



APPG inquiry into levelling up

Summary notes from Session 2: Levelling up economic outcomes

Economies that work: creating, retaining and spreading wealth in local communities

Date: Wednesday 13th July 2022

Time: 3.00pm – 4.45pm

Venue: Jubilee Room, Westminster Hall

APPG members present: Paul Howell MP (Co-chair), Dame Diana Johnson DBE MP (Co-chair), Sharon Hodgson MP (Officer), Ian Levy MP (Officer)

Secretariat: Daniel Crowe and Sarah Stearne, Local Trust

The APPG's inquiry seeks to assess the extent to which the Levelling Up White Paper's policy programme aligns with the needs and aspirations of people who live in those communities identified as 'left behind'.

In the second session of the inquiry, jointly chaired by Paul Howell MP and Sharon Hodgson MP, the APPG heard evidence from five expert witnesses across the White Paper's missions on living standards, transport and digital connectivity.

Focus area	Mission
	<i>Boost productivity, pay, jobs, and living standards by growing the private sector, especially in those places where they are lagging.</i>
Living standards	Mission 1: By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.
Research & Development (R&D)	Mission 2: By 2030, domestic public investment in R&D outside the Greater South East (GSE) will increase by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
Transport infrastructure	Mission 3: By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
Digital connectivity	Mission 4: By 2030, the UK will have nationwide gigabit-capable broadband and 3G coverage, with 5G coverage for the majority of the population.

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Expert witnesses

- Peter Tyler, Professor in Urban and Regional Economics, University of Cambridge. Author of foundational research into areas identified as 'left behind'
- John Angell, Dover Big Local, instigators of 'Destination Dover' and the Co-Innovation project developing fledgling businesses
- Ben Franklin, Director, Centre for Progressive Policy, host of the Inclusive Growth Network
- Tom Lake, Director of Strategy and Policy, Fair4All Finance
- Anna Bradley-Dorman, resident and community activist, Ramsey Million Big Local, Cambridgeshire, pioneering improved local community access to transport and opportunities

Witnesses brought a range of expertise to the session from across academia, policy research, advocacy and community organising – drawing on research and data as well as practical experience. The APPG heard evidence on the impact of previous regeneration initiatives and current issues facing residents in 'left behind' neighbourhoods. This generated recommendations relating to local economic development, education and skills, access to finance, and connectivity.

Economic context of the Levelling Up White Paper

Witnesses outlined the ingrained economic disparity across England, with one describing the current level as "alarming". Over the last 40 years, weaker performing areas have seen slower growth in output and employment, and in some cases relative decline. Previous governments have attempted to counter local and regional disparities; one witness gave the example of the National Strategy for Neighbourhood Renewal, launched in 2001. Each of these efforts, however, have failed to deliver widespread or lasting change.

The White Paper was described by one speaker as a good framework for addressing the issues affecting 'left behind' neighbourhoods, and another suggested that the levelling up agenda could be the basis for new thinking about the economy. However, witnesses identified a gap between the issues outlined in the White Paper and implementation of solutions, highlighting how recent events had made addressing the challenges faced by 'left behind' neighbourhoods considerably more urgent.

Cost of living crisis

High inflation – including the significant rise and projected increase in energy bills – is putting particular pressure on financially vulnerable populations who are overrepresented in 'left behind' neighbourhoods, and as research for the APPG shows are uniquely exposed to the cost of living crisis. One speaker cited figures indicating that 11 million people in the United Kingdom lack more than £50 in savings, with more projected to go "underwater" from bills exceeding income unless action is taken.

Parliamentary members pointed to the difficulties some of their constituents faced because of regard from the 'poverty premium': including energy costing more for users of prepayment meters compared to those paying by direct debit, and people on low incomes not being able to take advantage of savings from buying in bulk. Debt and being unable to access credit were described as a particular concern in 'left behind' neighbourhoods, a theme explored over the course of the session.

Economic geography

MPs suggested that it was unhelpful to view levelling up through the prism of a North-South divide, preferring to conceive of inequality through the uneven outward spread of prosperity from centres of growth.

Witnesses agreed that the economic model of the last few decades had favoured service- and knowledge-based industries benefitting from the effects of agglomeration. Canary Wharf was given as one such example of successful economic regeneration due to a combination of physical location and public funding.

Many 'left behind' neighbourhoods, conversely, are located in post-industrial areas where employment opportunities and the local economy have undergone challenging transformations in recent years. While there are a number of these areas in the North of England, parliamentarians stressed 'left behind' neighbourhoods could be found in other areas throughout England.

Members of the APPG pointed to examples of development in or near 'left behind' neighbourhoods, such as in energy storage, which could create large numbers of good jobs, and speakers agreed it was important that people from 'left behind' neighbourhoods were assisted in accessing these opportunities.

At a more local level, external developments can impact the broader economic geography of a place, with attendees hearing evidence on resident-led efforts to improve the local economy in Dover. Despite being situated next to the busy port, the town of Dover is separated from it by a dual carriageway and receives little benefit from the traffic that passes through. Similarly, its major tourist attraction, Dover Castle, sits above the town with most visitors never bringing any trade to the town centre.

