



The Medici Code

THE LEVELLING UP WHITE PAPER: REFLECTIONS AND RESPONSES

About Localis

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We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

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- **Decentralising political economy.** Developing and differentiating regional economies and an accompanying devolution of democratic leadership.
- **Empowering local leadership.** Elevating the role and responsibilities of local leaders in shaping and directing their place.
- **Extending local civil capacity.** The mission of the strategic authority as a convener of civil society; from private to charity sector, household to community.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.

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Introduction

By Jonathan Werran, Chief Executive, Localis

As a nation, this isn't our first rodeo when it comes to seeking to increase growth and rebalance the economy.

The 'levelling up' white paper was awash with historical examples and precedents from the dawn of humanity and the first cities through to Medici Florence, the Golden Age of the Dutch Republic down to the Industrial Revolution. It also gave a very cogent and pacy trot through post war economic interventions to the present day.

So taking a lead from the white paper, here's an historical analogy I chanced upon during the Christmas holidays. Reading through *Winds of Change*, Peter Hennessey's beautifully written history of the 1960s, we come to sixty years ago in 1962 when Harold MacMillan's troubled administration was to be revived by his 'Modernisation of Britain' plan.

For this, two things needed to be done. To enhance the UK's competitive power in the run up to applying for EEC membership, and drive exports to a level that would support full employment, a productivity boost driven by new technology and labour market reform was seen as urgent. Secondly, Macmillan averred, 'we have to re-organise the structure of the island in such a way as to rectify the imbalance between south and north-between the 'rich' areas and the 'poor' areas, the over-employed regions and the under-employed regions - and redress the grave social anomalies which are created by this imbalance'.

It rings very familiarly. But events, dear boy, events, did away with Macmillan's vaunted hopes.

We have to admire the ambition and vision of the new white paper as a sincere and deeply thoughtful attempt to turn the tide of the times and change the economic geography of the country. We now know what Levelling Up is as a central government agenda and its defined objective in narrowing stubbornly-entrenched social disparities. It takes into account all the historical attempts, where they worked or failed and recent shocks. It addresses growth policy as a means to deal with inequalities. It synthesises all the uses and purposes of various forms of capital, financial, social, institutional. As an analysis, this is excellent and really cannot be faulted as a literate and powerful assessment for an avowedly interventionist programme.

During a briefing given pre-publication, levelling up secretary Michael Gove quoted scripture and Matthew's parable of the talents: *"For to everyone who has will more be given, and he will have abundance"*

He used the Matthew effect to explain why the agglomeration effect in London and the South East had to be reversed and money channels diverted uphill to irrigate the north. So the economic and moral case is irrefutable.

However, from a localist perspective, the white paper, so acute and brilliant in its analysis, falls as soon as we see the dozen policy prescriptions. In short, the solutions are too complicated and too centralised and under-resourced for affecting dynamic place policy and changing the economic geography, and destiny of the country.

This collection expounds upon this view, with contributions from the Localis team and visiting fellows Catriona Riddell and Prof. Colin Copus, to give a panoramic localist response to the white paper, its successes and failures, along with a view to how advocates of devolution can take the argument forward.

A concluding thought from the Italian city states comes from Count Metternich, Europe's leading statesman, who in 1814 was able to label Italy as 'only a geographic expression'. During the high renaissance, the Medicis of Florence and the Sforzas of Milan were happily engaged in humane urban innovation and economic expansion amid ruthless civic competition and one-upmanship that ultimately left Italy, as a whole, vulnerable through disunity to the predations of the Valois kings of France and the Holy Roman Empire. Unpacking the Levelling Up White Paper through this Medici code to a UK wide risorgimento movement of national solidarity must take on board the mutual dynamic and useful interdependencies between and within our regions and sub-regions for a broader outlook and a greater good.

ONE

Right words, wrong actions

BY JOE FYANS, HEAD OF RESEARCH, LOCALIS

The Levelling Up White Paper filled a void by dint of its very existence, with the concept of levelling up having been loosely and amorphously defined on the fly ever since it played its role in the landslide Conservative victory of 2019.

This analysis looks at the white paper from various angles, aiming to build a picture of the paper's chain of logic and indicate exactly where a breakdown in this logic leads to a disappointing end from promising beginnings. Nevertheless, there are always positives to be taken from a declaration of intent as detailed and wide-ranging as this, for advocates of a localist system, and this reflection on the white paper concludes with some points for localism advocates to take forward.

Terms of analysis

When working through a document like the Levelling Up White Paper, it is helpful to try to differentiate and delineate terms of analysis – or, to decide whether to take the paper on its own terms or within an assessment of the political environment in which it operates. As is so often the case, what the paper was supposed to do in terms of the government narrative around its formulation and release is quite a different thing to what it could reasonably be expected to do in the context of British politics in 2022. Does the white paper, as was prophesied, radically reshape the British state and create a blueprint which, if followed, will lead to a less lopsided, more prosperous UK economy? No, not really. However, a more realistic question might be: in the context of rotten central-local relations, a fractious government with a complicated electoral coalition and concurrent economic crises, does this paper in any way advance the cause of local autonomy? A fair answer is yes, a bit.

The Levelling Up White Paper is not the starting gun for a race to devolved, autonomous localities in stewardship of their own economic destiny – as this analysis will show, the strings attached are far too many and the treatment of local leadership far too suspicious for that. Furthermore, it does not contain within its policy prescriptions sufficient measures to achieve its goals even within its own manifold strictures, as cutting analysis from the likes of the Institute for Fiscal Studies and Oxford Economics has pointed out. Yet in reality, the relationship between central and local government in England has always been an extremely restrictive one. Things local government might more pragmatically look for in the white paper are political openings, rhetorical tools or, in other words, sticks with which to beat central government in the ongoing push-and-pull battle that defines central-local relations. In this regard, the white paper represents an advancement in the debate, with ground ceded to advocates of localism and devolution in a way that would have been considered off the table only a few years ago.

The white paper can also be looked at in terms of what it says about the current government position. In this regard, the Levelling Up White Paper reveals the fault lines that run across the current political geography of the UK, and England in particular, presaging battles to come. The lack of any real money for the agenda under the terms of the 2021 Spending Review and the conflict between the vision it espouses – of an interventionist state using major capital spend to facilitate a growth revolution – and the policy decisions taken recently by government, most notably the cancellation of a portion of HS2 designed to do exactly that, betrays the tensions within government. The now-obligatory pre-publication leaks which inferred that the paper's authors were not entirely happy with the slack they had been given with which to tie together policy solutions also point to a divided

government. This is particularly troubling given quite how much faith the paper places in coordinated, consistent and long-term action from central government.

