

Written Evidence - The Heseltine Institute for Public Policy, Practice & Place, University of Liverpool (PTC0009)

Summary & Key Recommendations

The impact of Covid-19 has varied significantly between different parts of the UK. Small cities and large towns have been affected in different ways, with these differences influenced by factors such as:

- Location, e.g. proximity to larger cities
- Economic composition
- Presence of industries and sectors most affected by the pandemic, such as tourism, leisure and hospitality
- Provision of social infrastructure (e.g. community organisations, volunteering hubs) and levels of community cohesion and involvement
- Provision of parks and other types of green space
- Quality of physical infrastructure such as public transport and walking/cycling facilities

Evidence of the spatially divergent impacts of Covid-19 are evident in Liverpool City Region (LCR), which along with the core city also includes sizeable towns such as Birkenhead, Southport, St Helens and Runcorn. Before the pandemic, there were 128,000 LCR residents earning below the national living wage and over 250,000 jobs in sectors hardest hit by lockdowns (Hickson 2020). Sectors heavily represented in Liverpool city centre, such as leisure, cultural venues, hotels and retail, were badly affected by Covid-19 and the lockdowns in Spring 2020 and Winter 2020-21. Across, the city-region, sectors in which output is estimated to have fallen by over 50%, including manufacturing, wholesale, retail, motor trades and education, are all major employers (LCRCA 2020b). GVA per head in Merseyside is well below the England and North West average and prevalence of long-term health conditions such as COPD is higher than the English average across the city-region. If levelling up is to mean anything, it will require addressing the long-term, structural issues facing places like Liverpool City Region.

It is clear that there is no single answer to what the impact of Covid-19 will be on small cities and large towns, and the after-effects of the pandemic are likely to vary significantly from place to place. Furthermore, research has identified the importance of economic linkages between 'core' cities and their neighbouring small cities and large towns. The sectoral and labour market strengths of each type of place are complementary, and the needs of smaller cities and towns should not be seen as independent from the interventions required to improve prosperity in the UK's core cities, which outside of London and the South East have low levels of productivity, prosperity and opportunity compared to cities of comparative size in much of Europe (McCann 2016).

The rapid pace of the pandemic and volatility of the recovery has emphasised the need for high quality, up-to-date intelligence to help guide local and national policymakers as they navigate the challenges of the post-pandemic economy. Innovations in fast data and analysis developed over the last 18 months should be embedded in policy and efforts should be made to ensure data is affordable and available to those involved in local policy design and delivery wherever

possible. Our experience of working with local and combined authority officers during this period has identified the expansion of the social and economic data ecosystem as one of the most significant changes experienced during the pandemic. Building on these developments at a national and local level, working in partnership with the ONS and other organisations involved in data collection and analysis, will help to ensure policy is informed by strong evidence at all levels.

Housing and Green Spaces

The Heseltine Institute's research on local communities has identified the importance of parks and green space, particularly during lockdowns. Our work in the Clubmoor ward of Liverpool found that local parks were regarded as some of the area's most important assets, and crucial to community cohesion. In addition, residents reported that proximity to shops and other amenities was important. The recent Liverpool City Region Town Centres Commission report correctly identifies the importance of the physical environment to towns, and notes the challenging funding environment that local authorities have been operating under over the last decade (Longlands et al 2021). Local leaders should seek to build on the assets and strengths already present within towns and small cities, including parks and other green spaces.

Combined authorities need planning powers and strategic oversight to help support town centres, and develop healthy, prosperous communities. Different places will be impacted by Covid-19 in different ways, and different planning interventions will be required to mitigate these impacts and respond to changes in population distribution, housing demand, commuting patterns, requirements for green space, and other planning issues. The *Planning for the Future* White Paper is therefore concerning in its proposed approach to zoning. The allocation of entire local authority areas for either 'growth', 'renewal' or 'protection' risks neglecting the specific planning needs of different areas. Similarly, automatic pre-approval of applications in renewal areas through permitted development, and proposals to enable easier conversion between use classes (for example retail to residential), could lead to reductions in public amenities and erode the character of high streets.

Liverpool City Region Combined Authority has set out its vision for healthy, sustainable and green development through its draft Spatial Development Strategy, which underwent consultation earlier this year. Key objectives included in the report, which the Heseltine Institute supports, include:

- Creating a healthier city region by shaping the environment to enable healthy and active lifestyles, tackling poor air quality and ensuring development contributes to reducing health inequalities;
- Delivering an inclusive economy by revitalising town centres so they are renewed focal points for communities and businesses;
- Creating places that allow communities to flourish, by facilitating the provision of the right homes to accommodate the needs of present and future residents;
- Ensuring that development maximises social value and promoting sustainable development objectives;

- Embedding a 'natural capital' approach into planning, prioritising strategic opportunities to enhance green infrastructure and reinforcing protection of LCR's network of green and open spaces.

