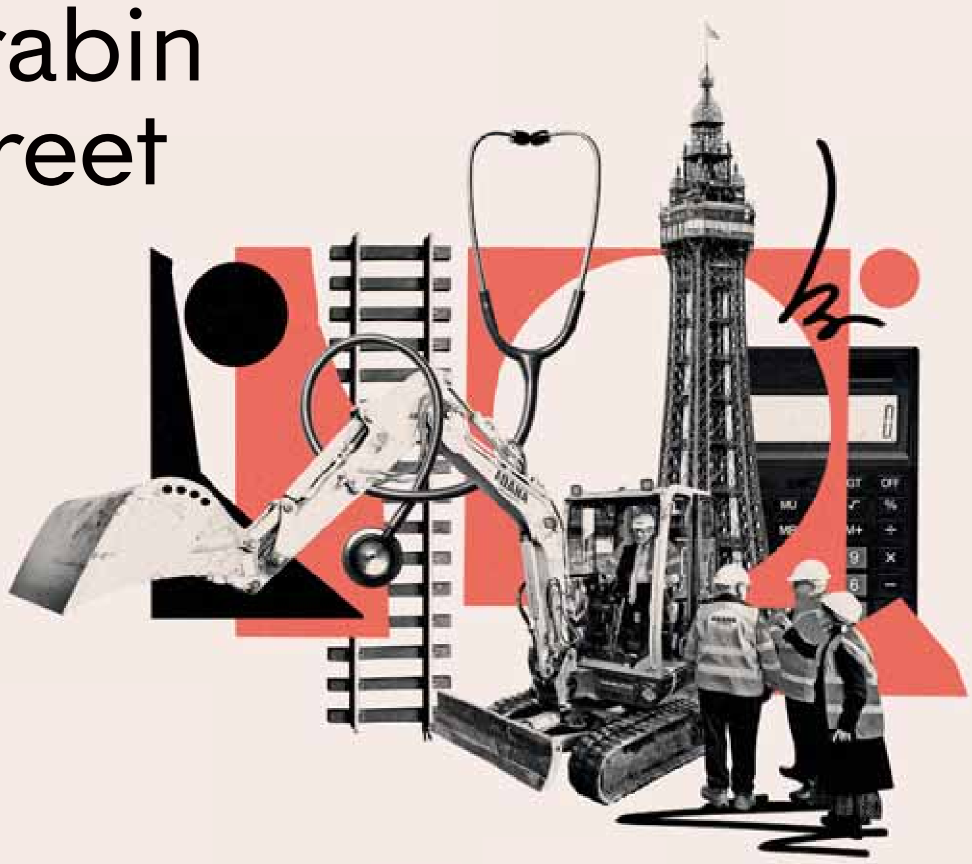
THE NEW STATESMAN

Spotlight

Thought leadership and policy

Regional Development: An uneven recovery?

Neil O'Brien MP
Tracy Brabin
Andy Street



THE NEW STATESMAN

Regional Development in the Age of Levelling Up

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The *New Statesman*'s annual Regional Development Conference is a day of fascinating insights and discussions centred around the most pressing questions for the future of the levelling up strategy and local growth.

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The cost of working crisis

There are 332 pages and 12 national missions in the levelling-up white paper, which the government published in February. Though the publication added long-awaited substance to the Conservative slogan, given the breadth of its ambition oversights were inevitable. One such omission was net zero. The move to a low-carbon economy is mentioned 62 times in the paper, but pivoting to a more sustainable economy does not get a dedicated mission of its own. As Andy Street, the mayor of the West Midlands Combined Authority, told *Spotlight* (see pages 21-23), net zero was a "big gap".

Another missing piece, arguably, is childcare. Mission 5 of the paper aims to increase children's educational standards, including in early years settings, by 2030. While this is vital to any meaningful levelling-up agenda, it does not address the broken childcare system. Not only is the sector in crisis following the Covid-19 pandemic, the cost to working parents across the UK is crippling – and far higher than in other, more balanced, OECD economies.

Changing the system would help working parents and it would be good for the economy. Research has shown that investing in care creates jobs. But given that, as research has also shown, women do the majority of childcare, it is perhaps unsurprising that it has yet to be a top priority for policymakers. At the Department for Levelling Up, Housing and Communities, six out of seven ministers are men. A look at regional leadership reveals a similar picture, with only one woman metro mayor – Tracy Brabin, of West Yorkshire – out of ten.

The secretary of levelling up, Michael Gove, and his ministers are hardly the only politicians to have this blind spot. Last week, Boris Johnson reportedly suggested cutting staff-to-child ratios in nurseries in order to cut costs. The idea was rightly met with dismay. If the Prime Minister truly wants to help Britain through the cost-of-living crisis, and to meaningfully level up, he would do well to take the problems of working parents – and certainly of women – more seriously. Many of them will be delivering their verdict on the Conservatives at the local elections on 6 May. ●

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£7bn boost announced for local buses

In what is being touted as a scheme to "level up" transport services across the country, the Department for Transport has announced £7bn of funding to improve bus services outside of the capital.

In a major step away from the model of bus service deregulation that has been in place since 1986, successful local transport authorities will receive funding to create London-style public transport systems using a franchising model similar to the one run by Transport for London.

Currently, many bus services outside of the capital are run by a broad array of separate private operators choosing routes, schedules and ticket prices on a commercial basis, with little overall control by a transport authority. Different services and transport modes are often not integrated as operators compete with one another. Quieter routes that are sorely needed by local communities are often underserved.

Last year, the government advocated for a new approach in its Bus Back Better strategy, which said that local public bodies under the direction of councils and combined authorities will decide on fares and determine timings and routes according to what is socially necessary, with private companies bidding to run those newly regulated services.

Bus passenger numbers outside of London have plunged over the past four decades of deregulated services, while journeys in the capital – where a public regulatory body was retained – have continued to rise. Londoners enjoy some of the lowest fares in the country.

The Transport Secretary Grant Shapps has indicated that the new delivery model and the funding settlements intended to overhaul local networks will drive down fares. "For too long people outside of London have had a raw deal," he said.

PETER BYRNE / WPA POOL / GETTY IMAGES

London gets biggest share of new levelling-up fund

London will receive the largest allocation of the new Shared Prosperity Fund (UKSPF) of any combined authority in the UK.

Ministers launched the £2.6bn fund in April to "spread opportunity and level up the country". The three-year funding will go towards regenerating run-down high streets, tackling antisocial behaviour and crime, helping people find new jobs, and upskilling adults in maths.

It replaces the pre-Brexit European Social Fund and the European Regional Development Fund. The government promises the UKSPF will be "more flexible and locally led", and less "bureaucratic".

Allocation is based on population size and the extent of need, looking at factors such as unemployment and income levels. England will receive the most at £1.58bn, followed by Wales (£585m), Scotland (£212m) and Northern Ireland (£127m).

The Greater London Authority will receive more than any other English combined authority, at £185m, followed by the West Midlands at £105m, and Greater Manchester at £98m. Mayor of South Yorkshire, Dan Jarvis, has said the allocations pale in comparison to the EU funding. His combined authority will receive £46m. He called the announcement an "outrage", and a "cynical Conservative con".

Labour: schools white paper is a "missed opportunity"

The schools white paper, labelled "levelling up in action" by the Education Secretary Nadhim Zahawi, has come under intense criticism since its announcement last month.

Plans for schools include higher targets of attainment in English and maths, a "parent pledge" that will see teachers better support struggling children, as well as a target to make every school be in (or initiate the process of joining) a multi-academy trust by 2030.

However, many say the plans fall short. Shadow education secretary Bridget Phillipson called the white paper a "missed opportunity", adding that the plans were "offering nothing to change children's day-to-day experience in the classroom". Achievement gaps between advantaged and disadvantaged pupils – which "have their roots beyond the school gate", such as inadequate housing and poor transport links – still have not been addressed, former children's commissioner for England, Anne Longfield, wrote in an online article for *Spotlight*. "These too needed to be part of the white paper." ●

Aims of the levelling-up white paper

90%

of English primary school pupils will have the expected standard in reading, writing and maths by 2030

200,000

more people will complete high-quality skills training annually in England by 2030

50%

decrease in the number of non-decent rented homes by 2030

Government revisits new coalmine plan

The secretary for levelling up, Michael Gove, is rumoured to be considering plans to open a new coal mine – the first since the 1980s – in Cumbria as a means of reducing the UK's reliance on Russian coal and creating jobs in the surrounding area.

Councillors initially approved the project in 2020, but the government announced an inquiry after opposition mounted in the lead-up to COP26 last year. The *Sunday Telegraph* reported that Gove has been considering the proposal as part of a series of recommendations by the Planning Inspectorate.

The Conservative mayor of Copeland, Mike Starkie, has asked the government to approve the coal mine to ease the impact of the ongoing Russia-Ukraine crisis and support the levelling-up agenda by creating well-paid jobs in the region. Supporters argue the mine could create valuable jobs in the face of the ongoing cost-of-living crisis. It has been estimated that the mine will create 500 jobs, though some critics believe that number is exaggerated. ●

Ministers pressed for Building Safety Levy clarification

Social landlords should be exempt from the Building Safety Levy, Clive Betts, chair of the levelling up, housing and communities select committee, has urged.

The levy, which will apply to developers looking to build new residential buildings, will be put towards efforts to fix safety defects on existing buildings.

Earlier this month, it was confirmed 36 of the UK's biggest developers would contribute £5bn to government plans.

Betts fears that charges incurred by social housing landlords could be passed on to renters, and has written to Michael Gove, the Secretary of State for Levelling Up. "Social landlords should have full access to funds for building safety remediation and be exempt from the Building Safety Levy," said Betts. "More detail from the secretary of state on how social landlords will be affected would be welcome." ●

LEON NEAL / GETTY IMAGES

Advertorial

Health and wealth are inseparable

If we want to reduce the life expectancy gap, we need to look beyond the NHS

By Andy Ratcliffe

In association with Impact on Urban Health

Staff shortages, delays to cancer treatment, year-long operation waiting times and overwhelmed ambulance services – these are the things we tend to think about when we consider the current state of health in the UK.

