

BPF submission to BEIS Committee inquiry into ‘Levelling up’

Written Evidence Submitted by the British Property Federation

British Property Federation

The British Property Federation (BPF) represents the real estate sector. We promote the interests of those with a stake in the UK built environment, and our membership comprises a broad range of owners, managers and developers of real estate operating across the UK, as well as those who support them.

BPF Response to the Inquiry Questions

Evidence base

What evidence exists to measure the performance of the various tiers of regional and local government in the delivery of growth?

1. Whilst we are not aware of specific data-sets that evaluate the role various tiers of local government specifically play in quantitatively delivering growth – indeed it is a difficult metric to quantify - we would highlight the work done by the UK2070 commission which through it's [The Devo 3.0 Review](#) as well as other publications has identified some of the key benefits and challenges associated with devolved government structures.
2. The findings strongly correlate with the feedback we regularly receive from our membership. Namely, that the devolution of responsibilities and the preparation strategic visions to metro mayoral administrations and combined authorities has been overwhelmingly positive. As per the findings of the UK2070 commission report, our members have stated that the devolution of powers in particular to combined authorities has delivered positive results by providing the respective areas with a greater sense of agency, stronger leadership and clearer accountability, and better joint working across existing boundaries. Crucial to this sense of positivity is the strong link between local knowledge, local interest, and local delivery.
3. The overwhelming positivity should however not be a mask for further developments in the structure and responsibilities of devolved authorities. Alongside the benefits, weaknesses and challenges have also been expressed. Primarily the research and the views of our members conclude that in most cases, greater devolution of powers and further autonomy is needed. It should be noted that any further devolution of power should only be considered if the necessary scrutiny and transparency is assured. Devolved authorities must ensure that decisions are informed by engagement with local communities, businesses, and representative groups to the greatest degree possible.
4. We would also note [recent ONS statistics](#) that may be of value in terms of analysing regional disparities in productivity. Namely, “As measured by output per hour, the only two areas with levels of productivity above the UK average in 2018 were London (positive 31.6%) and the South East (positive 9.1%). London and the South East are both disproportionately large regions in terms of their share of hours worked. As a result, their high productivity drags up the UK average so much that all other regions fall below the UK average output per hour.”

BPF submission to BEIS Committee inquiry into ‘Levelling up’

What evidence have regional and local leaders based their local or regional industrial strategies on, and what forms of stakeholder engagement were included in the drafting of priorities?

5. Large sources of quantitative data are available and have informed the development of local industrial strategies. The best strategies also draw on significant engagement and consultation with business and civic leaders. It is critical that forecasts are not only based on the past but use the evidence to develop new approaches and ideas to shape new economies.

Local Structures

What good case studies exist, and can lessons be learnt from poor collaboration or leadership? How should local structures support delivery of regional growth across England?

6. Using the example of the London Plan, this has driven investment into the capital and sets a precedent for similar strong statutory and fiscal policies that promote growth across the UK. Metro mayors in North of Tyne, Teesside, Liverpool City Region, Greater Manchester, Sheffield City Region, the West Midlands, West of England, Cambridgeshire & Peterborough need stronger devolved powers to deploy devolved funding to bring forward results and to give them the support needed to deliver growth.

The mayoral authorities can deliver the future levelling up agenda, however they need to deploy standardised relevant and up-to-date plans that take account of growth. If the government devolution programme continues, stronger local and regional civil services will stimulate the regional economies and their strategic framework will need to be ready for growth.

7. Manchester is a valuable case study - showing the power of long-term stable leadership, clarity of vision and the focus on creating capacity to deliver within the city region. This has enabled increasing levels of devolution to be sought from central government. The more decision-making and investment is facilitated locally the better the opportunity to deliver lasting economic growth can be. This relies on clear strategy, collaboration between tiers of government and long-term investment.
8. We believe however that the government is right not to *impose* structures across geographies, but rather provide areas with the opportunity to collaboratively develop a governance structure. There is however a concern that where there is a lack of local agreement the population may suffer because some funding is reserved for combined authorities. It is felt that more effort is needed from central government to intervene and seek to broker agreement in such areas. It has been suggested that funds could also be held in trust pending any such agreement, so that certain areas do not ‘lose out’.

