Economic Growth: Regional opportunities
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Local councils in crisis

As this issue hits newsstands, local elections will have taken place, and we will have a new tranche of English councillors and mayors. This will be the last major reshuffle of local government before the general election, where we are likely to see the shortest Labour government in 14 years. The locals will also be the biggest devolved election on a single day in England’s history, including the election of ten metro mayors, three for entirely new posts in York and North Yorkshire, the East Midlands, and the North East.

The ten metro mayors will control more than £25bn of public spending and will collectively govern half of the English electorate. This scale of devolution is unprecedented and indicates a positive shift towards regional autonomy.

But local government itself is in dire straits after 14 years of real-terms funding cuts. Since 2021, six councils have effectively declared themselves bankrupt. Our exclusive polling of 280 English councillors (see page 14) found that a fifth believe their local authority could face bankruptcy within the next five years, while more than a third said they have had to make cuts to crucial services such as social care, schools, and special educational needs provision.

Meanwhile, the government celebrates its trailblazer devolution deals – agreements which have given leaders in Greater Manchester, the West Midlands and now the North East (see page 20) more powers and spending control. But as Jonny Ball notes in his councillor polling analysis, there is an inherent contradiction between empowering local leaders while simultaneously decimating the apparatus that delivers public services in the first place.

Investing in public services is an essential adjunct to devolution, and is crucial to boosting growth outside of London and the south-east. Dilapidated housing, poor connectivity, non-existent social care and overrun health services all contribute to a sicker population, economic inactivity, poor productivity and tight labour markets.

As the shadow business secretary Justin Madders (see page 4) writes, Labour has committed to welcome improvements to employee working conditions. But the party has so far promised little on improved funding for local authorities, or indeed services. As we edge closer to an election, the question remains: if the next government really wants to boost growth, will it invest in the local services we need to lead happy, healthy and productive lives?
Like many areas of life under Conservative Britain, the ‘Tories’ ‘levelling up’ façade has shattered and been exposed for the sham it really is. Despite it being a centrepiece in the Conservatives’ 2019 manifesto, months out from the next election it is clear that Britain has not been levelled up.

Communities across the country have been let down by the ‘Tories’ fundamental lack of ambition and a lack of willingness to affect genuine change. Too much time and money has been spent on headline-grabbing gimmicks rather than resolving the problems that many of our communities actually face. Instead, through the ‘Tories’ begging-bowl approach, communities have been pitted against each other for relatively small amounts of funding often reflecting Westminster’s priorities. It is no surprise that this has been a resounding failure, as those sitting in Whitehall cannot possibly understand the local conditions in the same way those on the ground do.

Of the money allocated to the funds, not only is very little actually ‘new’ money, but only 10 per cent so far has been spent. The parliamentary cross-party Public Accounts Committee recently judged that the government could not provide ‘any compelling examples of what had been delivered’ by these funds. Given that the UK has some of the highest levels of regional inequality in the OECD, the ‘Tories’ failure to address this is deeply concerning.

It is abundantly clear to me that regional inequality is hurting the pockets of working people, constricting our economy and embedding insecurity into our way of life. Nowhere is this more evident than in the conditions of work. For too long our labour market has been characterised by poor productivity, insecurity, and low pay.

Successive Tory governments have abandoned workers over the past 14 years. Their sticking-plaster politics has failed. They have burdened working people with stagnant wages, leaving the average worker an estimated £14,000 worse off since 2008 due to the pathetic rate of wage-growth. Near-record numbers of workers, 1.1 million, work on zero-hours contracts, leaving them unable to plan their lives or get enough hours even to pay for the essentials of life.

Insecurity is rife in our modern economy and the problem is only getting worse with increasing numbers of people being dragged into insecure work. The Work Foundation recently estimated that 21.4 per cent of workers, roughly 6.8 million people, were in ‘severely insecure work’. These are, quite frankly, frightening numbers.

Though I am, unfortunately, not surprised. When I go out and speak to people in surgeries and on the doorstep, I can see that many are now living to work, not working to live. The Conservatives have acted like vandals, dismantling the foundations of a good life. Working hard is no longer a guarantee of a decent income, secure home or even a good quality of life.

The tide will change under a Labour mission-led government. Our first mission centres on economic growth, with good jobs and productivity growth in every part of the country making everyone, not just a few, better off.

Core to this mission is implementing our New Deal for Working People, which will ensure that prosperity is built on a foundation of rising pay and better workplace security.

“Successive Tory governments have abandoned workers”
Our New Deal will be front and centre of the next Labour government and we will bring forward legislation to implement it, including an Employment Rights Bill, within 100 days of entering office. Boosting wages, baking security into the workplace, and setting higher standards for everyone to follow will be transformative for workers in every part of the country.

Our New Deal will deliver a genuine living wage for workers, a ban on exploitative zero-hours contracts, an end to the plague of bogus self-employment, as well as finally providing workers with key basic protections, such as statutory sick pay, from day one. It will be a vision of hope for workers after 14 years of misery under the Tories.

Our plans will not just benefit working people. As both a pro-worker and pro-business party, our plans will be good for businesses and the economy too, ending the Tories’ cycle of low pay, low investment and low productivity. By boosting incomes, strengthening workplace rights so they’re fit for a modern economy and tackling insecure work, we’ll increase productivity, help keep more people in work and create the right conditions for sustained economic growth.

Through better enforcement, the New Deal will also create a more level playing field, which will particularly help local businesses, the backbone of regional growth and employment.

The New Deal is just one strand of many interventions a Labour government will take to kickstart economic growth and deliver prosperity to all corners of the country.

It will act in conjunction with our Green Prosperity Plan, our Industrial Strategy, and our plans for local government and greater devolution. On the latter, we will expand devolution further and faster, with our landmark Take Back Control Act providing a clearer framework.

Local growth plans will direct these authorities with devolved powers towards building on their existing economic advantages. Complementing this approach, we will provide the certainty local authorities need through longer-term funding settlements.