Addressing the burden on the NHS front line is a crucial part of improving the country's health. But health is about so much more than healthcare services; it encompasses all facets of our lives, from the food we eat to the air we breathe and the homes we occupy. To narrow the inequality gap, the government needs to focus its efforts on the whole picture.

Rarely do we think about unemployment, access to education, and availability of green spaces or adequate housing as "health issues". But all this and more impact our life outcomes. Our health and well-being are influenced by a complex range of factors, including our income, ethnicity and race, where we live, and even our digital and financial proficiency.

The link between health and wealth in particular is inseparable; areas of high deprivation are more likely to have higher rates of childhood obesity, pollution-related respiratory conditions and lower life expectancy, which is the biggest indicator of health inequality by far. The life expectancy gap can be as stark within cities as it is between them. In south London, a man in Peckham typically lives 12 years fewer than a man living in neighbouring areas Herne Hill and Dulwich Park. The statistics are also shocking on the world stage. According to the Health Foundation think tank, women living in the poorest areas of England are dying earlier than the average woman in all other OECD countries except for Mexico.

This inequality urgently needs to be addressed. One of the most ambitious goals of the government's levelling-up white paper is to narrow the gap in healthy life expectancy (HLE) by 2030, and increase HLE by five years by 2035. To make this happen, the government needs to focus on prevention rather than just cure – improving access to decent housing, healthy food, unpolluted playgrounds and parks, employment opportunities and the benefits system.

As the cost-of-living crisis worsens, a holistic approach has never been more important. Separating health from economics does not help us find solutions; research consistently shows us that when people are well, they are more productive. The recent *Marmot Review* into health inequities found that ill health is responsible for 30 per cent of the productivity shortfall between the "Northern Powerhouse" and the rest of England.

At Impact on Urban Health, our programmes address the complex causes of poor health across Southwark and Lambeth in London. One area we work in is financial inclusion – the link between health and debt is well-documented, with research from the Centre for Social Justice revealing that two-thirds of people using loan sharks have a long-term health condition. Our Covid-19 Financial Shield scheme provided financial and health advice to people who couldn't work during the pandemic due to having a long-term condition. This included access to GP services but also guidance around money and debt management and benefit entitlements, helping them significantly boost their yearly savings. This in turn improved their mental health, reducing the emotional toll that comes from money worries while not being able to work.

We also run several initiatives to improve air quality; we've partnered with engineering consultancy Arup and the construction industry to improve building practices across south London, and have worked with think tank Centre for London to research how to reduce delivery-related emissions from freight (an industry that boomed during lockdowns as more people opted for online deliveries).

If the government is serious about closing the life expectancy gap, it needs to invest in these kinds of coordinated, localised measures focused on finding practical solutions that make a real difference. Tackling the "social backlog" is as crucial as tackling the NHS backlog. Financial support to help people through the cost-of-living crisis, policies to improve access to decent housing in the private rental sector, and the recent increases to the minimum wage are all part of making people and places healthier. The upcoming health disparities white paper is a chance to do this and create a more cohesive response to health inequality.

FRANCIS AUGUSTO

Life expectancy can differ vastly within cities as well as between them

Individual cities also have a key role to play in developing innovative solutions. London's Ultra Low Emission Zone (ULEZ) has reduced air pollution, Manchester's integration of health and social care services has unified services, and Leeds' investment in healthy school meals has reduced childhood obesity. These are all models that can inspire other regions; innovation should not happen in silos, and both the public and private sectors can help to instil such initiatives nationwide. This could include a government programme for universal, free, healthy school meals, big supermarket chains discounting fruit and vegetables nationwide, or construction companies and housing associations investing in infrastructure with a lower carbon footprint.

Crucially, there also needs to be a shift in thinking. We often associate health conditions such as diabetes and obesity with willpower or personal responsibility when environment is a massive factor. Deprived areas have five times as many fast-food shops as richer areas, and are ten times more likely to have betting shops – if someone is surrounded by these things, they are more likely to use them. We need to think about health as a community issue rather than an individualistic one.

The pandemic was evidence that our health is paramount – but it also demonstrated that healthiness is not equal, with people from minority and disadvantaged groups being far more likely to be hospitalised or die from Covid-19. If the government really wants to reduce the life expectancy gap, it must recognise that health and social inequality are intrinsically linked. ●

Andy Ratcliffe is executive director at Impact on Urban Health, which is part of Guy's & St Thomas' Foundation

Profile

NEIL O'BRIEN

Levelling up: empty slogan or comprehensive agenda?

Minister Neil O'Brien on the recent white paper and why the Conservative Party is changing

By Jonny Ball

Throughout the 2019 election, aside from the promise to fulfil the ubiquitous "Get Brexit Done" slogan, a new, more amorphous term could often be heard repeated on Boris Johnson's election trail as a central plank of the Conservative offer – "levelling up".

From the outset, it was elusive: a phrase that could mean different things to different people, but its strongest implication was a rebalancing of wealth and power towards the "left-behind" regions of the UK. These were places outside of London and the south-east battered by deindustrialisation, underinvestment, and a concentration of political power in Whitehall. The phrase has been roundly criticised for its imprecision and lack of substance. In July of last year, parliament's business, energy and industrial strategy committee said that the levelling-up agenda risked "becoming an everything and nothing policy". Dominic Cummings, the Prime Minister's former chief adviser, described it as "vacuous". And it has been mocked by opposition figures as "a slogan in search of a policy", in the tradition of David Cameron's long-forgotten "Big Society".

Neil O'Brien, the minister for levelling up, wants to dispel those doubts. A state-educated northerner, he once might have cut a lonely figure on the Tory benches, but his trajectory in some ways mirrors that of his contemporary party. He worked for the "no" campaign against Britain joining the euro and founded a Eurosceptic think tank. He served as special adviser to both George Osborne and Theresa May. A civil servant who has worked with him told *Spotlight* that he was "a thoughtful guy" and "an intellectual", well-liked by colleagues in the department. Having entered parliament in 2017, he wrote an influential pamphlet, *Firing On All Cylinders*, which advocated for many of the policy aims then adopted by Johnson's Conservatives: looser fiscal policy, higher investment, a more geographically balanced economy, and an ambition to boost incomes (although success on at least the latter front looks set to be woefully hampered by rampant inflation).

"There is a change in the Conservative Party," he tells *Spotlight*. The Harborough MP, appointed to the Department for Levelling Up, Housing and Communities in September 2021, is keen to explain the rationale behind *Levelling Up the United Kingdom*, the long-delayed white paper published in February of this year. "There are a lot of changes in the fundamentals of politics in the UK and indeed in other countries," he says.

Less than a decade ago it would have been unthinkable for many working-class seats in the Midlands and the north to return Conservative candidates to Westminster. Peter Mandelson, when MP for Hartlepool at the height of New Labour's powers, once told a cabinet colleague that his "preoccupation with the working-class vote" was wrong-headed because those voters had ▸

◂ "nowhere else to go". He was wrong. Hartlepool is now a Conservative seat, and the left now struggles to make gains outside of large cities, with its core demographic having shifted away from the struggling heartlands and towards younger, more diverse metropolitan centres with more dynamic economies.

The average salary in 2019's new Conservative seats is lower than the average in Labour seats, O'Brien says. Labour's only gain in that election was the wealthy London suburb of Putney. The Conservatives won swathes of former coalfields, sites of the 1984 miners' strike, where traditional industries and trade unionism once held sway. The December 2019 election represented the high point in the narrative of a new blue-collar conservatism, one that was less Thatcherite, more comfortable with expansionary fiscal policy, and more communitarian. "There's a huge change socially in the politics of Britain, like other Western countries, and I think we're responding to that. The levelling-up agenda is definitely responding to that," O'Brien adds. Across the Western world, parties of the left are increasingly seen as a vehicle for the grievances of a growing graduate class that the celebrated economist Thomas Piketty has christened the "Brahmin left". Accompanying that shift are parallel phenomena on the right: of populist Republicanism in the US Rust Belt, of former leftist bastions in post-industrial France opting for far-right insurgents, as well as the decline in support for traditional parties of social democracy across all of Europe. These were the "morbid symptoms" identified by the secretary for levelling up, Michael Gove, as products of the financial crisis and globalisation "eroding social solidarity". O'Brien sees levelling up as the flagship Tory agenda for these new times.

The problem is, according to many experts, for all the lofty ambitions of the white paper, and for all the clear-cut diagnoses of Britain's deep-rooted regional imbalances, the policy substance and resources needed to successfully achieve its aims seem to be sorely lacking.

"The problem is so vast, you need a massive bazooka to make a dent in it," O'Brien admits. But the white paper, padded out with case studies of Renaissance Italy and a potted history of the Industrial Revolution, offers up a mix of already announced policies from across government, a re-announced alphabet soup of centrally controlled funding pots for local authorities, a renewed commitment to devolution and more elected mayors, and reforms to the way R&D spending, arts and culture grants, and public procurement are administered by SW1 mandarins.

Twelve "missions" set out a broad range of objectives encompassing a drop in neighbourhood crime, a rise in healthy life expectancy, and an increase in pay and productivity. In these three areas, at least, the government has a mountain to

Boris Johnson on a visit to Blackpool with levelling up secretary, Michael Gove

> **"Levelling up is a response to huge social changes in the politics of Britain"**

climb of its very own making: since 2010, the UK's productivity growth has lagged far behind all of its G7 rivals and we're about to enter the biggest squeeze in living standards in six decades; life expectancy has stagnated and even fallen in some years (many health researchers say this is a result of spending cuts); and the government's plan for 20,000 police officers merely reverses the reductions imposed on the force in the past 12 years.

