

Written evidence submitted by the Department for Business, Energy and Industrial Strategy (LRS0082)

Enquiry - Levelling up: local and regional structures and the delivery of economic growth

1. Levelling up is at the heart of the Government's agenda. The Government is committed to levelling up across the UK by raising productivity and growth in all nations and places, increasing opportunity for everyone, and improving public services. In doing so, we will unleash the full potential of people and places across the country.
2. We are already taking action across Government which is set out in the recently published Build Back Better: our plan for growth; this includes;
 - We have launched the £4.8 billion Levelling Up Fund which will invest in infrastructure that improves everyday life across the UK.
 - We will launch the UK Shared Prosperity Fund in 2022 and have supported places with £220 million additional funding through the UK Community Renewal Fund to places prepare.
 - To reduce health inequalities, we have launched the obesity strategy and will provide an additional £100m in 21/22 to support people to achieve and maintain their weight.
 - We are boosting investment in Further Education and reforming the skills system to better align with employer demand and support productivity growth.
 - To improve infrastructure and connectivity, we are making the largest ever investment in motorways and A-roads worth over £27 billion and investing £5bn in Project Gigabit.
3. To go even further, the Government will publish a landmark Levelling Up White Paper later this year, articulating how bold new policy interventions will improve opportunity and boost livelihoods across the country as we recover from the pandemic.
4. The White Paper - which will be led by the Prime Minister - will focus on challenges including improving living standards, growing the private sector and increasing and spreading opportunity.
5. It accompanies work being undertaken to repair the damage done by Covid to public services, with backlogs in hospitals and courts prioritised alongside school catch ups and jobs.

Q1: Evidence base: what evidence exists to measure the performance of the various tiers of regional and local government in the delivery of growth? What evidence have regional and local leaders based their local or regional industrial strategies on, and what forms of stakeholder engagement were included in the drafting of priorities? Considering the cost of institutions, what cost benefit analysis

exists to show the value for taxpayers' money when compared to the delivery of wealth and job creation?

Answer: There are multiple sources of evidence which monitor the performance of local economies, with the Office for National Statistics publishing regular updates against a range of metrics. All funding programmes which support the delivery of growth are subject to business case appraisal to ensure value for money and a monitoring and evaluation process. To shape local priorities, local areas work closely with local stakeholders to test and develop local evidence whilst drawing on national and local datasets. More recently this was carried out through local industrial strategies (with 7 published) and now local areas are progressing locally-led strategies which support covid recovery.

Q2: Local structures: what structures exist across the country and how does this compare across different regions? How do these different tiers work together to deliver local growth? What good case studies exist, and can lessons be learnt from poor collaboration or leadership? How should local structures support delivery of regional growth across England? Do regional or local structures act in the best interests of local priorities and stakeholders or act more as a delivery arm of central Government? What should local authorities do more or less of to achieve these aims? Where should government focus its post-Covid-19 levelling up policy to best support regional growth: English regions, core-cities, towns, Growth Hubs and LEPs?

Answer: There are a range of regional and local structures in England, these include Growth Bodies, such as the Midlands Engine; Mayoral Combined Authorities; Local Enterprise Partnerships; and individual councils. In some parts of England, there are two tiers of local authority which undertake different statutory duties (e.g. housing and planning, transport). Other areas have unitary authorities.

This is not consistent between each region reflecting the different needs and locally-led consent within each local area. Evidence from, for example, the OECD suggests local economic planning at functional economic geography (which is typically travel to work areas) is the most appropriate scale to promote local growth. Each type of place requires a different policy response and government works with a wide range of places to support local growth.

Q3: Stakeholder engagement: how does each tier of regional or local government engage with delivery stakeholders (such as businesses, education providers, etc)? Do different tiers engage in different ways? Where are there examples of good practice? Do stakeholders believe the different tiers are effective and worthwhile to engage with? Do stakeholders consider certain tiers to be more of a constraint on growth as opposed to a delivery partner for growth?