Do regional or local structures act in the best interests of local priorities and stakeholders or act more as a delivery arm of central Government? What should local authorities do more or less of to achieve these aims?

9. There is a sense that local governance structures do largely act in the best interests of local priorities, as the leadership often comprises representatives of the specific regions or areas. There is therefore an inherent interest to deliver growth and prosperity for said area and any interconnected areas. Although perhaps not a specific aspect of good governance, the fact that the relevant administrations are located within their geographical areas of interest can make a significant difference.
10. The question of whether local structure might act as a delivery arm of central government, could perhaps best be answered by a point raised under our response to question one. As long as central government retains the level of power it currently enjoys, it will naturally restrict the autonomy of local structures, in turn restricting their ability to deliver bespoke strategies and outputs. One size does not fit all when it comes to

BPF submission to BEIS Committee inquiry into ‘Levelling up’

local solutions and local priorities, therefore by setting expectations and deliverables at a national level, local structures will be limited in their ability to deliver sensitive and considered solutions. Crucially, this does not mean that regional governance should be fully autonomous or self-sufficient, but rather that with the correct balance of local powers and central government support, the areas in question can necessarily focus their output to deliver the right blend of transport, skills, education, housing, and social infrastructure.

11. It should also be noted that any future devolution should be done so as a collaborative process not as an imposed blueprint. The localities that are subject to devolution should be heavily involved in developing any outcomes.
12. We believe it is less about local authorities changing the way they operate to deliver local priorities and more about the power and resources they have to do so. Notwithstanding this, it is important that local authorities plan for growth. Recent [estimates](#) place the percentage of local authorities in England with up to date local plans at 39.7%. We note that recent planning policy proposals are considering changes to simplify the process of plan making and to shorten timescales for doing so. It will be important to ensure that these proposals do not adversely impact the delivery of local priorities by circumventing the timely input of a wide range of local stakeholders. We would also suggest that the proposed abolition of the duty to cooperate must be replaced by a workable alternative. An important aspect of levelling up across the UK will be to ensure that all regions and localities are taking on the responsibility of doing so.
13. Further work can indeed be done by metro mayors and combined authority administrations to identify opportunities for transport and infrastructure investment and growth in education and skills, but identifying investment and growth opportunities can only carry them so far. To enact change, the respective leaders must have the fiscal powers and source of funding and expertise to do so.

Where should government focus its post-Covid-19 levelling up policy to best support regional growth: English regions, core-cities, towns, Growth Hubs and LEPs?

14. The UK needs strong cities and vibrant towns with accessible green spaces, connected by efficient infrastructure but not at the expense of each other. This means spreading levelling up policies across the English regions and amongst the various geographical tiers. Local authorities cannot deliver sustainable growth in isolation, neither can LEPs or even cities. Whilst a significant focus will understandably be on city mayors and combined authorities covering ‘regions’, it is only with all layers of governance working together that the UK’s imbalanced prosperity can be addressed.
15. City Mayors and combined authorities should be given greater powers to determine the ways in which they collect and spend money. The government should also consider alternative methods that could be used to fund important infrastructure projects by loosening the associated rules and guidance. The extension of the Northern Line in London is for instance being part funded through Tax Increment Financing (TIF). Bold results are unlikely to materialise without bold decisions, calculated risk, and trust in local structures.
16. The roles of the various tiers of local government do not serve the same function. Regional or cross regional authorities will have a greater strategic input, whilst cities and towns will deliver bespoke solutions on the ground. Our members have also highlighted the potential value of LEPs, but that some existing constraints exist. Notably, LEP’s do not always have sufficient resources to enable them to spend allocated capital funding, the deadlines set for the use of capital funding can lead to sub-optimal outcomes, and LEP and combined authority boundaries do not always align which can lead to opacity in responsibilities .

