



Public Accounts Committee

Oral evidence: Supporting local economic growth, HC 1054

Wednesday 2 March 2022

Ordered by the House of Commons to be published on 2 March 2022.

[Watch the meeting](#)

Members present: Dame Meg Hillier (Chair); Dan Carden; Sir Geoffrey CliftonBrown; Peter Grant; Kate Green; Antony Higginbotham; Sarah Olney.

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Ashley McDougall, Director, NAO, and David Fairbrother, Alternate Treasury Officer of Accounts, were in attendance.

Report by the Comptroller and Auditor General

Supporting local economic growth (HC 957)

Questions 1-137

Witnesses

I: Jeremy Pocklington CB, Permanent Secretary, Department of Levelling Up, Housing and Communities; Emran Mian, Director General, Decentralisation and Growth, DLUHC; Will Garton, Director, Public Services, Her Majesty's Treasury; Sarah Munby, Permanent Secretary, Department for Business, Energy and Industrial Strategy; Bernadette Kelly CB, Permanent Secretary, Department for Transport.

Examination of witnesses

Witnesses: Jeremy Pocklington, Emran Mian, Will Garton, Sarah Munby and Bernadette Kelly.

Chair: Welcome to the Public Accounts Committee on Wednesday 2 March 2022. We are looking at the Government's approach to supporting local economic growth. As we all know, a number of schemes have been unveiled in recent years to regenerate towns and communities, particularly at the 2020 spending review. This alphabet soup of schemes includes the towns fund, the community renewal fund, the levelling-up fund and the creation of freeports. Some of us have been around a while and know that there has been a chequered past across all Governments for developing economic growth. We want to know what this Government have learnt from past mistakes, and how these funds will actually contribute to the economic growth that they promise.



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We have a team of officials from a range of Departments—a smorgasbord of Whitehall mandarins—before us today. From my left to right, so in no particular order, although I am sure the Treasury would always like to think that it is at the top of the tree—Mr Garton, accidental seating, I should stress. We have Will Garton, director of public services at Her Majesty's Treasury; next to him is Bernadette Kelly, a frequent flyer at this Committee, the permanent secretary at the Department for Transport; Sarah Munby, the permanent secretary at the Department for Business, Energy and Industrial Strategy; Jeremy Pocklington, the permanent secretary at the Department for Levelling Up, Housing and Communities, also responsible for local government; and Emran Mian, the director general for decentralisation and growth at the same Department. Welcome to you all.

Before we kick off with the main session, we have some quick questions on some other subjects. I ask Sir Geoffrey Clifton-Brown to kick off.

Q1 Sir Geoffrey Clifton-Brown: Good afternoon, everybody. My question is to Ms Kelly: Dover. I have been talking to the Member for Dover, and I gather that significant congestion problems remain at the port of Dover. Will you give us an update? Her take on it was that the long-term solution is to improve the road network. In particular, she mentioned the A20 and perhaps linking the M20 to Dover. It seems extraordinary that our most important port in this country does not have a decent motorway network connected to it. I would be grateful if you can give us an update this afternoon. If you do not have it at the top of your head, I am happy for you to give us a written update later. That would be helpful.

Bernadette Kelly: Thank you for the offer of a written update. That would be preferable. I am sorry, I simply have not briefed myself on the most recent situation. Obviously, I am aware of the very long-standing challenges around congestion at Dover. We know that the infrastructure around the port is a major challenge, and it was a major focus during all our work on Brexit over the past years. Allow me to get the more detailed update, please, and to write to you in response.

Sir Geoffrey Clifton-Brown: That is very helpful, thank you.

Chair: Of course, in June the entry and exit checks will come in, so will you include in the update your plans to manage that? Several 30-second delays, or probably longer for a car full of people, will only add to it. Thank you, Ms Kelly. Over to Sarah Olney—Ms Kelly is in the firing line today.



Q2 **Sarah Olney:** My constituents would not forgive me if I did not take the opportunity to ask about Hammersmith bridge. Will you give me an update, from the point of view of the DFT, on how things are progressing in agreeing funding for the full restoration?

Bernadette Kelly: Through the wonders of modern technology, I am now reading the answer for the latest update on my phone. Let me make sure that I represent this accurately. The DFT's internal governance has approved an outline business case for the stabilisation of the bridge that happened in February. TfL is considering the case in parallel, and once a full business case for stabilisation is cleared by both parties, we should be able to release funding for the next stage of this project. Obviously, we are still working very closely with the London Borough of Hammersmith and Fulham on this, so things are progressing. Stabilisation works will commence, we think, in early March 2022, so they are imminent. I hope that is helpful; again, I can provide more detail in writing, if that would be helpful.

Q3 **Sarah Olney:** I would really appreciate it if you were able to expand on those comments, because it sounds very positive, but there have been a few false dawns.

Bernadette Kelly: I will make sure that we have given you the full picture, both positive and where the challenges are.

Q4 **Sarah Olney:** More broadly, in previous discussions we have had at previous sessions, we have touched on the possibility of bridges and their maintenance being taken out of local authority control because of the ongoing issues with that method of funding. That was approaching bridges in London particularly, but I am assuming this is an issue across the country—a more strategic approach to maintaining bridges.

Bernadette Kelly: I understand the issue completely, and we have talked about it in this Committee, as you say. When a bridge like Hammersmith starts to fail as badly as it has, for a London borough to be able to manage that is impossible, in effect. That is why we have had to have this tripartite approach of working with the borough, TfL and my Department.

I confess that I do not think we have made a great deal of progress on a great change of strategy: if I may say so, that is principally a function of the many other very challenging concerns we have had over the last year or two. Obviously, a great deal of time and energy working with TfL has been around how we maintain services running through the pandemic and deal with some of the revenue challenges we are both facing, so possibly in normal times, we might have had a little more time and energy to think about that. I think the point that you make remains a very good one, and one that we need to try and reflect on further.



Q5 **Chair:** Thank you very much for that, Ms Olney, and Ms Kelly knows that we are going to keep a close eye on this big infrastructure issue.

I will now turn, if I may, to Jeremy Pocklington. Mr Pocklington, the Chancellor announced that people would receive a rebate on their council tax bills in order to offset some of the challenges of the price rises in energy, but people living in communal buildings who do not pay the bill directly—those in sheltered housing—do not benefit from this. Many leaseholders do not, because they are deemed to be commercial properties. Is this something on your radar, and do you have a solution for those residents?

Jeremy Pocklington: We have set out our plans for a £144 million discretionary fund for local authorities. We have allocated that money. That is designed for a wide range of circumstances where, for example, there are low-income households in properties that do not qualify: those that are not in council tax bands A to D, or are not actually paying council tax and do not benefit from the rebate. There is a lot of discretion for local authorities in how they allocate that money. You have raised some very specific examples there. I am very happy to take those specific examples away to double-check that they are covered in the scheme, but the policy objective is to provide discretion for local councils.

Q6 **Chair:** When you say “covered in the scheme”, you mean “covered in the discretionary fund”.

Jeremy Pocklington: The discretionary element of the scheme.

Q7 **Chair:** I appreciate that the Chancellor makes an announcement and your Department then has to do the heavy lifting to deliver the practical detail, but what about people who are in sheltered housing? A constituent of mine who came to see me on Monday highlighted this point—rather timely. He pays just over £600 a month to the housing association landlord, of which £72 is for heating and hot water, but that £72, although itemised on his bill, is not something he can get the warm home discount from the DWP for, and we fear he will not be able to get this rebate because he is not directly paying council tax, either.

Jeremy Pocklington: I completely understand those situations. We anticipated that there would be difficult situations like this. There are residents of many properties where they do not themselves pay the council tax, even though as you know, that is normally the ordinary course of events for that tax. That is deliberately why we established the discretionary fund. Ultimately, it is for individual local authorities to determine how they want to allocate that money in their specific areas, but the notion that there would be these sorts of individuals was behind that policy objective.

Q8 **Chair:** What modelling have you done on that discretionary fund and the areas to which it is allocated, to make sure it is likely to cover these eventualities and the others you raised about people in different bands that would not be covered?



Jeremy Pocklington: Exactly—low-income people in bands E to H properties, for example. The allocation methodology is set out on our website in a published document. It takes account of population, partly—well, where the households actually are in the country—but also of deprivation.

Q9 **Chair:** So it is basically households, numbers, and deprivation.

Jeremy Pocklington: Those are, broadly, the determinants, but—

Q10 **Chair:** So, at the moment, as far as you are aware—I am not expecting you to know with every detail of your model, right here right now—that does not include, for example, blocks of leasehold properties.

Jeremy Pocklington: The information on which it is based is not so granular as to determine the precise tenure of individual properties. We cannot allocate that money with that sort of surgical accuracy. We need broader headline measures, which are fair and appropriate, to allocate the money.

Q11 **Chair:** If you are aware that this becomes a bigger problem, is it something that your Department will be able to look at?

Jeremy Pocklington: We will, of course, continue to monitor, but there is a lot of discretion for local authorities to allocate the money as they see fit.

Q12 **Chair:** Okay. Well, discretionary funds are all very well if they are not oversubscribed, which they very often are, of course. Thank you for that, for now. I shall certainly be keeping on this. I represent rather a lot of leaseholders—I should declare that I am one myself, but not in the relevant bands.

We move on to the challenging issue of how Government support local economic growth, and what we mean by that. I will turn to you first, Mr Pocklington; over the years, we have spent billions of pounds on that area, but there is very little evidence about what actually works and delivers real economic growth, especially if you compare growth outside of London with London growth. Why is that?

Jeremy Pocklington: Well, I will start with a few pointers, if I may. First, understanding how local economies grow and evolve is inherently complex. It is not just about the actions of the state, although that is important; it is about how the private sector and society engage. The precise mix of interventions will vary from place to place. I think a key point is that central Government will not know the answer for individual places. We need to provide the frameworks and funding, but, ultimately, the local tier is often better placed to determine the right intervention.

However, this is not a counsel of despair; it is not the case that we do not have any evidence—quite the contrary. In the recently published White Paper, we deliberately set out to draw lessons from the past on what makes for successful local growth policy. We set those out very clearly. There are themes, which I am sure we will return to in this hearing, around longevity,

co-ordination across transport and across skills—so physical capital and human capital are crucial—but also, more broadly, around health and education. Local empowerment, as I mentioned, is also important in tailoring policies to local needs, as is the need to evaluate.

In making those conclusions, we are drawing on, yes, an imperfect picture of evidence, but we are building on projects and programmes that we know have been successful. Bernadette, maybe we can talk about the transforming cities fund. We know that certain interventions do make a difference and, although it is not all about benefit-cost ratios, do score well with those ratios.

Q13 Chair: You have mentioned one. What others have worked?

Jeremy Pocklington: In a broader context, I will give another example that I think matters: the supporting families programme. I think you need a very broad interpretation of what will actually make a difference at a local level. We know that transport projects work, as do some forms of regeneration.

Behind all of that is the importance of continued evaluation. The Report refers to the local growth fund. That is not how we would evaluate a programme now. Again, I am sure that we will come back to that. However, continuing to improve our knowledge and understanding is important, and is done through our work to support the What Works evaluation taskforce and other things.

Q14 Chair: What would be the top criteria, for you, in counting local economic growth? What would you want to see in the tick box of achievements?

Jeremy Pocklington: Again, drawing from the White Paper, I think a holistic definition of local growth is key. One of the key takeaways from that White Paper is that it is a definition that includes not just the narrow definition, if you like, but the six capitals in the White Paper—physical, intangible, human, financial, social and institutional capitals. Thinking in those broad terms about economic growth, and how those different capitals interact, is important. I think a final—

Chair: Okay, well—

Jeremy Pocklington: A final—

Chair: Go on, fine. You have your final point.

Jeremy Pocklington: A final theme from the White Paper is the importance of allocative efficiency. That is another area where policy has evolved and shifted in recent years: ultimately it will be by addressing market failures in particular places—I am thinking more broadly than just our major cities—that we are going to grow the overall economic pie.



