



# The Levelling Up White Paper

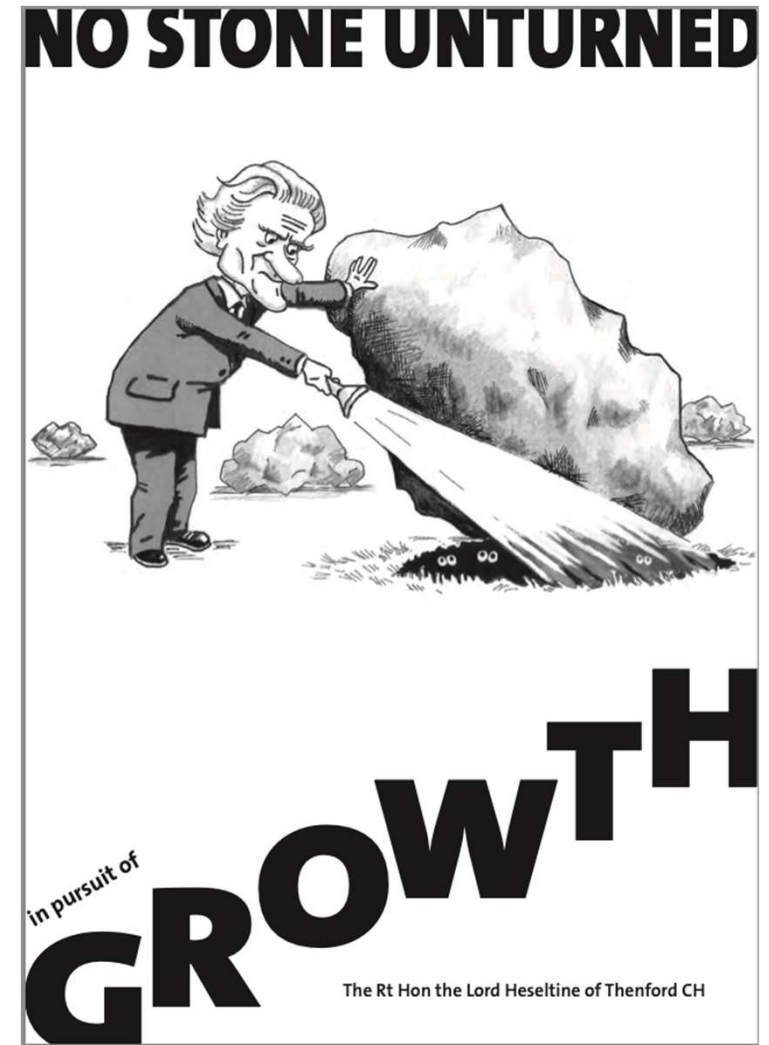
KCC Cabinet

3 March 2022



# Background

- Levelling Up White paper is a **central plank of the Conservative 2019 election manifesto** - delayed by response to Covid-19 pandemic
- Important to see the White Paper as a **continuation of previous Governments attempts to tackle regional economic and social disparities** in UK
- In more modern times, that can be **traced back to the intervention from Michael Hesaltine post Liverpool riots** in the early 1980s
- To the **New Labour Governments regional focus** on economic development policy through Regional Development Agencies and aborted elected Regional Assemblies
- To the most recent Conservative/Coalition Government under George Osborne / Greg Clark agenda for **regional devolution delivered through City and Devolution Deals**
- Indeed, the structure of the Levelling Up White Paper bears an uncanny resemblance to the structure of the **Michael Heseltine's 2013 Treasury sponsored review 'No Stone Unturned – in pursuit of growth'**
- The devolution policies within the Levelling Up White Paper **begin to shape and codify the Prime Ministers commitment to County Deals** made in July 2021



# The structure of the White Paper

- Not only is the subject matter complex – the **structure of the White Paper is also convoluted**
- Over **300 pages long** - reportedly edited down from over 450 pages according to media reports:
- Essentially the **White Paper is in 3- parts:**
  - **Part 1:** A detailed historical and economic analysis of regional economic and social disparities
  - **Part 2:** Is a historical and public policy analysis of why public policy regimes/interventions succeed or fail and sets out a new policy regime for UK Government
  - **Part 3:** Detailed policy programme for Levelling Up

6

## **'Capitals'**

Drivers of growth that provide a framework for analysis

5

## **Pillars**

of Government activity

4

**Overarching objectives**  
defining the big ambitions

12

## **Missions**

with targets to guide activity

### Physical Capital

*Infrastructure, machine, housing*

### Human Capital

*Skills, health, workforce experience*

### Intangible Capital

*Innovation, ideas, patents*

### Financial Capital

*Financial resources, support*

### Social Capital

*Community Strength*

### Institutional Capital

*Local leadership, capacity, capability*



6

### 'Capitals'

Drivers of growth that provide a framework for analysis

- White Paper argues that rather than solely focus on either physical or financial capital as in more traditional economic analysis, a more holistic or place based approach is required – hence the six capitals identified
- Gaps in the six 'capitals' leads to worse outcomes due to low productivity, lower quality of life, lack of community, local pride and lack of local leadership and agency in local places
- The capitals are mutually inclusive, in that are interrelated and drive each other. A deficiency in one can drive a gap in others. All six capitals need to be addressed to successfully achieve levelling up