MPs asked about the actions community organisations in places like Dover could take to remedy these issues. Ongoing partnerships between local business, the voluntary sector and Town Council have led to Dover Big Local launching a number of successful initiatives, including an innovation centre where people are supported in the early stages of their business. In an effort to improve tourism, cruise ship companies have been persuaded to lengthen port dwell time, thus creating additional opportunities for local economic development.

Connectivity

Pockets of deprivation exist even in the relatively prosperous South of England. Supporting transport and digital infrastructure, or lack thereof, can play a significant role when it comes to accessing education or employment opportunities, as well as healthcare and community services.

Members heard evidence from the experience of a Big Local in Ramsey, Cambridgeshire, which despite being only a few miles from Peterborough and Huntingdon, has no A-roads connecting it to larger towns, and only one bus service which residents recently had to campaign to save from being discontinued.

Connectivity takes different forms, and Ramsey is held back on several fronts, with low internet speeds and poor phone signal, and many residents without personal assets such as computers and cars. This makes accessing services more difficult, either digitally or in-person.

Parliamentarians asked how the community could respond in these situations, and heard about some of the activities of the Big Local which responded to local need through direct provision for residents, including support for parents and children, and activities and outings for young people. A sports club had been built, with Ramsey's first skate park due soon.

In terms of effectively engaging with local stakeholders, witnesses stressed the community had to "make friends" with the right people – e.g. decisionmakers in the local or district council – and have confidence in their personal ability to campaign for issues that mattered to them.

Diplomacy and local knowledge is required to coordinate the efforts of organisations operating within an area, who may have overlapping remits. While it can be difficult for communities with little existing experience of activism and organising to begin this process, long-term funding – such as that provided through the Big Local programme – was proposed as a useful starting point.

Employment and human capital

In both Dover and Ramsey, resident-led Big Local partnerships have sought to provide employment support for residents including help with CV writing and interview preparation. Building strong links with local employers was felt to be essential.

Investing in human capital was consistently raised as a way to boost job opportunities and local economies. One witness described investment in early years, schools and adult education as "preventative spending" which can proactively address other issues such as unemployment.

Members stressed the difficulty of connecting people in 'left behind' neighbourhoods with secure, higher-paid employment opportunities. One issue is that even when good jobs come to an area, as they did to Salford with the Media City development, it does not automatically follow that people from those areas can fill those roles due to a skills mismatch.

As well as focusing on education and job support, it was suggested that companies could be persuaded to sign up to a local 'good employment charter', as seen in Greater Manchester, with commitments for engaging with the local workforce. Greater flexibility in jobs was raised as a possibility for increasing access to employment for people from 'left behind' neighbourhoods, so that they are able to manage additional commitments like caring and childcare.

Parliamentarians pointed out that some industries, like manufacturing, which had traditionally featured heavily in 'left behind' neighbourhoods, were less well-adapted to flexible working than services. However, speakers suggested demand for flexibility fell across all sectors, and an example of a food processing factory in Ramsey was given that had embraced more flexible shift patterns, showing that more businesses could adopt this approach.

Debt and financial inclusion

Several of the factors mentioned above, such as poor transport, difficulty getting higher wage jobs, combine to create a picture where people in 'left behind' neighbourhoods are more likely to experience financial insecurity.

Individuals with problem debt can struggle to access mainstream financial products and services, with negative flow-on effects to employment and training opportunities. This problem was put forward as a key obstacle to the levelling up agenda. One witness gave the example of a woman who was lent a small amount for a nursery deposit, which was essential for her being able to accept a job offer. Without this loan and associated childcare, she would have lost this employment opportunity.

Examples of measures that could help spread access to credit in 'left behind' neighbourhoods include the expansion of credit unions and not-for-profit community-based lenders, getting banks to serve a broader range of customers, and greater scope for debt consolidation. Affordable credit can create a "cascade of benefit" across individuals' lives, while alternative provision through loan sharks and illegal money lending.

What works

A common theme throughout the session was the importance of listening and responding to local communities when developing policy solutions. One witness stressed that regeneration cannot be achieved through a 'top-down' process. Rather, actors like local government working directly with communities to identify priorities – from extra-curricular activities for young people about to begin their careers, to computer literacy for people seeking to re-enter the labour market – was seen as more effective.

Witnesses also reinforced the need to reflect and learn lessons from previous regeneration initiatives. There was broad support for the organising logic of the Levelling Up White Paper, but this was matched by concern over a lack of relative prioritisation or detailed plans for implementing its policy initiatives.

While the specific needs of a local area should always guide funding allocations and new initiatives, 'left behind' neighbourhoods across the country face similar challenges from a lack of connectivity, which impacts access to work, education, and other services. Addressing these challenges should therefore be a key priority.

Session participants expressed significant concern over the increasing pressure being placed on communities by rising energy bills and inflation, as 'left behind' neighbourhoods have lower resilience to these external shocks due to higher levels of financial vulnerability. This underscores the vital role of community organisations and outreach during the cost-of-living crisis.