

Levelling Up White Paper

Overview & Scrutiny

7 March 2022

Analysis

What is 'levelling up'?

Increasing opportunity across the UK

“While talent is spread equally across our country, opportunity is not. Levelling up is a mission to challenge, and change, that unfairness.”

Reducing disparities within regions

“The UK has larger geographical differences than many other developed countries on multiple measures ... these disparities are often larger within towns, counties or regions than between them.”

A challenge to orthodoxy?

“Standard economic theory does not assign these [civic] institutions much of a role in explaining patterns of growth... Recent research has fundamentally changed that thinking, giving institutions a central role in explaining economic development.”



System Change: 5 pillars of reform

“System change is not about a string of shiny, but ultimately short-lived, new policy initiatives. It is about root and branch reform of government and governance of the UK.

It is about putting power in local hands, armed with the right information and embedded in strong civic institutions.”

“This programme has to be broad, deep and long-term.”



- 1 Setting clear and ambitious **medium-term missions** to provide consistency and clarity.
- 2 Central government decision-making will be fundamentally reoriented to **hardwire spatial considerations** across Whitehall.
- 3 **Empower decision-makers in local areas** by providing leaders and businesses with the tools they need.
- 4 A transformational approach to **data and evaluation** to improve local decision-making.
- 5 A **new regime** to oversee the levelling up agenda.

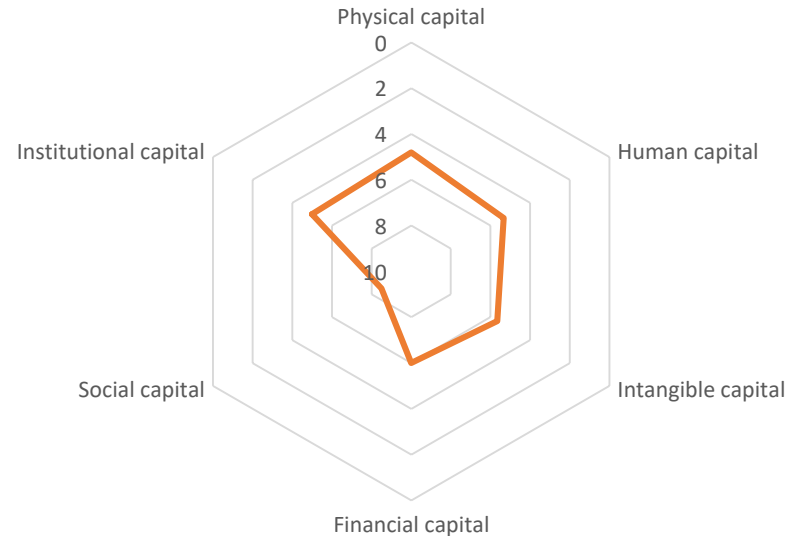
Six capitals

LUWP refers to ‘six capitals’ which together drive long-term success and are mutually reinforcing

- 1 Physical capital
- 2 Human capital
- 3 Intangible capital
- 4 Financial capital
- 5 Social capital
- 6 Institutional capital



West Midlands ranked performance on the six capitals¹



Key takeaway: The West Midlands performs as a middling player across all the capitals apart from social capital (community activity, relationships, trust).

This emphasises the necessity of working to boost social capital and the risk of not doing so is that growth in the other capitals may be undermined.

1. Method: This subjective analysis looks at figures from chapter 1.5 of LUWP. Excluding Scotland, Wales and Northern Ireland (which often perform worse than the West Midlands), performance is ranked from 1 to 9 or approximated where necessary, with 1 being strongest performance.

12 Levelling Up Missions

Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.

- Living Standards
- Research & Development
- Transport Infrastructure
- Digital Connectivity

Restore a sense of community, local pride and belonging, especially in those places where they have been lost.

- Pride in place
- Housing
- Crime

Spread opportunities and improve public services, especially in those places where they are weakest.

- Education
- Skills
- Health
- Wellbeing

Empower local leaders and communities, especially in those places lacking local agency.

- Local Leadership

Data, monitoring & evaluation

- Statutory Obligation to report
- Spatial Data Unit & tools
- 'New body' to co-ordinate

Policy

Deepening Devolution

“We will open negotiations **on trailblazer deeper devolution deals with the West Midlands** and Greater Manchester combined authorities. These deals will act as the blueprint for other mayoral combined authorities (MCAs) to follow, with bids for more powers welcome.”