Paul Johnson, the director of the Institute for Fiscal Studies, has said there is "little detail" on how most of the white paper's 12 missions will be met, with even "less detail on available funding". The Centre for Cities think tank has compared levelling up to German reunification after the fall of the Berlin Wall, adding that the true cost of narrowing the gap between Britain's regions would run into the trillions. Michael Marmot, author of the *Marmot Review* into health inequalities, has said that the resources attached to levelling up were "tiny" compared with "the scale of the problem". And even before its publication, *The i* newspaper reported a government insider as saying "everyone, including the Secretary of State, thinks it's shit".

Not for the first time, the inclusion of heftier funds is said to have been blocked by the fiscally conservative Chancellor, Rishi Sunak, and a Treasury that frets about levels of borrowing while imposing an arbitrary 3 per cent of GDP limit on public investment.

Predictably, O'Brien is defensive of the whole agenda. "It's really not just about spending," he

PETER BYRNE / WPA POOL / GETTY IMAGES

says. "It is about structurally trying to do things in a different way." The white paper renews the government's commitment to new devolution deals and directly elected mayors for counties as well as large cities. "We came into a situation in 2010 where the only part of England that had a devolution deal was London," he adds. Since then, metro mayors like Andy Burnham have proliferated, acting as ambassadors for their locales on the national and international stages.

O'Brien describes it as his "obsession" to instil a comprehensive, whole-of-government approach to levelling up across departments. "I am a genuine believer in this having an economic argument for it, as well as a kind of social justice-y, political argument," he says. "I do think that you would have a stronger economy overall if you could end the situation where you have one part of the country that's massively overheating and you can't afford a house, and other parts that are really lacking and where assets are neglected." He dismisses accusations that the multiple policy areas, ad hoc, one-off budgets, and scattered departmental initiatives in the white paper amount to thin gruel: "Instead of looking at an individual fund and saying that this isn't much in the totality of public spending, look at the combination of all these different things – the City Region Sustainable Transport Settlements (CRSTS) are worth nearly £6bn, the Integrated Rail Plan (IRP) was £96bn, there's £4.8bn for the Leveling Up Fund (LUF), £2.6bn for the Shared Prosperity Fund (SPF), £3.6bn for the Towns Fund."

All of this funding is to be welcomed, as is the promise to ensure government subsidies are spread more evenly outside the traditional R&D "golden triangle" of Oxford, Cambridge and London, and the large arts and culture institutions in the capital. Extra money will always come as a relief to many local bodies squeezed by over a decade of austerity. Indeed, as O'Brien points out, government spending "is growing in real terms pretty dramatically", with public spending, the total tax burden and capital investment all reaching a proportion of GDP not seen in a generation. But much of the £96bn earmarked for the IRP last year, announced two months before the levelling-up white paper, was already spoken for. It was taken up by the first stage of HS2 between London and Birmingham (the remainder of the plans had been diluted and fell short of what had been originally promised). Similarly, the SPF replaces the regional grants that were once paid by the EU, and largely replicates its methodology.

The funding pots O'Brien lists represent only a fraction of those mentioned in the white paper, along with plans for broadband roll-out and a fan-led review of football governance. To these he adds two more separate policies: "changes to the Universal Credit taper rate, where you're keeping £1,000 more – that's a levelling-up measure; the increase in the National Living Wage to being one of the highest minimum wages anywhere in the world – that's a levelling-up measure". Generously, one might say levelling up is the singular focus of a government that is implementing a broad but strategic, multi-pronged approach across all of its ministries. More cynically, one might counter that it lacks focus, and that its failure to prioritise will mean that the business, energy and industrial strategy committee's contention that it is an "everything and nothing" policy will likely be proven accurate.

More dangerous for the whole project could be the perilous situation the Prime Minister might be in after the 5 May local elections in the wake of "Partygate" and amid the cost-of-living crisis. The whole impetus behind the levelling-up agenda could be lost to a newcomer in No 10 with less of a taste for devolution, a predilection for more austere budgets, someone with a more "true blue" complexion and a lack of commitment to the Conservative Party's new demographics. Levelling up could, in just a few months, fall by the wayside of priorities under a new premiership, going the same way as the Northern Way, Urban Development Corporations or English Partnerships – all well-meaning regional initiatives lost to Westminster's constant policy churn. "I just don't think he's going anywhere," O'Brien insists in response. "I expect him to still be there. So I don't buy the premise… I'm afraid."

With economic and political crises on the horizon, we will soon find out how true the commitment to levelling up really is. ●

"The problem is so vast that you need a bazooka to just put a dent in it"

A plan in place

Levelling up with a location-based approach to social mobility

By Karl P Edge

In association with KPMG

It matters where you come from and what your parents do. Research continues to show that these circumstances impact on the opportunities that are available to each of us across our lifetimes.

In the UK, the link between socio-economic background and adult outcomes is stronger than it is in many other developed countries.

Barriers to social mobility are estimated to cost the UK £39bn each year, impacting on our productivity, our mental health and our life expectancy.

As is widely acknowledged, people from more affluent backgrounds have greater opportunities and life chances than those from relatively less-advantaged starting points.

So, the focus of many employers on their efforts to improve social mobility, by building more diverse, inclusive and accessible businesses, is valuable. Broadening opportunity across the population has the potential to improve business outcomes as well as social ones, boosting the country's prosperity.

The geography of opportunity

Geography impacts social mobility. The 2021 Social Mobility Barometer, from the government's Social Mobility Commission, showed that three-quarters of adults believe there are large differences in the opportunities available in different parts of Britain today.

The UK's uneven economic geography limits progress, while brain drain – driven by the perception that many young people need to relocate to build careers – is a major challenge, especially as it risks supporting a negative cycle.

Covid-19 has exacerbated many regional inequalities, so it is particularly welcome that businesses, policymakers and institutions are converging around the concept of a place-based approach.

The phrase "stay local, go far" features in the opening gambit to the government's levelling-up white paper that, in its diagnosis of the UK's regional imbalances, recognises that geography can have a significant impact on life chances.

The centrepiece of the levelling-up agenda – its 12 policy missions for 2030 – are aimed at spreading opportunity widely across the UK. It indicates that the government is thinking as much about supporting people in less-connected rural and coastal areas as it is concerned

Social mobility is crucial to levelling up in cities and regions such as Birmingham

with the imperative to regenerate towns and grow global cities in each region.

The white paper was preceded by the Social Mobility Commission's highly significant *The Long Shadow of Deprivation* report, published early in the pandemic, which considered the postcode lottery impacting social mobility in the UK. Its analysis showed that individuals aged 28 from disadvantaged families in England's social mobility "cold spots" earn, on average, just over half the amount of those from similar backgrounds in the most mobile areas.

There is increasing recognition that somebody's progression and life chances can be impacted by where they live or where they start, and that policy interventions should be directed towards spreading opportunity more widely across the UK.

Breaking down barriers

Our sector – professional services – is now well represented at the top end of the Social Mobility Foundation's Social Mobility Employer Index, with KPMG proudly ranked at number two in the UK.

The City of London Corporation has been commissioned by HM Treasury and the Department for Business, Energy & Industrial Strategy to take forward important work looking at boosting socio-economic diversity at senior levels in the financial and professional services industry.

At KPMG we have been prioritising social mobility for over a decade. Last year, for the first time, we published our socio-economic background pay gaps, and made a commitment to ensuring 29 per cent of our UK partners and directors come from a working-class background by 2030. We also launched a new national Social Mobility Network, empowering colleagues from less-privileged backgrounds to achieve their development goals and also to share their experiences.

Such interventions are helping us, along with our industry peers, to dismantle barriers to access and progression, but of course, wider factors limiting opportunity remain.

The business of place

KPMG's heritage lies in the UK's regions, which are also home to many of the clients we work with, and our local presence informs our approach to social mobility.

From a recruitment perspective, our firm needs to be accessible to talent in every area of the UK because we keenly value the local insights and passion our people bring to our regional markets. By hiring the smartest people from the broadest backgrounds, we reflect our diverse range of clients and we perform better.

Our national presence, with 22 offices across the UK, means our people are connected across our network, wherever they are in the country. This means they can access opportunities, progress their careers, and work on client projects across the firm, without having to relocate.

The pandemic accelerated many new working behaviours, but we have always worked flexibly between home, client sites and our offices. Our approach supports efforts to level up because it allows us to stay local, within our communities, more often, while staying connected with our offices across the UK's towns and cities.

A community partner

We take a holistic approach to progressing the social mobility agenda – with a focus on people, places and partnerships.

In addition to the changes we have made and continue to make within our business, such as increasing our apprenticeship schemes, our local and regional partnerships are key to making a greater difference in the places we work. For example, KPMG is the anchor lead for the Business in the Community Place campaign in Rochdale, working alongside other businesses and local stakeholders to develop a long-term road map to address local inequality. We also have strategic partnerships with the University of Leeds and the University of Nottingham aimed at driving regional economic growth.

As noted, the Social Mobility Commission's analysis has shone a light on the UK's coldest spots and has helped us to ensure that 28 per cent of the beneficiaries of our community programmes are from those struggling areas; this year, we are aiming for that to rise to 30 per cent.

Our industry, companies across the UK, and policymakers increasingly understand that background matters, and so does geography. The converging of actions across the public and private sectors can deliver a step change in meeting the UK's social mobility challenge, and widen opportunity for all. ●

Karl P Edge is Midlands regional chair and office senior partner for Birmingham, KPMG UK

SHUTTERSTOCK / MARK N DOWELL

Where has the UK bounced back?