In the longer-term, planning policy should seek to contribute to and enhance public health outcomes. Health and planning are historically linked, and the modern planning system was forged in response to the unsanitary, overcrowded and inhumane conditions created by laissez faire approaches to development of the 19th century. Planning is a fundamental part of public health policy at the local and city-region scale, and policy should recognise the need for a holistic approach to development that will create healthy communities.

The changing nature of employment

The COVID-19 pandemic has emphasised the underlying challenges facing our economy, particularly in the most vulnerable and precarious parts of the labour market. A meaningful, lasting recovery must be predicated on addressing these challenges rather than deepening them. Only by doing this can we build a more inclusive, effective, and resilient economy that is fit for the future.

Liverpool City Region Combined Authority has identified the importance of developing a people-focused recovery from the pandemic, in its *Building Back Better* report published in July 2020 (LRCRA 2020). Poor health (physical and mental), housing and levels of education are barriers to accessing the employment market for many people across all parts of the city-region. Almost 70,000 people in LCR were not seeking work as a result of poor health before the pandemic, and all six local authority areas within the city-region have a higher prevalence of mental health disorders than the national average. A higher proportion of residents still have no formal qualifications and a higher proportion are not qualified to degree level. Graduate retention levels are low – LCR sees a net outflow of graduates to other areas after they finish university. Jobs density in LCR is 0.76 – lower than the North West average of 0.86 and the British average of 0.87 (ONS 2019), meaning there are fewer job opportunities available to residents of the city-region than in many other places.

Key to ensuring the labour market impacts of the pandemic are not negatively entrenched in LCR's towns will be enabling the mayor, combined authority and local authorities to coordinate locally tailored policies. Working in partnership with national programmes such as Kickstart, local leaders are best placed to understand the labour market, the impacts of Covid-19, and the interventions required. The distributional of economic effects will be unequal across sectors, geographies and companies, and between different cities, city-regions and towns. There is therefore no 'one fits all' response to these issues. The Liverpool City Region Local Industrial Strategy (LIS) identifies several interventions aimed at removing the barriers to employment and progression experienced by residents across the city-region. These include locally co-ordinated national programmes, and locally-designed and led schemes. These interventions are particularly focused on upskilling those already in work but in low paid and precarious sectors where employees often struggle to progress, and in sections of the population where long-term and entrenched barriers to employment have prevented residents from accessing the labour market.

An example of the holistic approach pioneered in LCR, and applicable to other places with entrenched levels of worklessness and poor routes for job progression in many sectors, is the *Households Into Work* (HIW) programme. Unlike more traditional programmes, which focus on developing an individual through skills-based interventions towards being work ready, the HIW holistic approach addresses household level issues which may include debt, poor physical or mental health, housing and caring responsibilities that have become barriers to people securing and maintaining work. Employment Advocates work with the programme participants to stabilise household dynamics and enable households to move closer to the labour market and to engage in a search for work.

Recovery policies must be place-based and linked to the strengths and weaknesses of local economies. The policy levers that will need to be pulled to promote recovery in the LCR are likely to be different to those in the West Midlands or North East of England. Similarly, the issues facing Southport are likely to be different to those facing Birkenhead, which in turn will be distinct from Hartlepool, Mansfield and Wakefield. Government should therefore seek, in its Levelling Up White Paper due later this year, to empower mayors, combined authorities and local authorities to deliver locally tailored policies based on evidence of the local employment impacts of the pandemic.

The economic rebound following the 2008 global financial crisis was partly accelerated by the growth of insecure and low paid employment. Individuals employed on these types of contract are the group experiencing the immediate negative economic impacts of the COVID-19 crisis. While the road ahead is undoubtedly going to be challenging, there is now an opportunity to reshape our economy and create a new generation of 'good jobs' offering stability, fulfilment, opportunities for workforce progression, and which may also improve our national resilience to future economic shocks.

At a national level, policy should focus on promoting positive employment practices, reducing precarity, providing security and (where applicable) flexibility for employees. The Heseltine Institute has identified the following as a minimum expectation of a 'good' job:

- Guarantee of minimum hours – enabling workers to budget to meet their financial commitments
- Access to sick pay and a secure workplace– the COVID-19 crisis has brought into sharp focus already existing inequalities concerning employment contracts, low pay and access to benefits in the UK
- Training and development opportunities – in order to maintain work and progress to high value jobs, employees should be provided with equitable access to training
- Equitable distribution of employee rights – agency workers/temporary staff must be afforded the same access to employee welfare opportunities as their colleagues directly employed by the organisation/company where they are contracted to work
- Having a voice– employees should be protected by robust HR processes and be able to raise suggestions about work place practises without concerns about the implications of doing this may have upon them as individual

- Flexibility – where and whenever possible, employees should be afforded flexibility to achieve balance between work and personal commitments

In LCR, the public and private sectors are already working together to improve opportunities for good quality employment. For instance, the LCRCA is collaborating with employers, employees, trade unions and other relevant stakeholders to develop a Fair Employment Charter. Policy-makers should also recognise the value and work towards improving the quality of employment within the retail, social care, logistics and food sectors. These are part of the often overlooked 'foundational economy'. The response of these sectors to the COVID-19 crisis has brought into sharp focus the importance of the foundational economy to wider society, highlighting its relative resilience to economic shocks. The uneven distribution of such activity across the UK means that investment in employment and skills within these areas of the economy would make a meaningful contribution towards the achievement of the government's ambitions to reduce regional economic disparities. Taking the example of social care, targeted investment in the workforce would enable the formation of a career pathway benefiting the care giver while improving the quality of care provided to some of the most vulnerable people in society. The Welsh Government has already begun to articulate its plans for supporting and developing the foundational economy; an approach that could be adopted and rolled out in other devolved nations and regions of the UK.