The Levelling Up White Paper thus arrives undermined, with the political and economic context of its release stretching the credibility of the strategy it outlines to breaking point. The paper is not what it claims to be, but it is far from useless. The white paper has brought us further along the long road to a system of governance that respects principles of subsidiarity and local democracy, albeit often in ways that require reading between the lines. In filling the void at the centre of the levelling up agenda with a holistic theory of economic development and geographic disparity; in expanding and nuancing the language of local growth and, most importantly; in its wholesale acceptance of the underlying argument made for years by advocates of locally-led economic growth, the Levelling Up White Paper has provided ample ammunition for those of us who seek to chip away at the structure of the most centralised nation in the Western world.

The white paper's strengths and fatal flaw

The paper's greatest strength is in its analysis of geographic disparities in productivity and prosperity across the UK. While this may seem like a fairly minor ask of a paper expressly concerned with the issue, making a case for both the existence of pervasive structural inequality and the role of economic policy as a causal factor is no small thing. As a perennial issue in British public policy, regional inequality has been refuted from many angles, with arguments that the current state of affairs is either inevitable, desirable or that the failure of successive governments to alleviate it is proof that it is an unassailable challenge. It is, therefore, a key achievement of the white paper that it manages to push back against the arguments against regional inequality as a cause for policy focus and the arguments that redressing the balance is some kind of Sisyphean task (successive UK governments failing to do something does not, in fact, mean that the thing in question is impossible). That it manages to do so while also responding to the much sounder criticism that regional inequality is a focus that smooths over far too much inequality within regions is doubly impressive.

The cyclical and complex nature of the problem as the paper lays it out presents a good defence against the fatalistic, 'twas ever thus' analysis of regional inequality. Well aware of the many arguments against the stated goals of the agenda, the paper's authors have taken care to outline the depth of the problem and created a neat typology to explain the multidimensional nature of the problem. The 'six capitals' approach explains why simply 'turbo-charging' one element of a local economy will not lead to deep change or real structural transformation, rather making the case that focusing on the accumulation of multiple different types

of capital into a broader agglomeration is the key to real growth. Making this point, the paper uses a broad range of metrics to illustrate the complexity of the problem and demonstrate that this is an issue for the whole country not just individual towns, cities or regions – on some of the metrics, like life satisfaction, the more successful regions of the country look comparatively poor. Each new data line pulled out and mapped further provides buttress against claims that regional inequality isn't really that dramatic. The paper then, in its first section at least, finally provides us with official UK government acknowledgement that, yes, inequality does exist in London and the South East and, on many metrics, they are not particularly fantastic places to live for everyone.

Having rightly begun with a thorough analysis of the problem, the paper's turn towards the solution begins positively with a coherent and innovative theory of economic growth, one which centres on the notion that the current economic geography of the UK is neither efficient nor inevitable. Using the idea of six capitals as the basis, the white paper puts together a synthesis of various contemporary theories to build an analytical framework for understanding why it is that, for example, the UK's second-tier cities are outliers in their underperformance and why London continues to resemble an economic supernova. This framework illustrates how the conception of economies as complex systems, where agglomeration is driven by different forms of capital, leads to four high-level target areas for policy: productivity, quality of life, place and leadership. From this are extrapolated four goals of policy, the final of which is to empower local leadership and communities.

Were the paper to end at this point, perhaps with a commitment to a programme of devolution in order to empower local leadership to drive up six capitals in line with the four policy goals outlined, there would be very little to criticise indeed. Yet this is barely a third of the content, with many more lists to come – to join the six capitals and four policy goals will be twelve 'missions', and the caveats to empowering local leaders will begin to outweigh the actual evidence that local leaders should be empowered by the time the paper is through. How does a white paper go from such a thorough and grounded start-point to such a disappointing, wide-of-the-mark end-point? The problem starts with the deeply flawed conclusions of the historical analysis of chapter two.

The general historical overview given by the white paper is reasonable enough. Since at least the inter-war period, when traditional industries began to decline, successive UK governments have led major initiatives to reduce inter-regional inequality. These policy regimes have varied in character – a post-war focus on industrial development and resource equalisation through central government, a marked expansion of the role of the private sector in the 1980s and an expansion

of focus to include human and social capacity through regional development agencies in the 90s and start of the millennium and then the emergence of LEPs, city deals and the Localism Act from the Coalition government of the 2010s to the pivot to and from an overt 'industrial strategy' in present day. These policies have had some positive long-term effects, notably the revitalisation to a certain degree of the UK's regional cities. However, as a result of a complex combination of factors, none have gone far enough.

The fatal flaw with the paper begins to emerge with the lessons taken from this potted history. All the historical case studies are well put together and the points extrapolated are reasonable: there were issues with coordination and a lack of local empowerment, for example, in all of the cases examined. These conclusions all exclude an analysis of the essential nature of the key actor: UK government. For all its analysis, the section of this paper concerned with learning from previous policy regimes does not consider the glaringly obvious: the fundamental inability of the British government to focus on more than one thing at once, nor the lesson about short-termism and political cycles that is quite clear in the marked inconsistency of the government's approach. The obvious conclusion, that the kind of policy regime identified as necessary to achieving levelling up would be better vested in local leadership through devolved powers is entirely missed. Instead, by the end of the chapter, the white paper ends up preaching local empowerment while demanding, granular, real-time data on outcomes fed directly to Whitehall, which must oversee the competence of all local leadership at once. Here we go again.

A better lesson from a century of constantly reinvented regional policy, entirely subject to political headwinds and the whims of individual ministers, is that it is a matter perhaps best taken out of central government hands. Instead, the Levelling Up White Paper ploughs ahead with the idea that the central government machinery of the UK has the political stability and long-term focus to carry out twelve diverse missions over eight years. It essentially wants it both ways, recognising that local leadership needs to be utilised but unable to truly vest trust and authority at the local level, envisioning a situation where omniscient ministers and civil servants can at any point pull the string and collapse local autonomy. Even in this extremely restrictive form of devolution, no answer is given to the ongoing crisis in public service funding in councils across England, who despite proclamations of the end of austerity are still on the whole being edged ever closer to a core service offer. To understand the depth of this problem of perception, where Whitehall can see the flaws of local leadership with such clarity while remaining seemingly blind to the problems with its own operation, there follows a consideration of the data drive which runs through this paper like a golden thread of its very own.