Q15 Chair: This is all very cerebral. If you are a constituent of ours on the ground in an area where there is a problem getting work—your high

street is dying and so on—what tangibles do you want to see? What does economic growth mean to them? How would you define it right here, right now?

Jeremy Pocklington: It is going to be about people having access to good jobs, a good place to live, a vibrant high street and pride in the sense of community as well. That's what matters. Last week, I was in Wolverhampton—let's make this very real—where we have our second headquarters. I saw how different projects from the different funds that we are going to talk about—the geology of funds, if you like—are coming together to start to make a difference to parts of that city, working with support not just from my Department, but from the Department for Transport. It has to be that broad definition: it is about access to jobs, and it has to be about that sense of place as well.

Q16 Chair: Ms Kelly, Mr Pocklington rightly highlighted that often transport is a very key part of this. What would you point to as major successes over recent years—ones that haven't been so much in your sphere?

Bernadette Kelly: I suppose I would make a more general point. First, I would say that we certainly think that transport is absolutely critical in places. Certainly that seems the view of local leaders and MPs on a consistent basis, judged by their appetite for transport investment of all sorts. It's about connecting people to jobs and services, unlocking housing and wider investment, place and environment, and decarbonisation as well. This is what our own appraisal methodology measures.

What we also see on a consistent basis is that these sorts of investments rate very highly in business case appraisal terms: per-pound return of £3 to £4 at least, which is very significantly more than some of our bigger interventions. I don't think that there's a big question mark about whether transport investment generally pays dividends; particularly at a local level, it clearly does. I think the challenge in local growth is how we combine that transport investment with the other forms of investment and support that are needed to optimise growth in particular places. It's as Jeremy says: linking that transport investment to investment in skills and other forms of investment.

Q17 Chair: There's lots of words there. What you mean is getting people to the jobs in the right places, not necessarily taking them out of an area.

Bernadette Kelly: Absolutely. Well, sometimes it can be widening the area within which people can travel to work. You can be growing your travel-to-work area, and that can have positive and measurable benefits. But yes, it's absolutely about improving the connectivity within cities, and within towns and communities.

Q18 Chair: Mr Pocklington, I have looked closely at your accounting officer assessment. I think we were both in this room looking at the original one



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together on the towns fund, and now we have the levelling-up fund. A lot of these are very deliberately—you hear it from Ministers at the Dispatch Box—focused on very small local projects. Yet you have given a very academic, mandarin paean to the big words: the physical, the intangible and the six pillars—whatever the jargon is that you’re using at the moment. You are talking about that wider reach, and a lot of these funds are focusing on very small, tiny projects. Taking the towns fund in particular, it has been difficult to see how the projects will actually generate jobs and growth. They are just physical things in a space. They might do something for local pride, but why are you taking that approach?

Jeremy Pocklington: I have a few thoughts on that question. I do think small projects can make a reasonably prompt and visible difference in places. With these funds, often we’re talking about projects of approximately £20 million—maybe a bit less or more depending on precisely which fund.

Q19 **Chair:** They make a difference, but do they create economic growth?

Jeremy Pocklington: We know that they can do.

Q20 **Chair:** Can you give an example?

Jeremy Pocklington: We know that transport projects deliver very high benefit-cost ratios. We know that our improvements to regeneration can make a difference as well.

Chair: Can you give us an example of one of the smaller-scale projects that has actually delivered real growth?

Jeremy Pocklington: Yes, our support for regeneration in Wolverhampton, which dates back to the local growth fund and has been further cemented through the towns fund, is creating new employment opportunities.

I want to make two broader points, if I may. I do not think these smallscale projects alone are sufficient. That is a key point that I think might be behind your question. There is a risk of focusing too much on the physical capital and not the person. It is the support for people that is crucially necessary. That is one of the lessons from the evidence. Perhaps we have focused too much on the environment, important though that is. It has to be about the people as well. And it is not just about the smaller-scale projects alone. It is about larger projects and wider public services. It is both narrow and very broad, which makes it challenging.

Q21 **Chair:** What strikes us about the smaller funds—it is still a lot of money— is that they are focused on small, individual, physical projects. As I said, you have this alphabet soup of schemes. Can you point to one that you have looked at since the Government has been doing this, since the '70s, that has delivered real long-term jobs, and have you had the evaluation in place to be able to prove that?



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Jeremy Pocklington: The challenge is that there is an awful lot of schemes in delivery at the moment where the full ex-post evaluation will take time. The towns fund—

Q22 **Chair:** That is very early days, but what about previous ones?

Jeremy Pocklington: Very early days, but we know from the history that some of these programmes have made a difference going back many years. To take one that you will be familiar with, the new deal for communities; there is a very positive evaluation about the impact that that has had, including economic benefits from it, and we know that many of the projects funded through funds over the last 10 years have made a real difference.

Q23 **Chair:** But some of the new schemes are being done in a radically different way from the ones that are known to have delivered in the past.

Jeremy Pocklington: There is an evolution of our approach. The focus at the moment is through the levelling-up fund round 2, which we will launch relatively soon, and we are moving towards the UK shared prosperity fund. They are building on previous funds and our learnings from that, whether that is the towns fund, the local growth fund, or the regional growth fund before that.

Q24 **Chair:** Having looked closely at the towns fund in this Committee and having seen your town deals assessment, there has not been much evidence from those bids of actual focus on local economic growth. There is a very flimsy line between the bid proposal and that outcome, and the decision-making process was an unusual one. Mr Mian is shaking his head. Do you want to come in on that, Mr Mian?

Emran Mian: Yes, I am happy to. There is a really important step between linking the quite small projects to the larger or loftier, as you put it, aims that we have in terms of achieving levelling up. When we were laying out the monitoring and evaluation strategies for the funds that were running, it was really important to have that logic model where the ultimate outcome that you are trying to achieve is about higher productivity in a place, a greater sense of pride in that place, and improved transport connections; then, it is a matter of what are the individual pieces that you need to put in place to achieve that outcome, and that is what we are trying to do through our various local growth funds. When you get to that level, you are capturing often very specific outputs, because that is what you can capture at the level of the specific project.

If we look historically at the local growth fund, for example, that has been about £7 billion of investment over three rounds of the local growth fund, close to 2,000 projects in total. We have asked local enterprise partnerships to capture those very specific outputs in relation to those individual projects. We know, for example, from the projects that have been delivered so far how many square metres of new commercial space has been created, how many jobs and apprenticeships have been part of those projects being realised, and how many housing completions have occurred as a



consequence of transport investments made. None of that on its own is levelling up, but those are the small pieces of levelling up, which, in the logic model, when you put them together—often with bigger, regional investments such as bigger transport investments, for example— are what will allow us to achieve the top-level objectives that we laid down in the levelling-up White Paper. That is the logic model.

When it comes to the towns fund, you are often talking about quite small towns, as you said, and that means that the projects being delivered are often quite small projects—a couple of a million pounds. We cannot measure what difference that small project makes to the GDP of the town—that would be the wrong thing to measure in relation to a small project—so the important thing for us to do is to capture the output that comes from that project and include that as part of the logic model that then links it to the broader outcome.

Q25 Chair: You have talked about this matrix, but who is the controlling mind? It is a bidding process, so you could bid for the towns fund, which could contribute to this model if we take what you say as you say it, but if you do not get that towns funding or the high streets funding or whatever, you do not have the building blocks to get to that top level that you talked about. You have people bidding, but you are saying that actually there is a big, grand plan and that together those schemes will deliver this wider economic growth. That cannot be the case if you are getting people to bid, because they are bidding competitively against another area and might not get that funding.

Emran Mian: I think there are two elements to the controlling mind, as you put it. The first, as we emphasised repeatedly in the levelling-up White Paper, is the local leadership themselves. That is a really fundamental part of the controlling mind.

Q26 Chair: But we know that. We know what they want to do, but they have to bid for it in a lot of these projects, and they might not get it.

Emran Mian: What I was going to say is that the second part of the controlling mind is inevitably HM Government. What we do across our funding interventions is have a balance between funds that are competitive and funds where the money is allocated to places. That does mean that there are funds where places are not going to have money because they lost out in the competition and were not as successful in putting forward a proposal as the people who did get funded. Equally, there are other programmes where there is money in all parts of the country. With the local growth fund, for example, there is money in every local enterprise area, and local enterprise partnerships look to have a balance of investment across their local enterprise partnership area. The UK shared prosperity fund, which will start in the next financial year, is going to use an allocative approach whereby there will be money in every part of the country.



Q27 Chair: But when you go back to the ones that are funded through competitive bidding, does the controlling mind—as we are choosing to put it today—of HM Government decide about some of those schemes on the basis that they fit well with other money that has come from other schemes, to get that accrual of benefit that you have talked about?

Emran Mian: Yes, that is part of our assessment process.

Chair: Okay, so when they are bidding, it is not quite a level playing field then, is it? They are not just bidding on the criteria; they are bidding on whether that additional funding will create a bigger benefit when attached to other funding.

Emran Mian: I think there is balance in our approach to assessment. We score on how the funding that a place is bidding for comes together with other funding that might already exist in that place or existed in the past. Equally, we also score on the basis of need. In the context of the levelling up fund, we created an index to make an objective assessment of need which sorted places into categories 1 to 3. Places that were in category 1—often places that had not benefited from a lot of investment in the past—got the advantage of the need as part of the overall score. We have been trying to take a balanced approach to how we score these bids.

Q28 Peter Grant: Mr Pocklington, could you explain the thinking behind deciding to allocate some of the shared prosperity fund on a formula basis rather than entirely by competition between different bids?

Jeremy Pocklington: Yes. The decision about whether to go for competition or formula is never straightforward. For the UK shared prosperity fund, we have set out that we will adopt a formula-based approach. Indicative allocations were set out, with further details, in the prospectus. The argument there was that, ultimately, that would provide more certainty to local authorities, enabling them to plan and deliver quite small projects and programmes over a number of years. That was the judgment that we took on the UK shared prosperity fund. In doing so, we learnt from the UK community renewal fund, where we took a different approach.

Q29 Peter Grant: When do you expect this fund to be open for bids, and when do you expect to make the first payments? It has been a long time in gestation, hasn't it?

Jeremy Pocklington: In part, it has been a long time because it replaces European structural funds that continue until 2023-24. We wanted to set out our plans alongside the levelling-up White Paper and at the time of the spending review, when we knew how much money would be allocated. We have set out some details, but we will set out further details in the prospectus in the spring. It runs for three years, and the amount actually grows quite significantly in the third and final year of the spending review period.



Q30 Peter Grant: Is the intention to have a seamless transition from European funding, although it will not necessarily go to the same places? By the time the European funding stops, do you expect to be paying out money under the replacement schemes?

Jeremy Pocklington: We have taken into account the tailing-off of the European funding in our approach to designing the UK shared prosperity fund.

Q31 Peter Grant: When do we get to see the formula and, related to that, have you decided how much of the £2.6 billion—[*Inaudible.*] Did you get that?

Jeremy Pocklington: I did. We will set out the details of the allocations in the prospectus that we publish in the spring.

Q32 Peter Grant: Is that when we will know how much of the £2.6 billion is being allocated by formula and how much by bid?

Jeremy Pocklington: We have confirmed that the money will be allocated by indicative allocations by formula.

Q33 Peter Grant: There are two issues for me regarding the support for communities with significant deprivation issues, which affect a large part of my constituency. Mainly because of the deprivation that they have experienced for years, areas such as Levenmouth, Methil, Buckhaven and Methilhill in my constituency have always been well supported by European funding. What would you say to those communities now if they are concerned that by spreading the replacement funding more thinly, the areas that previously needed the most support, and got it, might lose out?

Jeremy Pocklington: I do not want to pre-empt the prospectus. We recognise the importance of there being a strong domestic successor to the European structural funds. We have set out that we will protect the funding to Scotland as well. We will need to set out more details in the prospectus. I cannot pre-empt those decisions, I'm afraid.