“These are not minimum offers. There will also be **scope to negotiate further powers**, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities – for example, the improvement of health and social care outcomes.”

| Function | Detail | L1 | L2 | L3 |
|--|---|----|----|----|
| Strategic role in delivering services | Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies | ✓ | ✓ | ✓ |
| | Opportunity to pool services at a strategic level | ✓ | ✓ | ✓ |
| | Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets | ✓ | ✓ | ✓ |
| Supporting local businesses | LEP functions including hosting strategic business voice | | ✓ | ✓ |
| Local control of sustainable transport | Control of appropriate local transport functions e.g. local transport plans* | | ✓ | ✓ |
| | Defined key route network* | | | ✓ |
| | Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations | | | ✓ |
| | Ability to introduce bus franchising | | ✓ | ✓ |
| Investment spending | Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement | | | ✓ |
| | UKSPF planning and delivery at a strategic level | | ✓ | ✓ |
| Giving adults the skills for the labour market | Long-term investment fund, with an agreed annual allocation | | | ✓ |
| | Devolution of Adult Education functions and the core Adult Education Budget | | ✓ | ✓ |
| | Providing input into Local Skills Improvement Plans | | ✓ | ✓ |
| Local control of infrastructure decisions | Role in designing and delivering future contracted employment programmes | | | ✓ |
| | Ability to establish Mayoral Development Corporations (with consent of host local planning authority) | | | ✓ |
| | Devolution of locally-led brownfield funding | | | ✓ |
| | Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding | | | ✓ |
| Keeping the public safe and healthy | Homes England compulsory purchase powers (held concurrently) | | ✓ | ✓ |
| | Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align [^] | | | ✓ |
| | Clear defined role in local resilience* | | ✓ | ✓ |
| Financing local initiatives for residents and business | Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities) | | | ✓ |
| | Ability to introduce mayoral precepting on council tax* | | | ✓ |
| Financing local initiatives for residents and business | Ability to introduce supplement on business rates (increases subject to ballot) | | | ✓ |

Economic Opportunities

Innovation and R&D

- Innovation Accelerator (£100m)
- 55% Domestic R&D Funding
- WM Smart City Region

Skills, education & employment

- Education Investment Areas
- Employment Programmes
- National Youth Guarantee
- Walsall Pathfinder

UK Shared Prosperity Fund

- To be led by MCAs
- Place & communities; Business support; People & Skills (2024/5)

Other mentions:

- LEP Review
- £400m Midlands Engine Investment Fund
- Places for Growth

Housing & Transport

Housing

- New brownfield funding & 80/20 rule scrapped
- Wolverhampton transformational regeneration programme

Transport

- New powers available on the Key Route Network (KRN) and taxis
- Bus Service Operators Grant
- Further support for LTPS
- Local leaders say on Great British Rail

Table 3.1 Brownfield Funding

| Place | Funding (Rounded to nearest £m) |
|--|---------------------------------|
| West Midlands | £28m |
| Greater Manchester | £27m |
| West Yorkshire | £22m |
| Liverpool City Region | £15m |
| South Yorkshire | £13m |
| North of Tyne | £8m |
| Tees Valley | £6m |
| MCA BHF, sub-total: | £120m |
| Further locally-led brownfield funding, sub-total: | £180m |
| Total | £300m |

Note: Funding to MCAs does not sum to £120m due to rounding

Health, Culture & Communities

Health

- Opportunity for MCAs to take on duty to improve public health

Communities

- Community Wealth Fund using £880m of Dormant Assets

PCCs and Fire Governance

- “The UK Government will look to have all Combined Authority Mayors lead on public safety, taking on the PCC role, where boundaries align.”

Culture & Creative

- £18m Creative Scale Up programme
- 100% of Arts Council England funding uplift outside London
- 100 DCMS levelling up priority places

Funding issues

- Levelling Up Fund
- Commitment to local government funding & up to date assessments
- Single pot / streamlined funding
- New funding sources for Combined Authorities (business rates)
- Unlocking LGPS



“The UK Government will empower local leaders with the resources they need to level up their communities. This means a **commitment to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources.** The data used to assess this has not been updated in a number of years, with some dating back as far as 2000.

