

## APPG South East call for evidence

### Is “Levelling-up” anymore of a programme than the “Big Society” was?

It should be. The goal of UK-wide economic growth and the follow-on benefits of higher standards of living, health, well-being and greater equality is the right one. One of the mistakes in the implementation of the Big Society was to expect charities, voluntary and faith groups to be able to step in while Government support and investment was being cut and withdrawn.

The lesson from that for the Levelling Up agenda is that no one group, including Government, will deliver the best results. A decade of Local Enterprise Partnerships working to nurture economic growth in their communities and regions has taught us that it is the well-tuned coordination and collaboration of business, industry, local and central Government, universities, colleges, schools and volunteers that spell success.

### What should success criteria for Levelling-up look like?

**Successful Levelling Up will be different for different regions and communities.** Importantly each area should be allowed to answer the question for themselves and be enabled to implement their chosen agenda.

In the South-East, for example, there are pressing issues about housing affordability and the exclusion of individuals and families from the housing markets. Analysis of the index of Multiple Deprivation 2019 for the EnterpriseM3 LEP area highlighted that workers and residents in EM3 would need over 11 times their gross median earnings to afford the average priced house. The EM3 area is considerably less affordable against the national average and marginally less than the South East as a whole. The cost of accommodation and land in the SE will be a deterrent to some employers, key workers and investors.

More widely, the South-East suffers from an image problem. It cannot be denied the South-East scores very highly on all the positive economic indicators compared to other parts of the UK. It is wrong to assume, however, that that wealth, health and success is distributed equally in the region. Some of the communities on the South coast, for example, are “left far behind” with health outcomes normally associated with least well-off areas of the North-East and North-West of England.

All SE counties generally known as “well-heeled” will include neighbourhoods of significant deprivation including poor access to quality housing and transport, low skills, poor mental and physical health. For example, on the measure of housing and community deprivation, 6% of all neighbourhoods/small communities across all EM3 local authorities fall within the 20% of most deprived areas in England. Across the South East region this climbs to 13% for the South East. Nationally the figure is 20%. Deprivation is scattered across the UK and within regions.

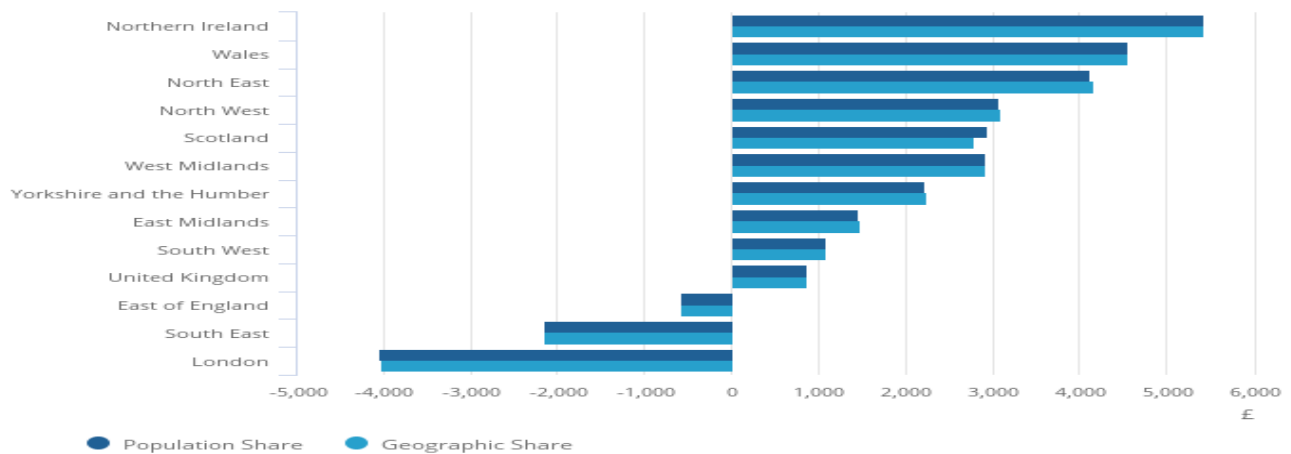
**Levelling Up cannot succeed if it is a policy that assumes needs and deprivation are exclusive to certain regions only.**