Q34 Peter Grant: How do you have a fairness objective in the method of allocating the money when there is also a promise, made repeatedly by the Government, that one part of the United Kingdom will get as least as much as it did before? Does that mean that somebody else is going to get less?

Jeremy Pocklington: I think ultimately that is a question of allocation design—how you design the appropriate funding that is consistent with the protections that we are giving. That is something that we are giving thought to at the moment.

Q35 Peter Grant: Is it part of the brief that you have been given by Ministers that, when you design the scheme, it has to guarantee that Scotland gets as least as much as it would have got under European funding?

Jeremy Pocklington: That is correct.

Chair: Mr Mian?



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Emran Mian: That is correct. We have made that commitment in the past. That is because the way in which European funding is allocated takes account of the different productivity levels across the UK; that is the reason why some parts of the UK have been getting a larger than percapita share of European funding. It has been driven by that and Ministers have made a commitment that that will be protected.

Q36 **Chair:** Thank you very much. Ms Munby, it is five years since you announced the UK shared prosperity fund. Why is it taking so long? [*Interruption.*]

Sarah Munby: Sorry, what was your question? The door opened at exactly that moment.

Chair: It is five years since the UK shared prosperity fund was announced; why is it taking so long?

Sarah Munby: I think accountability for the UK shared prosperity fund sits with Jeremy.

Chair: Forgive me. I know you both have an interest in it.

Jeremy Pocklington: I am the accounting officer for the UK shared prosperity fund. It has been in discussion for a number of years. Ultimately, the key point is that the European funds are continuing for a number of years, until 2023-24— **Chair:** So it was always the plan.

Jeremy Pocklington: That is their final year. It was always the plan to wait until closer to the launch of the fund before we set out further details, even if the policy intent to have a replacement fund had been discussed and announced for some considerable time. Strategically, it is absolutely right to align it with the levelling-up White Paper and essentially to follow the funding decisions that were taken in the spending round. That is the logical time for us to finalise the plans for the UK shared prosperity fund.

Q37 **Chair:** Just to be clear: in response to Mr Grant you talked about the indicative allocations being by formula—was that for the UK shared prosperity fund?

Jeremy Pocklington: Yes, the UK shared prosperity fund.

Chair: Yet the levelling-up fund will be by bidding.

Jeremy Pocklington: Correct.

Q38 **Chair:** So you are aligning them, but one is done by a formula and one is done by bidding. How are you going to align them?

Jeremy Pocklington: I said aligned with the levelling-up White Paper. In terms of funds, that is correct and is set out in the NAO Report. We are moving to a model based on, essentially, two significant funds: the UK shared prosperity fund by formula and the levelling-up fund by competition. We have also set out in the levelling-up White Paper our intention to look further at everything we can do to consolidate funding as much as possible.



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We recognise the burden that having different pots can have on local government.

Q39 **Chair:** Will that mean fewer funds or money being consolidated into local authority mainstream funding?

Jeremy Pocklington: We want to have as few separate funds as we possibly can. Competition can have a role and can help to drive—

Q40 **Chair:** But we might not see quite the same alphabet soup as we have at the moment—you are saying that might be reduced.

Jeremy Pocklington: We are reducing the number. Exactly.

Q41 **Chair:** You were planning for the UK community renewal fund to be a pilot of the UK shared prosperity fund, but that is now not likely to happen because of the delays, is it?

Jeremy Pocklington: The UK community renewal fund was a one-off pilot that is now in delivery. I think local authorities have until June this year—

Q42 **Chair:** Exactly: it is now in delivery. In terms of shaping the UK shared prosperity fund, is it too late for that pilot to deliver?

Jeremy Pocklington: Even though there is a degree of overlap, I think we have learned from the pilot. For example, the UK community renewal fund was allocated by competition. We have made a decision, in response to feedback through the process, to shift to allocation by formula. That is a concrete example of learning through the pilot.

Chair: Okay. We are going to get into the details of some of the funds with Mr Antony Higginbotham MP.

Q43 **Antony Higginbotham:** Good afternoon. I want to turn to the value for money of a lot of the schemes. Figure 3 of the NAO Report shows the different funding pots that have been available since 2011. The scope is significant, as reflected in the number of different Departments you are here to represent, and it all adds up to many billions of pounds. Just for the current financial year we have European funds, city deals, devolution deals, the transforming cities fund, the getting building fund, the towns fund, freeports, the levelling-up fund, the community ownership fund and the UK community renewal fund. There is lots going on. Mr Pocklington, how does your Department, which is responsible for co-ordinating local economic growth, make sure that all those things work together in concert and do not operate in silos?

Jeremy Pocklington: That is absolutely the right question. The first point, Mr Higginbotham, is that those funds are at very different stages. What figure 3 does not show is that most of the historic funds are now in delivery—there are not further allocation decisions to be made, by either competition or formula—and only a very small number of the funds have future money to be allocated. For those funds that are in delivery we have increasingly



moved to a model in which we have regular monitoring and reporting to ensure that projects are being delivered.

The more strategic answer to your question is that, ultimately, this sort of investment works best and is most effective when it is co-ordinated as part of a local plan. We all know what actually happens on the ground. We have learned that some cities were better at this initially, such as Manchester, most famously. Many places now have a local plan that sets out—not just for infrastructure but also more broadly for their local economy—what their plan is to develop and grow their local economy, and they co-ordinate and align bids for funds with their local plan. Central Government need to join up, but there also needs to be a coherent local plan.

Q44 Antony Higginbotham: But is part of the problem not in that the City and Whitehall know that these funds are coming and can plan well in advance, but a local authority or any other local organisation or actor does not know what is coming? They can only see the pot that is in front of them at that point. They are having to, in the case of my own local authority, invest a lot of capacity and time to put a bid in. They cannot think, “I wonder what Whitehall will design in two years’ time.” Do you take that into account when you are designing new funds—that you cannot announce something and then expect it to be off the shelf, ready to go? Local authorities might have a plan for where they want to get to, but it involves a lot of work to then go and put the bids in.

Jeremy Pocklington: The short answer to that question is yes, we do. The better model, which we have with the levelling-up fund, is to indicate that there will be rounds of bidding where we are running a competition. If an area isn’t ready for round 1, they have time to prepare for round 2 bids. If their project fails in round 1, we provide detailed feedback. We have done that for all the failed bidders in round 1 of the levelling-up fund. We provided detailed feedback so that local areas can decide how to improve their bid and can bid again for a later round, learning from the feedback that we have given.

Q45 Antony Higginbotham: How do you work cross-Government? If you look at the list of schemes, they reflect your job titles. We have BEIS, DFT and DLUHC. Is there a cross-Government committed group of people who sit together and say, “We need to design funds that work in collaboration with each other, so that we do not get duplicated spend or”—as lots of MPs would say—“areas missing out numerous times”?

Jeremy Pocklington: The four Departments here work very closely together on the design of the funds. It is not just about the four Departments here, of course; it is about others. The Department for Digital, Culture, Media and Sport and the Department for Work and Pensions are also important.

Q46 Antony Higginbotham: But is there a formalised process?



Jeremy Pocklington: Ultimately, this would be a decision for the levelling-up Cabinet Committee—the formal oversight of this agenda. Having official-level governance is important, but it is not the only way to secure effective, joint working between Departments. There has been very good joint working that has been built up over well over a decade on this agenda. For these specific funds, we then establish very clear joint governance arrangements as exist for the levelling-up fund.

Q47 Antony Higginbotham: I am thinking of some kind of official joint working, because your own Department is obviously responsible for that engagement with local authorities, combined authorities, metro Mayors and so on. Different Departments have different reaches into local areas. Departments might not be able to pull all of that together, and Ministers and the Cabinet only have the information that is put in front of them.

To Mr Mian's point, and to the very first answer you gave, there is this view that you have got to add all the building blocks together, but local authorities do not always know what those building blocks are. That is why it is really important that in Government or in Departments you are either telling local authorities what the building blocks are so they can do all of that or you are co-ordinating it centrally. Do you accept that?

Emran Mian: I wonder if I might just give another example of where we have been working together with the other Departments here. On the levelling-up fund, places can bid for a project under one of three themes—local transport, regeneration or culture. I think it is entirely conceivable that, at a point in the past, those would have been three different funds. That is a very deliberate decision on our part, working with the Treasury, so that bids for any of those three themes could come under a single bidding framework in the levelling-up fund. We have then matched that in terms of how we set ourselves up to deliver the levelling-up fund, so there has been really close working between teams in the Department for Levelling Up and the Department for Transport in particular, but also with the Culture Department and other Departments, as Jeremy said. That is embedded all the way through the governance for the fund. On something like the levelling-up fund, we have been trying to present a single front door, if you like, to the local authority that is bidding, but also ensuring that there is really good joint working at the Government end.

Q48 Antony Higginbotham: Thanks for that. I will come back to the levelling-up fund, but I want to turn to the high streets taskforce, which is not covered in the Report. This is the taskforce that can go into local authorities to offer advice and guidance on regeneration in town centres and so on. We were fortunate enough to get that in Burnley last summer, but it came after we were invited to apply for a levelling-up fund bid. Would it not make more sense to send in a group like that to offer advice and guidance to local authorities on what they can do to regenerate and create economic opportunity for their high street—they do not have the expertise, so they value that kind of advice—and then do a competitive round of bidding?



Emran Mian: I take the point that perhaps the support from the taskforce has not arrived at the right point for round 1 of the levelling-up fund for some places, but as Jeremy was saying, the approach we have taken on the levelling-up fund is to have more than one round, recognising that some places were ready to bid immediately—they had long-standing investment programmes—while other places were still in the process of forming bids and perhaps wanted some additional help in being able to do that.

We have also provided capacity funding, as part of the levelling-up fund, to places that we identified as in particular need of such local investment. That is why we are expecting to be able to hold, for example, a second round of the levelling-up fund this year, at which point we would expect many more places to be in a position where they are ready to bring forward high-quality bids.

Q49 Antony Higginbotham: Let us turn to the levelling-up fund. I am glad that you mentioned stage 2. Are areas that bid and were successful in stage 1 able to apply for stage 2, or do you get one bite at the levelling-up fund?

Emran Mian: We laid out in the levelling-up fund prospectus last year that places that had been successful in round 1 would not be able to bid again. We did make an exception so that places could bid again for a transport project on top of another project that they have bid successfully for, where they are a transport authority.

Q50 Antony Higginbotham: I can see the logic in that, but there are areas that were successful in the towns fund, which is now rolled into the levelling-up fund because it has been stopped, that were then able to bid for the levelling-up fund, so they have had two bites at that town centre regeneration funding. In an area such as Burnley, which did apply for the towns fund and was not successful—it never got feedback on why—but applied for the levelling-up fund and got it, the total amount of central Government investment on the table that you can inject to create those jobs that make a big difference in the community is significantly reduced. Do you accept that?

Emran Mian: The approach that we took on the towns fund was that there was no competition. As we have discussed in this Committee before, it was a selection process. We identified, using a number of metrics, which towns in the country were most in need—for example, we excluded towns that were in the highest section of the income distribution—and then Ministers selected towns from a smaller subset. I think every town that was selected is a town that, clearly, needed additional investment. Those towns have now gone off and formed town investment plans.

Q51 Chair: What about the point about no feedback? That was a significant point that Mr Higginbotham raised.

Emran Mian: There was not a competition, so there were no bids to feed back on.



Q52 **Antony Higginbotham:** My local authority might disagree, because it put a lot of time and effort into submitting the information that the Department needed, and still does not quite know why it was not able to get the funding.

Emran Mian: I wonder if their submission was to the future high streets fund rather than to the towns fund.

Antony Higginbotham: Possibly.

Emran Mian: And if they have not had feedback, we must rectify that, but my understanding is that all the unsuccessful bidders to the future high streets fund should have had feedback. If they have not had feedback, we should fix that immediately.