Recovery from the Covid crisis varies across the country

By Ben Walker

Not all recoveries are created equal. Depending on where you look, across the UK people can be fully or mostly recovered from the coronavirus crisis, or not at all.

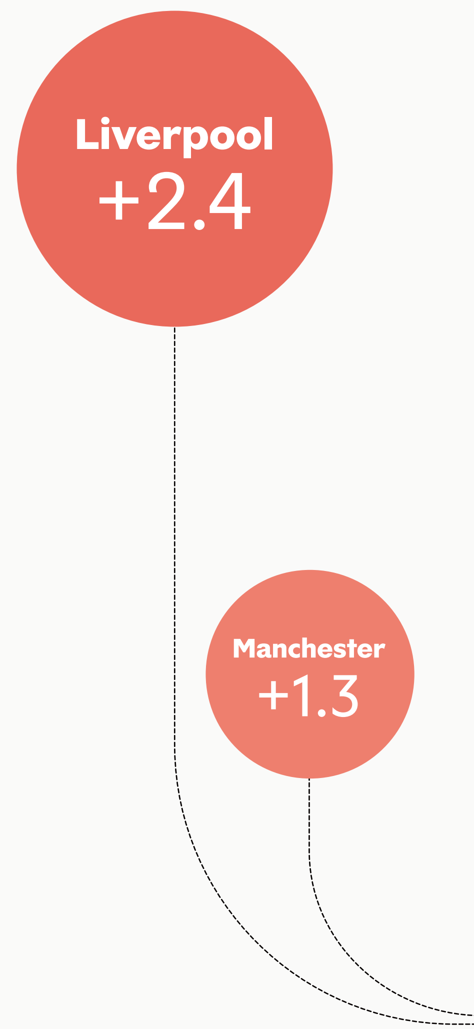
Data from Lowell's Financial Vulnerability Index, which measures how reliant people are on social welfare, credit cards and alternative financial products, shows where in the country people are bouncing back. The map illustrates as much – the darker the blue, the greater the recovery. In Wiltshire and the Cotswolds, people were more financially secure in the closing months of 2021 than at the start of Covid-19. For them, the number of residents reliant on emergency savings, in credit or nearing default was lower than during the UK's first nationwide lockdown.

But in places such as Birmingham and central Liverpool, as well as neighbourhoods in west Yorkshire, financial insecurity was higher than at the start of Covid-19.

This regional variation in recovery is risky for the economy as a whole. If at the end of 2021 you were already financially vulnerable, and more so than before Covid-19, then the recent rise in fuel bills and the general cost of living is likely to hit you harder than the average Briton. What this map and data tells us is where people are likely to be hit hard and where more support may be needed.

Financial insecurity is not just the reserve of the built-up boroughs of red-brick England, however. Cornwall was hit hard in the early months of Covid-19. Its tourist economy dried up, and seasonal work didn't bounce back as much as it did in urban England. In Truro and Falmouth, household financial vulnerability is also higher than it was at the start of Covid. Blackpool, meanwhile, home to some of the UK's most deprived neighbourhoods has, in most parts, recovered to pre-pandemic levels (see pages 26-29).

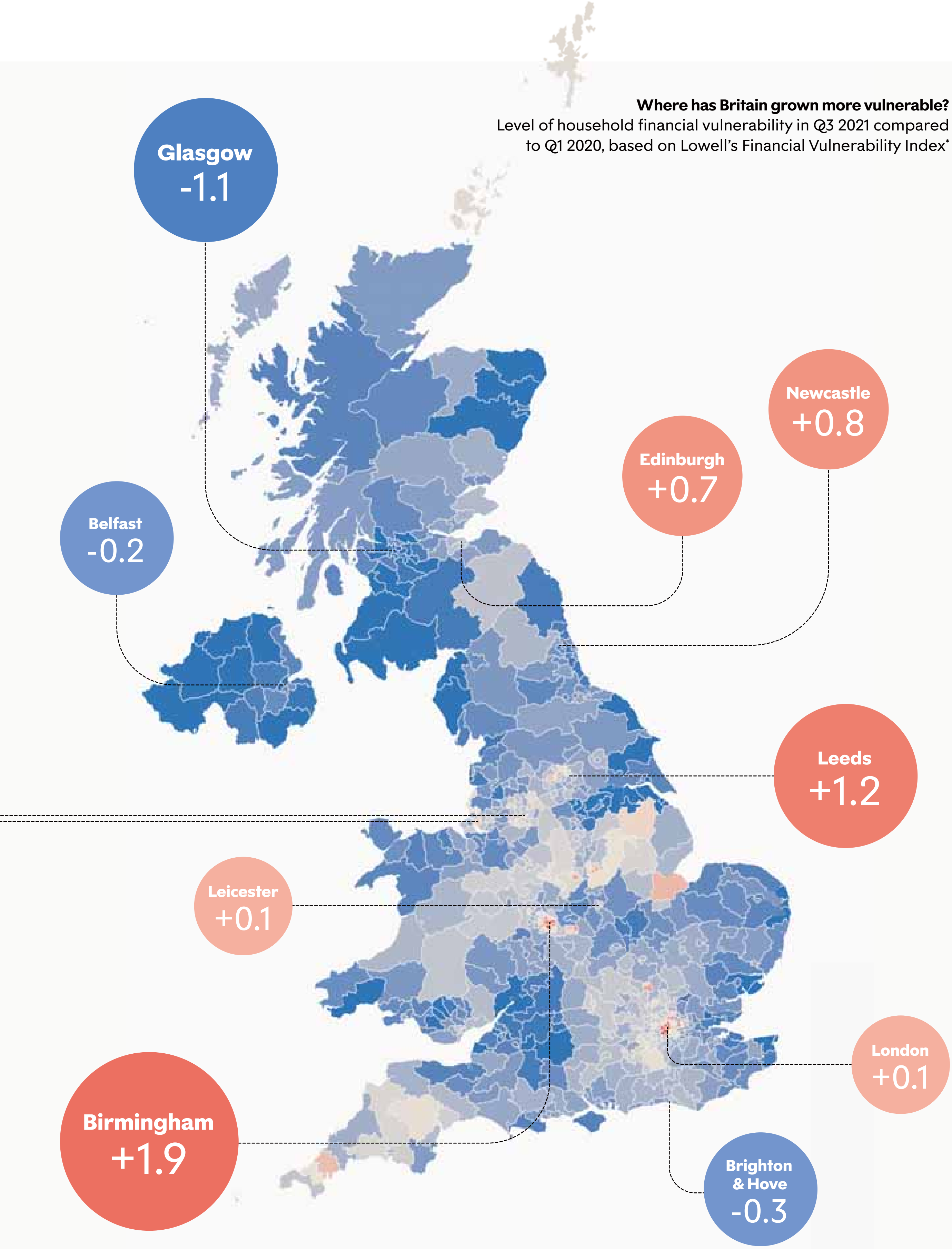
For data on UK politics and policy, visit: sotn.newstatesman.com



*Financial Vulnerability Index**
Measures reliance on social welfare, credit cards, and alternative financial products. Plus and minus scores reflect an increase or decrease in vulnerability on the index.

less vulnerable — more vulnerable

Where has Britain grown more vulnerable?
Level of household financial vulnerability in Q3 2021 compared to Q1 2020, based on Lowell's Financial Vulnerability Index*



SOURCE: LOWELL

Building communities across the UK

From filling skills gaps to tackling unemployment, our work helps to improve livelihoods

In association with BAE SYSTEMS

At BAE Systems, we not only develop technological solutions that help to protect the UK; we also make a significant contribution to the economy and a positive impact on the diverse societies in which we operate.

Independent analysis by Oxford Economics shows that we contributed more than £10bn to the UK's GDP in 2020. We delivered almost £4bn in exports and employed 143,000 people directly and indirectly through a network of 5,000 suppliers.

Our work is helping to fill skills gaps. With nearly three-quarters of our UK-based workforce in highly skilled engineering roles, we are closely aligned with the government's focus on science, technology, engineering and maths (STEM) skills. To further develop our talent pipeline, we invested £93m in education and employee training programmes in 2020, including for 2,000 apprentices and 600 graduates.

Tackling youth unemployment is a priority for us, and we work with The Prince's Trust on addressing it through the Movement to Work and Kickstart programmes. Our UK business leaders also take pride in sharing their expertise – more than 190 of our senior leaders mentor individuals within 200 small and medium-sized businesses across the UK. The productivity boost of these mentoring relationships was estimated to be £12.2m between March 2020 and March 2021.

We recognise the importance of boosting employment outside of London and the south-east, and our dedication to supporting the government's levelling-up agenda and Plan for Jobs is evidenced by our regional footprint – we have 16,570 full-time employees in the north-west of England alone. We build some of the world's most advanced military aircraft at Warton and Samlesbury in Lancashire, and we also employ roughly 10,000 people in Barrow-in-Furness, where we build nuclear-powered submarines. In 2020, we collaborated with suppliers to spend nearly £700m across the UK's most deprived local authorities.

In Scotland, we support nearly 6,500 jobs in shipbuilding, which includes building the Type 26 frigate, an innovative design developed in the UK and now adopted by Australia and Canada. We provide further capabilities to the Royal Navy in the south by managing Portsmouth Naval Base, where we carry out upgrade and maintenance work on warships, including the two Queen Elizabeth-class aircraft carriers.

We are committed to supporting the government's net-zero goals and are working closely with the Ministry of Defence to develop sustainable defence technology. We have also set a target of achieving net-zero greenhouse gas emissions across our operations by 2030.

