide for themselves”, are you confident that local communities in your area desired a combined authority?

Councillor Hinchcliffe: We have done extensive consultation on the mayoral combined authority for next year, and most people want that to happen. We have the most replies that any consultation has had on



devolution anywhere in the country, so we are satisfied with that. The proof of the pudding for people is going to be what we deliver. We are focused on delivering in the long term. People have to realise that having power and money closer to them helps make sure that we deliver priorities that they want and that are relevant to their lives, and we need to demonstrate that.

Q8 **Chair:** Councillor Baxter, the National Association of Local Councils, I understand, represents parish and town councils, so I have the same question to you from that level of local government: how would you define and measure levelling up? What role do you have to play in delivery?

Councillor Baxter: Thank you for inviting me today. Our communities, the most local part of local government, have never been more important. Levelling up, as a strategy, is not widely socialised among our sector, and it is probably not widely understood, either. At our local level, councils are just getting on with the job. They are supporting their communities and delivering local services that our communities value.

We would contend that levelling up is about spreading opportunity and prosperity by helping our communities everywhere to help themselves. Unlocking devolution everywhere is important, as is empowering our parish and town councils to be at the heart of rebuilding communities. To us, levelling up is not just about the most significant areas of deprivation and need; it is about all areas. Where we are really important is picking up the problems, the issues, the levelling up and the areas that fall below the radar of the LEPs and the combined authorities.

We really believe that our councils are fundamental, not just instrumental, to the levelling-up agenda. What this should mean to us is creating more local councils, providing powers and funding, building relationships, which are really important when we are working with different tiers of government, and building our capacity to make sure we can deliver. A lot of the work we have been doing can be illustrated through the recent pandemic, when our councils, being small and flexible, were able to respond really quickly to local need. If we are looking at measures, NALC has produced over 200 case studies of where our parish and town councils have made a real difference in delivering support and help to our communities.

Q9 **Judith Cummins:** Mark, you are a member of the Secretary of State's levelling-up taskforce and chair of the LEP Network. How has the LEP Network shaped the levelling-up agenda?

Mark Bretton: In a number of ways. We have done a big job over the last 12 months in refreshing the network, which has really enabled us to bring together the 38 LEPs with a much more cohesive voice. When we went through some of the policy interventions that were made in the first part of the crisis, we were able to bring that business voice to those meetings. We have also ensured that the experiences we have across



that network, whether they are in a city, whether they are in ports and coastal or whether they are rural, are shared. The best practice from some of those LEPs has not been shared in quite that way before, so bringing those cohesive ideas to the table has worked well.

I sat on what was Simon Clarke's committee with Susan, and we have been through some of these things together, working with our local authority colleagues, so it is about ensuring we share the information very well, pulling out the case studies so that we can share quite a few of the things we have done, but also ensuring that the messages we are getting from across our different sectors are well understood and well communicated.

Q10 **Judith Cummins:** My understanding is that LEPs are business-led, but they receive a not inconsiderable amount of public money now, even though they were set up to be eventually self-sufficient. Who appoints you, and who are you accountable to?

Mark Bretton: In my own LEP, I was approached through Herts County Council HR. That is an accountable body. That is quite a common way for things to be done. I was interviewed by members of the Hertfordshire board, including the chief exec, who is, effectively, a local authority-seconded civil servant, my predecessor as chair and the vice-chair, and that appointment was put to the board. It is worth remembering, as I said at the beginning, that the board is not just drawn from businesspeople. We have over 300 businesspeople on boards in the country, but we have 180 local leaders, and representatives from HEFE and the third sector, so it is quite a good cross-section.

When it came to the LEP Network, I put together last summer, with colleagues, the strategy paper as to where we should take the network as we get to the end of the local growth fund horizon and go into what we hoped at that point would be the UK shared prosperity fund. I was elected to this role by my peers.

Q11 **Mark Pawsey:** I want to ask about the data that the LEP Network use and where the information comes from, to understand where gaps exist. We know this is about spreading prosperity, which was the expression Sue Baxter used, but there is not a huge amount of prosperity around right now, as business finds life very difficult. My assumption is that Government regional policy has all been about taking wealth from the prosperous south-east and moving it to the less prosperous parts in the country, perhaps in the north-east, but we know that the prosperous south-east is not quite so prosperous right now. The City of London is not generating a local economy in the way that it did, because people are no longer working in offices. What database do you use, and how relevant and up to date is it?

Mark Bretton: You have commented very well on the more holistic nature of levelling up. Our deprived areas are not just in the north. Every LEP does its best to use local data, and that will come from a variety of



sources. In the region where I am sitting, six LEPs have come together to share data, so we are trying not to have six different views of the same part of the economy. I would say—and this came out in the Industrial Strategy Council’s report that was launched about six weeks ago, chaired by Andy Haldane—that getting better data and having a more reasoned approach across the whole country needs more investment. If you go into various LEPs, you can have a LEP with 10 people or a LEP with 110 people in the team. We do not always have the best data to share but we do the best that we can, and it is a next-step big piece for us.

Q12 Mark Pawsey: Is there a challenge in the fact that LEPs are not existing local authority boundaries? They are functional economic boundaries, which makes a great deal of sense, but does that mean you are pulling data together from a whole series of sources?

Mark Bretton: To a degree, yes. The challenge of having boundaries that do not always co-terminate with political boundaries is not an issue for data. We have good sources for that, but we can always do more.

Q13 Mark Pawsey: Can I ask you about the mix between the business sector and the local authority sector? Some people think that LEPs are slowly being taken over by local authority people because they are able to sit through the meetings and play the political games in a way that businesspeople sometimes are not. They have a shorter-term perspective on things. Is the model working?

Mark Bretton: Having never been a local authority leader and only having been a businessperson, I have not always had only a short-term horizon. If you are looking after a company or running a large piece of a company, you are expected to deliver your short-term objectives but you are also expected to have a long-term view. From my own personal experience, I chaired a board meeting last week. It was four hours. We had a lot to get through, approving projects for the Getting Building Fund and so on. My local authority colleagues do play a part, but I can tell you that my business colleagues play a very strong part. The smaller the businesses they are in, the more focused and the more incisive their contribution.

Q14 Mark Pawsey: Is that replicated across the country?

Mark Bretton: It is fair to say that, overall, it is. There are 38, and I cannot account for every single one. The mixes are quite different, as you will know. We are also working in every different political structure that England provides, but we are politically agnostic. Business guys and ladies are there to get on with the job.

Q15 Mark Pawsey: How challenging have the past few months been in terms of providing a base from which to bring forward proposals?

Mark Bretton: In almost a perverse way, it has galvanised people into action more quickly than might have happened if we had not had these challenges before us. We have a good level of collaboration. I have a



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regional board of eight people drawn from the logical areas like the northern powerhouse, the western gateway and areas around the south. We work together very well. When I have sat in meetings with colleagues from the economic recovery working group that I mentioned earlier, there is a wide spectrum of local authority leaders, mayors, me and a colleague from the LEP community. It does not feel like a political experience but like a group of people with a very challenging set of objectives doing their level best to work together.

Q16 Mark Pawsey: Is it more of a business experience than a political experience?

Mark Bretton: You could never have no political experience because we are working in a political environment, but quite a few of my local authority leaders have been in business, so they bring that business mindset in any case.

Q17 Chair: Mark, the Public Accounts Committee, as you know, did a review of local enterprise partnerships in 2019. One of the criticisms, which was of the Government and not of LEPs, was that the Government had “no real understanding” of the impact that the Local Growth Fund has had on local economic growth. Are you confident that LEPs are producing the data that allows us to assess delivery well? Perhaps it is just that it was not being used by the Department at that time in the right way.

Mark Bretton: The short answer is yes. I was on the steering group for the implementation of those findings, which is how I ended up doing what I am doing today. We have tried, particularly over the last year, not to have a balanced scorecard with 75 items and no information, but to be much sharper on the measures, to make them more consistent across the network and, when it comes to looking at annual performance review, to encourage and work with the Cities and Local Growth Unit, which spans MHCLG and BEIS, to be much clearer earlier on the objectives against which we wish to measure the success of LEPs. Out of 38 LEPs, all bar one, which is going through a rebuild, had good or better results for governance, strategy and delivery. It is a big step forward since that review was done the best part of two years ago.

Q18 Chair: Is that data public, or is it just between LEPs and the Departments in Whitehall?