This is the difference a Labour government will make. It will be a government focused, from day one, on delivering change that makes people’s lives better from the bottom up.
Home: it’s a simple word that for most of us means comfort, support and security. However, for too many, a secure home is a pipe dream.

In the north-east, more than 75,000 households are on social housing waiting lists, an increase of almost 51 per cent on 2022. Across the country, 139,000 children will go to bed tonight in temporary accommodation. Over the course of their lives they will earn less, and suffer worse health and education outcomes than those in a secure home. This damages their futures and contributes to the stark regional differences we see in health, education and prosperity.

If, as a country, we are serious about stimulating regional economic development, we need to build more affordable homes – and we should start with social housing.

In England, there are now 1.4 million fewer households in social housing than there were in 1980. In 2022/23 there was a net-loss of over 12,000 social homes. Against a backdrop of rising rents in the private rented sector and increasing homelessness, this trend is leaving millions without a secure home. It is also costing central and local government billions every year in rising housing support and temporary accommodation costs.

Lloyds Banking Group has been a champion of social housing for decades, providing more than £17bn of finance to the sector since 2018. We see the value that high quality social housing provides.

For instance, according to the Centre for Ageing Better, every £1 spent on improving warmth in homes occupied by vulnerable people yields £4 in health benefits. Children in better housing do better at school, with one in four children in poor housing failing to achieve any GCSEs compared to one in ten of those in satisfactory housing.

Providing homes for 30,000 people who are currently homeless could mean an extra 6,500 people in work too.

We’ve joined with the homelessness charity Crisis to campaign for one million more homes for social rent over the next decade. It’s a substantial challenge and will require a concerted effort from both the public and private sectors. We believe there are three areas the government should consider in order to accelerate the delivery of more social homes.
**Funding and subsidy**

There is no policy solution to this issue that does not involve an increase in the grant subsidy available to social housing providers to offer housing with below market rents. Inflation, the cost-of-living crisis and the transition to net zero have stretched the balance sheets of housing associations, with increasing amounts required for the maintenance and retrofitting of existing social housing stock.

While there is significant pressure on government finances, the economic case for more spending on social housing is clear. Lloyds’ research indicates that every £1 of extra subsidy can be linked to around £7 of new capital expenditure on social housing, thanks to the private capital it helps to attract. This could be further improved if an increase in grant subsidy was accompanied by greater flexibility over how this funding can be used to help housing associations and housebuilders deliver more homes for social rent. In England, this could mean the use of grants where developers negotiate with local authorities to deliver more homes for social rent as required under the Town and Country Planning Act.

The sector can be incredibly attractive to long-term institutional investors seeking reliable and stable income streams. This is underpinned by a clear understanding of the level of rent that can be charged by social housing providers, as set by central government. A simple step to stimulate this investment would be to extend the next long-term rent settlement period until 2035 and commit to leave this methodology unamended, which would provide investors with the certainty needed to support more house building.

**Repurposing empty homes**

Distressingly, given pressures in the housing market, more than 261,000 residential properties in England are classed as long-term empty. That’s up by 16 per cent since 2019. There’s a significant opportunity to repurpose long-term empty buildings into genuinely affordable homes.

However, to do so will require government support. One solution could be the development of a national empty homes initiative, backed by a targeted national funding programme, which would act as a powerful incentive for local authorities to make tackling long-term empty properties a strategic priority.

**Land use and planning**

Reform of the planning system will be fundamental in delivering new social homes. Capacity and capability in local authority planning departments will also need to increase if we are to deliver homes at scale.

Acquiring land for building social homes is expensive and slow. To make it easier and cheaper, an expanded remit for Homes England could allow it to work with local authorities and housing associations to coordinate the procurement and remediation of land for social housing.

Increased investment in social housing will give more people a secure and stable home, and deliver significant benefits for the economy. Homelessness in the UK is estimated to cost the government £6.5bn every year. Every homeless household moved into social housing saves the government £7,760 in temporary accommodation costs and a further £1,250 is saved in housing benefit for every household moving from the private rented sector into social housing.

The case for more social housing is clear. We urge everyone to join our call for one million more homes for social rent to help tackle homelessness.

Emily Cox is Lloyds Banking Group ambassador for the north.
The rise and fall of the People’s Republic
South Yorkshire’s metro mayor on his vision for the region

By Jonny Ball

They used to call it the People’s Republic of South Yorkshire. Now it’s called South Yorkshire Mayoral Combined Authority (SYMCA). The first was the tabloids’ favourite moniker during the Eighties, when the region was dominated by politicians from Labour’s left flank.

As Margaret Thatcher opened up the British economy, leading traditional manufacturing industries to wither due to her imposition of a hard, uncompromising version of monetarism, Sheffield and its environs fought a rearguard action with a “municipal socialist” orientation that was a hallmark of the era.

On May Day, the red flag used to fly above Steel City – so named for its core industrial contribution – and the council twinned itself with Ukrainian Donetsk, then part of the USSR, and now occupied by a belligerent Russia.
GETTY IMAGES / IAN FORSYTH

(both towns sit on the Don rivers).

Today, local governance in South Yorkshire is more anodyne. Oliver Coppard is the SYMCA’s metro mayor. The organisation brings together the local authorities of Sheffield, Rotherham, Barnsley and Doncaster, judged to be one single “functional economic area” in the current devolution-scene parlance.

The idea is that the integrated nature of the economy and population across the region necessitates cross-council oversight over transport, skills and other policy areas that affect a broader geography than the four constituent authorities alone. Many people will live in Rotherham and work in Sheffield, so it makes sense to co-operate across the old council boundaries on public transit, for example. The government is keen to capitalise on the economic benefits of city-regional agglomeration with new political structures that recognise larger spatial clusters of economic activity – or so the thinking goes. That’s why, since 2017, we’ve seen the rise of the executive metro mayor, in Greater Manchester, Liverpool City Region, the West Midlands and Tees Valley, to name just a few. Around half of the English electorate is governed by metro mayors like Coppard, who is up for re-election on 2 May. Old traditions die hard, and barring a miracle, Labour will continue to win comfortably in South Yorkshire for some years to come. Coppard won 71 per cent of second round votes against his Conservative opponent in 2022.