Overall, BAE Systems' investment in people and new technology benefits both the economy and society, with average productivity calculated at £83,000 per worker – 29 per cent higher than the overall average across the economy. Our research and development (R&D) partnerships with UK universities also help to keep both our business and the UK on the world stage in terms of technological advancement – we focus on strategically important areas, including artificial intelligence, autonomy and advanced manufacturing. ●

Find out more about the positive contribution we make to the economy, skills and regional prosperity: baesystems.com/ukcontribution

BAE SYSTEMS

Barrow-in-Furness is home to BAE Systems' submarines shipyard

Case study

Barrow-in-Furness is a town in Cumbria, north-west England, and is home to our submarines shipyard. It has high levels of deprivation and some of the region's poorest health outcomes. As a major local employer, we have a significant role to play in boosting the area's prosperity; nearly a third of the working-age population is employed at the shipyard.

To help improve quality of life, our work is helping to create the right environmental conditions. This then enables us to equip people with the skills that businesses like ours need.

We're working with regional partners to create a long-term strategy for Barrow:

- Through the Movement to Work programme, we have offered more than 170 placements to young unemployed people in Barrow, approximately two-thirds of whom have moved on to apprenticeships.
- We collaborate to deliver educational activities. This has included supporting the Furness Education Trust with £400,000 of funding, helping to move it from Ofsted "Special Measures" to "Good" and increasing student entry numbers by 184 per cent.
- As a key stakeholder in the Town Deal partnership, we have worked with local partners to develop a town investment plan, which resulted in £25m of government funding. This involves the creation of a £10.4m Barrow Learning Quarter, including a new university campus.
- We supported the local Barrow Dock Museum project, helping to attract £900,000 of further investment.
- We funded a counselling service with the Cumbria Alcohol and Drugs Advisory Service to support those who have drug or alcohol issues.

The metro mayors speak

What do regional leaders think of the levelling-up white paper?

In February of this year we saw the delayed publication of *Levelling Up the UK*, the government's blueprint for tackling the most extreme regional inequalities of any country in the OECD.

Many have commended the government's diagnoses and its recognition of long-standing and deep-rooted structural factors at play, as well as its commitment to further devolution. Twelve ambitious "missions" set out the criteria for success, which included: increasing pay and productivity, fixing the skills and education gap, spreading R&D subsidies more evenly, reducing health inequalities, reducing crime and increasing home ownership.

But there's much disagreement over the efficacy of some of the document's suggested remedies. The white paper listed a broad selection of one-off competitive funds and infrastructure projects that had already been announced. Promises to move bigger chunks of the civil service out of Whitehall were reiterated. Many pointed out that new resources were lacking, and that much of the 300-page document was made up of rehashed older policies from different government departments, tied together under the levelling-up package.

Part of the proposals centred on expanding devolution deals and establishing elected mayors to every part of the country, so to see how the white paper was received on the ground across the UK, *Spotlight* gauged the reaction of the ten existing metro mayors.

Andy Burnham
Mayor of Greater Manchester

There was a lot to welcome in the ambition of the levelling-up white paper, which has put regional inequality at the heart of our political debate. And there were lots of areas where we have shared goals – for example, to deliver a London-style transport system, to improve housing in the private rented sector, and to "double down" on devolution. The question is whether the Levelling up Secretary can bring colleagues with him. As he has said, levelling up is a "whole-of-government" agenda. Just a few weeks ago we saw a Spring Statement where levelling up barely featured. We stand ready to play our part. I hope ministers across government will do too.

Tracy Brabin

Mayor of West Yorkshire

There's lots of ambition, but the real test will be whether government delivers on its promises to give local leaders the freedoms, flexibilities, funding and tools we need to deliver for our communities to improve the lives of everyone in our region. The white paper rightly identifies the potential of transport-led regeneration, but then the Integrated Rail Plan denied West Yorkshire the opportunity to inject billions of pounds into our economy. Meanwhile, the constant, competitive beauty contests for small amounts of money restricts our long-term planning. We need a proper commitment from everyone in government, not just a single champion.

Sadiq Khan

Mayor of London

Levelling up the UK must not be about levelling down London and withholding the funding and investment our capital city desperately needs. London has some of the most deprived communities in the country and they deserve support and funding just as much as other parts of the UK. If the government truly wants to show its commitment to levelling up, it is also vital that it commits to properly funding the urban transport networks on which our towns and cities rely, including Transport for London. *(Adapted from a February press release)*

4 Jamie Driscoll
Mayor of the North of Tyne

Levelling up needs cash, not concrete. The north has been woefully underfunded for years. Government data shows a £61bn gap between investment in London and investment in the north in the five years from 2014-15. The south-east is home to only a third of our country's population but almost half of the UK economy. The levelling-up missions are sound. But northern mayors need financial powers to secure the scale of investment needed to shape regional policy and to help turn Britain into a high-wage, high-skill economy. Without radical fiscal devolution – federalism, even – the political will won't exist. You can't level up with a few new buildings and some train tracks leading back to the capital. You need to write a cheque.

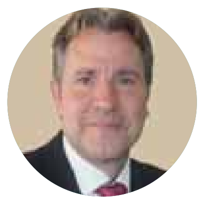
5 Dan Jarvis
Outgoing Mayor of South Yorkshire

The government's white paper is a step in the right direction – but without the means to achieve the positive ambition it sets out. We welcome moves to create London-style powers across England, devolve more control over skills, and to spread R&D and culture spending more evenly around the country. But the paper is missing the means to achieve the goals it sets out. Its 12 "missions" are great aspirations – but their lion-like ambition is matched with mouse-like resources. The money is almost all recycled, and often less than the funds it replaces. This white paper gets some things right, but after the election the Conservatives fought on the promise that levelling up would be their "defining mission", many people will be left asking themselves is this it?
(Adapted from a February press release)

6 Nik Johnson
Mayor of Cambridge and Peterborough Combined Authority

Levelling up is not just for the north. If the white paper is to be the devolution success that the government wants, it must be as relevant to the rural communities of Cambridgeshire's Wisbech as to those of "Red Wall" Widnes. The systemic change needs to be delivered intra-regionally just as crucially as interregionally.

However, the rising tide which is to lift all boats can only succeed if the hulls of the boats are not already fatally holed. We need to recognise that decades of widening inequality has been a disaster for growth. A "3 Cs" approach – for "compassion", "cooperation" and "community" – is what is now required to mend the underbelly of HMS United Kingdom.



7 Dan Norris
Mayor of the West of England

I love the west of England and want it to be the best possible place it can be. But to do that we need more than slogans from the government. We need an understanding that in areas of relative prosperity there are also pockets of severe need.

I need more resources but, more crucially, levers of power. Some of that's pretty basic and could be fixed overnight – for example, it's bonkers to be in charge of buses but not bus stops! We need London-style devolution, accountability and powers, and then I absolutely believe the west of England and other areas will be able to be an engine for the whole of the UK's success.

8 Steve Rotheram
Mayor of Liverpool City Region

Despite having nearly three years to define "levelling up", the white paper showed that the government is still severely short on ideas to make the phrase actually mean anything. Although there were a few encouraging elements, it was largely a rehashing of old concepts that we had heard before. More disappointing was the fact that it seemed to have been written more in consultation with the Westminster bubble than with local leaders.

True levelling up must tackle structural inequalities. We need good jobs, decent wages, affordable housing, sustained action to combat the cost-of-living crisis, and opportunities for young people. The white paper accepted that principle but it didn't offer any plan or resources to get there.

9 Andy Street
Mayor of the West Midlands

The West Midlands truly shows levelling up in action. From the £1.05bn transport funding settlement we have just received, to the millions we have been awarded for brownfield-first regeneration, as well as a fully devolved Adult Education Budget upskilling people on our patch, we're delivering tangible results on the ground. We are truly an exemplar region for this government's defining mission.

The announcement in the levelling-up white paper that the West Midlands will be one of only two regions chosen to pursue a new trailblazer devolution deal is a tremendous vote of confidence in our local track record and an encouraging sign for our forthcoming negotiations with central government.

(Read more on pages 22-23)

Ben Houchen, Mayor of Tees Valley, declined to comment

Andy Street: "The private sector will drive the recovery"

The West Midlands' metro mayor on the levelling-up agenda and where he disagrees with his Labour counterparts

By Alona Ferber

In 1985, fresh out of Oxford University, Andy Street did something unusual for a graduate of philosophy, politics and economics (PPE), the preserve of many a lawyer and politician: he started working the tills at John Lewis.

With his application to be a social worker turned down by Birmingham city council, and having also been rejected by Marks & Spencer, the inaugural mayor of the West Midlands Combined Authority (WMCA) took the first step in what would become his steady upward climb at the retailer.

From those humble beginnings behind the counter in the decidedly grey Brent Cross shopping centre in London, by 1993 he was managing a store in Milton Keynes, and by 2007 he was managing director – until he resigned for the mayoralty, which he won in 2017.

"I remember being on the till that first Christmas and friends from university coming in and saying 'God, ▸

NATHAN STIRK / GETTY IMAGES

Andy Street and Boris Johnson on a train from Wolverhampton to Coventry last year

RUI VIEIRA / WPA POOL / GETTY IMAGES

"The government are absolutely serious about this," says Street of the levelling-up agenda

◂ Andy, what happened? Has everything gone wrong for you?' But I was right and they were wrong," he told an interviewer in 2008.

Today, the 58-year-old former businessman, who grew up in Birmingham, is nearly one year into his second term in office heading up the combined authority that encompasses the UK's "second city". The WMCA and Greater Manchester were both granted "'trailblazer' devolution deals to extend their powers" under the government's levelling-up white paper, published in February, and the Conservative mayor is optimistic.

"All of the sort of mood music I get is that... the government – up to the Prime Minister, perhaps – are absolutely serious about this," he tells *Spotlight*, "so it all bodes very well. But to be clear, we haven't started that process yet."

Street is one of only two Conservative "metro mayors" in the UK (the second being Ben Houchen of Tees Valley). Winning his first term by a very narrow margin over Labour in 2017 he hailed "the rebirth of urban Conservatism". He leads, as he puts it, a "politically balanced" area. The West Midlands has 14 MPs each from Labour and the Conservative Party, as well as four Labour council leaders and three Conservative council leaders. This is why, he says, he has to do his job "in a non-partisan way".