Q53 **Antony Higginbotham:** But that does not answer the question of areas that received towns fund funding and then are able to get levelling-up funding, or receive future high streets funding and then get levelling-up funding—that get that double investment. You might say that investment is justified and required, and I would not disagree. But look at an area such as Burnley, which requires significant investment: it is one of the key areas for the levelling-up fund and the community renewal fund and has not had that opportunity. That exclusion from round 2 of the levelling-up fund, without a replacement from the towns fund or the future high streets fund, feels unfair.

Emran Mian: As you acknowledged, the decisions on the towns fund were driven by need. That means, we hope, that the places that benefited or are benefiting from the towns fund, and had the opportunity to bid to the levelling-up fund, are places that were in the greatest need of local investment. For places that have not been in that position, that is where the challenges of the competitive approach come through, and why taking an approach such as we did for the local growth fund and the approach we will now take on the UK shared prosperity fund, ensuring that there is funding in every part of the country, is important alongside the competitions, to ensure that every place has some opportunity to take forward its plans.

Q54 **Chair:** When we looked at the towns fund, we were concerned about the opacity of reasoning behind some choices made. You say it was not competitive and it was not that people could bid for it, but they were encouraged to bid for it, so it was a reverse bidding—they were asked to rather than chose to. There are still a lot of unhappy MPs, for a start, of all parties across the House, who cannot understand why their area did not get it but a neighbouring area with very similar criteria did. We know Ministers were very involved in those decisions, and some of the arguments why some areas got money and some did not are very difficult for those areas who did not get money to understand.

Emran Mian: Just to clarify on the process, we selected the towns that would benefit from the towns fund using a set of criteria. The Minister made decisions on the basis of those criteria.



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Chair: They are very loose criteria.

Emran Mian: Once towns had been selected, they were not bidding. What they were doing at that point was preparing internal investment plans. We then looked at those internal investment plans and funded them. There was discussion with towns about whether they had identified the strongest possible projects in their place. There was discussion about whether the plans come together—

Q55 **Chair:** I fear that maybe this is the difference of a Whitehall definition.

Strictly, you are right that they did not bid because they were chosen—the areas were identified. But for an area that did not get it, next to an area that did, often with similar criteria, they—and we—are puzzled why some decisions were made to go with some areas and not others. The feedback about why an area was chosen to get the money was not clear, particularly for those who did not, to argue the case why they should have been included. They feel disempowered. Perhaps from your eyrie in Whitehall you do not understand the ire. I might get Mr Carden to channel that ire.

Jeremy Pocklington: We have discussed this at quite considerable length. The NAO Report contained all the data on which decisions were taken and the rationales that were recorded for those not in the highestscoring group why the decisions were taken. It is not the approach that we are adopting for funds now. We discussed at length. I am very happy to continue to discuss it, but ultimately, we think it was a valid and fair process.

Chair: You are doing a good job of trying to defend it, Mr Pocklington. I am going to bring in Mr Carden on this point.

Q56 **Dan Carden:** I think for people watching this out there—this is referred to in the NAO Report—there is a sense that money has been gerrymandered to red wall seats and Tory-voting areas.

Chair: Actually, not in every case.

Dan Carden: In the written evidence of the Liverpool city region, they point to Knowsley. Knowsley is the third most deprived local authority. It is a priority 1 area, and it invested serious time and resources into three separate bids: one for the towns fund, one for the future high streets fund, and one for the levelling-up fund. It was rejected on all. What safeguards are put in place to stop the political influence of Ministers deciding on funds?

Jeremy Pocklington: As accounting officer, I am confident that the processes for the funds that you have raised were robust and appropriate. Actually, you are referring to a number of different sets of decisions that were taken ultimately by different Ministers. For the towns fund, we have explored this at length in this Committee. You have written a Report on it, and we have responded in the usual way through our Treasury minute. There is a lot of transparency around those decisions. It was an appropriate



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process that incorporated the evidence that we had but did allow for ministerial discretion.

For the levelling-up fund, again there is a very high level of transparency. It is footnoted in the NAO Report. The Department has not only published a methodological note that set out the criteria about how places were determined, whether or not they were category 1, 2 or 3; I think the data has also been published. We have also set out a very clear note that set out how decisions were taken.

I can reassure you and the Committee that the party of the local MP in question played no part in that decision-making process—it is important to be clear on that matter. As part of that fund, we did make a small allowance in the scoring—as we said we would do, and as we have discussed in front of this Committee—for where there was local MP support that counted in favour of the project. We talked about that; that is because projects are more likely to be successful and make a difference if there is sponsorship, leadership and support from local political leaders, but that was a small part of the overall scoring, and the party made no difference.

Q57 Antony Higginbotham: I just want to come back to the multitude of pots that are available. Mr Garton, are you content that there are the processes and the structures—albeit not at official level—to co-ordinate all of that spend to make sure that the Treasury is getting proper value for money for every penny that is being spent?

Will Garton: On the multitude of pots—it is clear in the Report—the straight answer to your question is yes. Let me explain why. I appreciate that there are a lot of funds in the Report—it is laid out very clearly in figure 3. I think that, for the future at least, we have now essentially got this down to two. One is the levelling-up fund, which is predominantly capital and is a merger of the local growth fund, the future high streets fund, the pinch point fund and so forth.

Q58 Antony Higginbotham: Do you think we have ended up with too many pots?

Will Garton: Yes, and historically I think we have. That is why the levelling-up fund is an advance. The UK SPF is predominantly resource funding and largely replaces European funding. Those are the two major pots now available. There are others, of course. There is what we are doing on freeports. There is a community ownership fund, but that is on a much smaller scale and is aimed at the local cinema, not so much at economic regeneration. That at least is progress.

As Jeremy and Emran have said on the levelling-up fund, we have designed it across three Departments jointly. That is better than having lots of separate processes. Interestingly, we keep the money in the reserve until it goes out, so it does not feel like Bernadette's money, Jeremy's money or the Secretary of State's money. It feels genuinely neutral. I think that is a good start.



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Emran talked a bit about how we in Whitehall take into account what is already going on in a place, but the levelling-up White Paper is really clear that if we sat around in a room in Whitehall and tried to work out exactly how the funds could come together in a particular place, we would probably get it wrong. That is not the system you want, so we actually said that we're going to have levelling-up directors who represent that place to Whitehall, and we're going to streamline further the number of funds and see what else can be done to build on the LUF.

Crucially, if you want a programme-based approach, the approach set out in the White Paper is to devolve more, because places are best at determining how to use the resources and are best placed to make a decision on how to use the funds available to them. Through a combination of representing place to Whitehall, streamlining pots, and devolution, I think we can do better still, but I think this is a process.

Q59 Antony Higginbotham: Given what you've said, we've gone from all these pots of money, and we've narrowed it down to two big ones, so that it is simple and easy, and we've told local authorities, "You can only bid once into those pots," but historically you could bid for multiple pots. Can you really have confidence in the previous model of lots of pots if we're now saying, "There are only two pots, and we only want two pots because that allows us to narrow down where we are spending and what we're spending"? Can you really have confidence because when there were all those other pots it was still—

Will Garton: I think this is an improvement. There were processes in place for those previous funds. There were evaluations, systems and processes that made sure that we tried to get value for money, but have we reached the end of the road? Absolutely not. This is much better than what went before.

Q60 Antony Higginbotham: I will just briefly come on to how much was awarded through the levelling-up fund in stage 1. The initial estimate was about £720 million and that ended up going up by about £1 billion to £1.7 billion. What was the reason for that?

Jeremy Pocklington: That was a decision taken in the spending round. I think £700 million was only an indicative number; it was never a maximum cap. There was a large number of good-quality bids, and Ministers and, ultimately, the Chancellor, it being in a spending round, thought it would be sensible and appropriate, based on the good evidence, to fund £1.7 billion-worth of projects. It was a perfectly normal decision— the routine course of business during a spending round.

Will Garton: The £700 million was never a published number; it was just an internal working estimate in the business case. It was never a number that we finally agreed with Ministers. That was done at the spending review, taking all spending into account in the round.

Antony Higginbotham: Okay. I will leave it there on the LUF.



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Q61 Peter Grant: You say that the £720 million was never published. Did the councils that chose to bid in the first wave of funding have any indication at all of how much of the total funding they were likely to be allocated at the end of that process?

Will Garton: Yes. The £720 million was internal work that the NAO has reported on, but we were clear that the first round of the levelling-up fund was worth £1.7 billion.

Q62 Peter Grant: When was the decision taken that it would be £1.7 billion?

Will Garton: I think it was published in the spending review in October 2021—sorry, councils would not have known the total quantum when bidding into the process. I think I answered your question incorrectly there.

Q63 Peter Grant: One of the things that I am aware of is that for a number of local authorities, especially in areas that were not familiar with that particular bidding process, among other considerations they had to decide whether it was best to bid for stage 1 or to wait for later stages. Clearly, the greater the amount of money paid out in phase 1, the smaller the amount available for people who chose to hang back. You are saying that everyone knew that there was £4.8 billion over the entire process, but when people were deciding to bid in the first wave, they had no indication whatever of what the total payout would be in the first wave. Is that correct?

Will Garton: I think local authorities bidding into the fund in round 1 would not have known the total amount that we were allocating in round 1; they would have known the overall size of the pot—£4.8 billion, I think. **Emran**

Mian: Yes.

Q64 Peter Grant: Mr Pocklington, we are told in the NAO Report that Ministers agreed a series of principles that meant that all transport and culture bids above a benchmark score would be funded. At what point was that decision taken by Ministers?

Jeremy Pocklington: I will hand that over to Mr Mian, if that is okay. It was a spending review decision—that is the broad answer.

Emran Mian: Yes, that is right. It was a spending review decision. Ministers came together to make decisions on the back of the assessment process that we officials undertook, working across Departments. It was a decision that they made shortly before the spending review.

Q65 Peter Grant: That was clearly after the bids had closed. Had Ministers started to see the details of the bids at that point?

Emran Mian: We have published, as Jeremy said earlier, full details on how decisions on the levelling-up fund were made. We scored the bids that came into the Department. They were scored out of 100 in Great Britain, and out of 75 in Northern Ireland, because we did not have the same index for need in Northern Ireland. We then set a threshold, and the bid had to be above



that threshold to be considered in the final decision making by Ministers. All the bids that were above that threshold were then considered by Ministers. There were decisions for them to make about the balance of funding across the themes of the levelling-up fund. We were always clear that that was a decision that Ministers would make; it was made clear in the prospectus before we launched the competition that Ministers would make a decision about investment—

Q66 Peter Grant: What I am trying to get at is this. Paragraph 3.26 in the NAO Report tells us the order of events: 170 bids were shortlisted, and then “Decision-making ministers met with officials from their departments and the Number 10 Policy Unit to discuss shortlists for Great Britain and Northern Ireland”. At that point, presumably, some Ministers knew what was in the bid. At some point after that, Ministers produced a set of principles on which the bids would be assessed. You are shaking your head. At what point did Ministers first get to see the details of any bid?

Emran Mian: The principles on which decisions were made were established up front as part of the competition. They were published in the prospectus.

Q67 Peter Grant: But you have told me that one of the decisions about what projects would be almost fast-tracked through was made just before the spending review, in October 2021. You told me that the decision that all transport and culture bids above the benchmark would be funded was taken by Ministers in October 2021. What I am trying to get at is this: before that decision, would some Ministers have known what was in the bids that had been submitted? Had they started to look at the detail of the bids by October 2021?

Emran Mian: As we said in the methodology note, Ministers made those decisions on the basis of the scores that the bids got. At that stage of the ministerial decision making, we had gone through all the bids that we received—just over 300 bids—

Peter Grant: You say “we had gone through”.

Emran Mian: We as officials.

Q68 Peter Grant: Without any Ministers present?