Mark Bretton: It goes to Whitehall. I had my board meeting on Thursday. I had my AGM with 200 people on Zoom on Friday. We have the south-east one later in the week. We will very happily be transparent about the data we provide because, at the end of the day, it is not my money or my LEP’s money; it is Hertfordshire’s money, in my case, and that is the same writ large in the other 37 LEPs.

Q19 Chair: Councillor Hinchcliffe, the LGA collects enormous amounts of data as well, presumably including on the measures that we would consider to be part of the levelling-up agenda. How is that data used to inform decision-making?



Councillor Hinchcliffe: The value of the LGA works on several levels. The first is peer review or peer-to-peer support, and making sure that we share information with each other. I chaired a webinar the other week on inclusive growth and how we stimulate that post-Covid. We also have an online platform called LG Inform, which has a lot of ONS and Government data on it that people can access. That local insight of data, as Mark alluded to, is really important for us when we come to decision-making.

We have different levels of data and power of analysis in different areas, depending on where you are. At the West Yorkshire Combined Authority, we have a labour-market survey, which comes out annually and which informs our skills development and skills programmes. Similarly, we have quarterly economic surveys and rely on the local chamber of commerce survey to think about the right skills to stimulate and the right economic activity to do. There are varying levels of data. Some local authorities may need more help to get more data analysis done, if they are not part of a combined authority.

Q20 **Paul Howell:** Mark, the levelling-up agenda is a Government policy but we have seen the Northern Powerhouse Partnership announce a strategy to end the north-south divide, and the LEP Network has produced a five-point plan to recovery. Where is the strategic lead for the levelling-up agenda? Where should it be? You are from business. There needs to be one person leading.

Mark Bretton: It is worth positioning the network carefully, because the network is not a hierarchy of the 38 local enterprise partnerships. It is trying to bring the group of us together, particularly where there are common issues of policy. The “L” in LEP, of course, is “local”, and the impact we have is local. The relevance of what we are trying to do is local, which is why we are very supportive of the right sort of practical devolution structure to come. We are agnostic on that. Either as our regions or as our groups, we respect those local differences.

It is very important that we respect those local differences, but where there are consistent issues, across either a regional grouping or the network as a whole, we agree those as a board. As I said, I had my chair colleagues together yesterday on some of these topics. If we are putting together, for example, our five-point plan or our CSR document—if you have not seen them, we can certainly them share with the panel—they are worked on by Mark Livesey, the network’s chief exec, socialised and agreed across the network with all the chief execs, and approved by the chairs. Nothing comes out from the network that is not approved collegiately, but we have a much slicker method for doing this than we had a year ago.

Q21 **Paul Howell:** Thank you, Mark. Councillor Hinchcliffe, you have supported the Northern Powerhouse Partnership’s five-point plan for further devolution. Being a councillor in Durham, I sit in that role with the Tees Valley Combined Authority just below me and the potential for a North-East Combined Authority above. Durham itself has so many



different challenges to the North-East Combined Authority, with Newcastle and the metro areas. How does somewhere like that join together nicely? People could be looking at the mayoral positions and saying, "That is good and you have all the devolution and everything coming", and then, looking at the big picture that they might end up joined into, saying, "It is just going to go north and we are not going to see it." I am sure there are replications of that picture around the country; I am not trying to be parochial. How do you see that devolution working correctly for areas that can be quite different?

Councillor Hinchcliffe: It goes back to the measures. As Sue said, you have to make sure that the benefits of devolution are felt everywhere. When it comes to prioritisation, you need to look at making sure that all communities benefit. We have deprivation in rural communities as we do in cities, and all those people need to feel the benefit of devolution. When it comes to the measures of success, it is very important that you do not just focus on GVA productivity, because that is too much of a blunt instrument, I would have thought. You need to make sure that average income is measured—if you measure it, it becomes more important—that skills levels are measured across the region from area to area, and that investment is made into those, to increase people's ability to get a job. What you measure is very important.

Everywhere has a chance to get more money and powers for the priorities it needs, if it works together. We can achieve nothing on our own. Partnership is the only way forward. That is how we have done it in West Yorkshire. I know that has worked in other parts of the country. It is up to elected politicians like me to make sure that everybody gets a fair crack of the whip, and that is what I am committed to doing in my part of the world.

Paul Howell: I chair an all-party group on left-behind communities, so I get exactly what you are talking about there and I endorse it.

Councillor Baxter: We need to be much cleverer about joining the bottom-up approach and the top-down approach. At the moment, all the measures I am seeing are the top-down ones, but we need to make sure they are aggregated at the right level. It is the difference between having many small solutions and one big solution, but we need to make sure that we are capturing the data at that local level and are able to provide data at that local level to find local solutions. To me, at the strategic levels—the LEAs and the combined authorities—it is about providing a framework, the skills and the tools to empower our local and community levels to deliver those local solutions. Along the lines of what Susan was saying, we need to work in partnership to make sure that we cover the whole spectrum in terms of levelling up.

Q22 **Ms Ghani:** I am an East Sussex MP and my council is Wealden. Anything you can bring back to East Sussex might not help the Committee but will help me enormously when I get home tonight.

Very few local industrial strategies have been signed. I am also anxious



that a lot of the data will have been collected pre-Covid, so how relevant would they be if they were already signed? If there is an idea in Whitehall for a whole new industrial strategy, are the local industrial strategies that are in place fit for purpose?

Mark Bretton: I shall be at the South-East LEP's AGM on Friday. I work quite closely with Chris Brodie, the chair. I was a reserve officer, and they have two adages: "prior preparation and planning prevents poor performance" and "no plan survives contact with the enemy." Just because you put your plan in place last year, it does not mean that it should not be dusted down, looked at, improved, changed and updated. That is exactly what the LEPs have been doing during the crisis, because we know it has had an impact.

We have all the major airports in the south and all the supply chains that come with that. We have all the traffic going into the Eurotunnel, and all those things still to come. Keeping those things without ever looking at them again is not the right answer. They will be updated. We keep them updated. Our strategic economic plan before the local industrial strategies was updated at least once, if not twice, and we will continue to do that. We have learned over the last few months that we have to be very nimble, which you can see because we have gone from what was hoped to be a four-year CSR time horizon and we are now not quite sure when the Budget is going to be. Business folk are used to being very nimble.

Q23 **Ms Ghani:** I want to explore the notion that any ideas we have about our local economies and the way they may look next year will change over the next few months, because we do not have a full understanding of the impact of Covid on so many of our businesses. I am anxious about any of the data being relevant in six months' time.

Councillor Hinchcliffe: I have found the local industrial strategies a really useful way of looking at how our economy works and how it can prosper. It was also useful that it was not a national approach, which would risk just being sectoral and then missing out large swathes of the country with investment. It enabled us to look specifically at how we would spend the money and how Government would support us to do that, so I must say that I welcome the local industrial strategies.

Like Mark, we have had to update ours, but we have done that in the context of a West Yorkshire economic recovery plan, which we have just published and which we sent as part of our submission to the comprehensive spending review. Yes, it does change and the data is changing enormously. However, there are some key things for economic growth—and inclusive economic growth—that will always be required.

One of those is connectivity, both digital and transport. We have communities that are cut off from any growth because they are not connected to mainline railways, in Bradford's case, or, if they are a rural community, are not on the bus network. Transport is something that we have to put right, as well as skills. We need to invest so that people have



the skills they need to get the job they need, regardless of economic shocks in the future. While the industrial strategies will change as the indicators change, the policy interventions of skills and transport still remain relevant.

Q24 Ms Ghani: I am going to ask Sue a slightly different question because I want a much more localised response to this. How should the levelling-up agenda fit into the industrial strategy? How are you and your organisations going to be fit and have the resources in place to deliver it at a very local level?

Councillor Baxter: It is fair enough to say again that knowledge and awareness of the local industrial strategies are very patchy at our level. We have a bottom-up approach to delivering everything. In a way, we carry on regardless. I am sure that everything we are doing fits in with our local economic strategies. In terms of measuring how they do that, at this time I cannot answer that, but it is something that we will go away and research.

Q25 Ms Ghani: If there is a levelling-up agenda in the industrial strategy, how will you be measuring that locally?

Councillor Baxter: By local wealth, by local prosperity, by changes and by employment. We can make and we can do the local measures. We need help in building capacity to deliver that, which is where it is so important that we have a framework in place and that we are provided with the skills and the capacity to deliver. It is absolutely key that we do that at a local level.