In the early days of the pandemic the metro mayors became quasi-heroic figures in their vocal criticism of Westminster's Covid-19 policy. Street does identify with the other, mostly Labour, mayors because "they are doing the same job as me" – namely being "a centre forward for your region". Though, he adds, he identifies "hugely" with the Secretary of State for Levelling Up, Housing and Communities, Michael Gove, and his approach.

But Street sees a "philosophical difference" between him and the Labour mayors. "I am very clear it's the private sector that will drive ultimately our recovery," he says. He cites WMCA's £350m housing deal, announced in 2018, in part to develop brownfield sites, as an example of where the authority has leveraged private funds through public money.

The Conservatives have been promising to fix the country's London-skewed economy since the 2019 election. The levelling-up white paper, which took nearly three years to appear, touted a hodgepodge of policies enacted since then towards this aim, such as the £4.8bn made available via the Levelling-Up Fund and £3.6bn via the Towns Fund. As a next step, February's paper outlined 12 "national missions" – from moving more public research and development (R&D) spend outside London and the south-east to improving children's education outcomes – to be achieved by 2030. Many welcomed the clarity given to what has been criticised as a vague slogan.

Critics also pointed out that the paper did not set out new funding. Street stresses that we don't yet know what the WMCA's "trailblazer" deal will look like, but that "those 12 missions going on the table together, the way they weave together, should be extremely successful".

What about the Levelling Up Fund, or the pledge to move spending on R&D

outside the "greater south-east" region? Is what is currently outlined in the white paper enough to achieve the government's ambition?

"They are all part of a weave," he says. "Culture is very important. R&D is critical." It's "a huge move to send 55 per cent of R&D funding... outside the greater south-east," he adds, referring to the pledge by the Department for Business, Energy and Industrial Strategy to move that percentage of its public investment to other parts of the country by 2024-25. "We have a lot of really big levers, but let's be clear that any one lever on its own is not sufficient".

One of the white paper's missions promises a devolution deal by 2030 "for every part of England that wants one". There is frustration in local government that, even in the levelling-up era, authorities need to bid centrally for funds, making planning tricky, and requiring a Whitehall stamp of approval for local initiatives.

Street recognises this but is adamant there is "very clear evidence" that the "government is willing to change away from that". Last year, the WMCA won its bid for £1bn in funding from the City Region Sustainable Transport Settlements fund. The money will be made available over five years, and this, says Street, means he can plan ahead. In any case, he adds: "I don't object to the idea that we had to bid for our sustainable transport settlement, because the government [has] got to know that national taxpayers' cash is being invested wisely."

A "big gap" in the white paper, notes Street, is the transition to a net-zero economy. "It didn't talk much about that and about our economy, and that's particularly important," he says, adding that this has "got to be done in a way that addresses the climate emergency as well. I think that needed to be there."

Childcare is arguably another omission. While the white paper's "fifth mission" focuses on raising primary and early years' standards, there is nothing on bolstering a childcare sector hit hard by the pandemic. Neither is there any mention of rethinking the broken system that sees working parents across the UK paying over the odds for childcare.

"I'll take your word for it because I can't remember what every one of those 300 pages in the white paper said," says Street. "What I am absolutely sure of though, is that the prominence of education and skills is the real driver of levelling up and that's absolutely there."

In 2016, not-for-profit network the Women's Budget Group estimated that investing 2 per cent of UK GDP in care generally would create 1.5 million jobs. Does he see childcare as a key part of infrastructure in a levelled-up economy? "I think that early years, of which childcare is a part... is definitely a key part because we know that it is true that outcomes are determined very, very early in life."

Given that women tend to do most of the paid and unpaid care in the UK, perhaps this omission reflects a more general problem: a lack of diversity at the policymaking table. This is an issue locally and nationally. Of England's ten metro mayors (see pages 18-20), only one is a woman: Labour's Tracy Brabin of the West Yorkshire Combined Authority. The mayors are quite a homogenous group. As are the ministers for the Department for Levelling Up, Housing and Communities; six out of seven are white men.

"I think you are looking at the wrong group, frankly," says Street, of the mayors. "What goes on in the West Midlands is much more to do with all the people who are in leadership roles across the West Midlands."

The mayor is "very pleased" that his executive team is led by women, but admits there is an imbalance in the board, which is comprised of council leaders, six out of seven of whom are men. He adds that there is better diversity there in term of ethnic origin, and says he is trying to make sure there is "genuine diversity". The region is the second-most ethnically diverse in England outside London.

Should the next West Midlands mayor be a woman, then, or from an ethnic minority? "I've never thought like that. I always thought that you need the best person," says Street. "This is how I was as managing director of John Lewis. People should be considered because they are the best, not because of their background."

> "People will judge me as a mayor individually"

In the direct manner of someone who likes people to get straight to the point, Street roundly rejects the premise that John Lewis dropping its "never knowingly undersold" pledge this year, some six years after Street left the business, says anything about the state of the economy.

"All I would say is throughout my time there we defended 'never knowingly undersold' absolutely down the line because I thought it was a critical marketing position and it was a sort of discipline in everything that we did."

At the time of our telephone conversation with Street back in April, the Chancellor, Rishi Sunak, was getting a lot of bad press over his wife's overseas income. Such news, combined with "Partygate", the cost-of-living crisis, and the fall-out from Brexit and the pandemic, could make it harder to retain the mayoralty.

Street, who was never a supporter of Brexit, says he "isn't thinking about the election in any way at the moment", and in any case, he says, "people in the West Midlands will judge me as a mayor individually, not necessarily my party, [and] how far I delivered on what I said I was going to do."

Sunak was criticised at the Spring Statement for doing little to help those hit hard by rising prices. His wealth could raise questions, perhaps, about whether the very rich can enact such policy. Street doesn't agree at all. "No one in life has experienced everything," he says. "I don't think there is anything that says that a wealthy person can't have those values."

And, on the subject of values, has the snobbery he encountered back in the eighties from PPE graduates, many of whom go on to senior Tory Party positions, changed at all? "Let's hope it has because that was a long, long time ago... But what's definitely happened is a recognition that technical skills are really important to the economy." ●

The WMCA is an official partner of the NS Regional Development in the Age of Levelling Up Conference

Advertorial

How universities can level up the UK

Higher education is key for economic development and reaching net zero

In association with UNIVERSITY OF LIVERPOOL

Universities create jobs, bring investment, support businesses and educate over 2.5 million people each year in the UK. Academic institutions are the cornerstone of any serious policy to level up the regions.

Their global research excellence creates local jobs in supply chains and innovation. Whether it's designing advanced materials, developing digital technologies or combatting infectious diseases, universities build regional distinctiveness through their work. This is core to creating a more robust and diverse economy. Universities are also vital in the move to net zero.

How can academia and local government work together to tackle these national and global challenges?

Professor Ronan McGrath

Associate pro-vice chancellor for research partnerships at the University of Liverpool, on driving net-zero science and engineering innovation

Our global climate crisis is the cumulation of local emergencies. The solutions we develop through scientific and engineering research – whether that is new forms of energy use and storage, or novel recyclable and sustainable products – will have a direct impact on the whole world's ability to reach net zero. How we design and build infrastructure, train and educate future generations, and plan and manage our cities is vitally important for reducing our regional carbon footprints. The way in which universities inspire their graduates to action will ultimately dictate the urgency with which we address the climate crisis.

Tackling this urgent problem goes hand in hand with building a greener and more balanced economy. At the University of Liverpool, we are working with our partners and regional bodies to make this a reality. Partnerships between the university and the Liverpool City Region are putting climate resilience at the heart of the area's Spatial Development Strategy. For example, over the past decade our Low Carbon Eco-Innovatory and our Centre for Global Eco-Innovation have collaborated with over 700 SMEs, created over 300 jobs, contributed £45m gross value added (GVA) locally, and saved over 40,000t of carbon – building a prosperous and greener north-west economy.

Whether it is creating zero-carbon prefabricated housing, developing novel solar cells or harnessing tidal power, a green industrial revolution depends on place and partnerships powered by academic research. A greater emphasis on sustainability through research funding and tax incentives for industry co-investment would enhance the anchor role of universities in addressing inequality and the climate crisis. Saving our planet requires drastic action. This can and should start locally with the required investment in research and innovation, which in turn will lead to new businesses, jobs and greater prosperity.

Steve Rotheram

Metro mayor of the Liverpool City Region, on regional net-zero challenges and opportunities

Climate change is the most serious threat our planet faces – and the decisions we take now will have a permanent, irreversible impact. The Liverpool City Region is home to a passionate and engaged set of young people. They understand the danger that climate change poses to our world – and their futures – better than any generation before them. Like me, they know that urgent action is the only option.

This is a climate crisis, but it is also a wider crisis of imagination in the funding, powers and support available to help build a greener, more innovative economy. Across the region we are working non-stop on projects that will accelerate our transition to be net carbon zero by 2040 at the latest – at least a whole decade before national government targets. To do that, we're staking our claim as the UK's renewable energy coast and a leader of the green industrial revolution. And we are perfectly placed to take advantage of the myriad jobs and investment opportunities this will bring.

Not only do we boast natural assets in wind, hydrogen and solar energy, we also have an ace card in the River Mersey. Our Mersey Tidal Power scheme is pioneering, with the capacity to provide enough clean, predictable energy to power one million local homes. The foundations are also being laid for a much greener publicly controlled transport system. I want a London-style network, which makes getting around faster, cheaper and cleaner to offer a genuine alternative to the car.