Emran Mian: We scored those bids; that process was led by officials. Officials did the scoring. There was then moderation of that scoring by officials, not by Ministers. We put the results of that scoring to Ministers. At that point, there was a decision for Ministers to make about how much money to allocate in the first round of the levelling-up fund; what score threshold to apply; and the balance of investment across the three themes of the levelling-up fund.

Q69 Peter Grant: The NAO Report says that “ministers met with officials...and the Number 10 Policy Unit to discuss shortlists”. Are you telling me that



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Ministers were discussing the shortlists without knowing what was in the bids that they were being asked to shortlist?

Emran Mian: Ministers were looking at the scores for the bids.

Q70 **Peter Grant:** Would they have known who submitted each of the bids— which council submitted them?

Emran Mian: Yes, they knew which local authority had submitted them.

Q71 **Peter Grant:** What has happened, then, is that some of the principles on which decisions would be made were set only after Ministers knew which councils' bids would be included in those principles. By the time the decision was taken that all transport and culture bids above a benchmark score would be funded, Ministers already knew which councils' bids were included in that principle. Is that correct?

Emran Mian: We had said, right from the outset, that there would be a judgment for Ministers to make about the balance of investment they wanted to achieve across the themes of the levelling-up fund.

Q72 **Peter Grant:** I don't have an issue about Ministers making a judgment. I don't think anyone has an issue about the fact that some decisions will be taken subjectively by Ministers. The critical point here is that it appears to me that Ministers set what they described as a principle that all transport-related and culture bids above a threshold would be funded. From the way the NAO Report is worded, it seems to me that by the time the Ministers decided to make that choice, they would already have known which councils' bids would then automatically be funded under that principle and, by implication, which other councils' bids would need to go through a further process before being approved. Have I got that wrong somewhere?

Emran Mian: It was a single decision-making process.

Q73 **Chair:** That one meeting was the place where the decision was made.

Emran Mian: That's right.

Jeremy Pocklington: This is all set out transparently in the explanatory note that is available on our website. Ultimately, there is an element of discretion here for Ministers. They are ultimately accountable to Parliament for that.

Chair: Which is what Mr Grant is—

Jeremy Pocklington: What we are doing is providing an impartial assessment of the bids, which was done robustly and appropriately—I am confident of that—to provide the information for Ministers to take that decision.

Chair: I think Mr Grant was pushing on where the discretion is.



Q7¹⁴ **Peter Grant:** Do you appreciate that some people, especially in the context of the towns ²fund—Mr Carden referred to some of the serious concerns that a lot of people still have about that. Do you understand how it would look if it became clear that Ministers made a decision about a principle that would apply, knowing who would win and who might not win as a result of that principle? Isn't it a bit like deciding on the basis on which you are going to award a contract after you know who has put in the bids? What's the difference?

Emran Mian: We had always said, as part of the prospectus, that there was a decision for Ministers to make about investment across the three investment themes. We as officials scored the bids. None of the scores changed as a consequence of the ministerial decision making. As Jeremy has said, the decisions that Ministers made, aided by advice from officials—we laid out the detail of how that was done in a note published at the same time as we confirmed the funding decisions that were the consequence of that process.

Will Garton: Could I add, just so that we are all totally clear, that Ministers only saw bids that were over the pass mark of, I think, 69.5, so they were all over the line, if you like, before they went to Ministers? The officials process was completely blind.

Q75 **Antony Higginbotham:** There is not much point in spending all this money if we don't then maintain it, so how confident are you, when you award funding to local authorities to make improvements, be it to the public realm or to invest in transport, that they then have the ability to maintain it? Is that part of the assessment criteria you go through?

Emran Mian: Yes, that's right. It's a part of the business case that we ask bidders to provide, and it was considered, as part of the assessment process, as to whether the bidder had thought about, and had a plan for, being able to maintain and, where appropriate, generate revenue from the project that was being funded.

Q76 **Antony Higginbotham:** So it's a core part when they put the bid in. How would that work with a formula model, where it's not competitive? How will you then assess that local authorities or organisations are still making sure that they can maintain it?

Emran Mian: I think what you are probably referring to is the towns fund, so if I may I will use the towns fund as the example to answer the question. For each of the towns that we had selected to come forward with an investment plan, it was not guaranteed to those places that they would get the full sum of money that was available. It depended on the quality of the investment plan that they had put forward. We provided places with a lot of advice to put together the strongest possible investment plan. We also had a delivery partner who was available to towns to help them do that, a

¹ [Letter from Will Garton, clarifying further](#)



consortium led by Arup, and as part of that ensuring that the projects that they were proposing to fund would contribute to the wider economic growth of the place, the wider pride of place of the place, and whether they could continue to fund the project.

To take an example of a project that has recently completed on the towns fund, in Norwich we have a space that is being used for further education and there is some office space as part of the same building. That is the kind of small capital project where you can identify whether, alongside the plan for building the building, there will be a sufficient number of learners who are using the building. What qualifications will they be taking? How does that contribute to the wider plan for the area? What work have they done to identify other possible tenants for the building? Again, in a facilitative way, we were helping places to think about those things. I wanted to ensure that they had thought about those things before submitting an investment plan to us.

Q77 Antony Higginbotham: That is helpful. I am conscious of the time and I want to move on to capacity—not just the capacity of local authorities to bid, but the capacity within government to assess those bids and get schemes delivered. If you are a local authority that puts the time in to do the bid and you have got the plans sitting there waiting, the worst thing

that can happen is that that bid sits with the Department for six or nine months, particularly at the minute, when we can see the cost of raw materials, construction and everything going up. So every week that that sits with the Department the cost is going up.

I saw in the NAO Report that you are growing the cities and local growth unit from 420 to 750, presumably in recognition of the need to scale up and make sure that you can assess quickly. Where are you on that journey? How close are you to 750?

Emran Mian: We do not have any significant vacancies in the unit at the moment.

Q78 Antony Higginbotham: So you are close to the full 750.

Emran Mian: The folks in the unit are also delivering our legacy programmes as well as the new programmes. For example, the delivery of the ongoing European structural funds is also included within that number. There are lots of colleagues there who have already got lots of experience of delivering funding programmes like this. In recognition of the new programmes that we were bringing onstream, we recognised that we needed to expand capacity, so that is what we have done.

Q79 Antony Higginbotham: Do you think that that need to grow, the significant expense you have taken on, led to the community renewal fund taking so long to get the awards announced? We were successful locally in our community renewal fund, but as you will know, the later and later it gets—this is money that has to go out the door very quickly—it starts getting to the point when local authorities worry about whether they can actually



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spend it, which is not what you want when you are trying to support job growth and economic growth.

Emran Mian: I would say that on the community renewal fund it wasn't that we were struggling to fill positions in the unit; that wasn't the constraint. The issue on the community renewal fund was twofold. First, it was that we received a lot of bids—more bids than we had been expecting to receive. We received over 1,000 applications to the community renewal fund, so it took us longer to work through them than we had forecast, but we prioritised it.

The second part of our thinking on the community renewal fund was to align the timing of making decisions on that fund to the timing of making decisions on the levelling-up fund. We thought that was a sensible thing to do, and we thought it would be helpful for places to receive those outcomes at the same time. A combination of those two factors led to the outcomes of the community renewal fund being communicated three months later than we had originally planned. We have therefore added three months to the delivery timeline that local authorities have to deliver the project.

Q80 Antony Higginbotham: Some local intel for you: I think that if you had announced a little bit earlier that you would give that extra time, that would have allayed a lot of fears. Again, we should remember that postpandemic, these local economic growth officers were very stretched at

doing what they were trying to do to support businesses, particularly in areas like Burnley, so the more notice we can give if we are going to do things like that, the better.

Finally, I just want to turn to local enterprise partnerships, the processes, and the delivery bodies and organisations you work with. LEPs seem to have taken on a diminished role in the levelling-up White Paper, and they were not a key part of the levelling-up fund. Is that the direction of travel that the Department is now going down?

Jeremy Pocklington: First of all, obviously, we are very grateful for the work of LEPs over a sustained period: they played a very important role. We are encouraging the integration of LEPs and business boards into ministerial combined authorities where they exist, or the GLA in London, and where we have county deals we will also encourage bringing together LEPs with the body at the county level. We think that is the right approach to take: ultimately, we think it is simpler. We think it will be a more effective way of bringing the business voice into local decision making, and there is a degree of democratic control there.

Where those situations do not apply, LEPs will continue to play a role. Whereas LEPs played an important role in the delivery of the local growth fund, we have moved to delivering more funds through local authorities.

Q81 Antony Higginbotham: What is your view on local development corporations? There was a push for them a couple of years ago—I think it



was 2019—when there was a consultation on the legal structure, so where do they feature, or are they also on the—?

Jeremy Pocklington: Development corporations are a rather different thing. They are for bigger-scale housing and/or wider regeneration of a place. They can play an important role, so they remain a tool in our toolkit, as it were, if a situation were to arise where it is appropriate.

Q82 **Antony Higginbotham:** Part of the problem with having different patchworks of organisations you can work with is that all of those different layers and organisations you were just talking about have different definitions of “local” or “place”. For a county deal, the definition of “local” will be the whole county. Now, if you take a county like Lancashire, that is significant: you have urban, rural, deprived, wealthy. That is a big old chunk for one organisation to have.

If you look in the levelling-up White Paper, some of the outcomes relate to health inequalities. Well, then you are in NHS trusts, which do not align to county, local authority or anything else, so when we talk about “local” and “place”, does the Department have a clear view of the level it wants to get to?

Jeremy Pocklington: First of all, I recognise the complex picture. We need to be honest and open that the economic and administrative geography is complicated—that reflects, I think, the richness of our economy and our society, and the places with which people identify.

What we need to do as policy makers is identify the right level for each intervention we are making: I think I am right that for the shared prosperity fund, we will want to support at a district level, for lower tiers where there is no MCA structure, because of the scale of the programmes that will be supporting. That feels more appropriate, but it may not be right for every area. It is complicated, but I think that is the reality of the world we are operating in. The alternative would be to adopt a Frenchstyle model and try to get all the boundaries coterminous. There is always merit in looking at and thinking about boundaries, but the reality of getting that too aligned will be very challenging.

Q83 **Antony Higginbotham:** I don’t think it is about aligning them, but it is the difficulty of having multiple methods or multiple pots that all have different criteria. To come back to my own constituency, we don’t have a county deal but we might do, so we are using a LEP, but LEPs don’t have a long-term future and are less important because we are moving away from them. Any structure or direction of travel that you can give to local authorities, so they can say, “Actually, yes—the shared prosperity fund. We are looking at the district,” will mean that when they are thinking about beefing up capacity, they know where they need to put that extra capacity.

Jeremy Pocklington: I think that message is well understood. I hope, over time, an important part of the agenda, as Will referred to earlier, will be further devolution. That can help and bring more coherence at a local level to support that, but I recognise that takes time and doesn’t happen at once.



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Antony Higginbotham: Just one final point about where you are devolving it to, the definition of “place” and the level you are devolving it to. There seem to be differences whether you are devolving political or economic authority. It would be very helpful to set that out more clearly than it is today.

Chair: Thank you very much, Mr Higginbotham. Sir Geoffrey CliftonBrown.

Q84 **Sir Geoffrey Clifton-Brown:** Mr Pocklington, pressing on Mr Higginbotham’s points, the New Towns and Urban Development Corporations Act 1985 is still on the statute book, which brought about some of the most successful redevelopment in this country. It redeveloped the city centres in Leeds, Glasgow, Liverpool, Manchester and Docklands. One of the reasons that that Act was so successful was that it brought in a partnership between the local authority and the private sector to bid for chunky sums of Government money.

We have shifted the deckchairs again away from that development corporation-type redevelopment into LEPs, but the LEPs still contain a private sector business element to them. If we are now going to downgrade the role of LEPs, what is the role of the private sector going to be in future? I might bring in Ms Munby on this, after you have answered, Mr Pocklington.