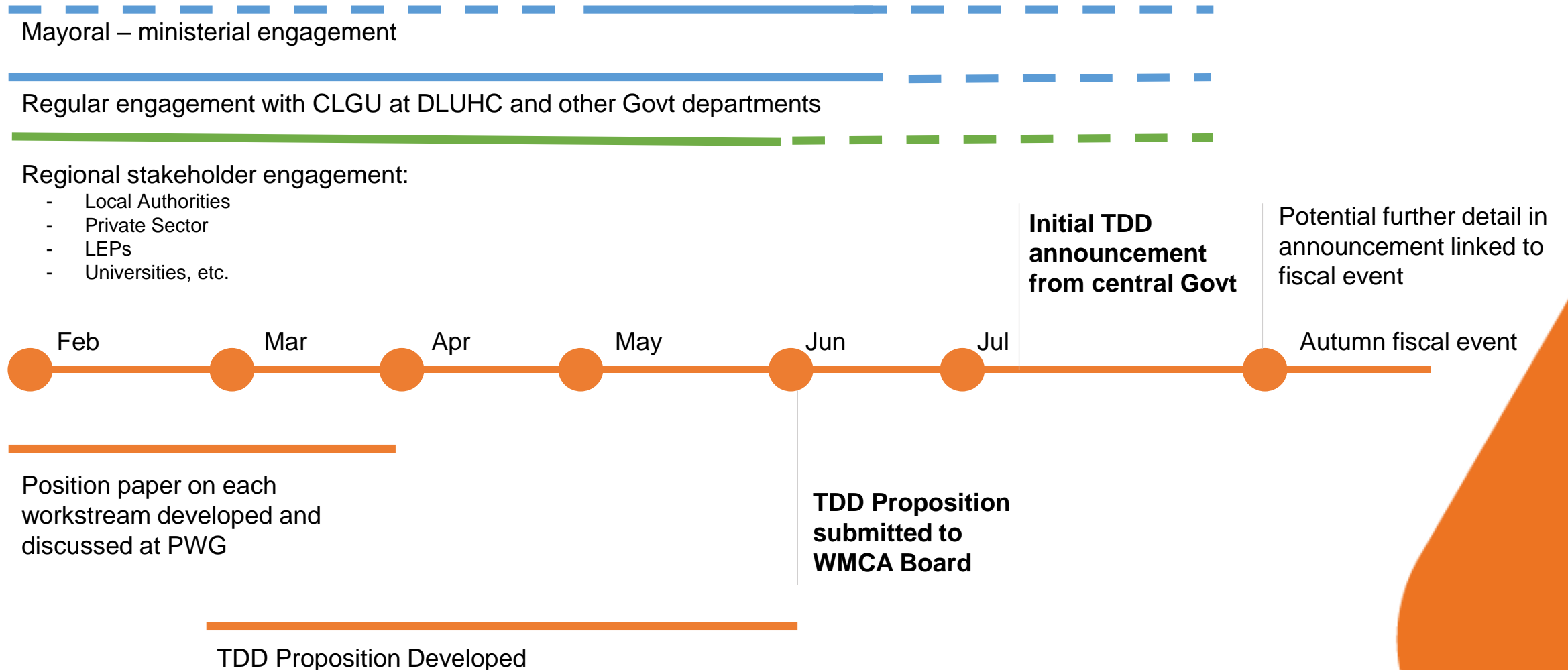
... As part of this, the UK Government will look at options to support local authorities through **transitional protection.** One-off grant funding provided in the Local Government Finance Settlement in 2022-23 will be excluded from potential transitional protections.”

Next steps

DRAFT

Possible TDD Development Timeline

Non-exhaustive; full stakeholder engagement plan in development



Proposed policy development and stakeholder engagement

TDD Policy Development:

- 20 thematic workstreams
- Developed through existing thematic structures and officer groups e.g. EGB

High-level Decisions

- Key decisions go through WMCA Board
- High-level negotiating team of mayor plus x leaders