A mission-orientated approach to setting policy

A reorientation of central government decision-making

Greater empowerment of local government decision-making

A revolution in data and transparency at the sub-national level

Enhanced transparency and accountability



5

**Pillars**  
of Government activity

- White Paper argues that previous Government policy approach have failed because they are too short term, not sufficiently coordinated, too centralised, weak in evaluation with limited transparency and accountability.
- The 5 Pillars are the goals of a new Policy Regime across the whole of Government which strengthen / realign government approach to policy making against these weaknesses. It goes into some details about how policy making in central government will be rewired to support levelling up.

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

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

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

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

- The overarching objectives are borne out of the White Papers analysis of regional/spatial inequalities in the UK as seen through the prism of the six capitals
- They anchor the 12 missions intended to guide policy making and government strategy in the medium term



4

**Overarching objectives**  
defining the big ambitions

By 2030, pay, employment and productivity will have risen in every area of the UK

By 2030, domestic R&D outside the Greater SE will increase by at least 40%

By 2030, local public transport connectivity will be significant closer to the standard of London

By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority

By 2030, the number of primary schoolchildren achieving the expected standard in reading, writing and maths will have increased

By 2030, the number of people successfully complete high quality skills training will have significantly increased

By 2030, the gap in Healthy Life Expectancy between local areas will have narrowed

By 2030, wellbeing will have improved in every area of the UK

By 2030, pride in place will have risen in every area of the UK

By 2030, renters will have a secure path to ownership, with first-time buyers increasing in all areas

By 2030, homicide, serious violence and neighbourhood crime will have fallen

By 2030, every part of England that wants one will have a devolution deal



12

## Missions with targets to guide activity

- Missions are intended to provide consistency, clarity and longevity to Government priorities and provide systemic challenge across the public, private and community policy spheres.
- *“As a policy tool, missions are distinct from delivery targets. Missions are intended to precipitate systems change through cooperation across the public, private and voluntary sectors, rather than acting as a mechanism for holding the government to account.*
- *This is reflected in mission design: mission end dates are far enough into the future that they are aspirational, with responsibility for delivery resting with a range of governmental and non- governmental actors”*

# Commentary

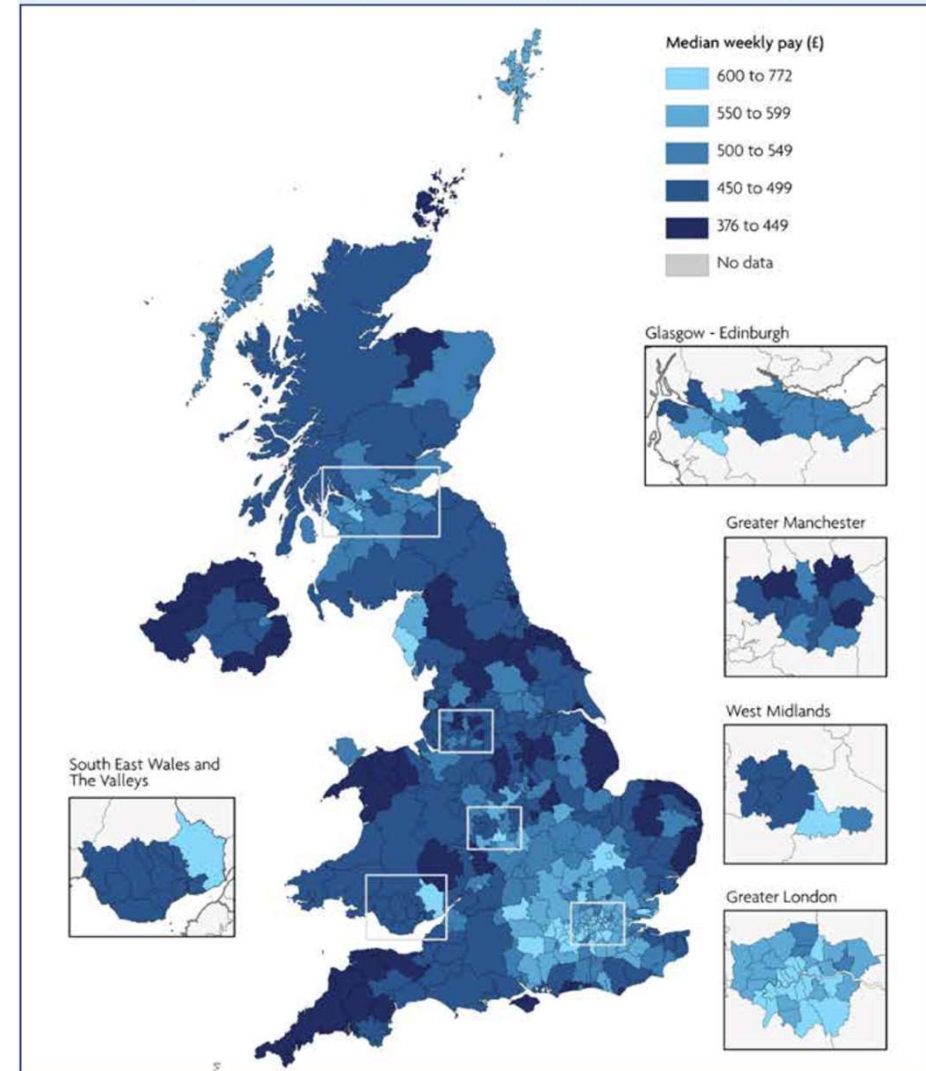
- The White Paper **provides clarity on what 'Levelling Up' means in practice and at a place level** – this should not be underestimated given how unclear it was as an election pledge
- Welcome recognition through the five pillars of Government activity that **there are very significant gaps in the capacity, knowledge and focus of central government** that inhibit Levelling Up
- The proposals to address these gaps, if achieved, **would be a genuine transformation of the centre of government**, that would see local government more genuinely able to shape national policy to meet local need
- The White Paper also provides **a substantive and coherent analysis of the historical and structural drivers of regional/spatial inequality** – that goes beyond traditional economic models
- However, by using the six capitals as the prism by which Levelling Up is considered, it also **broadens the scope of the White Paper to include almost anything**
- So as a framework for shaping specific **policy and policy interventions, in and of itself, it is quite weak**
- This explains why there is such a **strong focus on future legislation, white papers and already announced policy interventions**
- The litmus test is **whether the White Paper now shapes and frames future policy announcements** across all Whitehall Departments
- Whilst the Secretary of State may have the force of personality to drive that agenda, **traditionally, DLUHC has been one of the weaker departments** with limited capacity and influence, they will need wider support from across Government, particularly HM Treasury



# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor

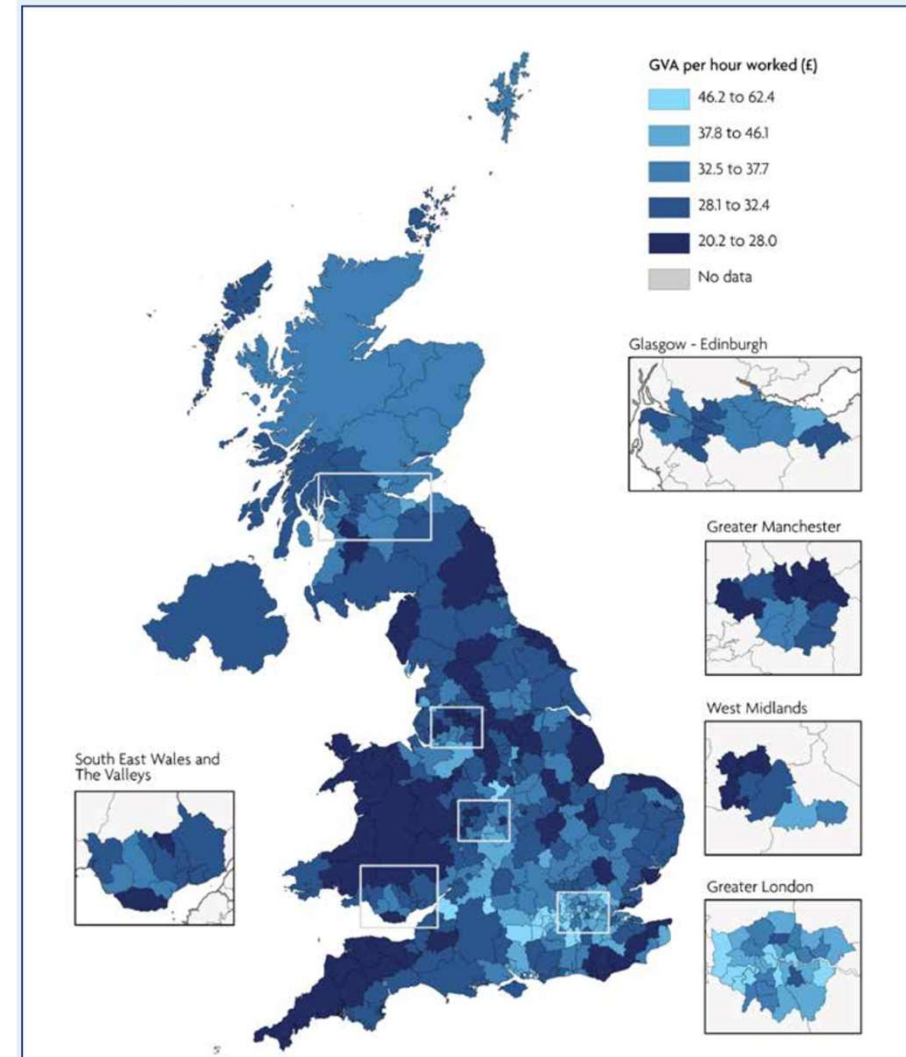
Figure 1.5 Median gross weekly pay (£) for all employee jobs, UK local authorities, 2021



# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor
- **Kent suffers lower level of Gross value added (GVA) per hour worked compared to wider South East average, but some residual stronger performance is Eastern coastal districts**