Q26 Ms Ghani: My final question is about regional growth boards. What concrete steps or strategies do they need to enable them to deliver the levelling-up agenda?

Councillor Hinchcliffe: I have alluded to our West Yorkshire economic recovery board, the plan of which has been published. I am afraid that we need money for that, as you would imagine. If you say it quickly enough, £1.8 billion does not sound too much. It is all around skills, health, which is a huge growth sector for us in the region, and digital connectivity—all the things that we know will power the economy going forward. That has been brought together with businesses across the region, with our LEP chair, with educational institutions and with trade unions all coming together to say what is going to make the most difference. We are quite proud of that plan and think we can deliver it. We need the money, I am afraid, to deliver that.

To be quite honest, it sounds like I am going out with a begging bowl but I am not. We have done the calculations to say that, for every £1 spent in our region, we will be able to deliver £10 back to the Treasury, so we think we are good value for money. I am confident in asking for that kind of money, because we know we are worth it.

Q27 Ms Ghani: I do not doubt it. Mark is now going to spin for the south-



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east, which has its own south-east transport plan. I am sure they can get more than £10 for every £1 invested there. Mark, can you elaborate on that?

Mark Bretton: You have probably done my advertising for me, to be honest. I will take this in two ways. Susan has just given you a snapshot of the regional growth board where you have already well-established engines up in the north, for example. We have just brought together the group in the south, which includes my LEP in Hertfordshire. We have asked for a slightly more modest sum to get us going. This covers the doughnut around London with the exception of Buckinghamshire, which may join us in due course. This is where you have people coming to and from and in and out of London at the moment, where businesses may or may not resettle as a result of what is happening in the City, but there are also some very strong sectors here and an ability to generate, with some good investment, a kickstart to revenues for the Exchequer.

If I look very parochially in my own county, we have our own growth board, which the leader, David Williams, chairs. He also leads the County Councils Network. At the moment the major focus for that is the big housing settlement. It is important for the region. What is good is that the LEP has a seat on the growth board, as far as its statutory powers or lack of statutory powers will allow us to go, so we have that business voice. Our local leaders are very supportive of the LEP.

I have David and three local and district council leaders on my board. Keeping that business voice makes sure that what the economy needs commercially, as well as all of the community issues that you will have a much better handle on than I will but I respect well, are taken into account and that our plans reflect not just the ability to get people back into work but also for businesses to generate hope, so that people will want to go to work, to look after themselves and to be healthy, and will not want to commit crime. This holistic approach collectively, which is where you bring together all those stakeholders that LEPs happen to have in their structure, helps very well.

Q28 **Chair:** Susan, you lead a council, chair a combined authority and are involved with a LEP. Does each of those organisations have its own economic or industrial strategy, or do you all work together off the same one?

Councillor Hinchcliffe: We all have to work in partnership. There is the West Yorkshire economic recovery plan. Each of the five local authorities is developing its own recovery plan to fit in with that. The LEP and the combined authority share a corporate plan and corporate objectives. We are all joined up. We do not have enough money to waste it, so we try to be efficient in how we are working, and we all work to a common aim.

Q29 **Paul Howell:** Moving on to a slightly different discussion, as we are leaving the EU, the Government have pledged to set up the shared prosperity fund to “reduce inequalities between communities.” There are



many issues with that: the priorities, the method of allocating, who is going to administer it, the implications for state aid rules, et cetera. How do you think it should be specifically targeted to address regional inequality?

Mark Bretton: This almost links to the question that you asked me at the beginning on the difference between the national and the local approach. Having this grounded locally is vital, because that is where the understanding comes. We are very keen to get clarity on long-term funds and opportunity. We just had £900 million from the Getting Building Fund. I can tell you that we probably had at least 10 times that in terms of projects. We have not had any major capital settlement since 2016, so every LEP has plenty that it could be bringing, and very quickly.

I would want to make sure that, as I said at the beginning, the local element to this is key. Where it makes sense to join things up regionally, which you have seen in various different parts of the country, we will do that. Where it is national, to make a solid voice for this, we will do that as well. Monday last week, I sat on a working group with Alok Sharma to look at subsidies and state aid. Depending on who was attending that meeting, you get a very different perspective. From an industrial perspective—there were quite a few industrial groups there—it is about how we get the right level of Government support for what will be a massive requirement to invest in net carbon-neutral programmes, which is going to need a lot of upfront investment.

From my perspective, at a slightly different level, as well as the big growth programmes, let us not forget that we have a growth hub in every LEP. Those work very closely with small businesses. Under the current regime, the lower, de minimis level of support for businesses is quite small. We want to make sure these things are much more simplified and that that level goes up; otherwise, we are probably spending too much on evaluating whether the state aid rules apply, rather than doing what we should be doing, which is giving that money to people who need it.

Q30 Paul Howell: I am going to use Durham as an example, just because I know a bit about it, but it will be a reflection. As I understand it, Durham was moving into a different category in the EU funding, where it would have got more in future because of various demographic changes. It goes back to what Susan said about needing to make sure that you have that local knowledge and that, therefore, it is not just shared out as it was but shared out as it needs to be. Do you want to comment on that, Susan, in terms of how it should be delivered in the future?

Councillor Hinchcliffe: We need to get away from this competition between regions and places. Every place needs the investment it needs. It should not be competing for pots of money from Westminster, where it may fail. On digital, for example, we have had to go through a digital competition to get money from Government twice now, and failed both times. That does not mean that we do not need more digital connectivity in the region; it just means that somebody else filled in the form better



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than we did. That works the same way in regions. No region should lose out. It should get the investment it needs, because that benefits all of us.

We cannot move forward as a nation if every part of the nation is not performing at its best. We have a deficit of skills training in this country, which means that we are not making the most of our people. We need a people-powered revolution in skills and economy. That is the kind of investment that we need to see everywhere, and we should not be fighting over scraps. There needs to be proper long-term investment in economic recovery in this country, which means beyond one parliamentary term of five years. It means 10 or 20 years with cross-party agreement that this needs doing.

I would back up what Mark said about capital. Shared prosperity is about revenue, but the capital spend is vital going forward, so infrastructure spending, including on railways. I speak parochially now from Bradford's point of view. I need Bradford to be a stop on Northern Powerhouse Rail, going from Manchester to Bradford and Leeds, to make sure that the poverty that we are always trying to resolve with things like the shared prosperity fund is eliminated forever, because people have the opportunities, the connectivity and the skills they need to get work. Those are structural inequalities that we need to resolve. Some of that is about revenue, but a lot of it is about capital spend and infrastructure. It is both sides of that coin.

Paul Howell: I absolutely endorse where you are at, Susan. I have the same sort of picture with railways in my part of the patch, so I am with you.

Q31 **Mark Jenkinson:** We have just heard Mark tell us about the pipeline of projects that LEPs have ready to go. This Committee has seen written evidence of the same. We have seen evidence about councils' experience of curating portfolios of shovel-ready infrastructure projects primed for investment by Government or private investors. With Project Speed in mind, has there been any co-ordination with central Government to prioritise projects and link into the levelling-up agenda?

Mark Bretton: To be fair, we have not seen a lot on Project Speed yet in any detail. Putting that to one side, in terms of the approach that we will take, we put together the Getting Building Fund proposition in a week, so the ability to do these things at pace is there. We have these things ready all the time.

There is a big choice to be made here. At the moment, as Susan alluded to, every time there is a call for projects, we have to bid competitively. If that is to remain the case, we are going to end up with a degree of who puts the best proposition together and how that is evaluated. If we are not to do that, it is going to be a very centralist approach. That is for politicians to decide. We will determine the best way to respond to that, but we do have quite a bit ready to go. We have put those in as part of our submissions.



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In my own region, we probably bid for four or five times the amount of funds that we have received. In the network, we know to a degree that somebody in the centre knows exactly what is available and we will always keep those things fresh, because programmes slip in and out and we are always very keen, if something drops out, to find something suitable that we can step up quickly. I am sure you have seen that where you are, too.

Mark Jenkinson: Susan, do you have anything to add to that?

Councillor Hinchcliffe: In regard to what, sorry? Which bit of Mark's statement are you referring to?

Q32 **Mark Jenkinson:** It is the co-ordination between local government and central Government to prioritise shovel-ready projects with Project Speed in mind and with delivering these more quickly than we might have previously.