Public transport

Liverpool City Region reported last year that the significant reduction in demand for public transport as a result of Covid-19 and the subsequent first national lockdown cost £5m in transport revenues, with losses anticipated to continue as ridership on buses and trains remained low (LCRCA 2020a). There is a risk of reluctance to travel on public transport becoming entrenched, and private car use increasing. A report published by the Heseltine Institute last year identified the consequences of such a modal shift, noting that car ownership is lowest in the most deprived parts of Liverpool and highest in the least deprived, but the negative impacts of air pollution are most likely to be felt by those households who do not own a car (Nurse and Dunning 2020). There are particular risks for routes serving less populated areas in towns and peripheral parts of the city-region, as bus companies may cut services in response falls in demand that may be temporary. Ensuring public transport services are protected and enhanced over the coming years will be a key challenge and crucial to ensure inequalities in opportunity between different places are not entrenched.

We welcome the government's recent *Bus Back Better* report, which opens the way for bus franchising throughout England, and encourage LCR metro mayor Steve Rotheram and LCRCA to pursue the franchising model, rather than adopting an enhanced partnership approach. Government has asked combined authorities to publish a local bus service improvement plan by October 2021 and to have decided on either an enhanced partnership or franchising approach by April 2022. It is encouraging to see government take this issue seriously and address long-term underfunding of bus services resulting from privatisation over the last 35 years. It is crucial that combined authorities and local transport providers are offered sufficient financial support to adapt to franchising models, particularly in the context of continuing reduced demand as social distancing restrictions impact levels of bus usership.

The importance and potential of active travel has also been emphasised since the start of the pandemic. During the first lockdown in Spring 2020, local authorities were encouraged by government to provide additional space for cycling and walking in the form of pop-up bike lanes and footpaths, and several appeared across Liverpool City Region. However, provision was patchy, and many of these lanes were not made permanent. In combined authority areas such as Liverpool City Region where key routes span several local authority areas, it is important that the mayor and combined authority are empowered to provide strategic leadership on this issue, to ensure seamless off-road cycling routes are available for commuters, students and children to travel safely (Nurse and Dunning 2020).

About the Heseltine Institute for Public Policy, Practice & Place

The Heseltine Institute is an interdisciplinary public policy research institute which brings together academic expertise from across the University of Liverpool with policy-makers and practitioners to support the development of sustainable and inclusive cities and city regions.

The Institute has a particular focus on former industrial cities in the process of regeneration, such as the Liverpool City Region (LCR). Through high impact research and thought leadership, knowledge exchange, capacity building, and evidence based public policy, the Institute seeks to address key societal challenges and opportunities pertaining to three overarching themes: 21st Century Cities, Inclusive and Clean Growth, and Public Service Reform.

This submission is based on work undertaken by the Heseltine Institute over several years. Working with local partners, including Liverpool City Region Combined Authority and the elected mayor of LCR, we have helped to develop local understanding of how English sub-national devolution in recent years can shape the city region's economy and society. In 2019, a review of Liverpool City Region's devolution journey by Professor Michael Parkinson of the Heseltine Institute and colleagues from Liverpool John Moores University identified strong support amongst local leaders for further devolution over key policy areas, and in turn a commitment to be held accountable for local policy successes and failures (Parkinson et al 2019).

Since the emergence of the COVID-19 crisis, we have published a series of [policy papers](#) addressing issues related to the social, economic and health impacts of the pandemic. These include:

- [Principles for Uncertain Times: Building an Effective Post-COVID Economy in Liverpool City Region](#)
- [Devolution in England after the pandemic: time to 'level up' and 'fill out'](#)
- [Building back better: what role for the Liverpool City Region economic recovery panel?](#)
- [After Covid-19: is Liverpool still beyond or back on the brink?](#)
- [Intergovernmental relations in England: bridging the central-local divide](#)
- [Prioritising health and equity in recovery the COVID-19 pandemic](#)

This submission utilises extensive research on devolution and decentralisation to propose a series of long-term reforms. The proposals included here are aspirational and acknowledge that moving power out of Westminster must be

done carefully and with recognition of the varying circumstances of cities and regions across England. However, we believe it is important to establish a roadmap for devolution and for government to set out the overarching aspirations for its levelling up agenda.

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