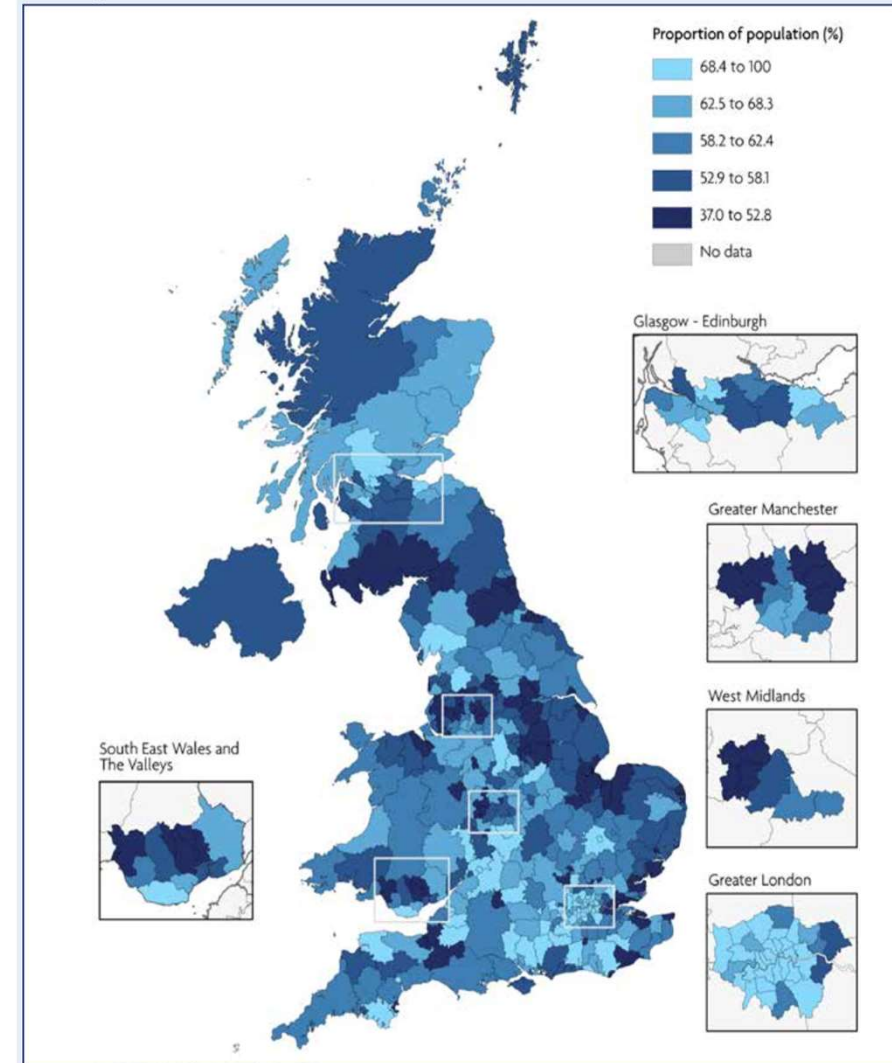
Figure 1.3 Nominal (smoothed) GVA per hour worked (£), GB local authorities and Northern Ireland, 2019



# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor
- Kent suffers lower level of Gross value added (GVA) per hour worked compared to wider South East average, but some residual stronger performance is Eastern coastal districts
- **A variable picture in regard to skills (level 3+ qualifications). Kent below the wider South East average but masks significant differences within Kent. Swale and Thanet particularly weak compared to stronger performance in West Kent**