Data and accountability in the white paper

Do we have enough data on local government? The answer from the Levelling Up White Paper is, “not enough for any local leaders to be given any kind of autonomy just yet”. We certainly have enough to *understand* regional inequality, the paper must acknowledge that as it draws extensively on existing data to make its case in the first chapter. Yet given that a lack of accountability and transparency at the local level are identified as reasons for the failure of previous policy regimes, the internal logic of the report leads to the proffering of a series of new metrics, outlined in the paper’s annexe alongside existing indicators which are attached to the twelve missions.

More than just local economic performance however, the white paper seeks to identify the tangible outcomes of government investment on local economies, turning the metrics into indicators of local government performance. Using such data as an accountability mechanism for local leadership is potentially problematic, and it is not clear whether combining local economic performance into an understanding of local government performance is in line with the theory of growth or analysis of inequality put forward in the first place. Fundamentally, there is a reasonable amount of data on local economies already available, as evidenced by the very detailed case put forward in the first section of the white paper and the ONS’ new dashboard, which in many ways recreates services that have been available for some time via tools like Nomis UK and Public Health England’s Fingertips website.

Yet in the quest to establish enough accountability to allow local empowerment, councils face being tasked with developing and reporting a wide variety of data, all designed to show direct impact of government spending on local economies. Direct causal outcomes of this kind, available at the push of a button in Whitehall, are not a realistic way to approach evaluating local leadership, particularly given the fiscal constraints placed on local government and the idea of an agglomeration theory of growth where multiple intangibles interact to produce growth and prosperity. This is the case even working under the assumption that such a regime of standards and monitoring would be applied with consistency and political neutrality as governments change over time.

If local economies are complex systems, with strong institutional capital required to build capacity and boost growth across a variety of factors not easily reduced to simple causal inference, can the performance of local leaders be boiled down to an easily-navigable dashboard or, perish the thought, a league table? This question speaks to the one longstanding issue of regional development which is not properly expounded upon in the Levelling Up White Paper: the dim view

held of local government in Whitehall and across Westminster. The fundamental problem identified repeatedly by local leaders is a lack of respect for the abilities of local government, combined with a misunderstanding of the role of local government. The data strictures laid out falsify the notion that the white paper might move past the idea that local government is a mere delivery arm of the central state. For all the talk of empowering local leadership, the parameters laid out for this empowerment make it clear that levelling up is a service provided to citizens by the UK government, delivered via local channels.

Rather than twelve cross-cutting, multi-departmental missions, each with its own set of metrics for monitoring and accountability, a more fitting conclusion to be drawn from the paper's early analysis would be to hand down long-term targets to local leadership alongside capital funding. Furthermore, addressing the hole in revenue funding which in so many instances is equally culpable for people's lack of pride in place as suppressed economic growth would surely be an obvious solution. The heart of the problem with the white paper is thus found in its quest to find a level of accountability that would be enough for Whitehall to truly hand over some powers to town halls across the country. A change of mindset and an adjustment in institutional focus, to bring the concept of subsidiarity to the fore and step back from the paternal urge to have total visibility and control over all aspects of policy, is what is actually required to level up the UK.

Taking it forward for localism advocates

Despite its flawed nature, the white paper has moved things along in the slow crawl to devolution. As well as making a comprehensive case for geographic disparity as a policy issue, the paper has also broadened the language of local economic development with its abundance of economic concepts and political heuristics. Perhaps most importantly, it has surely once and for all removed the proverbial genie from the bottle when it comes to addressing regional inequality as a government issue.

The paper sets terms for how local economic development and regional inequality can be discussed and argued in the future. The first section definitively shuts down the argument against the existence of, or the potential of policy to work against, structural geographic inequality. This war chest of analytical weaponry must be taken on by local government in the future. By acknowledging the significance of inequality within regions and the issues faced by more successful parts of the country, it provides a disjunct from the easy political points about London and the South East which have thus far characterised the agenda – this can be seized upon by those places in negotiations with Whitehall. And, although this is hardly reflected in its prescription, the diagnosis of the paper makes clear that

local leadership is essential to economic growth, in what amounts to about half an acknowledgement of the principle of subsidiarity. The disparity between these words and the action that will follow them must be a point raised loudly and often by local leaders.

TWO

A planner's view

BY CATRIONA RIDDELL, VISITING FELLOW, LOCALIS

The white paper recognises that a “strong planning system is vital for levelling up communities”, yet it dedicates just over one page (page 227) out of nearly 300 to planning reform, with under ten references throughout the document to land-use or spatial planning.

Even then, it simply repeats what we already know about the commitment to ‘beauty’; the emphasis on digitising the planning system; the reforms to developer tariffs; and the priority given to brownfield over greenfield sites. There is not much more on planning in the document than that. Or is there?

The word ‘spatial’ appears 119 times in the document. The government is advocating a ‘systems’ approach to levelling up, with spatial considerations shaping national policy development and ‘hard-wired’ into investment priorities. So why then is spatial planning given so little print space?

This is partly because we have yet to see the next iteration of the planning reforms package following the 2020 Planning White Paper. But it also probably says more about the lack of understanding around what spatial planning is than about its potential role in levelling up. Spatial planning, especially at the strategic level, has historically played a critical role in any national socio-economic policy, given the importance of how this is translated on the ground and the critical relationship between where people live and work. This all changed in 2010 when the formal approach to strategic planning (regional spatial strategies) was replaced by the Duty to Cooperate. The government has since recognised that this has not worked well and is likely to replace it through the forthcoming planning reforms. In the meantime, however, the real purpose, understanding and value of strategic planning has been lost over time.

Strategic planning is not a big local plan. It is a long-term spatial investment framework for integrating economic, social and environmental considerations within a place-based context and aligning these with infrastructure priorities. It acts as the essential pivot between the national and local levels, giving effect to national policy in a way that reflects local circumstances and context. It provides a larger spatial canvas for growth, offering choices and ensuring it is delivered in the right way and in the most sustainable locations.