Councillor Hinchcliffe: The Getting Building Fund is the only demonstration I have seen of that from central Government. As Mark said, we could have spent that many times over. Everywhere has a surfeit of schemes that could be delivered. We need more capacity in local areas to get those schemes ready for delivery because it always happens that Government want something quickly and we need more project managers, engineers and planners to get the scheme working better and to make sure that the business case is all sorted out, so that they can just press go.

There is more that we can do to fund those kinds of skills locally. There is a massive shortage of transport planners in the country, for example. If anybody fancies being a transport planner, they will have a job for life. We also need more lawyers for this work as well. Feasibility studies require quite a varied skillset, and we need more of those programmes accelerating with all those skills, so that we have more projects ready to build and that Government can then press go and give us the money, and we will deliver. There is lots of opportunity and unfilled demand. We are raring to go at local level and want to work with Government as an active partner in that.

Q33 **Mark Jenkinson:** Sue, do you have anything on the links between local government and central Government? How can some of these projects in England drive local growth and jobs?

Councillor Baxter: Speed is not something that has been widely socialised among our sector. I have picked up evidence recently of projects that are shovel-ready but are struggling to get linked into any particular strategy or framework or to get through the bureaucracy. It is very difficult to set up a project and have it all ready to go but then have to go through so many hoops to get any funding for it.

One of the problems that we have at the moment is a real disconnect in our sector between our councils and the LEPs. I can understand why this



is, because at LEP level we are looking at the big problems, the strategic issues and the big areas of deprivation, whereas, at our level, a lot of these things fall below the radar. We have to work at that local place base. We have a couple of areas where the relationship is really good but, generally, it is a bit patchy. In my own county, my sector is not able to engage at all with the LEP because everything that we do falls below the radar. We could do better in this area.

Mark Jenkinson: Mark probably wants to add something there.

Mark Bretton: While we are all here, I should try to respond constructively. If this is an issue, I would like to take that away with you, Sue, and see if we can do something about it. I can only speak from my own personal experience. In Hertfordshire, we have 10 districts and boroughs and a county council. At the district and borough level, we are well represented. How that falls down to the lower levels is something to look at. We are very engaged with local projects, but let us take an action together to go away and see if we can do better here.

Q34 **Mark Jenkinson:** Sue, is that disconnect more pronounced in areas where there are multiple tiers above you? Is it better in the areas with unitary governance?

Councillor Baxter: I am just trying to think of a pattern. It is hard to say. It is patchy everywhere. Certainly, in unitaries, it is simpler. There are fewer layers to work your way through. Thinking back to the evidence that I have, I have seen it working in two and three-tier areas. To me, the disconnect is between the strategic level—the LEP and the combined-authority level—and the parish and town council level. It is not so much between parish and town council level and the district and county level. The disconnect is between the real strategic authorities.

Chair: That is the end of the first panel, so thank you to Mark, Susan and Sue for your evidence this morning. We appreciate your taking the time.

Examination of Witnesses

Witnesses: Stuart Elford, Louise Bennett, Chris Fletcher and Sandy Needham.

Q35 **Chair:** We are now going to call in our next four witnesses for the second panel. We have Louise Bennett, CEO of the Coventry and Warwickshire Chamber of Commerce; Stuart Elford, CEO of the Devon Chamber of Commerce; Chris Fletcher, campaigns director for the Greater Manchester Chamber of Commerce; and Sandy Needham, CEO of the West and North Yorkshire Chamber of Commerce. Thank you to all of you for joining us this morning and sorry for running a few minutes late.

I would like to start by asking all of you the same question I asked our first panel at the beginning. From your perspective, representing local businesses, what does levelling up need to look like to support local



businesses? Who is the delivery partner of choice in terms of who you go to? We have already heard that we have parish, town and city councils, combined authorities and local enterprise partnerships, as well as city and metro Mayors. From a business perspective, do you want to go to all of them or to one of them? If so, which one? Louise, coming to you first, what does levelling up need to look like for local businesses and how should delivery be prioritised?

Louise Bennett: If I reflect on my connectivity with businesses on the ground, but also, quite importantly, the conversations that I have with trusted partners and stakeholders, levelling up requires a twin-track approach. On the one hand, levelling up, as we heard, has to be place-based. It has to be about our local communities and addressing the widening inequalities in local communities that have been escalated by Covid-19. It has to be about the leadership and the work of our local authorities and local government. When I think about Coventry and Warwickshire, and the wider West Midlands, they have shown huge energy, commitment and leadership to tackle this head-on, but, as we have heard, there is no question but that they are underfunded and need more flexibility to do this work.

On the other hand, equally importantly in terms of that twin-track approach, when I look at the big picture, I think about how the UK economy has to trade itself out of the Covid-19 impact and through Brexit. To do that, it is all about supporting businesses in invention, innovation, investment, people skills, and learning and qualifications, but also supporting businesses to be more competitive, looking at how we can help businesses reduce their costs.

Think about the things that the British Chambers of Commerce has suggested, such as reducing national insurance contributions, recapitalising businesses so that we help with the growing debt in the economy, and fundamentally reviewing business rates. How can we all help make businesses more competitive? Surely, the way forward is to trade out of this. The way forward is to allow businesses to create wealth and jobs, because we know, in the cycle of the economy, that that is how we get the funds into the Treasury to reinvest into our localities.

Q36 **Chair:** From the perspective of the businesses you represent, do the current local industrial strategy, the LEPs or the councils mean anything? Does it help them grow their businesses and employ people, or is it just a political environment in which they have to try to operate?

Louise Bennett: I remember a long time ago sitting in front of a Select Committee and arguing for a local enterprise partnership in Coventry and Warwickshire. I have seen our local enterprise partnership leveraging a huge amount of investment alongside the work of our local authorities. If they are effective, they can add value in their own ways. I do not think that businesses always see, as you say, Chair, the political side of this or the boundaries. Businesses are just interested in getting on with doing business. They want to see the right kind of investment in infrastructure,



transport and digital. They want to see us all helping them move forward to do business, to grow their business and to create jobs.

Q37 Chair: Stuart, building on that question and from the perspective of businesses in Devon, is it just about these layers of government and policies delivering local public goods like better travel and infrastructure, or is it really about helping businesses to grow and employ people? How do they see it working there?

Stuart Elford: Thank you for inviting the accredited chambers to give evidence to this Select Committee, as we are the voice of businesses of all sizes. I would stress that we are apolitical, so anything I say is not a dig at any particular party. We work with everyone.

For most businesses, a lot of what you are talking about—and I say this with the greatest respect—would sound like empty words. What does “levelling up” mean? They do not know. The south-west feels it is hugely overlooked. We are, frankly, fed up of hearing about the northern powerhouse and the midlands engine. What about the south-west? Our motorway ends at Exeter, and you still have two hours before you reach the other end of my region. The transport infrastructure is terrible.

There is long-publicised talk about the Dawlish railway line, where trains stop at the slightest hint of a storm. That also goes past Haldon Hill, which is where the A30 and A38, which split from the M5, carry on into the south-west. If you get a weather bomb at Haldon Hill, which happens every couple of years, the whole of the south-west is cut off. Plymouth has lost its airport. Exeter is in danger of losing its airport, if it does not have significant investment.

Generally, digital infrastructure is very good in the south-west, but there are significant pockets where it is not, certainly in terms of broadband and mobile connectivity. There needs to be thought about joining up these strategies. There is huge connectivity between business, income, health, skills and education, and no one thing is going to join it. I completely agreed with Susan in the last session, who said that we should not be competing for this; it is what regions need. In the south-west, 23% of 18-year-olds go to university, compared with 45% in London. That has a knock-on effect on our ability to be productive, as does the infrastructure. If you do not have physical and digital connectivity, it is very hard, as a business, to be effective. That affects earnings. Earnings here are more than 12% lower than the UK average.

What does levelling up really mean? I would say it means equality of investment, but I do not think it does; it means equality of opportunity for all businesses. When I heard previous panellists say, “If you invest here, we will give you £10 back for every £1 you put in”, that is all well and good but you have to start somewhere. Highly effective regions can always turn money into a greater return, but if you cannot get to your nearest town or city, or if the infrastructure is poor, it does not mean anything. You probably need to flip that on its head and say, “Let us start



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with the places where they need that”; otherwise, you are driving a bigger gap than you already have. When I hear about the north-south divide—and I do not say this lightly—there is an east-west divide. The south-west feels completely forgotten. On the political map, it is blue, with two pinpricks of red, and we have been taken for granted, frankly.