Arriving in his modern, open plan, glass-fronted offices in the centre of Sheffield, you can sooner imagine a business lunch on a casual Friday than a hoisting of the red flag on May Day. Throughout our conversation, Coppard is flanked by three eager young staffers – two from an external PR agency.

“I was delivering Labour leaflets when I was six,” he says. “My dad at the time was a trade union Labour guy working for Barnsley council.”

As so often in the party, for Copppard, 42, Labour is a family affair. But he’s no firebrand. He briefly worked in a City of London job for a multi-billion real estate firm – “I hated it,” he tells me. As a young politics student, he did internships in the US Congress, and later volunteered for the Obama campaign.

To get a better sense of his politics and motivations, I ask who he voted for in the last couple of Labour leadership elections. He hesitates slightly, perhaps wary of alienating some crucial section of the party. “I voted for Yvette Cooper in 2015” (Corbyn’s victory year), “then I voted for Lisa Nandy in 2019” (the year of Keir Starmer).

Coppard is smart and affable, but he doesn’t readily betray a defining agenda or political project. He has worked in Labour MPs’ offices and stood unsuccessfully for council – “a paper candidate”, he says – before rising steadily through the party machine.

“I agree with different parts of Labour at different times,” he says. “There’s a bunch of things I agree with Open Labour on and there’s some things that I agree with Progressive Britain on.” He’s referring to two internal Labour groupings representing the soft left and the Blairites, respectively.

For those who don’t know, Open Labour may be more sympathetic to some of the harder left’s policy programme and “social movement” ethos, but are more pluralistic and more hostile to some of the radical left’s Euroscepticism, as well as their perceived dogmatism and alignment with non-mainstream foreign policy tendencies. Progressive Britain, on the other hand, represents the right of the party – totally comfortable with open markets and big business, liberal philosophically and Atlanticist in its world outlook. Labour’s propensity for factionalism can seem bizarre to the uninitiated.

But Coppard is less an ideologue and more resolutely part of that tribe of professional, technocratic, middle-class progressives who seem to dominate elected positions of centre-left power in Britain. How does that vague, Fabian-style politics translate into practical policy reality for South Yorkshire?

Part of the role of executive mayors...
lies in acting as ambassadors for their locales. Coppard is keen to talk up the region’s assets. “We’re in the middle of an investment zone right now,” he says, excitedly gesturing towards the windows on either side of the office.

“You’ve got the Sheffield spine, part of the University of Sheffield. Then it goes over to Rotherham over there,” he gestures again. “We’ve just signed a partnership with Google on digital health tech research projects… We’ve also got the advanced manufacturing research centre. There’s a whole area based around Kelham Island — Time Out named it one of the top 100 coolest neighbourhoods in the world.” He pauses his sales pitch to joke that Kelham Island’s coolness “is about to decline steeply” once he completes an upcoming move to the area.

The mayor wants to talk up the opportunities of the UK’s first investment zone. “We’re creating a corridor for growth from here into Rotherham. We have opportunity sites in Barnsley and Doncaster, too… It’s all linked around advanced manufacturing, health and well-being, power and propulsion, and sustainable aviation. Those are our key strength areas that we haven’t made enough of over the years.” This all works by local bodies like the SYMCA agreeing to provide infrastructure, funding, and skills plans to “de-risk” opportunities for potential investors.

There’s crossover here with the securonomics agenda laid out by the shadow chancellor, Rachel Reeves, in her Mais lecture in March. The older economic orthodoxies are dying; politicians no longer advocate for letting markets and the private sector allocate resources in any way they see fit.

The so-called post-neoliberal vogue has made its way to regional governance: more active state involvement in shaping local industrial strategies, a focus on rebuilding domestic manufacturing and supply chains, and partnerships with the private sector to deliver politically defined goals such as boosting higher-waged regional employment or net zero.

A long with this economic agenda, the Labour is keen to tout its commitment to devolution. But South Yorkshire’s local politicians know that decentralising power out of Westminster is easier said than done.

When negotiations were taking place for their original regional devolution deal, Barnsley and Doncaster councils rejected the proposals and said they’d prefer a “One Yorkshire” model covering the whole historic county. David Cameron, prime minister at the time, was aghast at some of the in-fighting. “We just thought people in Yorkshire hated everyone else,” he said. “We didn’t realise they hated each other so much.”

Even if Labour successfully unleashes a new era of localism, the missing link in the project will be funding. The party is quick to promise extra powers but has been more hesitant to promise any extra money for a sector that’s in the throes of financial crisis.

“Outside of Liverpool, Barnsley is the council that has been worst affected by austerity in terms of its financial firepower,” Coppard tells me. “It’s lost around 50 per cent of its spending power.”

Despite this, he’s coy about calling for any kind of rescue package or improved settlement for the councils under his jurisdiction. “I don’t think anybody in the Labour Party is saying, just ignore the financial realities with which we’re faced,” he says. Labour can’t engage in Liz Truss-style spending splurges, he hastily adds.

“It’s not just the number, it’s how you spend the money, how you work in partnership, how you unlock other investment and other finances as well… It’s like a business, right? You bring in a better manager, you bring in a better management team, you deliver better results. Ultimately, you have a better set of people in government.”

Inadvertently, Coppard may have just summed up Labour’s current national offer most aptly: don’t expect them to offer any expensive policy initiatives, systemic changes or bold radicalism instead, the party is simply portraying itself as a better, more efficient, more competent group of managers, more able administrators than the bumbling Tories.

Coppard’s “no money left” claim isn’t the only time in our interview that he stands resolutely behind the party line. When I ask for his thoughts on the controversial exclusion of his fellow northern mayor, Jamie Driscoll, from the Labour party’s shortlist for the North East Mayoral Combined Authority, he tells me it was “right that Labour took that approach”.

This is a different response to the regional mayors of Liverpool’s and Manchester’s combined authorities, who both questioned the decision not to allow their former Labour colleague to re-stand, which has resulted in Driscoll seeking election as an independent.