SHUTTERSTOCK / JEANETTE TEARE

Liverpool City Region is aiming to reach net zero a decade ahead of national targets

James Coe

Head of sustainability, policy and civic engagement at the University of Liverpool, on the power of R&D

Public research and development (R&D) funding is hugely imbalanced in the UK. Nesta, an innovation foundation, has estimated that many parts of the UK miss out on around £4bn of R&D funding each year. In turn, this would leverage a further £8bn from the private sector. This is a tragedy not only of lost research potential but a missed opportunity to level up lives and livelihoods through research spending.

Public R&D spending attracts private investment. This is why the government's commitment to significantly uplifting public investment in research is so important. Assets like the University of Liverpool's £81m Materials Innovation Factory (MIF) were born from investment and partnerships across government, academia and the private sector. The MIF not only generates cutting-edge research, it also provides innovation facilities for private partners, new opportunities for PhD study, and job creation through spin-outs.

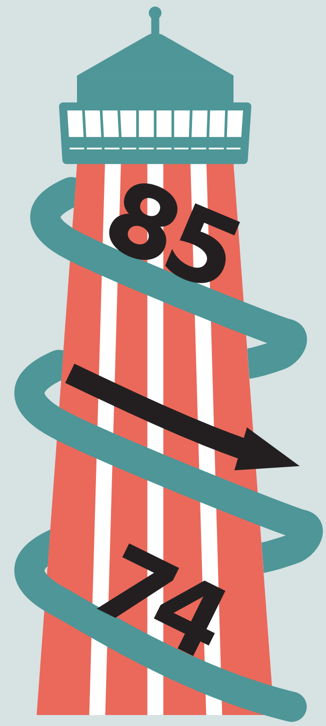
Likewise, our Digital Innovation Facility (DIF) opens its doors for business in May 2022, following a £12.7m co-investment from the Liverpool City Region Combined Authority's Local Growth Fund. Located in Liverpool's Knowledge Quarter, the DIF will bring together complementary areas of expertise in computer science, robotics and engineering to support local and national businesses to fully exploit the power of digital technologies and expertise.

National and local government investment in research often spills over in unexpected ways. Innovation assets such as the MIF and DIF will enable Liverpool to be a leader in advanced materials and emerging digital technologies. This will create highly skilled jobs in the future. It will improve Liverpool's – and therefore the UK's – global partnerships, fuel research collaborations we have yet to conceive of, and inspire the next generation of graduates. The need to rebalance research funding is not merely an academic question of funding, it is an urgent question of how innovation can level up the UK. ●

To learn more, visit: liverpool.ac.uk/science-and-engineering

Levelling up Blackpool South

One of England's most deprived constituencies took a gamble on the Tories. Has it paid off?



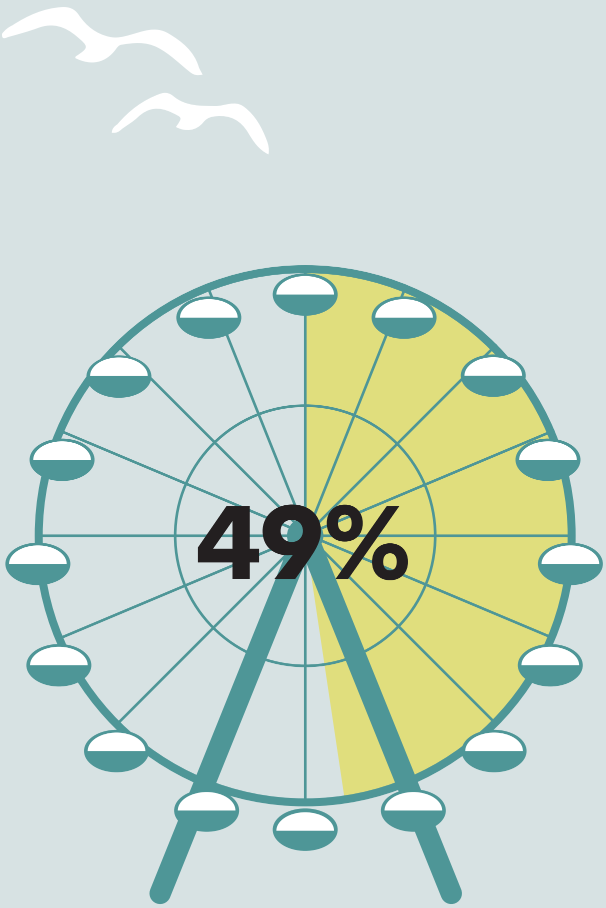
Life expectancy for a man in Blackpool is 74.4 years, compared with 84.9 years in Westminster

By Harry Clarke-Ezzidio

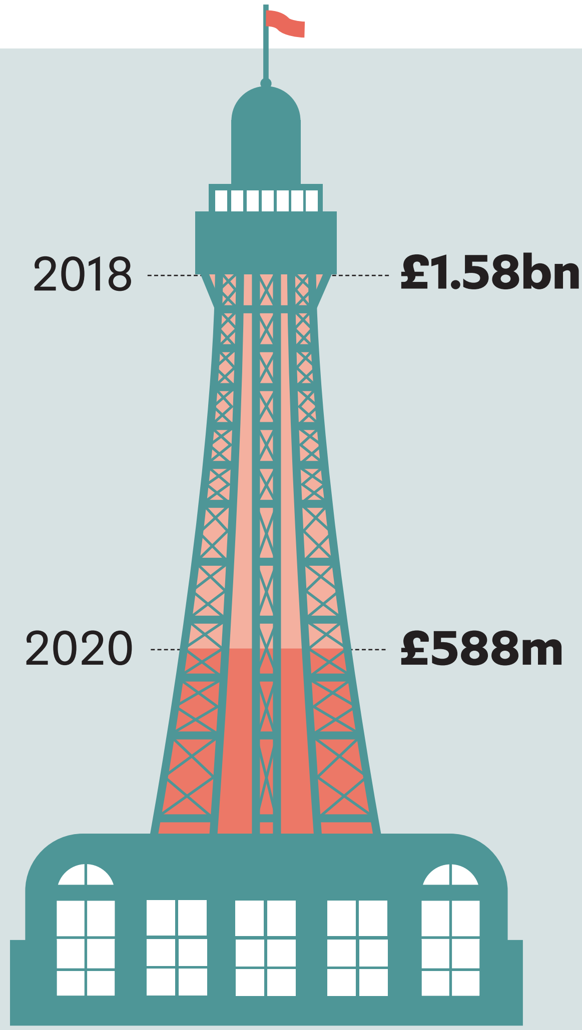
When she was 18, Natalie Kheirkhah left her home town of Blackpool to study art in Manchester. Six months ago, and now 38 years old, she moved back – and it has brought up painful memories.

Kheirkhah grew up in "difficult circumstances", she says. Her mother struggled with drink and drugs. Aged just 15, Kheirkhah moved out of the family home to live in a shelter in the centre of Blackpool.

There are a "lot of similarities", Kheirkhah says, between the circumstances of her youth and those people face today in the place she is once again calling home: poverty remains entrenched in the coastal town,



Of the 94 neighbourhoods in Blackpool, 46 were among the 20 per cent most income-deprived in England



Blackpool's income from tourism dropped by two-thirds because of the pandemic, from £1.58bn in 2018 to £588m in 2020

and many younger residents still leave for bigger cities to seek opportunities.

Blackpool South, one of the so-called Red Wall seats that Labour lost in the 2019 election, is the most deprived constituency held by a Conservative MP in the UK. In terms of parliamentary constituencies, data shows it is also the 17th most-deprived out of the 533 in England (Birmingham Hodge Hill is the most deprived constituency). Nearly half its neighbourhoods are among the most income-deprived 20 per cent in the country: the constituency has the eighth-worst levels of employment and crime levels in England, and the second-worst health deprivation.

Blackpool itself is the third most-deprived local authority in England, according to the 2019 English Indices of Deprivation (IoD2019). Residents voted overwhelmingly for Brexit in 2016.

At the 2019 election, the Conservatives promised to "level up" underfunded and neglected parts of the UK, but Blackpool received no money from the first round of levelling-up funding when it was allocated late last year.

"The outcomes you see of that are really stark," says Johnny Webb, a senior research fellow at the IPPR North think tank, of the deprivation in Blackpool South. The top-down policy models often used to try to develop local economies "just simply [aren't] working for a place like that".

"Us 'Sandgrown'uns', we're proud – we love our town," says Chris Webb, using a name locals employ to refer to those born and bred in Blackpool. The 36-year-old, who ran as a parliamentary candidate for Labour ▸

> "There is a price to pay for withdrawing support"

◂ in the neighbouring Blackpool North and Cleveleys seat in 2017 and 2019, believes that "the potential of the town and the people here is huge. But there is also a dark side."

Coastal towns, such as Blackpool, "have some of the worst health and well-being outcomes in England", according to a 2021 report led by chief medical officer for England, Chris Whitty. The report's findings showed that rates of heart disease, kidney disease and mental illness in such towns are roughly 10 per cent higher than national averages – even when their relatively older populations are taken into account.

Younger people leaving the town, while older people come to retire to Blackpool, make it a "net importer of people with poorer health… and a net exporter of people with good health", a 2017 council report notes. That, alongside high levels of poverty, sub-par health services and poor housing provisions creates a negative "coastal effect" on populations, states the Whitty report.

The promenade by the seafront, with Blackpool's iconic tower in the background

In his role as the chair of trustees for Counselling in the Community, a not-for-profit social enterprise offering therapeutic services, Chris Webb sees the domino effect that stretched public services and a cost-of-living crisis are having on physical and mental health locally.

"We're now seeing working people struggling; young people are struggling," he says, adding that NHS waiting times for therapy locally are 14 months for children and between 12 and 18 months for adults. "People can't afford to wait to address their mental health issues because it has an effect on their life, their work, their income, their family unit, and it can have a knock-on effect on loved ones around them."