But to do all of this, strategic planning will have to be an integral part of how national levelling up priorities are implemented locally, especially through the devolution process. Currently, there are no references to 'spatial considerations' or 'planning' in the Devolution Framework. Yet there will be a clear need for the ringmaster role it plays to ensure that many of the functions are integrated and capable of being delivered on the ground. Such as in transport infrastructure, promotion of health and wellbeing, local nature recovery strategies, regeneration priorities.

If the government is serious about rewiring the way it operates to deliver an integrated approach to levelling up, this has to be applied vertically from the national to the local level, not just horizontally across government departments. The absence of any reference to strategic or spatial planning explicitly is therefore not only a lost opportunity but is a significant flaw in the government's overall approach. It could be rectified by requiring all devolution deals to include spatial investment frameworks within which local plans, transport plans and other plans and strategies could be prepared.

This links nicely to the other clear omission from the document, the thorny subject of housing numbers. The white paper confirms that much of government funding

to support housebuilding will be redirected to the levelling up priority areas and away from the 'maximum affordability areas' that have benefited from most of the funding in the past (ie London and the South East). It also confirms that priority will be given to development on brownfield sites, with the implication being that this will protect greenfield sites and specifically Green Belt. Whilst this will be a welcome commitment for many, it will have to be supported by a compensatory change in the way local plan housing targets are set (i.e. the formula underpinning the Standard Methodology) and the overall spatial distribution of growth across England.

And here is why. Firstly, if Green Belt is to be protected and improved, with the priority given to the reuse of brownfield sites, the number of opportunities within those areas that are currently expected to deliver the highest rates of housing, will be significantly reduced. Secondly, if public sector funding to support the development of brownfield sites is to be directed away from places like London and the South East where land values are highest, there will inevitably be site viability challenges, with a knock-on impact on things like affordable housing and infrastructure provision. Thirdly, if London is still to be expected to deliver a 35% uplift over and above its needs, it will have to rely on the surrounding areas, most of which already have huge challenges in absorbing their own needs. This brings us back to strategic planning.

Many other questions will have to be answered, not least what the refocus of R&D and medical research away from Cambridge and Oxford means for the Ox-Cam Arc Spatial Framework and what the review of neighbourhood governance will mean for local and neighbourhood planning. This will clearly all have to come out in the wash when planning reforms are taken forward but, until then, the government's message of 'business as usual' is going to be a difficult one to swallow for planners.

THREE

Governance relationships in the white paper

BY CALLIN MCLINDEN, RESEARCHER, LOCALIS

The Levelling Up White Paper is the latest in a long-running series of attempts by central government to address regional governance and inequality.

In the white paper are 12 levelling up 'missions': a useful direction of travel for regional governance and their constituent councils and other local stakeholders. However, these missions risk not amounting to much unless driven by what causes structural inequality and a lack of place pride. This is where the relationships between local government and stakeholders can become very useful.

Unless root causes are identified locally, and tackling them is built into the delivery of the missions, there will be a missed opportunity to remodel public service delivery to be preventative, rather than reactive – likely leading to a similar style of reactive diagnosis every decade or two. Whilst the government has indicated they will take accountability for the delivery of these missions on a national scale, failing to develop an effective critical mass between local stakeholders for the purpose of levelling up will be a regrettable missed opportunity for the sector to make the most of a refreshed framework.

Previously, Local Enterprise Partnerships (LEPs) were established as a means of sub-regional leadership on matters of business and civic society. Since their introduction in 2011, many LEPs have become adept at place promotion for the sake of securing bid-based funding – such as the Growing Places Fund and Enterprise Zones – as well as contributing significantly to evidence-based local industrial strategies. Crucially, this evidence gathering has been facilitated by local consultation and data analytics. LEPs arguably have the most useful body of evidence on local economies and industry because of their role in advising sub-regional economic planning. However, despite their usefulness, the UK has remained insistently centralised, restricting the capacity of LEPs to provide effective sub-regional governance and become embedded as institutions.

The white paper has solidified LEPs as sub-regional institutions. They are now here to stay and have great potential in their ability to collect and aggregate labour market measures, some have proven this well already. Interestingly, the white paper then bypasses much mention of local authorities to the hyperlocal level of communities and neighbourhoods – with the intention to develop ‘community covenants’; “agreements between councils, public bodies and the communities they serve...”. This should be welcomed and Localis has previously advocated for the empowerment of communities through the production of ‘community value charters’ and neighbourhood plans through parish councils and neighbourhood forums that can be fed upward to local authorities.

For government to focus on communities and neighbourhoods on the one hand with LEPs and distinctly regional models of governance on the other is not as bad for local authorities and other stakeholders as it would first appear. Between the lines, the white paper has left space for local government to crosscut national levelling up missions with the tackling of root causes of inequality and where they are most acutely felt locally. This allows for levelling up to be pursued in line with local need. Local prioritisation can become the driving force behind the achievement of national missions. Therefore, coordination, collaboration, and the strengthening of relationships between local stakeholders have just become increasingly important.

Given this, within a central framework that looks to facilitate community power and solidify sub-regional institutions, the 'in-between' of local authorities and other stakeholders becomes vitally important. It is within this space that collaboration and strong relationships will be key to both the achievement of the government's levelling up missions, but also tackling the root causes of inequality within regions. This is tried and tested - many local authorities and LEPs already have successful plans and strategies in place that are the product of local collaboration and consultation. What the white paper does is formalise these arrangements, provide a sense of direction, whilst allowing the space for local government to develop their own respective visions.

Developing an upward relationship with LEPs will be key for local authorities – not just for measuring the labour market, but also for identifying, prioritising, and strategising for local needs and opportunities. A coordinated critical mass to this end can then be presented by LEPs further upward to levelling up bodies and central government – to which county deals can be negotiated accordingly.

Managing these relationships to be collaborative in such a way and unlocking the potential of processes such as procurement and planning will begin to manifest local governance as a project working towards the betterment of local areas, rather than various sets of detached short-term strategies. Partnership working and joint strategy has been shown to achieve cost-savings, efficiencies, increased capacity, knowledge-sharing, and makes a positive contribution to local innovation, productivity, and place prosperity. By bringing together all local stakeholders and making good use of data analytical capacity, locally attuned outcomes can be set and a shared measurement for these outcomes can be ascertained – so that all stakeholders are accountable to one another and the local space they inhabit.