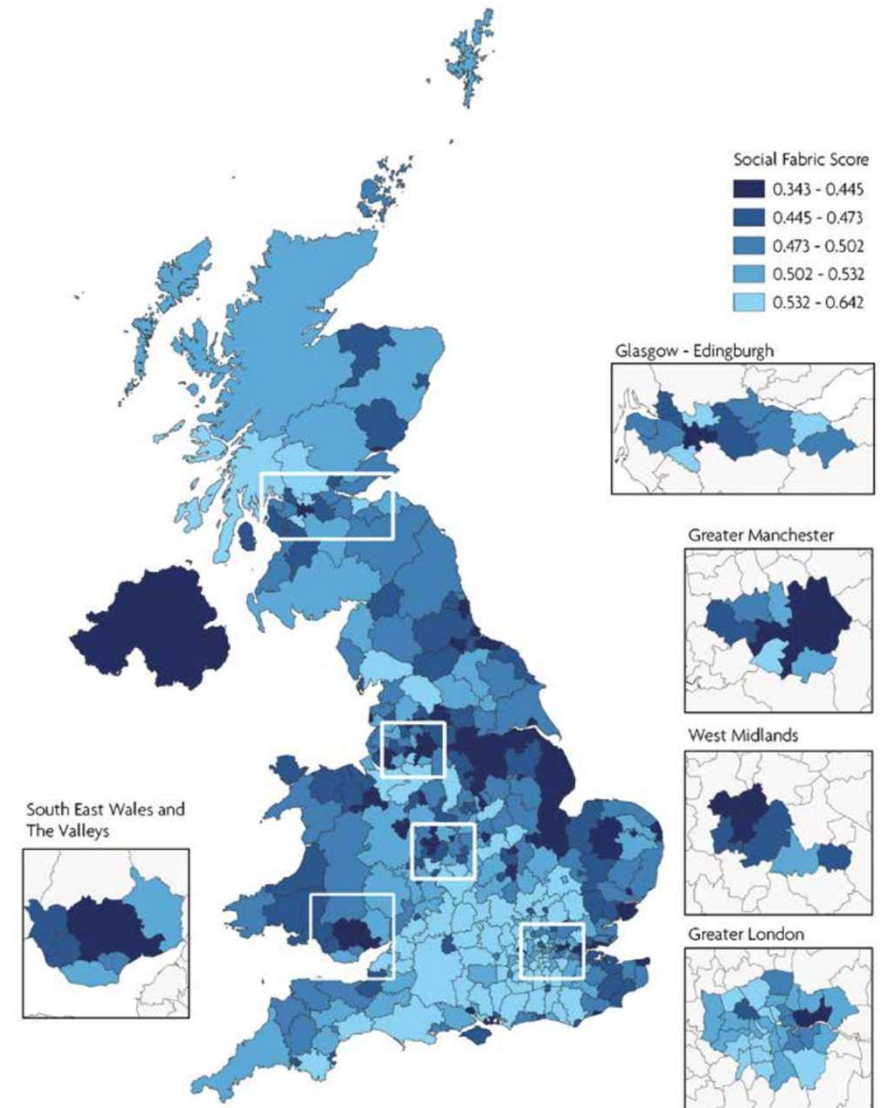
Figure 1.7 Proportion of the population aged 16-64 with level 3 + qualifications by local authority, UK, 2021



# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor
- Kent suffers lower level of Gross value added (GVA) per hour worked compared to wider South East average, but some residual stronger performance is Eastern coastal districts
- A variable picture in regard to skills (level 3+ qualifications). Kent below the wider South East average but masks significant differences within Kent. Swale and Thanet particularly weak compared to stronger performance in West Kent
- **Social capital measures (e.g. Onward Social Fabric Score) show Kent behind the London and South East regional scores, with Kent sharing similar as other coastal regions (e.g. East Anglia, Lincolnshire)**

Figure 1.60 Onward Social Fabric Score, GB local authorities and Northern Ireland, 2020<sup>216</sup>