Jeremy Pocklington: Thank you. We are not in any way downplaying the role of the private sector. It is absolutely integral to the future model we have set out in the White Paper. Ultimately, it is the private sector that will create the economic growth that we need and, hopefully, more equal economic growth to reduce the inequalities in this country.

There is a hugely important role for the private sector, to be focusing not just on its core business but on the community within which it operates. That is one of the things we are asking it to do.

You raised the interaction with private sector investment and development corporations. Well, one thing in the White Paper is our commitment to support the regeneration of 20 towns and cities to bring forward high quality regeneration projects. We have not said the answer is that it must be a development corporation. There may well be better or different ways of delivering that, but if that is to succeed, we are going to need to draw in private sector investment to do that. The more effective local leaders are engaging effectively with their local employers, so it really does have an important role to play.

Q85 **Sir Geoffrey Clifton-Brown:** So why are we moving away from LEPs? In my area, the LEP has been supremely successful with that partnership between the local authorities and businesses. Why are we now downgrading the role of LEPs?

Jeremy Pocklington: In your area, the LEP may well continue, I think. It is only in areas where there are MCAs or county deals that we are encouraging this integration. Why is that? Well, we don’t want to lose the



business voice. We think it is going to be simpler, more efficient and more effective if the relevant bodies and voices are integrated more closely. That has already happened, for example in Greater Manchester, where the LEP worked incredibly closely with the combined authority over a sustained period. The model of an integrated approach is one that we want to see. As I said, that will not be the case everywhere. The business voice is something that we do not want to lose.

Q86 Sir Geoffrey Clifton-Brown: I will bring in Ms Munby. Despite what I have just heard from Mr Pocklington, I am not sure that the signal is going out to the private sector that, "We need you in these big redevelopment projects." Very much the reverse, it seems to be, "All of its money is coming from Government, with a little bit of help from local authorities, and actually, business, we don't really need you." I think that Mr Pocklington has said the words, that he needs the business involvement, but I am not sure that we are really sending that signal out to the business sector. What is your view?

Sarah Munby: I am not sure that I entirely recognise that picture, but it is something to take away and chew on, I think. I certainly don't think that we have any desire to send that message, or have particularly done anything to send it. Indeed, of course, business involvement in many of the bids will be critical to their success.

I would add, though, that there are schemes beyond the schemes that we are discussing here today. There are examples in our Department where business involvement is utterly central to the bidding process—

Q87 Sir Geoffrey Clifton-Brown: Give us an example.

Sarah Munby: For example, selecting carbon-capture clusters, where the entire process is built around the need for business involvement and local involvement, because those are, really, at-scale programmes of support. Another example would be something like the automotive transformation fund, which we have talked about before, around gigafactories. That is private-sector led. The bid comes from a private sector player, but you would always expect there to be very strong local support around that.

That is just to say that some of the funds that we are talking about, by their nature—we have discussed this in a hearing already—kind of have a series of slightly smaller components, and that is appropriate in some situations, but we are often talking about bigger partnerships. They do not always run through this particular set of funds.

Q88 Sir Geoffrey Clifton-Brown: What I am hearing from you is that, actually, we are quite good at getting the private sector involved in innovation and new technology. However, I am not so sure that we are actually encouraging the private sector in regeneration, which is really a major part of the levelling-up fund, is it not, Mr Pocklington?

Jeremy Pocklington: At the risk of repeating what I said earlier, I would not just focus on our levelling-up fund. Ultimately, what we want to see is



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the private-sector investment. That would be a big part of the work that we have underway with 20 places, to identify new areas—new towns and cities—to be regenerated. We absolutely do need that too. I think that private-sector investment was a factor that we took into account when assessing the bids. I do not know if Mr Mian might want to add to that.

Sir Geoffrey Clifton-Brown: Briefly, Mr Mian.

Emran Mian: Especially for projects that bid under the regeneration theme, we were very much struck by how many of them involve the local authority leading on the bid but using that bid to catalyse a much broader set of activity, including private-sector investment. We were looking at whether they had been successful in catalysing that.

Q89 **Sir Geoffrey Clifton-Brown:** For the 1985 Act that I was talking about, private-sector investment was core to the whole thing. That is why it worked. Even in your answer, there, I do not get the sense that the private sector is core to these big regeneration schemes.

Emran Mian: But the big regeneration schemes simply will not be successful if there is not that broader private-sector involvement. It is essential, to us, in assessing the scheme, that we see evidence of that.

Q90 **Sir Geoffrey Clifton-Brown:** Okay. I have one final question for Mr Pocklington. It does seem to be almost an institutional moving of the deckchairs. We have gone from development corporations to LEPs, and we are now moving away to county bids, or combined authorities, and something else. Are we, in fact, presaging a return of the old regional development agencies? Is that where we are going? What are we going towards?

Chair: Government offices.

Sir Geoffrey Clifton-Brown: Government offices—we've got huge Government offices being established, with overly expensive rents, as I have complained about before, being locked in for 25 years. Where are we going?

Jeremy Pocklington: No, we are not recreating regional development agencies, or the expensive Government offices—

Sir Geoffrey Clifton-Brown: We've got them, whether you like them or not.

Jeremy Pocklington:—of the form that you are describing. However, we are putting in place a system and an oversight-framework that we think will be sustainable. Those are anchored around the missions that are part of the levelling-up White Paper, which we haven't really discussed today.

Ultimately, the 12 core missions to reduce disparities and inequalities in different parts of the country, whether that is around transport, education, wellbeing, or growth, will be supported in central Government with the levelling-up Cabinet Committee. My Department will play a very strong



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role—while working with others—by acting at the interface between central Government and local government and building on our existing area based teams, which continue but are a lot smaller than the Government offices that you are referring to.

We have said that we will introduce levelling-up directors, who will play a more senior role and act as that interface, championing local government and local areas in central Government. They will improve co-ordination, including some of the co-ordination challenges that Mr Higginbotham referred to as well. More broadly, we are moving more roles out of London; that is part of a wider agenda—the Places for Growth agenda. I am moving more roles in my Department out of London. There are over 200 members of staff now in Wolverhampton, and it was zero members of staff a year ago—we only announced that decision a year or so ago.

We need to work with local areas. I come back to one of my opening points: I think the notion that central Government will be able to determine the right answers is not ultimately the right way to go. It is about working in effective partnership with places and recognising the role that devolution can play to support that.

Q91 Sir Geoffrey Clifton-Brown: You have spurred me on; at the risk of getting the wrath of the Chair, the kernel of what we are about this afternoon is that the Report makes it clear that the UK has one of the greatest disparities between regions of anywhere in Europe. When do we expect to see those new levelling-up funds, and all the other funds we are talking about, have a real effect on that? What is the timetable? Give us a timetable.

Jeremy Pocklington: We have anchored the approach around the 10 years to 2030—this decade up until 2030. It is a long-term mission of work, but we recognise the need to move quickly and to show action on the ground more quickly. However, the simple answer to your question is that the missions are anchored around 2030.

Q92 Sir Geoffrey Clifton-Brown: Ms Kelly, your Department is transport—all the modes of transport, including some that are not transport, such as us getting out of our cars and trains and walking and bicycling instead. In every sense that is going to play a key part in this. What is your view on that?

Bernadette Kelly: Absolutely. The levelling-up fund is a very important part, but it is one part of what I regard as the totality of my Department's contribution to levelling up. That is absolutely core to everything that we do. The mission—as Jeremy refers to them—for transport in the levelling-up White Paper is that by 2030 local transport connectivity across the country will be significantly closer to the standards in London. That will be with improved services, simpler fares, and integrated ticketing. That is our levelling-up White Paper mission. I can talk a little bit more about the actions that we are taking to make progress on that.



However, I think our fundamental contribution in transport goes further and is longer term than that. I would start with the major, national transformational investment we are making in rail and road, notably the integrated rail plan—HS2. Those are projects and investments that are about shifting the economic geography of the country and allowing the north and the midlands to enjoy some of the prosperity, connectivity and investment that London and the south-east have seen over many decades. That is a 20 or 30-year project; it is not a 10-year project. We have that big investment piece. If I look at the regional level, we have integrated city region sustainable transport settlements. Those are five-year settlements across the mayoral combined authorities to drive investment so that they can produce integrated-transport plans for their city regions.

We then have a whole host of interventions around funding that are allocated at the local level to enable places to deliver on their objectives for better transport and connectivity. I could talk about the national bus strategy at this point. The bus service improvement plans very much have a strong focus on not just big capital, but service level improvements and fare simplifications—things that ordinary transport users around the country recognise as being different in London, so they aspire to see similar standards in their places, too. I could pretty much talk about virtually everything that my Department does at some level under this heading, but you would probably—

Chair: It never ceases to amaze me how you mandarins can turn whatever you all are doing into the Government policy of the day.

Bernadette Kelly: Indeed. It is not meant to be a frivolous point. It is just that almost everything we are doing at Transport in one way or the other is contributing, or a very large part of what we are doing is helping to contribute, to this levelling-up agenda.

Sir Geoffrey Clifton-Brown: I entirely agree with that, and I am full of admiration for what you are doing.

Chair: There you go. That is something pretty positive to take away with you.

Q93 **Sir Geoffrey Clifton-Brown:** As long as I get my Evelyn Road.

Bernadette Kelly: As you know, it is all in hand.

Chair: I am sure Ms Kelly is incorruptible.

Sir Geoffrey Clifton-Brown: There is always a sting in the tail.

Q94 **Peter Grant:** Mr Garton, can I come back to the answer you gave earlier about the total amount of funding that was allocated for round 1 of levelling up? You told me that the figure of £720 million was never published; it was an internal figure. The spending review 2020 mentions the £4.8 billion for levelling up and says, "SR20 makes available up to £600 million in 2021-22." It might not have been published as part of the levelling-up



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prospectus, but it is a fact that the Government put into the public domain an expectation that in 2021-22 there would be a maximum of £600 million available, isn't it?

Will Garton: I have not quite followed the references, so you will have to forgive me. I have not quite followed the numbers in the text, but I can get back to you with an answer on precisely what we are referring to there.

Emran Mian: I think it is referring to something different, in that it was expected that £600 million would be spent in 21-22. The £1.7 billion is an allocation across the full four years of the levelling-up fund, so the £4.8 billion is over four years. We have allocated £1.7 billion of it already, and the individual projects within that can spend across the full four years. The £600 million that you referred to is the amount that can be spent in 2122.

Q95 **Peter Grant:** Thank you. How much of it has been spent?

Emran Mian: On the levelling-up fund so far, I think we have approved, or will have shortly approved, something like the first £100 million-worth of spend.

Q96 **Peter Grant:** There is a difference, though, between approving it and it being spent. Does spent just mean it has been paid out of the Government coffers and it could be sitting in a council back account somewhere?

Emran Mian: My expectation is that because we are working really closely with the places, I do not expect there to be a big difference between what we are providing and what is actually being spent.

Q97 **Peter Grant:** We are now only four weeks away from the end of the financial year. Did you say you think it was £100 million that has been spent so far?

Emran Mian: I think what we have been picking up from places is that delivery of projects has in many cases taken longer, or getting started on delivery is taking longer than they initially expected.

Q98 **Peter Grant:** I thought deliverability was one of the criteria for success.

Emran Mian: It was, but equally we do not want to penalise places now that they have been selected for delivery for potentially taking a bit longer to get started than they had initially thought. Often it is for good reasons, such as because they are putting preparations in place for the latter part of the project. They are taking a bit more time to ensure that they have got other project funders in place, including some of the private sector funders that might be contributing funding.

Q99 **Peter Grant:** Do you have a concern that the bids that got through won by being over-optimistic about their deliverability, whereas other councils that were a bit more realistic—that perhaps did not bid at all—could end up losing out?



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Emran Mian: Places that decided not to bid can bid as part of the next round. I do not have any reason to believe at the moment that places have been over-optimistic on the whole.