BPF submission to BEIS Committee inquiry into ‘Levelling up’

Stakeholder Engagement

Do stakeholders believe the different tiers are effective and worthwhile to engage with?

17. There is a feeling that combined authorities have shown strong and clear leadership to date. The relevant leaders and administrations have also been open to collaboration, dialogue, and engagement.
18. One area in which we understand communication has been limited is between LEPs and relevant private sector stakeholders. This can lead to loss of opportunities where private sector organisations are not aware of what is available to support their own investment and similarly LEPs are unable to leverage off the back of private sector investment intentions. This is not to say that our members do not engage with all tiers of regional and local government, in fact they do to a significant extent, but to emphasise that some limitations exist.

Do stakeholders consider certain tiers to be more of a constraint on growth as opposed to a delivery partner for growth?

19. We wouldn't consider any single tier of local government to inherently be a constraint on growth, rather that the composition, leadership within, and resources at the disposal of a given authority is the determinant of its ability to deliver growth. There are examples of pro-growth local authorities whilst others are less receptive to investment, innovation, and partnership. If any generalisation can be made at all, we understand that the core cities are often cited as the most pro-growth.
20. It should be acknowledged however, that local authorities in particular have been wilfully constrained to a point where delivering frontline services must come at the expense, to some degree, of delivering growth. It is [estimated](#) that when you factor in inflation and population growth, council spending per person has fallen 30% in real terms since 2010. One of the contradictions in government policy since 2010 is that spending on the planning system has been cut by 55% – the greatest fall across all council activities. Meanwhile, housing targets over the same period have increased by 50% to 300,000. This gap must be closed if local authorities are to be empowered to deliver growth.

Sustainable Local Economies

How could a green economic recovery stimulate local economies and embed upskilling at a regional level?

21. A green economic recovery should first and foremost be a national priority.

It will however have significant implications for local economies and provide opportunities to level up local markets according to new skills, technologies, and investment opportunities. The UK has a legally binding obligation to be carbon neutral by 2050, and investment in decarbonisation will not only be necessary to meet this obligation but will also help develop technologies and approaches that can be sold into other markets - every post-industrial city globally will be grappling with similar aspirations for a transition to zero carbon. A coordinated approach at the right level will allow a clearer line of sight between the future skills requirements and the way that young people and career changers are supported and directed towards these opportunities.

Which tiers are best placed to provide the leadership of local net zero and skills-based priorities? Should leadership responsibilities be separate from delivery responsibilities?

22. A combination of action at a local authority and combined authority level will be needed to set the strategic direction and create effective delivery responses. It is unlikely that a siloed approach to setting leadership

BPF submission to BEIS Committee inquiry into ‘Levelling up’

ambitions and separately allocating delivery responsibilities will deliver positive results. We would envisage cooperation between combined authorities and local authorities in first setting the direction of travel and secondly to allocate collective responsibilities. This collaboration is particularly important because net zero considerations must be factored into every tier and aspect of decision making from procurement practices, funding decisions, and skills investment, to land allocation and setting plan policies.

Targeted regional investment

How could ‘shovel ready’ growth projects in England drive local growth and jobs? How could clustered R&D investment support local growth? How should priorities be agreed across the regions?

23. Shovel ready projects will form an important part of the UK’s Covid-19 recovery and they will deliver jobs and create confidence depending on their scale and what they are delivering. However, local and city region authorities will also be developing a pipeline of longer-term projects. Government needs to consider how best to support this so that there is certainty about long term investment and to avoid a ‘stop-start’ approach to investment. R&D investment is critical, and we welcome government’s commitments to increase R&D spending to 2.4% of GDP. However, its distribution needs to be reconsidered so that it properly reflects opportunities to create excellence and supports translational and near market research that will have a quickly and more widespread impact. Bruntwood recently published the [Place Matters](#) report on innovation ecosystems and effective investment which may be of interest.