If the central pursuit of levelling up is going to be one of capital investment on a regional basis, as is suggested by the financial levers of the white paper, then making use of economies of scale, the sharing of good practice and expertise, and working to understand shared local, sub-regional, and regional needs are all collaborative practices that can fill the policy void between communities and LEPs and provide a strong case for devolved powers when negotiations over 'county deals' take place.

FOUR

High streets and Levelling Up

BY ZAYN QURESHI, SENIOR RESEARCHER, LOCALIS

The renewal of the high street is an important component of the levelling up agenda. This has been acknowledged by the government in their High Streets Strategy last year.

The revival of our town centres and high streets was a central pledge of the Conservative Party manifesto in 2019, where taking 'pride and comfort from the community around you' was closely tied to levelling up. And in the aftermath of the COVID-19 pandemic, tackling the decline of our high streets has taken new impetus given the socio-economic damage caused by the national lockdowns.

There has been a lot of expectation on what the Levelling Up White Paper would say about high streets. Recognising that people's lives are shaped by the social and physical fabric of their communities, it addresses the topic within the context of restoring a sense of community, local pride, and belonging. Particularly under the ninth levelling up mission, which looks at raising pride in place through people's satisfaction with their town centre and engagement in local community and culture.

Overall, there is not a lot to report on regarding specific measures to rejuvenate the high street. The white paper goes over a number of initiatives already underway, including progress made under the High Streets Strategy, as well as announcing the next 68 local authorities to receive help from the High Streets Taskforce. Upon initial impression, and given the expectation, this can be seen as disappointing. However, a deeper look at different measures announced under each of the levelling up missions shows where high street rejuvenation stands to benefit.

Measures beneficial to the high street

There are aspects in the paper that, while not directed towards high streets specifically, hold promise for their future. These measures range from public realm regeneration, community empowerment, and cultural heritage to transport infrastructure, the local labour market, and inward place investment. Each of these elements is integral to the successful renewal of our high streets.

Regarding regeneration, the government has announced that Homes England will be refocused to use its statutory powers to partner with local leaders in driving forward regeneration. To do this, Homes England will establish place sensitive delivery vehicles that are responsive to the perspective of local leaders and communities. If done correctly, this holds vast potential for aligning central and local government priorities whilst delivering for place.

Community empowerment will be a vital aspect of a locally-led reimagining of the high street that delivers for place. Effectively doing this will allow the community to take ownership of the process and ultimately enhance pride in place. To this end, the announcement of piloting of new models for community partnerships to shape local services and amenities is a positive step in the right direction. These 'Community Covenants' will be agreements between councils, public bodies, and communities that deliver on local priorities.

Culture and the wider creative sector hold vast potential for boosting footfall on the high street by enhancing its experiential offer. It is encouraging to see government commit £18m of funding to support creative businesses through the

Creative Scale Up Programme, which will further allow the sector to embed itself within high street rejuvenation.

Boosting sustainable connectivity within town centres through reliable public and active transport will be vital in bringing people to the high street again. As part of the mission to enhance local transport connectivity, Local Transport Authorities are to be given greater powers and responsibilities to plan their transport systems more effectively. This spells great news for authorities working to improve accessibility while tackling climate related challenges in their centres.

The announcement of the roll-out of Local Skills Improvement Plans across England is positive news for the high street and boosting the local economy. Sectors important to high street renewal facing acute skills shortages, including hospitality and construction, will be greatly bolstered by the emphasis for the LSIPs to be employer-led and tailored to the local labour market.

When it comes to infrastructure, the announcement of a platform to boost Local Government Pension Scheme (LGPS) investment in local projects provides a unique way to find the necessary funding. The LGPS scheme has been valued to have over £330bn in investments, and government has asked for five percent of assets to be invested in local projects.

This type of institutional investment holds untold potential for housing, infrastructure, and regeneration growth. In the absence of increased revenue raising abilities, this could provide local authorities with an opportunity to showcase their place potential to bring in further inward investment.

Relatedly, absentee landlords on the high street and challenges in engaging with them are significant obstacles when it comes to regeneration and attracting inward investment for local projects. That is why government proposals for a National Landlord Register, to be further explored in their white paper on the Private Rented Sector, will be welcome news for local authorities and other local state stakeholders.

These measures are a few examples of how different policies found in the white paper stand to benefit our high streets. A vibrant high street is a magnet that draws in investment and skilled labour to accelerate productive growth. It is also the first sign of a healthy and proud community. Therefore, balancing these measures against one another will be a key way forward in bringing vibrancy back to our high streets.

The challenges left unaddressed

The high street faces a number of challenges that stand in the way of renewal

efforts. And while the white paper sets out positive steps in the right direction, there are aspects where it falls short.

A key area is around funding. Many of the ambitious plans laid out are dependent on pre-existing funds, which are expected to achieve a number of different things. For example, to empower local leaders in better delivering for their communities, reliance is placed on the various local growth funds to do this. However, the argument that allowing local leaders to bid for centrally controlled funding will empower them is tenuous at best. Especially when there is no guarantee that a bid will be successful.

This highlights a wider point that for many of the measures to be successful, local authorities must enter into competitive bidding from the same funding source. Despite the fact that the white paper acknowledges the complexity of the funding landscape and competitive bidding process. However, instead of reviewing whether allocating funding based on this process is the best way to help local areas, the government have pledged to 'streamline' and simplify the process.

While we will have to wait and see what this looks like, in the context of levelling up, where local places need to take leadership in improving their circumstances, making them compete against each other for centrally controlled funding is counterintuitive.

Issues around funding are also present in the lack of discussion on business rates, which has been consistently highlighted as one of the leading factors in the decline of the high street. The government has recognised the need to reduce the burden of business rates to support the renewal of the high street in the Business Rates Review of October 2021. In it, temporary relief was announced worth £1.7bn along with a freeze of the multiplier over the next year. Apart from reiterating this temporary support, there is no indication as to the direction of reform going forward.

The paper acknowledges the problems arising from previous attempts at addressing regional inequality through centralised policies directed by Whitehall. One of the five mutually reinforcing pillars of the policy regime that inform levelling up is empowering local decision-makers.