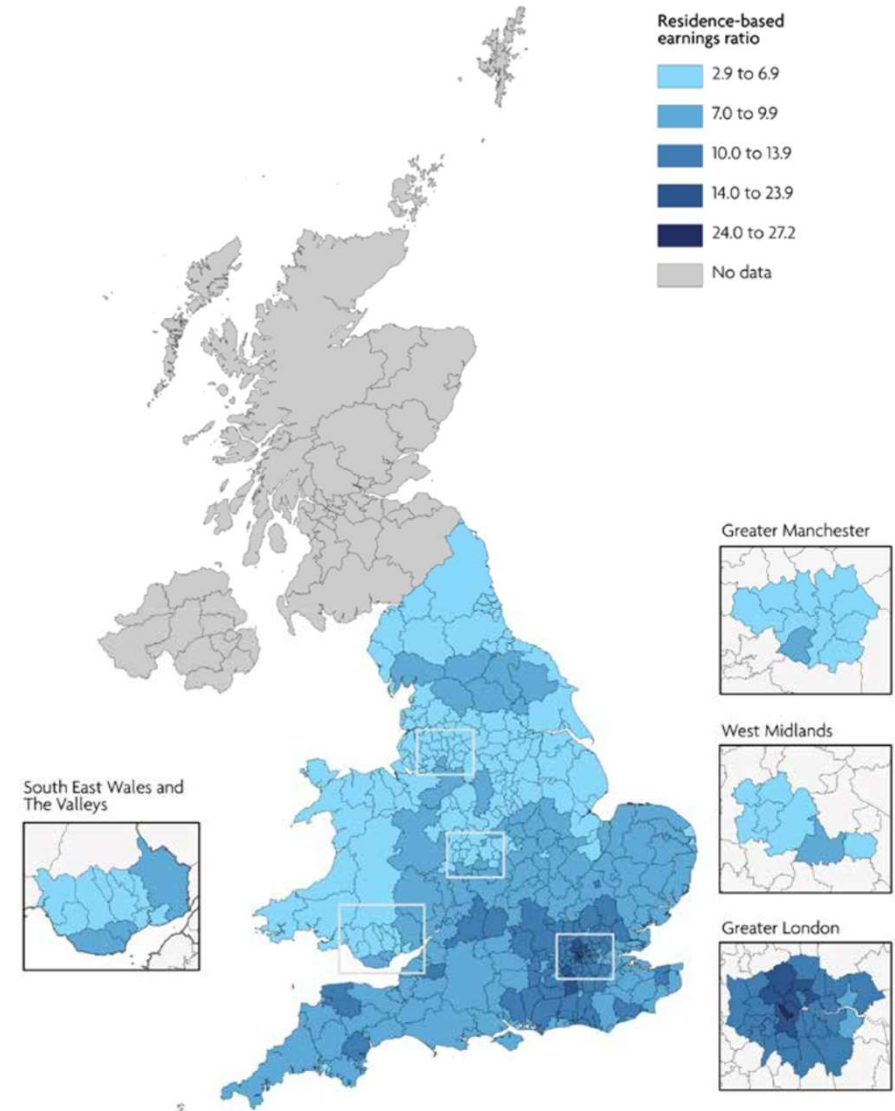




# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor
- Kent suffers lower level of Gross value added (GVA) per hour worked compared to wider South East average, but some residual stronger performance is Eastern coastal districts
- A variable picture in regard to skills (level 3+ qualifications). Kent below the wider South East average but masks significant differences within Kent. Swale and Thanet particularly weak compared to stronger performance in West Kent
- Social capital measures (e.g. Onward Social Fabric Score) show Kent behind the London and South East regional scores, with Kent sharing similar as other coastal regions (e.g. East Anglia, Lincolnshire)
- **Kent house prices remain relatively affordable relative to earnings compared to the wider South East average, with exception of Sevenoaks and Canterbury**

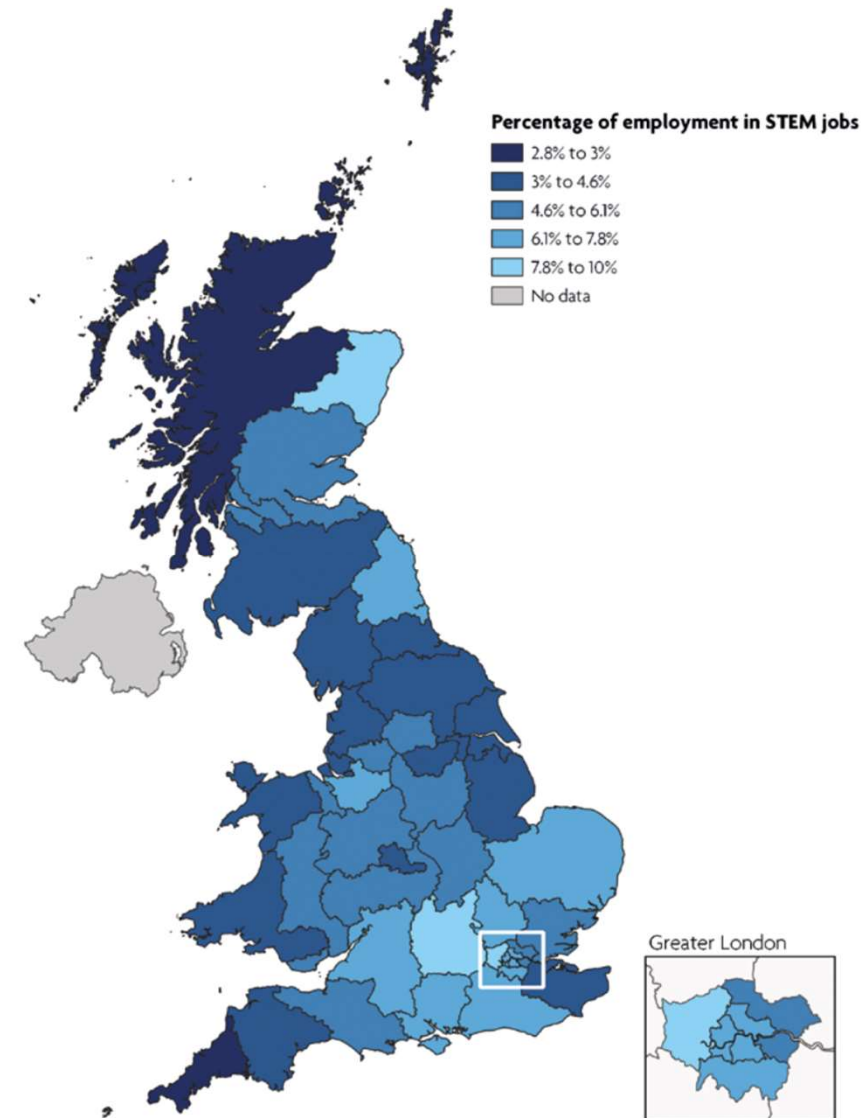
Figure 1.48 Ratio of house price to residence-based earnings, England and Wales local authority districts, 2020<sup>192</sup>



# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor
- Kent suffers lower level of Gross value added (GVA) per hour worked compared to wider South East average, but some residual stronger performance is Eastern coastal districts
- A variable picture in regard to skills (level 3+ qualifications). Kent below the wider South East average but masks significant differences within Kent. Swale and Thanet particularly weak compared to stronger performance in West Kent
- Social capital measures (e.g. Onward Social Fabric Score) show Kent behind the London and South East regional scores, with Kent sharing similar as other coastal regions (e.g. East Anglia, Lincolnshire)
- Kent house prices remain relatively affordable relative to earnings compared to the wider South East average, with exception of Sevenoaks and Canterbury
- **Kent has lower proportion of employment in STEM jobs than the South East and Greater South East (London, East and South East regions)**