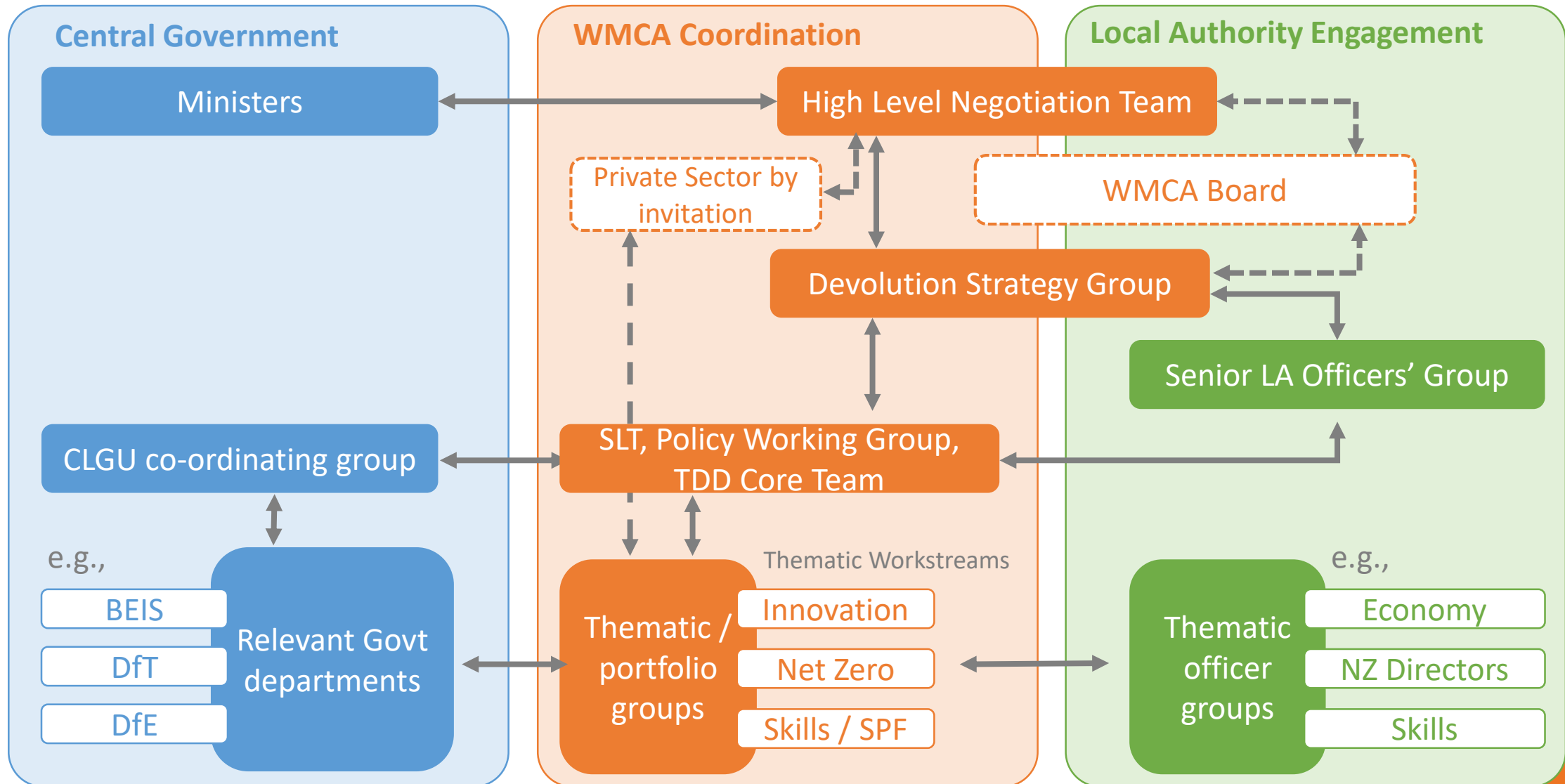
Devolution Strategy Group:

- 2 WMCA Exec Directors
- 7 Met Chief Execs or designated director-level representatives
- 1 Non-con Chief Exec or designated director-level representative
- Supported by senior LA officer group

Briefings:

- Bulletins
- Briefings at all relevant WMCA meetings
- Presentations at stakeholder meetings

Proposed TDD Negotiation Arrangements



Workstreams (1/2)

Each workstream responsible for:

- Policy positions
- Stakeholder engagement
- Government engagement

| Directorate | Workstream | SLT lead | WMCA Workstream co-ordinator |
|------------------------|------------------------------------|-----------------|------------------------------|
| Economy | Innovation | Julie Nugent | Jonathan Skinner |
| | WM Smart City Region | TBC - Ed Cox | Robert Franks |
| | LEP Integration | Julie Nugent | Jonathan Skinner |
| | Trade and Investment | Julie Nugent | Jonathan Skinner / WMGC |
| | Business Support System | Julie Nugent | Jonathan Skinner |
| | Skills | Julie Nugent | Fiona Aldridge |
| | Education | Julie Nugent | Fiona Aldridge |
| | UKSPF (Multiply) | Julie Nugent | Fiona Aldridge |
| Housing & Regeneration | Housing, regeneration and planning | Gareth Bradford | Pat Willoughby / Rob Lamond |

Workstreams (2/2)

| Directorate | Workstream | SLT lead | WMCA Workstream co-ordinator |
|--------------------------------------|--|--------------|------------------------------|
| Fairer, greener, healthier | Homelessness Prevention | Ed Cox | Neelam Sunder |
| | Health | Ed Cox | Mubasshir Ajaz |
| | Crime, community safety and resilience | Ed Cox | Claire Dhami |
| | Social capital and social economy | Ed Cox | Claire Spencer |
| | Net Zero (BEIS) | Ed Cox | Cheryl Hiles |
| Transport | Transport | Anne Shaw | Adam Harrison |
| Strategy & Chief Exec's Office | Digital | Ed Cox | TBC - Ed Cox |
| | Culture | Ed Cox | Salla Virman |
| | Funding | TBC | Carl Pearson |
| | Non-constituent authorities | TBC - Ed Cox | TBC – Dan Essex |
| | Data and transparency | Ed Cox | Bec Riley |

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