However, certain policies seem at odds with this ambition. For example, in gaining a better understanding of local skills supply and demand, a new Unit for Future Skills is being set up. Its overall aim is to strengthen local skill plans to be more aligned with labour market needs. It will be a cross-departmental initiative between the DfE, BEIS, and DWP and will bring together skills data held across government to gain a more informed picture.

This is a step in the right direction, however, there is a lack of any mention regarding what role local authorities and skills providers will play in this. If the goal is to better utilise skills data to understand the dynamics of local labour markets, it is hard to see how directing things from Whitehall, without a clear understanding of the role the local state is going to play, will help.

Final thoughts

Overall, the white paper should signal hope for the rejuvenation of our nation's high streets. It has come with significant policies in areas that are integral to the successful renewal and recovery. A vibrant high street will be a central part in levelling up our communities and the white paper acknowledges this.

Moreover, measures announced around community empowerment, skills provision, and institutional investment will be strong tools for renewal efforts. At the same time, there are areas that the government have not adequately addressed relating primarily to the funding mechanisms used to direct this renewal. Therefore, while there are a number of positive signs, we should not breathe a sigh of relief just yet.

FIVE

Levelling Up: Decentralisation, not devolution

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The long-awaited Levelling-up White Paper replaces a focus on devolution with an economic growth agenda.

Devolution is not, therefore, something to which the centre has been converted as a principle to ensure good governance. Rather, devolution is how the centre will implement its economic policy. Indeed, the landscape of local government faces territorial upheaval and re-shaping to suit government policy and is not seen by the centre as an institution of local self-government. The white paper's contents make it hard to find the 'revolution in local democracy' promised in the prime minister's forward as there are no new freedoms, autonomy, or real powers for local government. But there is a promise of more combined authorities – some of which will be county-wide - along with the decentralisation of a range of functions from Whitehall and other agencies. Decentralisation of functions and responsibilities is not devolution of power, freedom and autonomy and England will continue to lag far behind Scotland and Wales in the devolution stakes.

So, what does devolution and decentralisation have in store for England? While forced local government reorganisation is ruled out, not because the centre doesn't want it, but because it would be exhausting the stress in the white paper on effective and coherent institutions covering locally recognisable geographies of identity, place and community, linked to 'sensible economic areas that join up where people live and work' means goodbye localism. Those committed to the 'local' in local government will feel a shiver up the spine at the thought of local government structure linked not to communities of place but to 'functional economic areas' and the prospect of a technocratic re-shaping of local government to suit a single policy objective.

The white paper's criticism of two-tier local government and its perceived 'fragmentation and administrative complexity' means reorganisation is always present and would be welcomed, by the centre, if voluntary proposals came forward. The centre's preference for larger units of local government continues. Yet two-tier local government is the easiest of the fragmented landscape of public service provision to understand. The white paper gives a slight nod to the fact that a wide range of public service providers deliver different services over different geographical scales and are far more complex to navigate than elected local government, yet the obsession with big unitary councils is unabated.

A new model of county council based combined authorities, along with unitary councils within the area, is proposed. District councils will by law be relegated to 'constituent members' of the Combined Authority. Hence Lord O'Neill's ill-timed and ill-judged comments that district egos will no longer hinder devolution deals. This pours scorn on thousands of hard-working and dedicated district councillors and is not a way to sell government policy. While county councils will be 'expected' to work closely with district councils on devolution deals, this is poor recompense for excluding the tier of local government closest to communities from full combined authority membership and from being partners in the deal-making process.

The white paper makes much of another long-standing centre policy for strong and accountable local leadership, which receives little from the proposals. Strong leaders will emerge in the form of Combined Authority mayors and elected county leaders where the county forms the basis of the combined authority. More powers are promised for those county deals which include a county-wide directly elected leader. But this reflects a victory of hope over expectation. The antipathy among councillors to allowing voters to select a leader rather than leaders being elected because of the power play of ruling group politics, will mean it won't be 'district egos' that scupper devolution deals, rather county reluctance to embrace an elected leader. While the white paper sets out the responsibilities that could rest

with new combined authorities it simply doesn't go far enough to tempt many councillors to accept that the public, and not they, should elect the leader.

Finally, local leaders will have a single point of contact for levelling-up and 'new and innovative local policy proposals' in the form of 'levelling-up directors' based within their areas of responsibility. Such new directors could, however, become much like French Prefects. Attenuating local leaders direct contact with the centre and acting as a centralising office to oversee and control local government. This might be a cynical view, but it is one drawn from experience.

After all the waiting, there is little in the white paper that levels-up local government with the centre in terms of freedoms, autonomy, and powers. All in all, a bit of a disappointment.

SIX

Clean growth and sustainability in the white paper

BY GRACE NEWCOMBE, CLEAN GROWTH LEAD RESEARCHER,
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Since it was elected in 2019, the government has declared two key ambitions.

Firstly, a more economically balanced country, underscored by the rebranding of the Department for Levelling Up, Housing and Communities, and the Levelling Up White Paper. And secondly, tackling climate change as the UK became the first major economy to set a legally binding Net Zero target in 2019 followed by green announcements such as the *Ten Point Plan for a Green Industrial Revolution* and the *Net Zero Strategy*.

Both are huge challenges in their own regard, yet the realisation of how these two issues interact and overlap is dawning. Many of the carbon-intensive sectors of the economy where decarbonisation looks most daunting are concentrated in exactly the sorts of localities that the government wants to level up. To treat net zero and levelling up as two supplementary agendas will result in them fortifying each other. Failing to do so, risks these monumental challenges working in competition.

Striving for net zero and a clean economy presents an opportunity to bring jobs, growth and consideration towards parts of the country that have been 'left behind' in these areas. However, government policies and decision-making over the next few years will determine success in this space; the right policies and incentives must be set to enable both agendas to thrive. In this way, the transition to net zero will be beneficial for the whole country, but particularly for those areas in greatest need of levelling up.

Thus, net zero and levelling up go hand in hand – for either one to succeed the other cannot be ignored. Yet there is a distinct absence of clean growth and sustainability throughout the Levelling Up White Paper. Out of the 332-page report, net zero is mentioned just over 60 times. The dedicated net zero section consists of 3 pages, two of which are entirely pictures while the “green industrial revolution and transition to net zero” came second bottom of the list of 16 priorities. Only three months after COP26 in Glasgow where decarbonisation was front and centre this was very disappointing.