Q38 Chair: Chris, Greater Manchester has one of the larger, more devolved combined authorities. Do you see this levelling-up agenda and institutional delivery being delivered more effectively where you are, or do you have reservations, too?

Chris Fletcher: Thanks very much for the opportunity to input into the inquiry today. We have a good track record in Greater Manchester of doing things as a combined authority. Before that, going back to the days of the Association of Greater Manchester Authorities, we had all 10 local authorities working together on a voluntary basis. We have had an elected Mayor in situ since 2017. We had the first city deal in 2012. When the stuff came out about the northern powerhouse, people saw that there was a role for Manchester and the other cities in the north to play in that. We have a lot of this structure in place already. We have a track record of working together.

You ask the question about levelling up. Time and time again, I am asked, “What are we levelling up to?” A lot of businesses immediately think that it is just to get what they have in London, which is a very short-sighted way of looking at things. The very real danger, echoing what Stuart said, is that it just becomes another phrase. We have had the northern powerhouse and levelling up, what next?

It is more about businesses taking a more practical approach to this and saying, “These are the things we need”, and having a strong elected Mayor locally to lead that challenge to Whitehall and Westminster, and then to come back with funding or new devolved powers to get those things done locally. To be quite honest, a lot of businesses are not too concerned about what goes on beyond their immediate boundaries, but they want an environment that is constructive and economically strong. They want the same chance as everybody else. If you have a strong local government model, like we have with the combined authority, the Mayor’s office and the supporting infrastructure, you are in a better place to get those things done.

Q39 Chair: We will come back to some of those bits in more detail in due course. Sandy, from your perspective in West and North Yorkshire, do the businesses you represent think this is all very exciting or just noise?

Sandy Needham: The majority of businesses do not really recognise what is going on. You asked what level. The chamber is local first, so we work with local authorities, the LEPs and the combined authorities. I cover Bradford, Leeds, York and North Yorkshire, which is huge, and we have two LEPs. We talk about LEPs, but they are not both the same and they do not do the same things, and then feeding in nationally.



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Most businesses understand the organisations they engage with. If they have had grants or help from a local authority or a LEP, they will know about it, but other than that they very much rely on us, which has proved to be the case over the last few months. I know that we have made thousands of phone calls, checking things like, "Are you aware that you can have a rebate from your local authority if you pay rates?" and some of them did not. They are getting on with running business.

Levelling up is about enabling businesses in our patch to contribute to UK plc. To do that, it is about skills, infrastructure and education. How does that show itself? As Judith Cummins knows, next week we are doing a manufacturing initiative that links manufacturers with schools, to tell them that there are jobs in manufacturing in the north, because we have more than average. People believe that manufacturing is dead, so we have to do something, working with business, to say, "These are the career opportunities and the routes to get there," but there has to be that back-up of availability of skills, which needs to be more local.

Q40 Mark Pawsey: In some ways, our witnesses have given answers to the question that I want to put about where the levelling-up resources should be targeted. They will be in different areas. We have heard a combination of skills and training, connectivity, and research and development. What is the priority in your part of the country, and how do you know that? What evidence base do you have for saying that that is the priority? What engagement do you have with your members so that you know that that is the case? How do you refresh and keep up to date with that? Because Louise looks after the chamber of commerce in my area, I am going to go to her first.

Louise Bennett: We know it because we are connected to businesses every day. It is all we do. We face off to businesses. We know it through all of our survey work. All of you will be aware of our quarterly economic survey. It is hot off the press. This is a survey that goes out to the 70,000 businesses we represent across the country. What that QES would tell us at the moment is that cash is king and that cash is the priority. As we all know, there are now hundreds of thousands of businesses out there that, I am sad to say, have had to build up an awful lot of debt because of Covid-19. We also have Brexit coming very fast at us.

Therefore, a priority for me and for those businesses is to think about how we work with that debt and how we can come up with innovative solutions to perhaps recapitalise that debt and recapitalise businesses. I know that the British Chambers of Commerce, as well as others, have been speaking to Government about ideas such as aligning business debt with what would happen with student loans, so that, where a business can afford to pay it back, it pays it back in that way. What is the alternative? The alternative, I promise you, is that thousands of businesses are going to fall over in this near second wave of Covid-19, and then we are heading towards Brexit. If we let them fall over, they will



not be paying back the debt anyway. There is stuff that we need to do now to help our business community.

- Q41 **Mark Pawsey:** We get that. That was a very strong message about the here and now, and the day-to-day challenges that businesses face. However, on a longer-term trajectory, in our part of the world, if we said, “We have all these things that we would like to see happen: we want better infrastructure, new road upgrades, better skills and more money for training”, where are the priorities in Coventry and Warwickshire? What are the key things that businesses want? Has that changed over time? Has it changed in the face of the immediate challenge that you have just told us about?

Louise Bennett: It is a good question. In many ways, it may not have changed because, as we know, the long-term barriers to economic growth are around things like investment in human capital and infrastructure and, now, in financial capital, which has changed. That goes back to my point about recapitalisation.

Mark and I know that we need to do more in regenerating our town and city centres, and the investment we need there. Although we look at this at a very local level, which is hugely important, like my colleagues I have to make a plug for our West Midlands Combined Authority and the work of our Mayor. Throughout all of this, every week, without fail, as partners, we have been meeting to think about the levelling-up agenda and getting together to think about how we recharge and move our West Midlands economy forward, very much through the leadership of Andy Street and the West Midlands Combined Authority.

Mark Pawsey: Chair, I am going into the Chamber now. I shall be back for the remainder of the session.

- Q42 **Chair:** Thank you, Mark. Colleagues from other parts of the country, building upon Mark’s question, how should the resources that might be put into the levelling-up agenda be targeted? I am interested to hear your answers based on the role that businesses play in this conversation. As you say, they are busy doing their day-to-day business with lots of pressures at the moment. Are they part of the conversation about local industrial strategies and prioritisation?

Sandy Needham: Yes, where they can see opportunities for things to come together. I will give you a couple of examples. There was discussion—we hope this really will come to fruition, and I hope Nusrat Ghani is still listening—about HS2 coming into Leeds and becoming a hub. We worked really hard on that, and we worked with businesses a lot on what it could mean not just for one city but for the region. There was great coming together of businesses in that, and lobbying.

What it has done on investment is really impressive. We have companies like Vastint, which is the IKEA investment/development arm. It bought an enormous site and is now developing it. There is an area called South Bank that is being developed by businesses—it is all private sector



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investment—knowing that infrastructure is coming in, which will make that a really good place to develop a business. The same could be said about other investments and clusters being created where there is attraction.

For instance, the Leeds City Region bid to get Channel 4 into the patch, which was successful. As a result, other companies are now investing because skills are being developed around digital and tech. This not only benefits those in the media. Just about every company in this country, as we have seen in the last six months, needs people who understand technology. It is a clustering thing, but it is a mixture of initial public sector investment that then attracts private sector investment and creates jobs.

On the back of that, we have to be careful. There are rural and deprived areas in my patch where, if we do not upskill people, the jobs will go to people not in the local area. We have to do both. We have to attract highly skilled people. Chris and I talk about this: if we want people to move from the south, we have to make sure that they can come and live in Manchester or West Yorkshire, and change jobs for their career without uprooting their families. The infrastructure and the connectivity are really important for them to be able to do that from one base across our wider patch of the northern powerhouse.

Q43 Paul Howell: I will just touch on something Stuart said earlier, to give him some reassurance. My constituency is in Durham and we are right in the northern powerhouse, but I can get to London as quickly as I can get to Manchester. We have challenges getting to the northern powerhouse ourselves. Really, the agenda for me and colleagues is as much about the distance from the London centre. I talk to people from Devon and all over, and we empathise with you; do not worry.

I want to go back to a question I asked the earlier panel, to which you were possibly listening. Who should be leading the levelling-up agenda? Is it the LEPs or the Government? Who puts the strategy in place that is going to move this forward? Where does it come from? I would just like to hear your context on the same question.

Stuart Elford: Thank you. I really appreciate that, and I appreciate that every region has its issues. The south-west is going to be absolutely decimated by Covid in the hospitality, leisure and tourism industry and the connectivity of the supply chains to that, which is going to put us on the back foot to start with.

You talk about connectivity, and everyone wants better connectivity and better infrastructure. I want to give you an example. I worked for a firm of lawyers, where I was director of operations. We went out to recruit a commercial lawyer of a certain level. We had to go headhunting nationwide. When they asked where the job was and we said Plymouth, of the five lawyers who said they were interested, every single one said,



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“No—too far and too disconnected.” That is a real-world example of how difficult it is to attract talent down here if the infrastructure is not here.