For most people not from the town, Blackpool is synonymous with its seafront and amusement fairs. The Blackpool Tower, lit up at night, is iconic. "People have fond memories growing up of coming to Blackpool and seeing the [tower's] illuminations. But go a few streets away from that, and you see the real Blackpool," Webb says.

Two miles directly south from where I met Webb is Waterloo Road, a modest strip comprising cafés and restaurants very near the seafront. The streets surrounding Waterloo Road are some of the worst-off in the country, according to the 2019 deprivation data.

"When I first came here 35 years ago, this street was thriving; we'd have struggled to get a table," says Richard Baguley, chairman of the Blackpool Neighbourhood Watch. "The whole street would have been absolutely jammed full of people. And all these shops," he says, pointing at permanently closed shutters, "would have been absolutely buzzing."

Cafés, restaurants and the arcades and funfair rides that people typically associate with Blackpool form a large part of the local economy. Despite a decline from its heyday, the town's tourism industry was worth £1.58bn in 2019 and employed over 25,000 people, accounting for more than 40 per cent of the value of Lancashire's entire economy. But the pandemic saw visitor numbers drop by 70 per cent, at an estimated cost of £1bn.

For some, tourism gets too much support from the authorities, to the detriment of basic needs and services. "I know quite a few people who have messaged [councillors and MPs] for help on certain things, and there's been absolutely no response at all," says Suzanne, 31, who works in pharmaceuticals. "The only money that gets brought into here is for the tourist sections.

"There's nothing for anybody that lives here… Everything's for tourists."

Following a decade of austerity cuts, the council is also not in the strongest position financially to meet the economic challenges. "If you withdraw support from people, there is a price to pay for that," Baguley says. "And that is often [felt by] the poorest in society, children and young people.

"These are interconnected. You can't disconnect crime from mental health, wellness, low self-esteem – all of these bundle together," he adds. "What can you do to give hope to people who feel that there is no alternative?"

Blackpool South's problems clearly predate the 2019 election and the promise to "level up". The constituency's former Labour MP, Gordon Marsden, who held the seat from 1997 until he lost it to the Conservatives, half-jokes that "Boris came along, bullshitted – pardon my French – and said 'Brexit will

HARRY CLARKE-EZZIDIO

After years away Natalie Kheirkhah has recently returned to her home town

solve everything'."

"To leave after 22 years is inevitably a wrench," Marsden tells *Spotlight*. Levelling up was a "useful phrase" offered in "very broad terms" by the Conservatives, he adds, noting that locals blamed the council for the effects of the government's cuts in funding.

"People don't necessarily think that 'oh, the council can't do this because the government hasn't given them any money'. All they know is that various things have gone," he says.

Sam (not his real name), who owns a tattoo shop in the heart of town, has little faith in local politicians. "When it comes to councillors and the rich, they seem to look after them very well," he tells *Spotlight* outside his shop. "But the little man, they think nothing of us."

Lynn Williams, Labour leader of Blackpool Council, refutes the charge that the council is more focused on putting up shiny new buildings than investing in poorer areas. "I think it's hard for residents to see, but it isn't just all about that," she says.

Ring-fenced funding pots only made available for town centres, highways or heritage sites – such as the government's Levelling Up Fund – makes it impossible to "spend the money where it needs to go", Williams adds.

Under cuts to its budget, Blackpool council missed out on more than £1.4bn over the past decade, Williams says, which "massively" hampered council efforts to improve the town. Statutory services account for nearly 80 per cent of the council budget, making it difficult to "invest in those preventative measures [and] do all those other things that are vital, but not statutory," she adds.

It's difficult for struggling councils in the north of England to "define a strategy" for improving their towns when "you're [constantly] applying for one-off pots of money", Williams adds, noting that Blackpool has yet to receive Levelling Up Fund money. "You take away £1.4bn, but you're also taking away the autonomy, locally, to deliver what is needed."

She adds: "When you're talking about one of the most deprived areas in the country, why on earth are we in a competition for funding?"

"Why on earth are we in a competition for funding?"

Scott Benton, the pro-Brexit Conservative MP who took the seat from Labour at the last election, said via email that the government has invested "hundreds of millions into Blackpool to date, through the Town Deal [and] Shared Prosperity Fund (SPF)", among other "bespoke" pledges, including for transport, sea defences, schools and policing. But data from IPPR North reveals that the government's SPF, which replaces the EU regional development funding that Blackpool may continue to receive until 2023, gives combined authorities, on average, 43.3 per cent less funding than before. Blackpool will receive a measly £5.8m over the next three years through the SPF; and though the council will receive £39.5m through the Town Deal, the funding is pegged to five individual building projects – again, all based in the centre of town, with no money given to the surrounding deprived areas.

Handing over more power locally in further devolution deals is key to economic growth, says Chris Webb. "It'd require something quite radically different in terms of where power lies in this country," he says. Currently, you have "Whitehall civil servants and policymakers deciding on matters which are fundamentally affecting particular places... The reality is that they don't know a place better than the people who live there".

Giving younger residents a reason to stay will also be key to developing Blackpool's economy.

"I've already left town – I'm in the armed forces," says Declan, 18, who is back in Blackpool on leave. He joined the military because "there are more opportunities", he says.

"People in Blackpool are very good at criticising what goes on," Williams says, "but let anybody from outside of town say anything... There is a real sense of pride of coming from Blackpool, and a desire to improve things, to make that change." ●

Advertorial

Unlocking regional potential

Levelling up is not a one-size-fits-all approach

By Angela Mitchell and Ian Washington

In association with Deloitte.

Here at Deloitte, the growth of our regions is hugely important to us. We have over 7,000 people and nearly 300 partners based in our regional practice. This means around 40 per cent of our workforce is based outside of London, and our plans are to continue to grow this. Both of us are regional partners (Angela is based in Glasgow, and Ian in the Midlands) so levelling up to us isn't just business – it's personal too.

We genuinely want to see our regions thrive – while it makes good business sense it's also really important to our people who want to make a difference in their local communities. The reality is that regional development benefits everyone. About a year ago, we kicked off our campaign to raise internal awareness on levelling up – the government's plan to lift the UK's economic outlook, region by region. We wanted to ensure all our people understood its objectives and the role we can play. We also engaged with our clients on this, as levelling up will only be achieved through close collaboration between business and the public sector. So, we have a firm-wide focus on regional growth and the role Deloitte can play, both through supporting clients and through investment in our own business, growing our regional practices.

We are working across all aspects of levelling up, including digital skills, net zero, regeneration, innovation and economic growth, and supporting many clients, including Teesside, Greater Manchester, Sheffield and the Wirral on significant levelling-up schemes that touch on innovation, transport, housing, free ports and economic growth. We worked on the *Kalifa Review of UK Fintech*, which identified centres outside of London to grow fintech clusters, and subsequently worked in Edinburgh and Belfast to develop strategies to progress that. We launched a Fintech for Schools programme, which was piloted in Scotland and is now rolling out across the UK, because we believe it is invaluable for demonstrating the plethora of opportunities available to the next generation.

There is wide consensus that there are major skills gaps in many regional locations and many employers are struggling to attract and retain people with the digital skills they need in order to grow. We are seeing this in all regions around the UK, whether this is due to high demand and competition for these

In Teesside, Deloitte is working towards levelling up by recruiting locally and basing employees there

GRAHAM MCANDREW / SHUTTERSTOCKX

skills, or an historic lack of people with the digital skills that are now needed.

We also recognise how important this is to our clients. We are a member of a consortium led by the Institute of Coding, which supports the Department for Education in its provision of digital skills boot camps. This scheme is delivered by universities across England, offering courses to over 1,500 adults, in targeted digital skills such as coding, artificial intelligence and data science. Here at Deloitte, we also have a specific role in helping those graduating the boot camps to gain employment in the regions, working with the public and private sector organisations to help place the graduates into suitable jobs. It's a real win-win situation: we help employment in the regions, and we help employers recruit the people they need.

Levelling up is a job for the private sector too – and Deloitte is no different. In Teesside, we are working to help gain a better understanding of what levelling up will mean for the region and its communities, as well as recruiting our own people and basing them there. In the north-west, we have grown our consulting practice in Manchester and the surrounding areas and will create another 200 new jobs across the north within the next three years. This is a great example of how the private sector can contribute to providing skills and employment opportunities to support the UK levelling-up agenda, as developing the local ecosystem is so important.

We must understand that there is no one-size-fits-all approach to levelling up. Even sub-regions have different requirements. Our annual *State of the State* report was one of the very early pieces of research into this space and demonstrates this clearly. For example, our research showed that in the east of England, people want to see improvements in local transport, whereas in the north-east, people want better availability of training and courses to improve skills and employability. This really shines a spotlight on the need for a varied approach, specific to the locality.

The shift to a green economy is another opportunity for many regions because this will create jobs within new and emerging sectors. Green skills are increasingly sought after, with job searches for green skills already seeing double-digit growth (as outlined in our new report *A Blueprint for Green Workforce Transformation*).

At Deloitte we believe that all regions have the potential to effect change through a combination of strong leadership and clear vision from both the private and public sector. We are helping to support bespoke approaches with our clients to design and implement what levelling up means for them and how they can use the political momentum to deliver positive outcomes for the communities that need it.

Deloitte is committed to supporting the UK levelling-up agenda and we are delighted to be lead sponsors of the *New Statesman*'s Regional Development Conference. We are looking forward to meeting with advocates to help foster ideas, facilitate debate and understand how we can make an impact.

Angela Mitchell is lead partner for regions consulting at Deloitte, and Ian Washington is lead partner for the local and regional government practice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We're reliant on the skills of our 24,000 world-class engineers and scientists across the UK who work hard to help keep the country safe. And we're committed to inspiring the next generation to take careers in STEM. It's why we invest nearly £100m in training, education and skills.*
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