Arguably the strongest element of the white paper is the new devolution deals and potential for more mayors. It is no coincidence that areas that have high profile mayors – Teeside, West Midlands, Manchester – feature more in the national conversation and are more successful in attracting big projects both public and private. Additionally, around three-quarters of local authorities have declared climate emergencies, and many have been working with residents to develop climate plans. Devolving more powers to let people decide the direction their regions should take is expedient. Plus, the paper acknowledges both the risks and opportunities created by a net zero transition, identifying the transformative effect of a green industrial revolution in terms of skills and employment.

Examining the links between net zero and levelling up

Key linkages between net zero and levelling up are identified. But this is as far as it goes. There is very little else to be said in terms of concrete policies to pave the way for such a transition. That is the overarching problem with this white paper: the ambition is identified but how the government will deliver on any of its promises is unclear.

Below is a list of key areas for levelling up and decarbonising the economy that should have been addressed in the white paper:

1. Support investment in clean R&D
2. Broaden carbon pricing to more of the economy
3. Use carbon revenues to help local areas with the economic transition
4. Reform skills provision to accelerate the transition to a green collar workforce
5. Reform housing provision and conditions to improve energy efficiency
6. Improve transport connectivity and decarbonisation to encourage modal shift

It is worth examining these areas and how they might fit in with levelling up, especially given the lack of detail in the paper itself on these points.

Support investment in clean R&D

Reaching net zero depends on replacing dirty fossil fuels and the technology that uses them with cleaner alternatives – switching petrol cars for electric vehicles, or coal-fired power stations for offshore wind turbines. New technology will need to be developed and existing clean technology made cheaper and better to be adopted by a mass market. This is crucial for net zero in relation to levelling up. Clean technologies need to be more accessible and affordable for all households, including those in more economically deprived areas of the country.

The white paper refers to investment in R&D and innovation, specifically with Innovation Accelerator Programmes overseen by Innovate UK and UK Research and Innovation (UKRI). The programmes are focused on Greater Manchester, the West Midlands, and the Glasgow City Region. Together, these areas will get £100m funding and must each develop R&D cluster plans. At present it is unclear whether this funding covers clean technology and innovation however the potential for allocation as such is there. Many of the UK's leading universities are in and around these areas; areas close to where the government is most keen to level-up. Much R&D is undertaken at universities and, if we assume this would be the case, these areas could benefit from positive economic spill overs.

For a geographical rebalancing of innovation and R&D, new investment is needed and not just a repackaging of old money. To simply take money from prosperous parts of the UK, which often have a pedigree in clean innovation, and invest it in other localities will do a disservice to accelerating progress towards net zero.

Extend carbon pricing to more of the economy

Instruments such as carbon pricing or emissions trading schemes are regarded as attractive mechanisms to ensure economies decarbonise in a cost-effective way. The Treasury noted, in the *Final Report of the Net Zero Review*, how such policies 'can support the reorientation of the economy in an efficient way'.

Carbon pricing is when a premium is attached to carbon emission production, through using fossil fuels to generate electricity or power, for instance. This acts as an incentive for users to reduce their demand for them and to switch to cleaner fuels. Additionally, this stimulates business opportunities for clean technology companies that are critical to a just net zero transition. There will be opportunities in this space across the country but many of them will be found in areas that the government seeks to level up. This is due to their geographical features such as the proximity to the North Sea for renewables, or lithium deposits for EVs.

Both the *Energy White Paper* and the *Net Zero Strategy* explained how the UK Emissions Trading System (ETS) would allow for a rolling out of carbon pricing to more of the economy to incentivise abatement across the industry. By expanding the reach of the UK ETS to include agriculture, transport and heating, fewer industries would be given a free pass with the emissions they generate. Plus, this would generate a significant amount of revenue for the Treasury which should be used to offset any extra costs for the least affluent areas of the country, thus ensuring levelling up.

The Levelling Up White Paper refers to setting carbon budgets but makes no mention of fiscal instruments to both incentivise decarbonisation and raise revenue for a net zero transition. While such announcements were always unlikely as such policy would primarily sit with the Treasury, the white paper was supposed to cut across all departments. A mention would have shown acknowledgement of carbon pricing, to tie in with previous net zero and energy strategies, at the very least.

Using carbon revenues to help local areas with the economic transition

Despite the complementary nature of net zero and levelling up - in that the areas where green investment and innovation will happen are likely to be those that already have existing industries – this will not always be aligned. It needs to be ensured that no communities are left behind by a transition to net zero. People in regions most in need of levelling up are more likely to be concerned that their jobs will not exist anymore after the net zero transition¹. This needs to be addressed in

1 <https://www.pwc.co.uk/who-we-are/our-purpose/building-trust-in-the-climate-transition/supporting-a-fair-transition/green-jobs-barometer.html>

policymaking to avoid it endangering support for decarbonisation.

If stronger climate policies are to be put in place, such as expanding the UK ETS, then the revenues from such policies designed to reduce emissions should be allocated towards mitigating any potential negative effects. This could be by helping firms to capture the full economic potential of transitioning to a cleaner economy, funding new educational institutions, or distributing them to local authorities for economic development funds.

Reform skills provision to accelerate the transition to a green collar workforce

The transition to net zero will require a rapid development of new roles and industries, and decarbonisation of existing industries, opening up thousands of jobs. As previously mentioned, many of these should be in the parts of the country where the government is keen to level up.

For this to be achieved, much more needs to be done in terms of adult learning, technical education and perhaps most importantly apprenticeships as a way to build green skills. This is an area that is key to levelling up economic opportunities, particularly outside of London and the South East where economies are less service-based. For workers in industries which will need to cease to exist, such as coal mining, there has to be a pragmatic offer for retraining and adult learning with a specific focus on green skills and green jobs.

In the 1980s, the handling of the economic upheaval was criticised because of the lack of support with regards to education, skills and training to equip displaced workers for new emerging job opportunities. It was hoped that the Levelling Up White Paper would have addressed this issue.

Once again, the Levelling Up White paper falls short of identifying methods of green skills provision. The paper dwelt on some of the risks to jobs from the shift away from high-carbon industries but seemed to lack commitments connecting skills to net zero and crafting a green future. The government could have used the white paper to kickstart a green industrial revolution throughout the UK. But by placing such a revolution at the bottom of its priority list, it has not.