Regional Funding

How should the UK Shared Prosperity Fund be specifically targeted to replace EU Funding and address regional inequality?

24. The Shared Prosperity Fund should be promoted through the lens of social impact. Recognising that it should measure need (as EU structural fund principles have done) on socio-economic deprivation indices. Finding new sources of domestic funding will be challenging but ultimately the use of these monies should move away from the typical value calculations that have contributed to existing regional imbalances.
25. Further, sometimes there will be such a circle of decline that property values will not support private sector investment and public investment is therefore needed. However, that need not always be funding. A public sector body procuring space can help act as a catalyst for other investment, as can public sector investment in infrastructure.
26. Consideration should also be given to the criteria and process by which an allocation of the Shared Prosperity Fund will be requested. Too often support seems to be granted to those places best able to bid, rather than those in most need. Moreover, the resource that bidding sometimes consumes can be quite prohibitive.

What role should local structures play in allocating funding to best achieve regional growth?

27. There is a close correlation between the productivity of a city and its share of knowledge-intensive jobs. Being able to attract and retain a highly skilled workforce is therefore a key determinant of regional variances. It is therefore unsurprising that when asked what additional powers our members would like to see devolved, the most common reply was skills policy and budgets.
28. Greater local control over these areas would enable regional bodies to more closely align skills policy and funding with the needs of local employers, ensuring that workers have the skills and expertise to thrive in their work and to adapt to changing technological demands.

BPF submission to BEIS Committee inquiry into 'Levelling up'

Project Speed

Project Speed will bring forward proposals to deliver government's public investment projects. How should Project Speed identify and distribute growth opportunities into communities across the country to best achieve its levelling up agenda?

29. London consistently attracts the bulk of resources, skills, and investment resulting in exponential growth (although other core cities are increasingly securing external investment). This is exacerbated and to some degree caused by, a funding formula that is practiced in the government's Green Book methodology. Addressing this should be a priority in the immediate term. The lack of investment outside of high value clusters ensures self-perpetuating regional imbalances. The industries and communities that grow bigger and better attract investment whilst signalling to the talent and innovation of those that do not. This forces a migration of skills with a detrimental effect on communities that are not only deprived of opportunity but also isolated in more practical ways such as through a lack of transport infrastructure and interconnectivity.

It is however crucial to **balance** the geography of value and growth as opposed to redistributing it at the expense of existing high growth areas like London. There must be equality of opportunity. London is an economic powerhouse on a global scale and could be used as a model of success. Delivering growth in regional economies should complement existing structures.

30. In our regular engagement with members across the UK and its core cities there is a single issue that is consistently raised as a priority. Significant investment is needed in transport infrastructure and connectivity. The lack of efficient and affordable transport infrastructure has significant implications for growth and the ability to attract and retain skilled workers and leading companies meaning that the benefits of growth remain relatively concentrated within core cities, rather than being spread across a city-region. This is to say that consideration of housing must be inextricably linked to the provision of employment opportunities and cultural/leisure attractions. We have heard representations detailing the trouble that some organisations can have in attracting and retaining talent on the basis of poor connectivity between where they live and where a given employment opportunity might be located. This has additional implications for the health and wellbeing of employees. We would encourage the government to think carefully about investing in connectivity in and between regional geographies.

What should the balance be between Whitehall decision making and local decision making? Do we have the capacity and capabilities at local and/or regional level to do this work on behalf of central government?

31. See response to question 1 above.

32. In summary, there needs to be a substantial rebalancing between central government and local places. This will involve capacity building in tandem with devolution of powers and funding. Government could devolve to pan-regional bodies that would support this differential devolution depending on a place's capacity, while in parallel supporting those with the least capacity to do to so.