But Coppard stays firmly within the bounds of national party decrees on policy and party management. He may have ambitions beyond South Yorkshire. I ask if he’d consider standing for parliament. “It’s just not something I think about,” he responds. “Who knows what the future holds?”

The walk to the SYMCA offices takes you past the Park Hill estate – a series of Grade II listed Brutalist buildings, conceived as high-concept living quarters for social tenants, with communal gardens, views across Sheffield and “streets in the sky”.

This was a revolutionary concept adopted by socially conscious and leftwing architects in the 1960s. Not long after the estate was completed, it became derelict. It didn’t help that the period coincided with the decline of the city’s steel industry and an era of mass unemployment.

Today, Park Hill has been regenerated courtesy of a trendy design outfit and via a public-private partnership. It’s no longer dominated by council housing – instead, it’s “mixed-use”. There’s student housing, and some flats have been bought by young professionals and members of the laptop classes. There’s even a vegan café. Perhaps the estate has undergone a transformation that’s congruent with the one in the local political scene.

South Yorkshire’s town hall socialism is gone, along with the old-fashioned industries, politics, economies and trade unions that sustained it. The new economy is here. Partnership is the buzzword. The professionals are now in charge.
The UK has some of the largest place-based health inequalities of any advanced economy. We are getting poorer and sicker, and the places already faring worst are falling behind the fastest. Healthy life expectancy is like a giant alarm bell signalling how well our economy and society are doing. Right now, the alarm is sounding loudly. The government must change course with a set of cross-departmental interventions, or we will remain a fundamentally divided country.

Research by my colleagues at the Institute for Public Policy Research (IPPR) has found a gap of more than 20 years of healthy life expectancy between our best and worst performing local authorities in the UK. On average, people in Wokingham can expect 70 years in good health, but those living in Liverpool can expect only 58 years of the same conditions. Places with poorer health outcomes also consistently correlate with lower levels of household income, higher poverty and, of course, lower wealth.

This chasm between places chimes with what I’ve seen first hand. I’m lucky enough to spend time working across the country with determined communities – one week in Redcar, the next in Wigan – but it’s becoming harder and harder to ignore the escalation in issues people are facing day-to-day: social isolation, destitution, poor mental health and dilapidated homes, all coupled with the grim expectation that nothing will change for the better.

We need a rapid course correction to tackle place-based inequalities. The latest report from the director of public health at Liverpool City Council, Professor Matt Ashton, makes for stark reading. The key health issues that children and young people in the city will face in the next two decades are poor mental health, obesity and child poverty. Regions like Merseyside face the double disadvantage of poor health and poor economic and social conditions.

This gets to the core of why levelling up, or perhaps its next iteration under a new government, can’t be separated from health. They are two sides of the same coin. One proposal made by IPPR is to introduce what we have called health and prosperity improvement zones across the country. The zones would provide local leaders in the areas with the lowest healthy life expectancy with additional funding, paid for with a health-harming industry levy, to combat the drivers of poor health. Local and regional authorities should also have the option of making junk food, alcohol and tobacco less attractive through local taxes.

Good health is not only needed to make life worthwhile – sustaining relationships with friends and family, being active in your community and engaging in passions and hobbies – but it also enables us to keep financially afloat. If our economy and society fail to provide the conditions for a long and healthy life, then what and who are they serving? If we use that as our guiding principle, then poverty and housing will need to be prioritised as part of our approach, connecting all of these strands to a plan for regional growth. If we level up the right way, health outcomes will improve, boosting productivity, lowering economic inactivity and relieving pressure on the NHS.

Time and time again, our research has demonstrated that the old adage that prevention is better than cure couldn’t be true enough.

To read the full research findings from the Institute for Public Policy Research, visit: www.ippr.org

“\We must address the 20-year regional gap in healthy life expectancy\”
In this general election year, there will be much debate on which long-standing public policy challenges should get prime focus with limited public funds. High on this list should be youth employment and, in particular, a renewed focus on reducing the number of young people who are not in education, employment or training (Neet).

The case is clear: the number of Neet young people has remained stubbornly high for 20 years. At present, according to the Office for National Statistics, the number of Neets sits at 851,000, a rise of 2.5 per cent over the past year. Our evidence suggests that if the UK matched the lowest Neet rate in the OECD, that of the Netherlands, then by unleashing the full potential of more young people we could add £69bn to our GDP over the long term. We are part of the government’s What Works Network, a cluster of nine independent organisations aimed at sharing best practice in public services. Youth Futures Foundation, defined as the What Works Centre for youth employment, plays a key role in helping national and local government and employers understand how to unlock the employment potential of marginalised young people.

We know that where a young person lives matters – from the schools and colleges they have access to, to the opportunities in the local labour market, what employment support is available, their access to transport and so much more. All of this shapes how the Neet and unemployment challenge plays out locally for marginalised young people.

Unsurprisingly then, our evidence tells us that locally tailored and contextualised responses are important. If designed well, the political consensus on devolving greater powers brings exciting opportunities to develop and deliver these kinds of solutions.

We would highlight three takeaways from our evidence, insights and learning.

**Partnerships and support**
Joined up, sustainable partnerships that address critical local issues and barriers are vital to enabling integrated employment support for marginalised young people. In our flagship, place-based programme, Connected Futures, we work with partnerships across ten locations in England. Each partnership is delivering a place-based approach to tackling youth employment challenges.

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**How to solve youth unemployment**
Tailored help to work should be a key part of regional policy offers

By Sarah Yong

In association with Youth Futures Foundation
This means bringing health, care and criminal justice agencies, employers, housing providers and others to the table – alongside young people – so we can draw on the full range of unique strengths and opportunities in each place to develop specific solutions to those challenges.

From Blackpool to Brent, all of our partnerships are focused on different geographic footprints in different places, including individual neighbourhoods and estates, local authorities and larger regional footprints. In Blackpool, the partnership is focusing on reorienting the curriculum towards employment, after a lack of awareness about local opportunities was identified through consultations with young people, parents and teachers. This has led to new collaborations between schools, colleges and employers. The Blackpool partnership is also developing a data-driven approach to understanding which young people are most at risk of long-term unemployment in the future. This enables schools and other agencies to identify young people early and help them with individually tailored preventative interventions.