The Covid situation has enabled the public and private sectors to work better together than they ever have. I now sit on various recovery panels with the LEP, the county council and the city council in Plymouth, and those are fantastic opportunities. I hear a lot of talk about elected Mayors. Business cannot have an influence on that. We feel left out because we do not have an elected Mayor. We do not have a high-profile person. We do not have an Andy Burnham. We do not have someone fighting our cause.

There is a lot of regional incoherence down here. We have the great south-west initiative that almost nobody has heard of, which is our powerhouse. Suddenly, the western gateway was announced and I was not even asked about it. I was told that I could join it, but when I asked what it was, it was basically about linking south Wales with Bristol, which is of no relevance to me at all. This regional incoherence is terrible.

Generally, I work very well with my LEP, but most businesses would ask, “What is a LEP? What does it do? What does it deliver?” Who should run that? There is a danger of LEPs turning into delivery organisations, which I do not think they are. We need to join together the business support organisations and chambers of commerce with the public and private sector in a meaningful way.

Chris Fletcher: Building on my opening comments, we already have a good structure in place in Greater Manchester. If you are asking me that question, I would say that, naturally, it is the elected Mayor, Andy Burnham, who should be in overall charge of this. Of course, the problem then is how much funding is available from central Government. The important part in this—and this is certainly something that we have been looking at—is how far further powers can be devolved from central Government to local areas to enable that money to be spent in the right place and on the right priorities. We have evidence.

Picking up on the previous question, we had the Greater Manchester independent economic review 10 years ago, which was updated into the independent prosperity review. That has recently been updated to take into account Covid-19. We have the evidence of what the city region needs. We have in place the people who can make the argument to Westminster. We just need that confirmation of funding and powers, where they need to be further devolved, given back to local people. We have somebody who has been elected by the residents.

I know that businesses do not get involved, but we all live in Greater Manchester and vote in Greater Manchester, and Andy Burnham has a job to do. That local control element, supported by the combined authority, the LEP and the chamber of commerce, which has a part to play, is where this funding, money and new creation of ideas should start



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and be delivered. We can deliver it on the ground to businesses, but we need somebody at the top to have that conversation with Government.

Q44 Paul Howell: Just to endorse a couple of things that have been said, I spent 40 years in business and yet had no engagement whatsoever with the LEP. I engaged with the chamber of commerce but not with the LEP. My constituency has the Tees Valley Combined Authority, with Ben Houchen shouting in exactly the same way for his region, but the other half of the constituency is Durham, which does not have a Mayor, so I have the other challenges that go with that. The conflicts of who can shout and who cannot shout are very focused in my part of the world. Would you like to comment, Louise, just to colour that environment a little?

Louise Bennett: It is a fabulous question, and I want to try to answer it from a business perspective. When we are running our organisations and our businesses, if we want them to be effective, we are both bottom-up and top-down. That is no different to the way we could tackle this levelling-up agenda. It is so important that we are bottom-up, and we have heard some of that, because businesses have a sense of place. They belong to their localities. They look to their chambers of commerce and their local government for support and a sense of direction at that local level.

Top-down is also important. It is always going to be important. You need that more spatial strategy of the world and that strong leadership. We need to see, and I certainly believe we have them in the West Midlands, those effective elected Mayors and combined authorities showing that leadership and being able to leverage, as we have certainly done in the West Midlands, the kinds of funds and resources that we need and that we know will make a difference to the region, which includes going back into localities being very place-based. It can work.

Q45 Judith Cummins: Very few local industrial strategies have been signed. Recent reports suggest a new industrial strategy is being drafted within Whitehall, reportedly with a heavy focus on science and technology. Are local industrial strategies fit for purpose, and do they help with levelling up? In particular, I would be interested to hear thoughts on how, if there is to be a focus on science investment as part of this new industrial strategy, we will ensure that parts of the country that do not traditionally have these sectors benefit. How will we ensure that investment is not just poured into areas that already have a base of scientific and technology research, such as that well-trodden corridor between Oxford and Cambridge? Sandy, can I ask you first? I also appreciate the shout out for Bradford Manufacturing Weeks.

Sandy Needham: Government should not always put the investment in the same places. My counterparts in Cambridge say it is terribly hard to recruit people because there is such a shortage there, so where the investment goes is really important, and that has to be looked at.



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Yes, science is important, but some of these things do need rethinking as a result of Covid. As an example, in all the EU programmes, a few of which we deliver, companies have to create jobs and high growth in order to be eligible. What we are seeing through Covid is that people are losing jobs. Some will want to set up their own businesses, and it would be great to support them, but, if they are not high growth, they will not get any public support, so the industrial strategy is probably going to have to change.

If does not work if we put everything into one basket and only certain parts of the country. Developing enterprise zones is working well, including in Bradford, to get people to invest here who, otherwise, would not have done.

Stuart Elford: I largely supported the local industrial strategy, but it was more by coincidence. We were not consulted and local businesses, as far as I know, were not consulted. However, it speaks very highly to the strengths of the south-west, to the blue-green economy and to sustainable energy production. These are things we can do very well. We have world-class marine facilities and marine research. If that was given proper Government backing, we could do really well with that, and that is the future. The future is not in burning fossil fuels and so forth. We can really lead that way in the south-west.

Of course, I would say this, but the south-west is a fantastic place to do business. Most of the people on this call will be very jealous that, 10 minutes after I finish work, I can be on a beach or on Dartmoor. In fact, there is a business on Exmoor that, if you ring it on a Friday, says, "Sorry, we are all surfing." In fact, it does research work for NASA. If Covid has shown something, there are places you want to be when you set up your business and places you do not, and the south-west is a fantastic place to do business. With the right investment, we can do really well, but we need that investment in the things we are good at.

Chris Fletcher: Hearing the Chancellor talk last weekend about another industrial strategy, my eyes glazed over a bit, to be quite honest. We have the Greater Manchester local industrial strategy, which was one of the first ones to be signed off in June last year, and we are wondering how much of that will survive and how much is Covid-proof. To hear news of another one is a little worrying, to be honest. Something we suffer from in this country is looking at things and, if they do not work immediately, reinventing them.

That is the danger here. In the current economic circumstances, if we put all the eggs in one basket of science, technology and research, that is all well and good, but what happens between now and the point where that becomes absolutely viable? We have heard a lot in the last seven days or so, following the Chancellor's announcements around viable jobs. We have to get to a point where those jobs are viable and, to be quite honest, if we were to rip up existing industrial strategies to look at a new



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one, that could cause even more economic uncertainty in this country. The science and technology bit is great. We can cope with that in Greater Manchester, but, looking at a much wider, broader picture, I really think there is cause for concern, if that is the route it is going down.

Louise Bennett: In many ways, the language of Government, as we all know, means nothing to business whatsoever, but perhaps that is our role as chambers of commerce. We try to translate this language for business and shape the strategies that we have been talking about. It is really good news to hear that the industrial strategies are being refreshed to reflect what is going on in the global economy, let alone in the UK economy, in terms of Covid-19 and as we head towards Brexit. That is really good news.

As my colleagues have said, it cannot all be about science and technology, albeit, of course, they are massively important. Covid-19 has shown us that, as we move forward, we are going to have to take a different approach to, for example, the skills of individuals, so we are going to face up to a huge reskilling challenge, moving people into other jobs and new jobs.

I also hope there is going to be a really strong emphasis on export, because our evidence tells us that the more resilient businesses with more potential to grow are those that can put their heads up and think about that global outlook. Even if they are small or medium-sized businesses, there is an opportunity for export. Our businesses have great services through the Department for International Trade and chambers of commerce, and it is a real opportunity to trade ourselves, as I said before, out of Covid-19 and through Brexit.

I hope the refreshed industrial strategies do not try to trade off one sector against another or, as we have heard at this Select Committee today, one place against another. I know it is difficult, of course it is. We do not have an open purse here, which is why I go back to where I started. I know it is not what everybody wants to hear, but businesses create wealth in this economy. Because they create wealth, they create jobs and we make the world turn round. The more we can do to support businesses, to help them be competitive and to think about export, the better chance we have of trading ourselves through this horrendous Covid-19 impact, I promise you.

Stuart Elford: Upskilling is massively important. Something that Government could do as a swift and helpful intervention would be to extend the annual investment allowance to training, education and skills, so that it becomes very cost effective for businesses to invest in that and takes some of the costs of business away. I would just make that little point.