Q100 **Peter Grant:** You just told me that we have spent £100 million out of an expected £600 million, so I think there is something along the line.

Emran Mian: Sorry, I took your question as meaning over-optimistic in the sense that they cannot deliver the project at all.

Q101 **Peter Grant:** Thank you. Can I come back to Mr Pocklington? You had questions earlier from Sir Geoffrey Clifton-Brown and, I think, some other Members about the LEPs being sidelined if they do not feel that they have been given the part that they might have expected. How does the part played by the three devolved national Governments in the decisionmaking process in these funds compare with the part that they played in the allocation of the European funds they will be replacing?

Jeremy Pocklington: I am going to hand that to Mr Mian, who leads on the allocation of these funds.

Emran Mian: On the European structural funds, you are right: the devolved Governments were managing authorities for their portion of the UK's share of the EU structural funds. My team was the managing authority only for the English portion of the EU structural funds. The approach we are taking on the UK shared prosperity fund is different; it will have a single framework for the whole of the UK. But we expect there to be really significant collaboration with the devolved Governments and, critically, with the individual local authorities, which will ultimately be responsible for delivery.

Q102 **Peter Grant:** That means that the Scottish Government was previously able to use its priorities as part of the decision-making process for the allocated funds to local authorities, but the equivalent decision now is entirely taken by the UK Government and is based entirely on the UK Government's assessment of priorities. Is that correct?

Emran Mian: Ministers have been clear that decision making on the UK shared prosperity fund will be for the UK Government, but we will work really closely with each of the devolved Governments.

Q103 **Peter Grant:** With respect, working with the devolved Governments can mean a lot of different things. My experience has been that the devolved Governments might have a different experience of how close the cooperation has been—certainly at ministerial level, although I would give you that the co-operation at official level appears to have been a lot better.

Emran Mian: The most recent example from our perspective is reaching an agreement on how to deliver freeports in Scotland, which is an agreement that we have reached in recent weeks with the Scottish Government. That is a really good example of how the UK Government and the Scottish Government can work in collaboration, and the approach we will take there



is to publish a joint bidding prospectus for ports to bid and to have joint decision making.

Q104 **Peter Grant:** But it is the case, isn't it, that the reason that the Scottish green freeports took so long to agree was that, eventually, we have ended up with a set of criteria and a set of requirements that the Scottish Government was determined to include but which were not part of the requirements of the UK Government? The difference with the funds that we are looking at today is that there may have been discussion with the Scottish Government and the other devolved nations, all of which I understand raised their concerns in 2021 about the way the process was going on, but the decisions about how much would be allocated, which phases it would be allocated to, what the criteria were, when the bidding opened and closed, how each bid scored against the criteria, and how those scores were converted into successful bids—every single one of those decisions was taken, either at official level or at ministerial level, by the United Kingdom Government on replacing funds, whereas previously the devolved Governments would have had significant input. That is the case, isn't it?

Emran Mian: The bidding authorities are local authorities in each of the devolved Governments. It is slightly different in Northern Ireland. There is really—

Chair: But, Mr Mian, Mr Grant is talking about where the decision was made, not who was bidding.

Emran Mian: I just felt that it was important to emphasise that there is a really important level of decentralisation here, and we are trying to work with the level of government that is very local. Given that these projects are often very local in the nature of what they are trying to do, we thought it was appropriate that it should be those local authorities that are in the lead, rather than the devolved Governments. The decision making, as you say, is with UK Government Ministers but involves working closely with the devolved Governments.

Q105 **Peter Grant:** But it is correct, isn't it, to say that all 32 Scottish councils—I do not know what the numbers would be for Wales and Northern Ireland—had to tailor the way they presented their priorities in order to fit a set of priorities and criteria that had been determined by the United Kingdom Government? They did not have to tailor it to the priorities that had been determined by the Scottish Government.

Emran Mian: It is the same point, in that the decisions were made by UK Government Ministers. But I have got to say that the feedback that we have had, as a set of officials working directly with local authorities in each of the four nations, has been really positive, in that we have sought to have really active conversations with places about what they are bidding for and how that fits in with the prospectus that we have laid out. We have tried to have a really constructive conversation with those local authorities—



Chair: I think you have just re-emphasised the point, Mr Mian.

Q106 **Kate Green:** Mr Pocklington, you mentioned the mission-led approach to policy change, which is set out in the White Paper. Is it reasonable for me to assume that all of the missions in the White Paper will contribute to local economic growth?

Jeremy Pocklington: Yes, the missions will contribute to the overall mission of levelling up; local economic growth is obviously part of that.

Q107 **Kate Green:** Okay. There are two overarching missions, with outcomes around living standards and around wellbeing, set out in the White Paper. In relation to living standards, the White Paper talks about pay, productivity and employment as being the components that will be important. You said earlier that we cannot measure local GDP, so what will we be using to measure local productivity?

Jeremy Pocklington: There are two sets of answers to that. First, for the missions we have already published, in an annexe to the White Paper, the metrics that we will use to track progress against those missions. However, what you are raising, which is relevant, is the adequacy of very local data, and it is a mixed picture at the moment. There is regional GDP data that we can use, but there is very little data available at a very local level—below the level of the region.

We have set out a long-term programme of work; it will not happen overnight, but we have set out a programme of work to improve the quality of subnational data. That is about improving the quality of data below that regional level, proving the timeliness of data around things like public finance statistics and business investment at a more local level.

It is also about getting coverage right. Quite a lot of this is devolved— rightly so, but how do we get the right relationship, so that it is possible to compare, where appropriate, England with developments in Scotland, Wales and Northern Ireland?

Also, we need to update our work and our thinking for the work of the modern economy as well. This is a programme of work that the White Paper is kicking off. The ONS is working very closely with this; we need the professionals and the expertise to lead on it.

We are establishing in DLUHC a spatial data unit to improve our knowledge and understanding of the data, and to prove how that can be used to support our understanding of progress against the missions, and progress at a local level.

Q108 **Kate Green:** How well aligned, in terms of timing, do you think the ability to build up that more localised dataset will be, both to the expenditure of sums under the various funds that you are putting out under the levelling-up agenda and to when we might expect to see them having an impact? Are we going to collect this data quickly enough?

Jeremy Pocklington: We will make some progress quickly. Some of this will take some time to develop and to get right, but we are making as much progress as we can quickly.

What is interesting is that in response to the White Paper, we are already seeing some areas thinking themselves about the missions and their progress, and where they are against the missions as well. So, I don't want this just to be about central Government, although we have a really important role to play. There needs to be a wider debate on this and on what are the right data and what are the right metrics at a local government level, rather than something that central Government just imposes.

Q109 **Kate Green:** That was going to be my next question. What capacity is there at local level to support that kind of definition of useful data, gathering of useful data and analysis of useful data?

Jeremy Pocklington: We are building capacity—

Kate Green: At local level?

Jeremy Pocklington: We are building capacity in the Department, including with our area-based teams, so it is not just all about Whitehall. We are building an understanding of what is happening and understanding spatial inequality—

Q110 **Kate Green:** My concern is this: can local authorities have the capacity to do that?

Jeremy Pocklington: Indeed. Well, the better ones are doing it and the ones with more capacity; but I am very aware that not all of them have the capacity or capability to do that. But there can be other proxy indicators. Most local authorities have a good understanding of the health of their local economy. Data helps, but conversations and engagement with business and local communities can also help as well.

Q111 **Kate Green:** What definitions are you using to measure employment outcomes? You talked about "good employment" in your answers to the Chair at the very beginning of the session. What is good employment? How will that be measured? Is pay level relevant? Is part-time versus full-time relevant? Is job sustainability relevant? Can you give us a bit more information on what you are measuring when you say you want good employment?

Jeremy Pocklington: It is potentially a very broad question. The future of the labour market is a very broad question and that illustrates the challenges here—the topic is both very narrow and very broad—

Q112 **Kate Green:** For example, the ONS will count one hour of work as someone being in employment, but I don't think most of us would think an hour a week was a sustainable job.



Jeremy Pocklington: We have set out the metrics we will follow. Page 45 of our technical annexe sets out the metrics that we will follow for the first mission. I won't read it out.

Q113 **Kate Green:** I will look at it later—thank you. In relation to wellbeing—much more intangible, arguably—what is your thinking on how you are going to measure that mission?

Jeremy Pocklington: That is mission 8. Page 46 of the technical annexe gives you the metrics that we will be using there. Measures around life satisfaction really will be— **Kate Green:** Is that self-defined?

Jeremy Pocklington: Which are growing in importance and sophistication, I think. That will be the metric we are using on tracking that.

Q114 **Kate Green:** As I am sure you aware, there is a lot of thinking going on around how to measure wellbeing and the degree to which it is selfdefined wellbeing. What is the Department doing to engage with that wider policy and academic field?

Jeremy Pocklington: I am aware of the debate. This is exactly why we are building a data unit—to make sure that we as a Department are able to engage with experts to identify precisely the right approach. I don't claim expertise on that particular debate, although I am aware of it.

Q115 **Chair:** Just to be clear, is that a data unit for wellbeing?

Jeremy Pocklington: Data to track the levelling up, and to improve our knowledge of spatial data in particular.

Q116 **Chair:** So those six areas you raised at the beginning—data in all those six areas.

Jeremy Pocklington: Looking at all the areas, and all the 12 missions.

Chair: I am losing track—12 missions.

Jeremy Pocklington: Six capitals, 12 missions.

Q117 **Kate Green:** The LGA has the LG Inform local area benchmarking data service. What role do they have in supporting this data collection and analysis?

Jeremy Pocklington: They do. We work very closely with the LGA on a number of things. Benchmarking data in local government is generally more about service delivery and comparing outcomes—that is my understanding, if I am thinking about the same benchmarking data that you are.

Q118 **Kate Green:** Although service delivery is one of the missions, or one of the overarching headings for the individual focus areas and missions—the improvement of public services—so I imagine it will be relevant to the measurement of progress against those missions.



Jeremy Pocklington: Indeed, and we have also set out in the White Paper our plans to improve the quality of data in local government more broadly—this relates to levelling up, but it is broader than that; it is about the quality of service delivery in local government—by establishing a new body to improve our understanding of data and of efficiency in local government as well. That is part of a different conversation I often have with this Committee, but it is obviously relevant to this.

Q119 **Kate Green:** You mentioned the role of the new levelling-up directors. Could you say a bit more about how you see that role evolving and who they will be accountable to?

Jeremy Pocklington: Yes. They will be part of the Department. We will be advertising for the roles soon. I think they are going to have a very important role to play strengthening our presence in different parts of the country, and really championing local government within central Government and central Government to local government—strengthening the quality of partnership. I do very much see them having an important role as part of our overall governance, including through the levelling-up Cabinet Committee.

Q120 **Kate Green:** Do you see them having a role in helping to define and develop performance measurement mechanisms and measures of success?

Jeremy Pocklington: They will absolutely have an important role to play in contributing to that discussion.

Q121 **Kate Green:** And mediating between local authorities and the Department?

Jeremy Pocklington: Definitely. That is at the heart of what we want levelling-up directors to do, alongside existing area-based teams. We have teams already that do this in my Department. Other Departments do as well; I think Bernadette has small groups of people who do this. We want to strengthen those teams as part of this agenda.

Q122 **Chair:** Are you recruiting them from outside the civil service, or is it an internal process?

Jeremy Pocklington: No, it is external recruitment. We would very much like to see external applicants for this role—if I may use this opportunity to encourage those who are interested to apply. These are attractive roles.

Chair: Anyone thinking of it?

Kate Green: Maybe those who are leaving Parliament at the next election?

Chair: Well, if there's an election soon, you never know.

Jeremy Pocklington: I'm half joking but, actually, I do think there is value in having not just civil servants—who are valued and may play an important role—but people from other backgrounds, looking and thinking about these roles.



Chair: Pitch well made. There we go.