**Local contextualised data**
Regional differences mean that national data, such as unemployment rates, can mask real needs in specific communities. Real-time local data on factors such as employment, industry trends and skills gaps, as well as young people’s characteristics and skills, is essential for regional and local governments to make evidence-based decisions and provide support for marginalised young people that’s tailored to local opportunities and challenges.

While much local data is already available, contextualising and understanding it isn’t always easy. That’s why, in collaboration with Open Innovations, we launched our Data Dashboard – a free online resource giving quick and practical access to the most up-to-date statistics, labour market data and our own research. This allows for at-a-glance views by local authority area, supporting better-informed choices. In our Connected Futures programme, we are also helping the partnerships with specialist technical support to interpret and analyse data, identify trends and opportunities, and develop local solutions in response.

**Youth participation**
Young people who are most affected by barriers have invaluable perspectives and experiences, all of which can help shape effective solutions; yet often they are absent from conversations.

Our Connected Futures partnerships have intentionally recognised local marginalised young people as valid experts in identifying problems and potential solutions. Young people can hear the experiences of their peers, share findings and ideas with professionals, and jointly make decisions about solutions.

Leon from Hastings told us that “the project has not only had an impact on me and my family but the community too. Young people are feeling listened to and you can see stakeholders really starting to be engaged, and listening to us as young people.”

As well as the positive feedback from young people involved, employers, service providers and local political and community leaders tell us that young people have brought fresh ideas and ways of thinking that they would never otherwise have come up with.

Sarah Yong is director of policy and communications at Youth Futures Foundation

If you’d like to find out more about Connected Futures, the Data Dashboard and our wider work and evidence, please visit: www.youthfuturesfoundation.org; or email: info@youthfuturesfoundation.org
Councils in crisis
Our polling of local authorities reveals a sector on life support

By Jonny Ball

This policy report on economic growth, with its focus on the regions, may be the last devolution-focused supplement published by Spotlight before a general election. If the polls are to be believed, and unless they narrow drastically, Labour is on course to win a majority. At the time of writing, we’re in the lead-up to a set of local and mayoral elections. This means some of the 280 English councillors who have responded to our nationwide poll will have lost their seats by the time of publication, while some will be welcoming new colleagues to the benches of their town hall debating chambers.

But now – as we approach what are likely to be the twilight months of a 14-year Conservative reign – they are all well placed to deliver their final verdict on the records of five prime ministers and 13 local government ministers, revealing how they have supported, or failed to support, perhaps the most frequently neglected arm of the state.

After more than a decade of squeezed council budgets, (and austerity having eaten into a greater share of the Department for Levelling Up, Housing & Communities’ spending power than any other government department), the great majority of local authority revenues are being consumed by outgoings on adult social care, children’s services and temporary housing costs.

But local governments aren’t simply meant to
act as social care providers, even if this is engulfing up to two-thirds of ever-shrinking budgets in many councils. Nor is local government simply about “collecting the bins”. Councils run schools, nurseries, libraries, leisure centres, parks, social housing departments, local transport authorities, planning departments, museums, galleries and community centres. They organise road maintenance, cultural events and yes, of course, waste collection.

In terms of most people’s day-to-day lives, the average voter is far more likely to use or rely on services provided by a local authority than one provided directly by Westminster. Councils make up a large proportion of UK state capacity. They maintain a hefty chunk of our broader public realm. And today they are in a decrepit state. Extreme inflationary pressures have combined with increased service-user demand, creating what one council officer described late last year as a “death spiral”. Many are “on the verge of collapse”, they warned. Indeed, six local authorities (including Birmingham City Council) have already issued so-called section 114 notices since 2021, declaring that they cannot balance their books while maintaining statutory services. Britain’s second city is bankrupt, and is currently cutting services to the bone.

By contrast, between 2001 and 2019, only one local authority (Northamptonshire) issued a section 114 notice. Over a fifth (21 per cent) of councillors who responded to our poll said it was likely or very likely that their local authority would declare bankruptcy in the coming five years. That is 3 percentage points down on the number who gave the same response in our last poll in October 2023. But having around a fifth of local authorities on the edge of financial collapse correlates broadly with similar data from the Local Government Association, collated from a survey of senior council leaders last year.

Should the fears of this cohort prove accurate, that would amount to around 70 total council bankruptcies across England’s 373 authorities, including those that have already been declared. If Birmingham’s programme of cuts are an indicator, that would mean 70 towns, cities, boroughs and counties with dimmed street lights, potholed roads, abolished arts and culture grants, reduced rubbish collections, closed libraries, mass redundancies, skeleton social care services, and much else besides.

Over two-thirds (67 per cent) of our respondents report that they’ve already made cuts to parks and green spaces in their budgets, while 72 per cent have cut culture and leisure. It is perhaps unsurprising that these “non-essential” services are the biggest victims of fiscal tightening. But according to our polling, over a third (38 per cent) of councillors have made cuts to schools, and a similar number to the core, statutory

National politics and the general election

Just 6 per cent of Conservative councillors expect a Conservative majority at the next election. In contrast, 87 per cent of Labour councillors think their party will win a majority at the next general election. What do you think will be the outcome of the next general election?

All councillors

- 79% Labour majority
- 9% Labour-led coalition
- 6% Labour minority government
- 1% Conservative majority
- 1% Conservative-led coalition
- 1% Conservative minority government

Conservative councillors

- 53% Labour majority
- 13% Labour-led coalition
- 18% Labour minority government
- 6% Conservative majority
- 6% Conservative-led coalition
- 3% Conservative minority government

Labour councillors

- 87% Labour majority
- 6% Labour-led coalition
- 4% Labour minority government
- 1% Conservative majority
- 0% Conservative-led coalition
- 1% Conservative minority government
services of adult social care (36 per cent), special educational needs provision (38 per cent) and children’s services (39 per cent).