Q46 **Chair:** Thank you for that. The Prime Minister gave a speech the other day about his skills agenda, and no doubt the Department will be listening, so your plea has been heard. I am worried about the level of



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business engagement at a national and local level in this development of industrial strategies. It seems entirely incoherent to me to not have businesses informing, in a very significant way, the industrial strategy, because it is businesses that do the work and deliver the jobs, the profits and the tax revenues.

Louise said that the role chambers of commerce often play is translating Government policy for business. I am keen to hear from each of you whether you think that, when you translate Government policy to business, it is just seen as a potential “Brucie bonus” because there is a new pot of funding and you might get a bit out of it, which is probably a good thing, or whether it is seen as being coherently valuable and important to delivering growth, profits and jobs for the businesses you represent. I wonder if you might talk a little about that from each of your areas.

Chris Fletcher: It is important. It is not just about being a Brucie bonus and more funding. That is one part of it: if it is around funding, how do businesses get access to it? Sometimes it is also about interpreting the wider strategic stuff. If, for example, there is a new or refreshed industrial strategy, we will have to go out and, as Louise said, interpret that. What does it mean if you are a sole trader stuck somewhere, head down, concentrating on surviving? What does it mean for that person? That is the very low-down, technical, local bit that we have to do.

It is interpreting that, making it real for businesses and trying to get them to understand how it can benefit them, but also where that plays into local priorities. Part of it is getting that feedback from business. We would not be doing our job properly if we did not know what our members were saying about this. Building on the point from Louise around things like the quarterly economic survey, we know what businesses are thinking about some of these things, so we have to try to match those bits together rather than just saying, “This pot of money has arrived from Government. Now let us see how we can get those applications in.” It is a little more finessed than that.

Speaking for colleagues, we play a part in gathering that information on consultations. There are a lot of consultations flying around at the present moment in time. In Greater Manchester, we are going to start a clean air zone consultation next week. A business rate consultation is going on at present. All sorts of these things are flying around, and we have to grab and capture business’s input into them, but there is also an interpretation element to that: what, for example, are they consulted on, on whatever subject it is? There is this constant flow of information going in. Some of it is new and some of it is good stuff—the end announcement of a new service funding stream or whatever it is—but some of it is a lot more nuanced, to try to get businesses to understand what is happening and their role in it, and to take part and engage in that.

Q47 **Chair:** Sandy, I have the same question for you. Are these Government announcements and policies seen as really valuable and relevant to your



members' day-to-day business lives?

Sandy Needham: It depends on how closely they are engaged with this. How do we do it? We should make it clear that we are spending an awful lot of our time talking to businesses. In my case, we have three leadership groups—a transport group, an environment group, a planning group—and three property groups. We are talking to them all the time, but what they do not do as individuals is what we have to do, which is to pull together everything we hear and learn from the regular and ad hoc surveys, and turn that into a strategic review.

They look at their locality first. On things like transport, we want to look across the area, but they find it quite difficult to know who is doing what and who needs influence, so they leave that to us. They also do not understand—and I am not sure I do—things like the Green Book assessment. Why is it that something from the north on transport is never going to come out with as high a figure as something in the south? They would say that is what levelling up has to do. It has to use a different measure; otherwise, it is never, ever going to change and it does not matter how loudly we shout.

It is also about finding things that make sense to them. It is no secret that businesses were not happy with the way that the apprenticeship levy went. I will give you a good example where we did something that made a difference. We work with a company called Shepherd, which you would know as Portakabin. It pays an enormous amount in its levy and it could not use it all. We found a smaller training provider that had run out of money for its apprentices and was going to have to throw them off the scheme. We arranged for Portakabin to support those apprentices, who were not necessarily going to work for that company. They did not know they could do it. It was about being creative and asking, "If I put you there, will you do that?" and they did. We have now had people coming and saying, "We did not know that either. Can we do that?" It is what Louise was saying: we are interpreting. We are saying, "You cannot do that but you can do this."

We worry about promoting schemes that last for six months. They do not even last for six months, because it is a pot of funding through the LEPs, which is great, but once the money is gone it is gone. People contact you and say, "I would like to tap into that" and we say, "No, sorry, that one has run out." That is so frustrating for companies. They do not understand why. They ask, "If it is so popular and it is working, why is there not more money?" A lot of our time is spent interpreting.

Q48 **Chair:** Stuart, I think I know what your answer is going to be, based on your evidence so far, but I imagine that you think we could be better at involving businesses in delivering the industrial strategy and its output.

Stuart Elford: Definitely, and I would agree with Sandy completely that there is this rush for small pots of money. They are great initiatives, but Government initiatives and interventions on their own do not make a



strategy. We could do with this being much more long term and much more joined up, making sure this all works.

In my county, Devon, I am afraid it would be seen as a Brucie bonus, to use your expression, but one that is never going to come our way. It is going to go to the borrowed votes in the north. It is going to go to HS2. It is going to go somewhere else. The larger businesses get it. Many smaller businesses are—I would not go so far as to say “apathetic”—completely disillusioned, which is even worse, with levelling up and the amount of equality.

Louise Bennett: I agree with Stuart. Our approach has to be long term in all of this. I guess the word “facilitate” is a good word, where our smaller or medium-sized businesses just do not have the time or the energy to engage in the so-called industrial strategies. That is our role. My chamber has 100 people on the ground, so it is our job to help with that facilitation and that input in terms of business engagement, as well as identifying the gaps.

Support to businesses has been good, and that is not a party-political speech. Cross-party support for business has been really good. There are gaps. I look at the mid-sized businesses in my patch, such as Nailcote Hall. These are family-owned businesses, not multinationals. They have thrown their livelihoods at their business, and yet they are being decimated by Covid-19. We know there are gaps. We know there is more we could do by reviewing business rates and cutting costs to business such as NI, and it is our job to say, “Those are the gaps. Please listen to us and feed that thinking into any refresh of an industrial strategy.”

Q49 **Chair:** When you say there is a plea to “listen to us”, do you feel like you have been listened to in the past?

Louise Bennett: We work through our British Chambers of Commerce and, I have to say, really brilliantly with our Members of Parliament locally, as well as our local councillors. We are genuinely listened to. Again, this is not party political. I have seen many cross-governmental responses to things that we have called for, including investment in skills, such as the Kickstart scheme and the PM’s announcement of better investment in adult skills. All of that is great news, and it is our job to keep identifying what more we could do and what more help we could provide to support businesses in creating wealth and jobs.

Chair: One of your local MPs just got back as you were saying how great they are, so that was perfectly timed.

Q50 **Alexander Stafford:** This is a question to all the witnesses. I am cognisant of time, so just jump in if you have a view. I will not go round the houses. How does clustered R&D investment support local economic growth? How can we agree priorities across the various regions? We have already heard that there are quite different conversations going on in the south-west and the north, so how can we get you all talking and cluster



R&D?

Sandy Needham: The relationship with the universities is really important. I would give you two examples. In York, businesses working with the University of York have developed BioVale, which is a growing cluster. With a little money, putting together universities and businesses really works. The same thing is happening elsewhere. Health in Bradford and digital health in Leeds are really growing. It is from that link between academia and businesses, and not always big businesses. They are growing. Getting that communication and interaction really matters, and that comes not from national but from local arrangements.

Alexander Stafford: Stuart, do you have a view? I am sure you do.

Stuart Elford: I do. I happened to be speaking to Exeter University and mentioned that I would be here. Forgive me for reading this out, but I want to get it right because it is not my skillset. They have said that there is a challenge about lots of parts of the innovation and enterprise ecosystem in place that need to be more joined up and more accessible, with gaps plugged and activities scaled up to support more businesses to start up. The aim is to leverage all those existing assets to deliver effective support. They are talking about creating what they call a south-west technopole, bringing together the science parks, the impact lab, the innovation centre, business support organisations and virtual membership available to all, regardless of location.

I will not go into the full details, but you are absolutely right that they were evidencing a lack of connectivity and joining up in research and innovation. There is something that could be done there to pull those together. It sounds to me, from what little I have read in this, that a south-west technopole would be a really good way of doing it.

Chris Fletcher: It is a good idea. Some of this is already happening. What Sandy and Stuart said could be said about what is happening in Greater Manchester, where the universities are beginning to come together and create the science parks. Manchester has the Graphene Institute as well, which is the centre for that particular industry.