It is also important that Levelling Up does not focus exclusively on investment in underpowered regional economies and neglects the relevance of the relative productivity and wealth creation of London and the South-East. **In short, Levelling Down must not be the unintentional consequence of Levelling Up.**

It is undeniable that the South-East has a very successful and productive economy relative to other UK regions and nations. The ONS graph below shows how **London, the South-East and East of England are the only UK regions, including the nations, to generate net fiscal surpluses in the financial year ending 2020.**

Figure 2: London has the highest net fiscal surplus on a per head basis, while Northern Ireland has the highest net fiscal deficit on a per head basis

Net fiscal balance per head by country and region, FYE 2020



Source: Office for National Statistics

These surpluses support the investment power of central and local government to follow up on the Levelling Up promise. However, **it must not be assumed this net surplus is forever resilient or has ever been achieved without public sector finance and support.**

In the field of business innovation, for example, public investment in industry R & D and university research, often via the strategic planning of LEPs, has been key to high value economic growth and jobs. The development of the Oxford AstraZeneca vaccine is a recent and popular example, and it is one of many not only in pharmaceuticals but in almost every industry and sector.

In many cases, it is public investment which inspires confidence to leverage private sector buy-in. The investment by EnterpriseM3 LEP of £5 million in the early days of the 5G Innovation Centre at the University of Surrey is a good example – that relatively small investment helped secure influential private sector partners including Huawei and Telefonica.

**Recent global events confirm the prosperity of the South-East cannot be taken for granted.** The impact of Brexit and the pandemic, with their accompanying skills and supply chain disruptions, suggest the South East's ongoing economic success is more fragile than many assume. Growth in the EM3 economy has been slowing down since July 2021, relative to a short-lived post lockdown bounce back.

**Levelling Up can only succeed by acknowledging the slowdown in growth in the SE needs attention.**

A successful Levelling Up must also avoid exacerbating regional tensions that already exist as in, for example, the often cited North-South divide. **There is a great opportunity here to make every region a winner** – to champion UK economic cohesion and to end internal national competitions for resources which pitch communities against each other.

**A practical and fresh approach would be an industrial strategy that encourages and supports national networks of highly productive sectoral clusters with inter-regional partnerships.** For example, the EnterpriseM3 LEP won a competitive bid for public sector funds to convene and nurture Space and Satellite companies in Surrey and Hampshire. This cluster becomes even more powerful if invested in as part of a UK-wide space/satellite network and partnership which includes Surrey & Hampshire Cornwall, Harwell, Leicester and Scotland.

**An extremely important measure of the success of Levelling Up will be how effectively it drives a successful transition to a low carbon economy in every region and nation.** The SE is a major contributor to the UK's carbon emissions. The public and private sectors must be supported to seize the business and job opportunities of a decarbonised economy and ride the challenges of the transition. Given the climate emergency this is a number one priority that will ultimately undermine all other efforts to promote growth and prosperity if it is not addressed.

## **Must Levelling-up be an endeavour solely dependent on financial support?**

**Funding is a necessary condition to Level Up. It is not a sufficient condition.** As stated above public/private partnerships with diverse stakeholders are key; as is devolved decision making and fresh ideas.

## **Should councils be the vehicle to coordinate levelling up activity?**

**It is less important who is the coordinator than what is coordinated.** Activity must include **collaboration with a range of partners including business, industry, and universities**, as well as councils. There is extensive talent, experience and expertise embedded in LEPs. This should be capitalised and mobilised. In particular, **through their business-led boards, it is second nature for LEPs to bring a business perspective to decisions and activities.** This commercial private sector lens combined with their public sector ethos and partnerships is where LEPs make a highly valuable contribution.

## **What “adequate freedoms” might help councils to deliver world-class local services?**

It is important that local areas have both autonomy and resources to invest in the local services appropriate for the prosperity and well-being of their areas. **Services should have a robust evidence base as to their effectiveness and value for money.**

## **Any other thoughts or observations ?**

**The launch of the Levelling Up agenda is much anticipated by many communities, stakeholders and individuals. Uncertainty is holding back businesses and their public sector partners. A swift move to set out a clear, transparent, evidence-based, well-resourced strategy and action plan will receive a very warm welcome.**

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  - Willingness to come to speak at a meeting of the APPG. **Yes**
  - Consent to submission being placed on the webpage of the APPG. – **we consent**