In this context, it is hardly surprising that just 4 per cent of councillors said local government was in a better state now than it was in 2010. Conservative responses were congruent with the general reporting of extreme malaise: 82 per cent said the sector was either in the same state or worse after 14 years with their own party in government (39 per cent and 43 per cent, respectively).

When asked if their local authorities received adequate funding from central government, the councillors’ response was near-unanimous: 97 per cent, including 82 per cent of Conservatives, said no.

The mood among the Tory grass-roots is dismal. Only 3 per cent think their party will form the next government. Their verdict on Rishi Sunak and their own government’s record is dire. Just a third say their party’s policies have had a positive impact on their local areas.

“Councillors are at the coal-face of deciding which services authorities might be required to scrap,” says Jack Shaw, a local government expert working at the Bennett Institute for Public Policy in the University of Cambridge. “Their casework has increased and they are face-to-face, on the doorstep… speaking with the communities they serve about their experiences of poorly funded services.

“It is unsurprising that there is a deeply held scepticism among councillors about the state of local government.”

Fourteen years since the election of David Cameron, the introduction of what seems like a permanent application of Osbornomics has been characterised by a deliberate withering of government’s capabilities: at the local level, councils no longer have the personnel, institutional memory or expertise to deliver anything beyond the bare minimum.

Increasingly, any large project management is outsourced to consultancy firms charging astronomical prices. Lack of capacity creates bottlenecks across the public sector: having fewer social care places adds strain on the NHS; short-staffed planning offices lead to reams of unread applications from developers; decimated environmental departments mean key bits of government legislation such as the Renters Reform Bill are unlikely to ever be adequately implemented by authorities without the experienced officers to enforce it.

If the country is going for growth, then it needs

In their own words
Councillors of all parties have expressed dismay at the state of the local government sector. Here’s what they had to say.

“It is hard to recruit high-quality permanent staff, there is a national shortage of social workers, engineers, finance experts. It feels like a downward spiral of despair.”

“I was elected one year ago... I am shocked at the total lack of government support.”

Exclusive survey

Despite Labour dropping its previous pledge to abolish “right to buy”, 91 per cent of Labour councillors say the policy has been a failure.

**To what extent do you agree or disagree that Right to Buy has been a failure, has depleted social housing stock and added pressure to council budgets?**

- **Very bad**: 6%
- **Bad**: 15%
- **Neutral**: 26%
- **Good**: 38%
- **Very good**: 14%

---

The party leaders
Four-fifths (83 per cent) of all councillors think Rishi Sunak is doing a bad or very bad job. Only a third (35 per cent) of Conservative councillors said Sunak was doing a good or very good job.

**What kind of job do you think the following political figures are doing?**

**Rishi Sunak**

- **Very bad**: 55%
- **Bad**: 28%
- **Neutral**: 8%
- **Good**: 7%
- **Very good**: 2%

*These figures include the 41% of Conservative councillors who responded that Sunak was doing a “bad” or “very bad” job.

**Keir Starmer**

- **Very bad**: 6%
- **Bad**: 15%
- **Neutral**: 26%
- **Good**: 38%
- **Very good**: 14%

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Housing
Despite Labour dropping its previous pledge to abolish “right to buy”, 91 per cent of Labour councillors say the policy has been a failure.

**To what extent do you agree or disagree that Right to Buy has been a failure, has depleted social housing stock and added pressure to council budgets?**

- **Strongly agree**: 62%
- **Agree**: 18%
- **Neither agree nor disagree**: 8%
- **Disagree**: 5%
- **Strongly disagree**: 6%

*These figures include the 91% of Labour respondents who answered “strongly agree” (76%) or “agree” (15%)*
Council tax
Less than 6 per cent of councillors expressed confidence in the current system of council tax.
To what extent do you agree or disagree that the council tax system is broken and requires major reform?

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<td>Very negative</td>
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Conservatives

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“Verdict on the government
Only a third (33 per cent) of Conservative councillors said government policy had had a positive or very positive impact on their areas, and 38 per cent said it had had no impact.
What kind of impact has government policy had on your area since the last election in 2019?

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A t the same time, the Conservatives have unleashed a wave of English devolution, opening up a contradictory localist strategy caught between an immiseration of local government and empowerment of new regional executive mayors (albeit with limited funding themselves). First under the Northern Powerhouse, then the myriad schemes contained within the nebulous “Levelling Up” agenda, new combined authorities have been established across the country, with ten metro mayors (including three inaugural posts in the North East, East Midlands and North Yorkshire) being elected on 2 May.

These efforts are congruent with the vogue for economic “agglomeration” and clusters of skills, labour markets and single regional “functional economic areas”. The mayors act as ambassadors for their areas, trying to attract foreign and private investment, engaging in so-called place-making branding exercises on international junkets, and making endless applications for extra cash from Whitehall-controlled funding pots.

Whether this model for the mayoral role would continue under a Labour government remains to be seen – but certainly the mayors themselves, and their offices, seem here to stay. Labour has been reticent on making any commitment to an improved local government funding package. The shadow levelling up and housing secretary, Angela Rayner, has continued to focus more on her older policy area of workers’ rights and the party’s “New Deal for Working People” than on devolution. She has, however, promised to go “further and faster” than the Conservatives on decentralising powers, and has committed to longer-term funding settlements to improve local authorities’ ability to plan for the future.

But the shadow chancellor Rachel Reeves asserting that she would not bail out bankrupt councils has only exacerbated fears that a Labour government would fail to produce a sector-wide rescue package for authorities in crisis. One poll respondent wrote that life as a councillor felt “futile”, and that “Labour lacks the courage to do anything”.

“Without an adequately funded local government,” says Shaw, “ministers will not be able to achieve their national priorities.” The biggest task for whoever wins the election will be a reconstruction of some semblance of state capacity – and local government needs to be at the heart of that. Yet, if we take Labour at its word, the warning signs are there: the era of a two-pronged, incongruous model of austerity devolution could be set to continue.

“The system of local funding is completely broken, as are many other state services.”