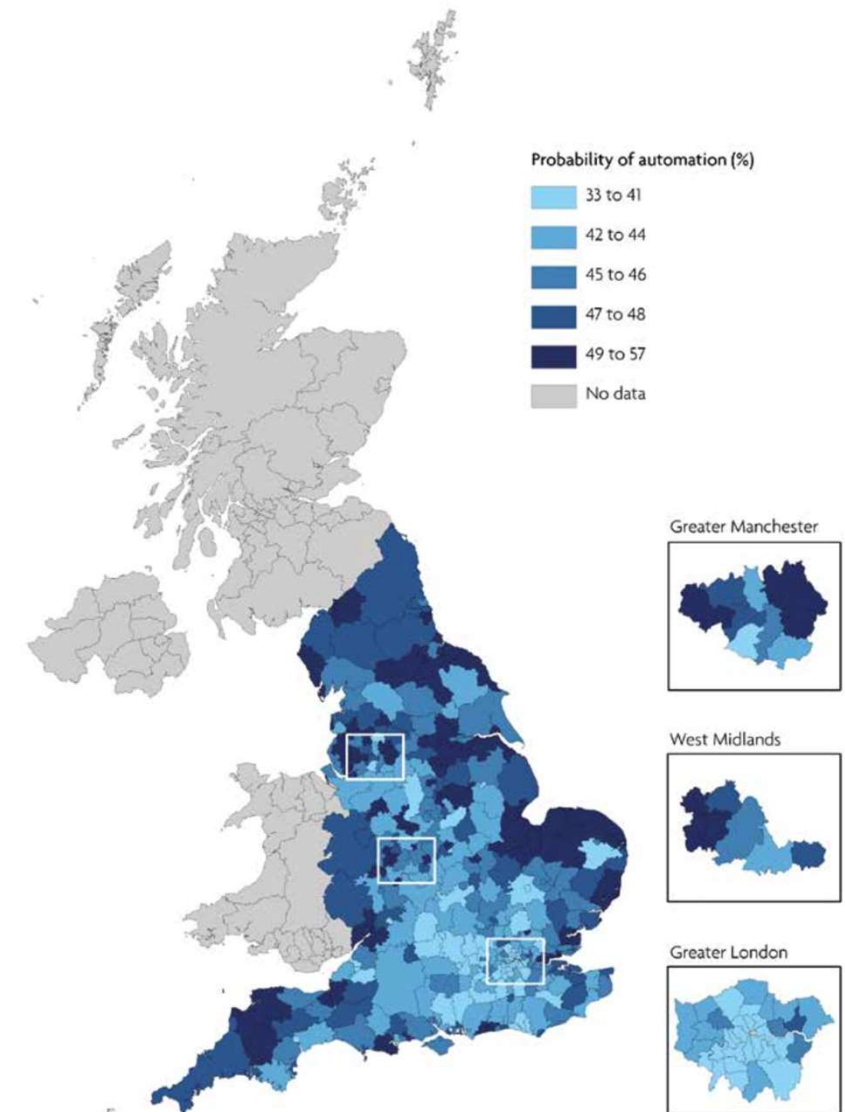
Figure 1.55 Percentage employment in STEM jobs, UK ITL2 subregions, 2019<sup>207</sup>



# Kent's relative position

- Income – much of East Kent median gross weekly pay is below the wider Kent and South East average, but strong on M20/HS1 corridor
- Kent suffers lower level of Gross value added (GVA) per hour worked compared to wider South East average, but some residual stronger performance is Eastern coastal districts
- A variable picture in regard to skills (level 3+ qualifications). Kent below the wider South East average but masks significant differences within Kent. Swale and Thanet particularly weak compared to stronger performance in West Kent
- Social capital measures (e.g. Onward Social Fabric Score) show Kent behind the London and South East regional scores, with Kent sharing similar as other coastal regions (e.g. East Anglia, Lincolnshire)
- Kent house prices remain relatively affordable relative to earnings compared to the wider South East average, with exception of Sevenoaks and Canterbury
- Kent has a lower proportion of employment in STEM jobs than the South East and Greater South East (London, East and South East regions)
- **Compared to London and South East average, Kent has a higher percentage of jobs at risk of automation, particularly focused in Thanet, Ashford and Swale**

Figure 1.35 Proportion of jobs at high risk of automation, England local authorities, 2017<sup>143</sup>



# Commentary

- As noted earlier, a particular strength of the White Paper is the **quality of its analysis of regional/spatial inequalities**
- **It moves the agenda beyond a narrow focus on Cities and City Regions** which has characterized the issue since 2010
- The **need to strengthen sub-national data collection and analysis** to underpin both national and local policy is particularly welcome
- **Kent Analytics are undertaking detailed research** on position of Kent against the wider range of indicators in the White Paper – we will have a strong foundation to understand and articulate Kent’s Levelling Up needs
- The technical appendix accompanying the White Paper and the commitment to an annual national report on progress of Levelling Up being reported to Parliament **feels like a first step towards a new national assessment framework**
- From the data included in the White Paper it is clear that Kent faces a significant Levelling Up challenges regarding its relative position against the South East regional average
- And individual **Kent Districts face challenges to close the gap** to the Kent average on some indicators
- **‘Aggregation to the mean’ is a significant problem** as Kent’s Levelling Up needs can be hidden in aggregated Kent and South East regional level data
- Challenge will be to highlight to Government that **Kent’s Levelling Up needs are more akin to a county outside the South East** of England, rather than one within it
- Especially challenging when **implicit focus of White Paper is on policy interventions outside of the Greater South East**