Answer: It is for local areas to determine how to work with local stakeholders across a wide range of sectors. Local Enterprise Partnerships bring local authorities, businesses and education partners together to plan local growth initiatives across a

functional economic area. Mayoral Combined Authorities also play an important convening role to collaborate across a range of stakeholders and tiers of local government.

Government policies and investment programmes place great emphasis on the importance of local collaboration and consent to ensure effective delivery and impact of policies.

Q4: Sustainable local economies: how could a green economic recovery stimulate local economies and embed upskilling at a regional level? Which tiers are best placed to provide the leadership of local net zero and skills-based priorities? Should leadership responsibilities be separate from delivery responsibilities?

Answer: This Government recognises the challenge of achieving net zero and meeting our objective of levelling up all regions across the UK. Achieving net zero and levelling up are not mutually exclusive objectives. As we decarbonise industry, we can also support struggling local economies to grow. The Prime Minister has already set out his ambitious ten-point plan for a green industrial revolution which will create and support up to 250,000 British jobs by mobilising £12 billion of investment. This is echoed in our recent Plan for Growth which sets out our ambitions to support net zero industries and create new ones to emerge. We will be working closely with local partners over the coming months to help us realise these ambitions, and we are excited to look ahead to a more prosperous, greener future.

Q5: Targeted regional investment: how could 'shovel ready' growth projects in England drive local growth and jobs? How could clustered R&D investment support local growth? How should priorities be agreed across the regions?

Answer: Government has a wide range of funding programmes which aim to drive local growth and jobs. Their spatial focus is dependent on policy objectives and the requirement for local areas to submit proposals which demonstrate value for money and delivery confidence to ensure public investment makes the biggest impact in local areas. More recent investments that aim to fund 'shovel ready projects' include infrastructure investments such as the Getting Building Fund, the Towns Fund, the Levelling up Fund and the new UK R&D Places Strategy.

Q6: Regional funding: how should the UK Shared Prosperity Fund be specifically targeted to replace EU Funding and address regional inequality? What role should local structures play in allocating funding to best achieve regional growth? What role could the British Business Bank have in the post-Covid-19 levelling up of regional economies?

Answer: The UKSPF will help to level up and create opportunity across the UK for people and places. A portion of the UKSPF will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal

communities. It will support people and communities, opening up new opportunities and spurring regeneration and innovation.

Places receiving funding will be asked to agree specific outcomes to target within the UK-wide framework. They will then develop investment proposals to be approved by the government among a representative stakeholder group. Investment should be aligned with the government's clean growth and net zero objectives.

A second portion of the UKSPF will be targeted differently: to people most in need through bespoke employment and skills programmes that are tailored to local need. This will support improved employment outcomes for those in and out of work in specific cohorts of people who face labour market barriers.

Q7: Project Speed: Project Speed will bring forward proposals to deliver government's public investment projects. How should Project Speed identify and distribute growth opportunities into communities across the country to best achieve its levelling up agenda? What should the balance be between Whitehall decision making and local decision making? Do we have the capacity and capabilities at local and/or regional level to do this work on behalf of central government?

Answer: The government wants to deliver infrastructure projects better, greener and faster across the whole of the UK. That means addressing longstanding challenges such as complex planning processes, slow decision-making, and low productivity in the construction sector. Project Speed was set up in Summer 2020 to tackle these issues.

The government's increased investment in infrastructure through Spending Review 2020 will be matched by faster, smarter delivery. The recent publication of Build Back Better – our plan for growth set out 4 Project Speed pathfinders being led by a range of departments across government.

- The Oxford-Cambridge Arc, led by the Ministry of Housing, Communities & Local Government (MHCLG)
- The New Hospital Programme within the Health Infrastructure Plan, led by the Department of Health & Social Care (DHSC)
- The A66 Northern Trans-Pennine upgrade, led by the Department for Transport (DfT)
- The Northumberland Line, led by Northumberland County Council in partnership with DfT

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