“This is a bit futile. Systemic change is needed... the Labour Party lacks the courage to do anything.”

“The Labour Party has become very controlling, afraid of anything which might upset its chances of winning the next general election. It has stifled debate within our authority on a series of issues at local, national and international level.”
On the south bank of the Manchester Ship Canal at the Stanlow Manufacturing Complex, development is at an advanced stage to supply industry across the region with locally-produced hydrogen. At the same time, an industrial carbon capture and pipeline system is set to send and store ten million tonnes of carbon dioxide a year – the equivalent of taking four million cars off the road – in old gas fields in the Irish Sea.

These initiatives are part of the HyNet project, which has already signed up 40 businesses to deliver the world’s first net zero industrial region. In doing so it will create an attractive hub for investment and a platform to generate thousands of jobs.

It represents a great example of how place-based investment and local technology expertise can drive regional growth. And crucially, it’s not alone. Similar projects are underway in other areas of the UK that generate the most industrial emissions.

Thinking long-term
This is a glimpse of what can be achieved when the private sector and regions work together to respond to a national policy challenge – in this case the need to decarbonise industry.

Much of the success of the project depends on consistent and long-term government policy, which, in turn, gives the private sector stability and the confidence to invest.

At Siemens, we support UK industry in using new technology to tackle the challenges of decarbonisation and productivity. We continue to invest where we see market opportunities. Those recent investments include: £200m in a state-of-the-art rail manufacturing plant in Goole, East Yorkshire; a new £200m research and production facility in Bicester for the superconducting magnets used in MRI scanners; and, most recently, plans for a new £100m rail signalling factory in Wiltshire.

There have been positive policy developments in the UK recently. The introduction of permanent full expensing of capital allowances, for example, was arguably the most significant intervention to support manufacturing in decades. Likewise, we welcomed the government’s Advanced Manufacturing Plan, which included support for...
strategic manufacturing sectors like automotive and green industries, and further funding for the “Made Smarter” initiative to help manufacturing small and medium sized businesses (SMEs) go digital.

Yet while one can see a direction of travel, a longer-term plan is still lacking.

For too long, the UK has been in a circular debate about whether we need an industrial strategy. We believe that the UK needs to make choices about the sectors and technologies where it has, or could have, a comparative advantage, and prioritise policy accordingly to help attract and make the most of regional investment.

The UK’s strengths, with our combination of skills, innovation and existing manufacturing capabilities – often located within our regional industrial clusters – means it can carve out a competitive niche. Importantly, this type of industrial strategy is not about “picking winners” or just using subsidies. Instead, national policymakers could set out national ambitions and an overarching framework.

A local approach to energy
One example of where this needs to happen is in decarbonising our energy system.

It’s clear the future will be largely electric, and the biggest challenge and largest cost related to electricity is simply transporting it from where it is generated to where it is needed. The efficiency benefits of megaprojects meant that building a network around centrally generated power made sense in the mid-twentieth century, but the increasing effectiveness of small-scale technology is now creating real opportunities to create a decentralised web of small, regional, smart grid systems.

Put simply, these use and store locally generated and distributed green power and balance generation with demand. They can also provide flexibility into how we invest in net zero, offering more options than just big-ticket infrastructure, and create a network of projects across the UK that generate pockets of new, localised economic activity.

There are broader benefits too. The UK is fixated on mega projects, and yet we struggle to deliver them. We need to focus on higher volumes of smaller initiatives. Because small projects have shorter turnaround times, we’d gain knowledge far quicker, giving us the ability to analyse and take our learning forward quicker into new projects. Equally, a spate of small-scale projects could help foster local competencies in specific technologies – helping to provide regional jobs while also developing homegrown skills for the UK.

These kinds of projects would enable a “whole systems” approach to energy which could help decarbonise the UK while also providing a platform for place-based economic growth.

But, in short, there needs to be a plan.

Moving forward
We need to drive growth nationally via a strategy that plays regions to their strengths. The trick is to match that aim with national policy priorities, such as net zero, and to set out a long-term plan to achieve them. If we can do that it will give the private sector the confidence to invest and, ultimately, revitalise our regions.

We’ll be bringing leaders together from across industry to discuss and explore this and other topics at “Transform”, our free event taking place in Manchester on 17-18 July.

Carl Ennis is the CEO of Siemens, Great Britain and Ireland

Siemens is building an £100m engineering and R&D facility in Chippenham, Wiltshire
On 2 May, the inaugural election for the new North East Mayoral Combined Authority (Nemca) will take place. The largest English devolution deal to date, Nemca covers two million people. It will unlock £1.4bn of new government funding and give crucial powers over transport, housing and skills to a new mayor. The body will bring together seven local authorities – Newcastle, Gateshead, North Tyneside, South Tyneside, Sunderland, Durham and Northumberland.

That is an impressive feat. It’s easy for Westminster to instinctively lump “the north” together as if it’s one homogeneous and harmonious monoculture. But politically, it’s as fractious and divided as anywhere else, with perhaps even more ancient rivalries between neighbours.

In 2016, talks on a devolution agreement broke down, as authorities on the north and south banks of the River Tyne split over funding and the mayoral model. Two combined authorities were created, with the North of Tyne electing Labour candidate Jamie Driscoll as the new mayor. The authorities south of the river continued without an executive representative. Now, all will be united.

The drama doesn’t stop there. Driscoll, despite being the incumbent of the North of Tyne Combined Authority, was excluded from the shortlist of Labour candidates for mayor earlier this year without official explanation. He is now standing as an independent, with bookmakers offering 13/8 odds on him beating Labour’s candidate, Kim McGuinness, who is the clear favourite.

By the time of publication, we will know the outcome. The Nemca mayor will be in office, attempting to implement the kind of regional governance agenda that has benefited Greater Manchester and the West Midlands.

Whatever the result, the victor will be hoping to ensure the north-east isn’t held back any longer. Spotlight has gathered experts, including the two frontrunners, to discuss the implications of the new deal and their hopes for the future.