There are a couple of things. Sometimes, speaking to businesses, they are often unaware of what is going on in the world of academia. When you explain the stuff that is available to them, their eyes open very wide and they say, "How on earth do we access that?" There is a communication issue here on two levels. One is between the groups of universities. The sector does not think twice about getting in touch with somebody on the other side of the world, if that is where the cutting edge and the latest science and technology are, so we need to have that sort of attitude in the UK.

Then there is the external communication to potential users of that in the business community. The number of times that people are completely unaware of what is happening, virtually under their own noses and not



too far from where their businesses are, is amazing. They are often amazed. Some of this is world-beating stuff and they are completely clueless that it is happening. A communication job needs to be done to get those benefits in place through a strategy that supports this.

Louise Bennett: The answer lies in your question. When we talk about a clustered approach, we are talking about a sector-led approach, a business approach and a trade approach. We see some really great work being led in sectors—automotive, manufacturing and engineering—through our catapult centres and through the work of our universities and FE, to make sure that we mention further education.

We all need to be mindful, as we move forward, of how we shape up what is going to be the UK prosperity fund. I am sure we are all aware that, at the moment, a lot of investment in R&D across our country that goes down into businesses through universities, catapult centres and other routes is currently underwritten or backed by European funds. The UK prosperity fund has to come along and replace that, and make sure that we do not lose our leading edge in terms of that investment in R&D.

Q51 **Alexander Stafford:** You have teed me up quite nicely for my next question on the shared prosperity fund. As you have already started talking about this, how should the UK shared prosperity fund be targeted to replace EU funding to address regional inequalities? What would you like it to be doing, and how would you like to be involved? Are there any additional funds or support available for areas that previously benefited from regional funds that could be used?

Louise Bennett: Just to declare, I sit on the national growth programme board on behalf of the British Chambers of Commerce, so I would just put that out there. I see a huge amount of fantastic work that happens currently through the use of European funds, whether it is ERDF, ESF or other funds such as EAFRD. Huge amounts of fantastic work are going on, and the UK prosperity fund needs to replace that.

Let us not reinvent the wheel. I promise you that we do not need to reinvent the wheel here. There are amazing examples of programmes and activity out there that do not need reinventing. There may be gaps but we should not be reinventing the wheel. We should be learning the lessons from how we have used the European funds, as well as looking at the gaps. My one plea would be, as we come out of Europe, to make the UK prosperity fund far more flexible and far more relevant to the local level. Flexibility will be key.

Stuart Elford: I completely agree with all that. Areas like Cornwall that had a significant degree of European funding are feeling very vulnerable that the shared prosperity fund is just going to be used in a political way, rather than to truly replace European funding when it is withdrawn.

Q52 **Alexander Stafford:** How would you make sure it is not done in a political way?



Stuart Elford: It is through equality with the amount of investment and funds that were dealt out by the European funds. If you see a sudden shift from one place to another, I would say that is probably more political. As Louise said, it is a system that was working and did a lot of good, so let us carry on with that.

Sandy Needham: I agree with Louise that EU funding has done a lot of good. There are a couple of areas, though, where we could do a better job going forward. One is reducing bureaucracy. In the age of technology and us all working from home, we do not rely on paper, yet, for everything to do with the EU, you have to have signatures on paper; otherwise, it does not exist. Could we adopt something different?

There has been such a reliance on job creation, which I understand completely. As I mentioned earlier, we have a lot of manufacturers in our patch. If you bring in R&D and invest, in the short term you might lose jobs, but in the long term you are more competitive, more likely to grow and more likely to export. That is not recognised. "How many jobs will you create from having this amount of funding?" That has to change.

I mentioned earlier the number of people wanting to start businesses who do not have any help. There is very little one-to-one or one-to-many support, if you are not a high-growth business. We are an entrepreneurial country and we ought to support entrepreneurs in a way that we cannot at the moment.

Chris Fletcher: It is important. We would certainly urge Government to get on with this and sort out what it looks like. One thing is if it could be designed to give much longer-term funding security rather than these little six-month or 12-month pots of money, which are here one minute and gone the next. One of the advantages of European funding was that you had definite timescales for it. That would help focus Government's mind away from this short-term way of dealing with things Parliament to Parliament, especially around infrastructure, whereby you can start off in one Parliament and the thing maybe finishes 10 or 20 years later.

Whatever the prosperity fund looks like, it has to enable that to happen. It would help sharpen people's minds into a much longer-term way of thinking about things and add that extra security in there, too. Greater Manchester has had about €420 million over the last several years. We have used that money on Metrolink extensions and all sorts of things around the local growth fund and the regional growth fund. It has to be part of that overall package of length, longer term, security and adding that extra bit of certainty that this is a viable way of funding that growth that this country will need over the next 10 or 20 years.

Q53 **Mark Pawsey:** Sorry to miss part of this session. In the first session, we heard about the important role of LEPs in delivering the levelling-up agenda. As we know, LEPs are a combination of business interests and local authorities coming together. The witnesses in front of us now are the voice of business, so I want to explore whether you are always



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listened to by your LEPs. Do LEPs have sufficient regard for the voice of business? Are your priorities aligned? Are there some instances where your priorities, representing business, may differ from that being promoted by the LEP?

Chris Fletcher: We work closely with the LEP. We are in this situation where no two are really alike and there are so many variations across the country that one size certainly does not fit all. We work very closely with the Greater Manchester LEP. We are not a formal member of it, but we work closely with the co-chairs and with Mike Blackburn, the previous chair.

Q54 **Mark Pawsey:** You work closely, but do they listen to you? Do they implement what you are asking for? That is really the nub of what I am getting to.

Chris Fletcher: We feed in, and we are supported by the evidence from our members. There is very little that comes out that we disagree with and ask, "Where on earth has that come from?" There are discussions that go on behind the scenes, but we are treated as a broader voice of business throughout the Greater Manchester region. What we have to say on behalf of our members is treated with credibility, and it feeds into whatever pieces of work are taking place. Like I said, we have done some really good work over the years around, for example, skills and employment issues. We have supported the LEP on a number of those. Likewise, they have listened very carefully and worked with us to make sure local skills policies match what business needs.

Q55 **Mark Pawsey:** Sandy, you told us about two LEPs in your area. Do they both do what you want them to?

Sandy Needham: I would not say everything, but I feel we are very well consulted. I would give an example about them using information. There were questions earlier about data. We do, as all chambers do, the quarterly economic survey. In conjunction with those, we will add questions if there is something they particularly want to gather information on. We put a lot of effort into that, and they really do listen to it.

We give presentations. We know that feedback from our surveys and our meetings goes into papers. I am not on the board, but I am on one of the sub-committees, and we are quoted in that. They use the evidence and they use data. That is valuable.

It is difficult. Certainly, businesses that we talk to ask, "Why is the LEP not doing that? We told them that." Usually, it is not the LEP's fault but because there are some criteria that mean they cannot use the money in exactly the way that businesses think they should. They listen, and they have both been great at presenting to our leadership groups. In any meetings and work we do, they will get involved with us, so I am very happy.



Q56 **Mark Pawsey:** Stuart, are there any ways in which the LEP does not do what you would like it to do?

Stuart Elford: The situation with my LEP is improving. It uses the quarterly economic survey. It wants data from us. I completely agree that it is often about pots of funding that do not quite match up with what business needs.

One thing that I have taken away from this discussion is that there is a lack of joined-up communication between the various bodies. I would like to see national Government, and regional and local government, working much more closely with LEPs and chambers to ensure there is a joined-up approach to this sort of thing. While I am not critical of our LEP, and it has started to consult with us and to use information, it is not a truly joined-up approach and more could be done to ensure that it is.

Louise Bennett: I guess local enterprise partnerships have played a role since the demise of the RDAs—the regional development agencies—many years ago now, which were public-private partnerships. We have a seat on the board, so we feel we are listened to, sometimes in very different ways. Our Coventry and Warwickshire Local Enterprise Partnership is a strong LEP, perhaps because it has not tried to get into delivery or to reinvent the wheel. It is listening to its partners around the table and looking at how, because it is quite a small resource, it can add value to the much wider partnerships at a regional, local and LEP level, with everybody playing their part.

Mark Pawsey: That is great to hear.

Chair: Thank you to Louise, Stuart, Chris and Sandy for your time and your evidence today. It has been extremely interesting and very useful to our work. Thank you to our first panel, and thank you to my colleagues as always.