Q123 **Kate Green:** Presumably it will be quite important to have people who have a background in local government, in terms of the credibility of these people in negotiating with local authorities?

Jeremy Pocklington: It could be. Former leaders in local government, people from the private sector, people with international experience—we want to deliberately cast a broad net for these roles. I’m delighted to have this opportunity, actually.

Q124 **Kate Green:** Do you think there will be a role for local government to be represented when these recruitment decisions are made? I appreciate that they will be appointed by the Department, but can you see a role for local government on the interview panels?

Emran Mian: We have been doing some thinking about how to bring that perspective into both the design of levelling-up directors and implementing the model. We have had a number of discussions with chief executives across local government, especially, on where they see levelling-up directors as potentially adding the most value from their perspective. Equally, they have been telling us where they think levelling-up directors might get in the way. We have been using that feedback from local leadership on the design of it. In the past, with recruitment exercises like this, we have often had some kind of panel with a set of external stakeholders who are able to contribute to the decision making. That might be something we should think about for this, as well.

Q125 **Kate Green:** Finally, obviously the ambition is to have a great deal of data collected, transparently published and, presumably, used to drive improvement and enhance performance against the levelling-up ambitions. How will that be brought together to show a big picture, as well as a local picture, and tell the story that the Government would like to tell about the effectiveness of their levelling-up agenda?

Jeremy Pocklington: It’s a very good question. What we have committed to is reporting annually on our progress on levelling up and our performance against the missions. That will be the formal process. I’m sure there will be many other opportunities, but that will be the formal process by which we bring together the data and the information and our understanding.

Q126 **Kate Green:** And when will we start to see that?

Emran Mian: I don’t think we’ve made a firm commitment as to when the first set of reports will be.

Q127 **Sir Geoffrey Clifton-Brown:** I have a question for Mr Pocklington. We have an awful lot of these annual report-backs to Parliament. The one thing I would plead for, if you’re going to do it, is to have it on a consistent data basis so that we can compare one year with another.

Jeremy Pocklington: Thank you. Message understood.



Q128 Chair: I would also add that it is helpful to consult on what is in that. Having been the Minister having to deliver an annual report that measured all the wrong things, I would add that it's very difficult to change once you've done it the first time, because people then accuse you of all sorts of things. If you get it right, and the right things are measured, then it might make your life a bit easier. It might not, if you don't deliver on it, but that's not really the point.

I want to go into accountability for all of this. We have the White Paper now. All these funds have been collapsed into two; we read the code from the Treasury on that one. There is then still a big job to deliver. Some of these things are delivered over a long period of time; they will go beyond elections. All of you are here, so who feels responsible for delivering levelling up? Is that you, Mr Pocklington?

Jeremy Pocklington: Yes, my Department, my Secretary of State, is responsible for leading the levelling-up mission—

Chair: Yes, we know who is leading it.

Jeremy Pocklington: But it is a cross-Government exercise, so we need to be honest that inevitably that makes it more complicated. Cabinet Committee is the formal mechanism that we have established to enable him to provide that oversight of the work as a whole, to really embed levelling up across policies, to work directly with places, we hope, in that Committee and to monitor progress. There is then a question on accountabilities for missions, and we are still working that through. We only published this paper, I think, a month ago, almost exactly. It is important to get that right rather than to rush it.

A lot of the missions are very cross cutting and are going to require leadership from across the Departments. We have just been talking about some of those. Other of the missions are going to be more focused. Bernadette referred to the local transport one, where accountability is going to be clear and there will be more of a role for a lead Department. But we need to work that through carefully. I know that this Committee and other Committees will be interested.

Q129 Chair: That's easy when you're counting widgets, but then, Ms Munby, there are issues around—for instance, productivity, which is a big issue, as you know, in our country. We have looked before at all the economic growth plans across the history of—well, since the '70s. And we still don't see economic growth in areas outside London; I think it is only Bristol that has ever got close. It is surely in your Department's area and the Treasury's to make sure that we actually see proper growth going on. Do you feel that is your responsibility?

Sarah Munby: Honestly, I think economic productivity is a whole-of-Government accountability; it's ultimately a prime ministerial accountability. I realise that doesn't help in practical terms, but there are lots of things Bernadette is doing to drive productivity. Jeremy is doing



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things. People who are not here are doing things. Many of us would think of productivity as a core goal.

Q130 **Chair:** But we haven't done very well so far, have we? **Sarah**

Munby: Well, at a national level we have—

Chair: Have we?

Sarah Munby: And what we are saying here today is that there are lots of things we need to do—

Q131 **Chair:** Sorry, but can you point to something at the national level where productivity has improved?

Sarah Munby: Sorry, I mean at an aggregate national level. What we are saying now is that we need to do much better at exactly what you are talking about, in places right across the country. That is what this is all about. To your accountability question, though—

Q132 **Chair:** We have one of the lowest productivity rates in Europe, you would agree? Don't we? Maybe I have been reading different things from you. I know you're an optimist, Ms Munby, but—

Sarah Munby: We should have a broader conversation about productivity data, but on the question about accountability, there are bits in here that very obviously are, for example, my accountability, such as innovation spend of BEIS moving outside London. There is a target in the paper: that's my responsibility to deliver. If we don't deliver it, this is where you come. Jeremy has talked about the overall accountabilities.

On the question of productivity, I think you have to get back into the sorts of things that Emran was talking about—the model at a national level as well. There isn't one person who is responsible for delivering productivity across Government, unless that person is the Prime Minister. We are responsible for the small business finance element of driving productivity, along with the Treasury—as an example. There are lots of those. I don't think there is a better way of organising that. It isn't, "Oh, if only it was one person, it would all be different." Productivity is inherently a multifaceted problem.

Q133 **Chair:** No, I wasn't suggesting that. I will go to Mr Garton, because ultimately the Treasury holds the purse strings; the Treasury puts the money in and you want to see certain outcomes for this. How responsible do you and Sir Tom Scholar feel for this; how responsible do you feel for delivering on levelling up?

Will Garton: As Jeremy and Sarah have said, levelling up touches every single Department. That is clear in the missions. Some sit very clearly in Departments; some are more cross cutting. Tom is not, for example, the AO on the levelling-up fund.

Chair: You mean the permanent secretary, Sir Tom Scholar, just to be clear.



Will Garton: Forgive me—yes. Sir Tom Scholar is not the AO for the levelling-up fund or the UK SPF. There, we are very, very clear, because we need to have a single point of accountability. But clearly a mission such as the one on pay, productivity and employment is inherently cross cutting, across everything Government does, and it touches every Government Department.

Q134 **Chair:** But when you are looking at this funding being allocated—Ms Green has already highlighted the issues around data. We know that that has been a long-standing problem. There is measuring what a job is. As we have seen with so many other schemes, it is often over-promised and under-delivered, because one hour counts under certain statistics. How are you making sure that you have some rigour in these processes, from very much a Treasury perspective—a pound in for what you are going to get out? That is really what it comes down to: you do the maths, ultimately, over all these accounting officers.

Will Garton: Absolutely, and the data annex published alongside the levelling-up White Paper is tremendously exciting. For the first time, we have 50 metrics underneath each of the missions. We have been as clear as we possibly can be about how they will be measured, over what spatial scale and by whom. That will be brought together in an annual report, and the Government will be held to account for it. The missions are deliberately ambitious—deliberately stretching. I hear the very reasonable ask for a consistent set of data: in creating a rod for our own back, if you like, that has been done by the commitments here. It is not easy, but I think we will have a clean and consistent data set with a spatial lens, and that is something that, to my knowledge, we have not had in this country before.

Q135 **Chair:** Where does the Treasury come in if things are not being delivered? Are you going to call it out quickly and push the various Departments to pull the plug or do better?

Will Garton: As you know, and as this Committee supports us in doing, value for money for every pound of taxpayer money is in our DNA—it is in our core. It is what we do.

Chair: It is why we have a Treasury Minister as a member of this Committee.

Will Garton: Indeed, and David here as well. We are integrally involved in this entire process, which is the ordinary course of business: we will be scrutinising how funds are spent and trying to make sure we get the best bang for our buck. I think the way that the Government have set out how they plan to do that in the White Paper gives us an opportunity unlike those we have had before.

Q136 **Sir Geoffrey Clifton-Brown:** Can I just ask you a question, Mr Garton, which actually affects all our witnesses? Clearly, these schemes are going to produce different rates of results in different areas, so what do you do?



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Do you put more resources into one that is being successful, or do you go to the others that are not being so successful and start to reduce the resources of the one that is being successful, and shove it in at the bottom of the ones that are not being successful?

Will Garton: It does depend on a case-by-case basis. I would hate to give a too general rule of thumb: it depends on the reasons for success and the reasons for failure.

In some respects, actually, it takes us back to the discussion on competition versus allocation: sometimes, competition gives you innovation in policy making and gets you better results. Equally, sometimes allocating funds—especially for those places that are furthest behind—helps bring that place up. I do not want it to be a cop-out answer, but it is a balance depending on the funding stream, the issue at hand and the facts on the ground.

Bernadette Kelly: On that thought—since, as you say, Sir Geoffrey might have a take on this—if I look at it through a Transport lens, if all we did was allocate more funding to the things that gave the best bang for the buck in traditional BCR terms, we would not level up, ultimately. An important part of the philosophy of this work, again looking at it through the prism of transport funding and how we are viewing things, is that we are consciously seeking to think about, “What is the opportunity here?”, and drive benefits and growth in areas that are more deprived and may not score as highly in some of our metrics as a more already-productive area. Probably the best thing you can do in value-for-money terms is deal with congestion in areas of very high productivity.

Will Garton: London.

Bernadette Kelly: London. I do think the philosophy of levelling up is that we are trying to take a much more sophisticated view of what the UK as a whole needs.

Sarah Munby: You could have innovation as another example: you could just continue to funnel more and more R&D funding into the golden triangle. This is about consciously balancing that. We do need, by the way, to give lots more R&D funding to the golden triangle, but we also need to give lots more R&D funding outside, and it is about balancing those things.

There is no magic answer to how you do that, but what this aggregate set of work is doing is making Departments right across the system think very much more consciously about that decision and weigh the balance between the factors in a much smarter way when perhaps, historically, on areas of policy that we have not even talked about today, we might have defaulted into continuing to reward success. We need to think about the places where it is right to do that, and the places where it is right to draw a much more geographically balanced picture and level up.

Will Garton: Sarah might correct me on this, but I think we just would not have contemplated increasing R&D funding by 40% outside the greater



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south-east several years ago. It is a big change to how we do things currently.

Q137 Sir Geoffrey Clifton-Brown: Mr Pocklington, going to Mr Garton's 50odd metrics that are included in these reports, have you developed between you and the Treasury a mechanism for evaluating those metrics to see what is working and what is not working?

Jeremy Pocklington: Yes, evaluation is absolutely at the heart of the work in my Department. For all the funds and interventions that we are designing, we are thinking now about what that monitoring and evaluation strategy will be. That is a big change from where we were with the local growth fund, where evaluations were undertaken at a local level by the projects themselves. Now, with all parts of the Department's work, really, we are ensuring that we put in place the evaluation strategies up front, so that we get a better idea and we know what works.

We started with the evidence base: my argument was, yes, it is complex, but there is some evidence on which we can make sensible decisions. That is what we have tried to communicate throughout this hearing, and it is the basis on which we have built the framework set out in the White Paper.

Sir Geoffrey Clifton-Brown: Thank you.

Chair: There is perhaps a difference between measuring railways built and other things. A road is easy to measure, but some of the other things are harder to measure, so we look forward to seeing those metrics. You might have detected a slightly weary scepticism around the table today: we have been here before and seen new funds unveiled. Some of us have administered them in local government, and some deliver and some do not, so we want things to deliver for our country, but we will be giving you a tough time over this one.

Thank you very much indeed for your time. The transcript of this session will be up on the website uncorrected in the next couple of days, and we will be producing a report, probably after the Easter recess.