Councils have a deep understanding of the needs of their areas and challenges which put them in a unique position to bring employers and colleges together to deliver local green jobs at pace. With the government failing to commit to any long-term funding to support this, together with a genuine devolution of power, the green skills revolution will be patchy with many parts of the country predictably left behind.

“Reform housing provision to improve energy efficiency”

Poor quality housing is a significant barrier to levelling up and can pose real problems for individuals and communities, with energy efficiency, fuel poverty and poor health all interlinked. Improving energy efficiency through retrofitting our existing housing stock is key to both levelling up and reaching net zero. Energy efficiency improvements reduce household energy bills, resulting in a sustained boost to the economy and consumption through increased disposable incomes in the long term. Retrofitting homes would also create skilled employment opportunities. Some regions in the UK such as the North East and West Midlands have both a high volume of energy inefficient homes and high levels of unemployment². By investing in energy efficiency, local jobs for local people will be created across the country and frequently, to risk repetition, in areas that are most in need of levelling up.

Positively, the white paper recognises the issues of poor-quality housing, stating that it will seek to address the problem through upcoming plans to reform the planning system and support greater retrofitting.

However, it lacked significant details on how the widespread retrofitting that is required would be achieved, where the funding would come from and nothing on the environmental sustainability of new builds. Given that the most energy-leaking housing stock in western Europe is in the north of England, and that energy bills across the country are soaring, the failure to reflect any coherent plan does not point to a successful retrofitting revolution for both energy efficiency and levelling up.

Improve transport connectivity and decarbonisation to encourage modal shift

In 2020, the *Ten Point Plan* promised £2bn for active travel and £3bn for public transport. The Government also then published its *Transport Decarbonisation Plan* which contained new commitments on low-carbon HGVs and aviation but seemed a little light on information regarding buses and rail. The government has been criticised for focusing too heavily on individual EV ownership and not enough on high-quality local public transport when planning to reach net zero.

Transport is frequently a contentious issue with rising rail fares alongside funding cuts to the rail and bus network. Public transport has over the years become more expensive, less convenient, less reliable, and less attractive to those who can afford to drive.

2 <https://www.architecture.com/knowledge-and-resources/knowledge-landing-page/what-does-the-levelling-up-white-paper-mean-for-architects>

Public transport plays a key role in connecting and transforming our towns and cities, boosting economic recovery from the pandemic, and delivering more education and job opportunities. The Levelling Up White Paper declares a “national mission” to ensure that by 2030 public transport connectivity across the UK is “significantly closer to the standards of London” including improved services, integrated ticketing, and simpler fares. Thus, it does link to the *National Bus Strategy*, the *Transport Decarbonisation Plan*, the *Integrated Rail Plan* and the transport settlements in eight city regions outside London as existing evidence of its commitment to addressing regional transport inequalities and delivering the levelling up agenda.

This is a positive step-change for the general fare-paying public and will hopefully encourage greater use of public transport over private vehicles. The white paper also goes on to promise a shift in power from Whitehall to local leaders in a ‘devolution revolution’. This is important, as devolution in transport can bring about tangible improvements to local transport and to the everyday lives of ordinary people. Devolution of more powers and funding will ensure more and better public transport services, improved fares and ticketing options and thus cheaper and more convenient travel.

However, there is, in fact, very little detail as to how the government will achieve this national mission. The question of funding looms large as we know that there isn’t a lot of money around in the Treasury and that what does exist has already been allocated in the Spending Review. Additionally, only last month we heard that funding had been slashed in half – from £3bn to £1.4bn – for the government’s *Bus Back Better* strategy. These funding pressures will require difficult allocation decisions that may jeopardise the ability to be able to deliver green, reliable, and affordable transport networks.

Funding: the missing element

Funding pressures will have a knock-on effect for both existing and prospective net zero strategies. As previously mentioned, no new funding has been announced. The funding detailed in the white paper for the set of missions for addressing regional inequalities involves a vertiginous array of separate pots of money, some of which had already been announced: £26bn in capital investment for the net zero transition, £5bn for buses and active travel, and £3.8bn for skills training were all in the 2021 Autumn Budget. Rishi Sunak has been reiterating that all the money for the next three years has already been allocated. But failing to supplement this funding leaves both the UK’s climate targets and levelling-up agenda in doubt.

This begs two key questions: firstly, can the UK really improve inequalities and work towards net zero without big spending, and secondly, are the Treasury behind either agenda? To bring about any sizeable change, it is going to cost money. Germany, for example, has spent €2tn on reunification since 1990 and they still haven't finished. But of course, the levelling up agenda, and indeed the net zero agenda, should go beyond the current spending review period. This white paper would have been an opportunity to outline what funding could be available beyond 2025. The fact that it didn't even mention climate change in the announcement accompanying the launch of the levelling up proposals, and that the net zero transition is so low on the list of priorities reduces the chances for regional clean growth investment and dashes hopes for a green recovery from the pandemic.

This leads to one of the biggest problems with the white paper which, aside from funding, is that spectacularly little reference was made to achieving net zero and clean growth goals. It, therefore, failed to provide indications as to how the necessary just transition will be undertaken. In doing so, this white paper fails to marry the government's climate change responsibilities and existing green strategies with the levelling-up agenda. Net zero objectives could have directed investment towards specific regions and structured support for education and skills, while reassuring local authorities, private businesses, and individuals that the government is firmly behind achieving net zero.

As we have seen, an overlapping policy challenge presents itself. The fact that the geographic focus of both the levelling up agenda and net zero coincide significantly should have been seen as an opportunity for the government to simultaneously decarbonise and renew these areas. But that opportunity hasn't been grasped.

Levelling up simply won't happen without a major shift in policy, a shift that needs to be cleaner and directed towards net zero. Rather than makeshift devolution deals and new centrally controlled funding pots, a fundamental transfer of powers from Whitehall to local governments over transport, housing, skills, employment and business support, and climate change is needed. And with that must come a boost of investment after decades of cuts to council budgets to bring together the government's goal of net zero and levelling up. Investing in our communities would create green jobs, boost green industries, and enable places to revive their communities as they rapidly decarbonise. There is no path to net zero without public investment.





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