Kim McGuinness
Labour candidate for Nemca
The Nemca deal doesn’t go far enough

Devolution here is long overdue. I’m standing to be the first mayor so our region can continue taking powers out of Westminster and let people here make the decisions affecting their lives.

We see the need for more localised decision-making powers, as well as the funding to deliver. This is a vibrant, growing region but it faces challenges. I want the north-east to be known as the home of real opportunity. That means tackling child poverty by investing in the foundational economy; it means putting our ports and rivers at the forefront of the green energy jobs boom; and it means turbocharging our cultural economy so writers, musicians and artists know there’s a career in the north.

The deal we have doesn’t go far enough. Tory deals tend to be focused on business development while ignoring public services. Some areas need a mayor who will create offshore energy jobs, but some parts need a mayor who will bring back Sure Start. The establishment of Nemca is a unique opportunity for our region to regain a sense of autonomy.

Look north-east
What does the biggest devolution deal to date mean for the region?
When I was elected North of Tyne Mayor, devolution gets results. Judge me on my record:

Combined Authority Mayor of the North of Tyne

Jamie Driscoll

As someone who was born in the north-east more than half a century ago, this is the first time in my lifetime when there is the prospect of the entire region converging in its leadership, economic, social and environmental planning. That makes this a once-in-a-generation moment. The key to success will be specialising, rather than jam-spreading, focusing on the region’s strengths. One of these is the way it combines city, coast and rural; another is its distinct industrial and cultural heritage. It is by specialising around these strengths that the benefits of clustering emerge, benefits that would then spill over across the entire region in the fullness of time. From a potentially long list, one of those missions should be to have the region become the first energy-self-sufficient one in the UK. That could generate massive spillover benefits for jobs, skills, energy bills and exports.

University will be core to devolved delivery

Andy Haldane

CEO, Royal Society of Arts and former chief economist, Bank of England

We need to build on our strengths as a region

As someone who was born in the north-east more than half a century ago, this is the first time in my lifetime when there is the prospect of the entire region converging in its leadership, economic, social and environmental planning. That makes this a once-in-a-generation moment. The key to success will be specialising, rather than jam-spreading, focusing on the region’s strengths. One of these is the way it combines city, coast and rural; another is its distinct industrial and cultural heritage. It is by specialising around these strengths that the benefits of clustering emerge, benefits that would then spill over across the entire region in the fullness of time. From a potentially long list, one of those missions should be to have the region become the first energy-self-sufficient one in the UK. That could generate massive spillover benefits for jobs, skills, energy bills and exports.

Katy Shaw

Professor at Northumbria University

Universities will be core to devolved delivery

The past decade has witnessed a remarkable new wave of English devolution, and universities have had a key role to play as a delivery mechanism. The sector can enhance profile and drive partnership by stepping up to reap both the responsibilities and the rewards that devolution affords. Universities can attract talent, share best practice, draw inward investment and return agency to a place and its people. If devolved bodies can harness innovation, then by working together combined authorities and higher education institutes can boost inclusive growth in partnership.

At Northumbria University we have worked with Newcastle University and Nemca to build capacity and share expertise through secondments and collaboration. Civic mission cannot be achieved in isolation: universities need to engage with devolution. With combined authorities, we can invest in meaningful place-making through civic strategy, ensuring that our graduates, research and cross-sector relationships are fit for purpose now, and into the future.

On 2 May 2024, local government, local authority mayoral, and combined authority mayoral elections took place.
Sarah Longlands: “The regional ambitions of metro mayors will not be realised without strong councils”

How do you start your working day? My day starts with getting my two daughters out of bed and ready for school. After a short walk to drop the girls off, I'll get the coffee on, identify the two or three key things I want to achieve that day, and crack on.

What has been your career high? Taking over as chief executive of the Centre for Local Economic Strategies (Cles) in 2021 has definitely been a high point. I love working with such a talented and supportive team from our offices in Manchester. There is endless variety and the chance to meet wilful individuals who are prepared to think and do differently.

What has been the most challenging moment of your career? Managing a team alongside a busy workload at IPPR North during Covid-19 was really challenging, particularly at the beginning when guidance was scarce and everyone was fearful. I remember driving around Manchester delivering computers to the team. It felt like the end of days.

If you could give your younger self career advice, what would it be? I'd try to urge myself to recognise my achievements, be confident in who I am, stop worrying about what others think, and be confident that I can make a difference.

What political figure inspires you? I grew up in the so-called Troubles in Northern Ireland and experienced first hand the impact of fear, violence and bigotry. So I have always been inspired by politicians like the late John Hume, who not only campaigned for peace but who worked to create places that are underpinned by the principles of social justice, tolerance and democracy.

What policy or fund is the UK government getting right? English devolution is continuing to roll out through the establishment of mayoral combined authorities. However, the approach to devolution policy in England still lacks clarity and purpose. There is still a serious lack of understanding among voters as to what metro mayors and combined authorities do.

What policy should the UK government scrap? Local government austerity. Long-term sustainable funding settlements for local government are essential to supporting local services. Done right they can support local economies. The regional ambitions of metro mayors will not be realised without strong councils.

What policy or law is the UK government getting right? The Scottish government’s Community Wealth Building Act commits Holyrood to community wealth building. It means every part of the public sector must commit to maximising spending towards community wealth initiatives across Scotland, through their employment, finance, and use of land and assets, with the goal of democratising ownership of the economy in the long term.

What piece of international government policy could the UK learn from? I think that the scale of the US government’s commitments to promote equitable community development sets an important precedent for how policymakers in the West can place social and economic justice at the heart of economic policymaking.

If you could pass one law this year, what would it be? A Well-being of Future Generations Act, like we have in Wales, but for every region and nation of the UK. This could be used to challenge the growth-at-all-costs mindset of the UK Treasury, and require decision-makers to build economies where progress is measured by how well they generate good lives.

Deliver Stronger Local Economies – which pointed out how important it is that women are able to take the opportunities available to them to work and lead.

The Policy Ask - Sarah Longlands.indd   22 26/04/2024   19:14:03
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