# *A smorgasbord* of policy announcements

- UK Government to **further review its formula-based spending** to ensure it is targeted where most needed.
- Creation of **new regional Levelling Up Directors**
- A requirement **for public bodies to reduce geographical variations in the outcomes relevant to their business** area
- Government will set out a plan for streamlining the funding landscape
- A new **Leadership College for Government** to be made available to local government executives, in particular local authority chief executives
- Local Government Pension Scheme (**LGPS**) **asset pools to publish plans for increasing local investment**
- **Transition to Net Zero** - strong focus on hydrogen, offshore, nuclear, green public transport and decarbonising buildings and drivers of higher level skills and growth in green economy
- **Reform of funding and accountability of further education** – continued drive from supply to demand led FE system
- **Integration of Local Enterprise Partnerships with local government** through devolution
- Proposal to streamline funding pots that local government accesses resources – including **prospectus for UK Shared Prosperity Fund**
- **Enhanced role for Homes England** in working with local places and leaders to unlock development opportunities
- Drive further school improvement in England through **new Education Investment Areas (EIAs)**
- New employer-led **Local Skills Improvement Plans (LSIPs)**
- **New White Paper on Health Disparities** later in England in 2022
- **New Strategy for Community Spaces** and a review of neighbourhood governance in England
- **Pilot new models for community partnership** and test new Community Covenants
- The **Dormant Assets Scheme to be expanded** to unlock up to a further £880m of investment monies

# Commentary

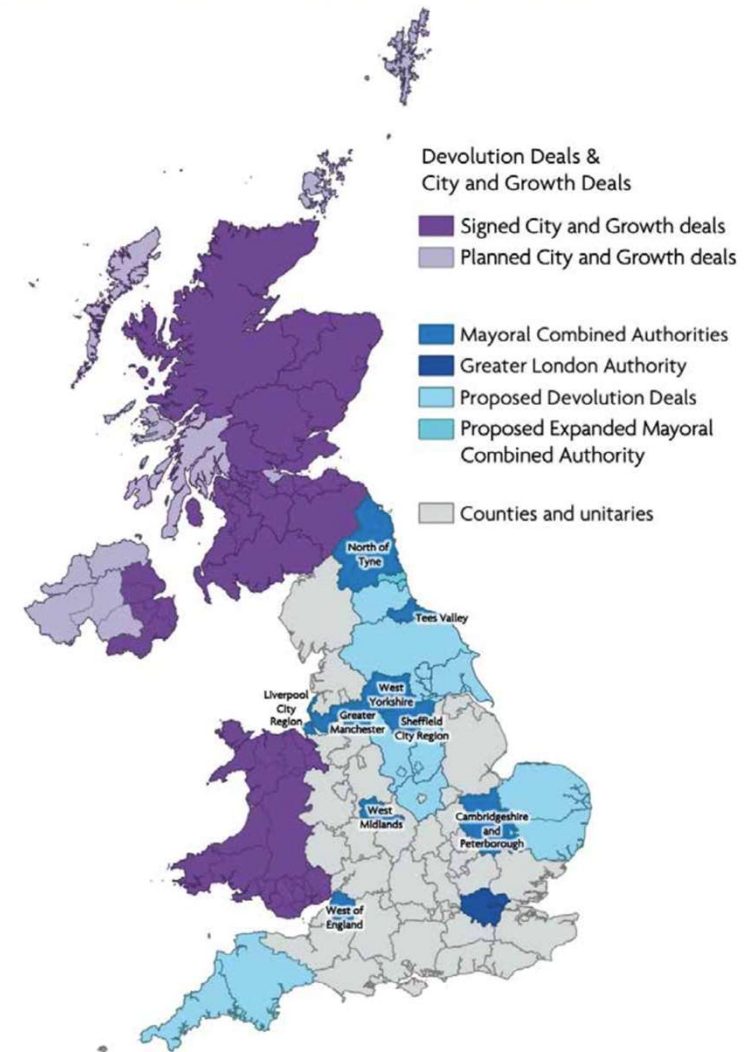
- The policy announcements in the White Paper **are arguably the weakest aspect**
- After strong analysis and radical rewiring in the first two parts of the White Paper, the policy announcements whilst numerous are limited in that they **don't add up to the systemic change to achieve the 12 missions**
- Perhaps more concerning is they appear to be **disconnected to other significant policy and system change also announced by Government**
- The **Health and Social Care Integration White Paper**, also published in February, only mentions the term 'Levelling Up' in the title of the joint foreword with Michael Gove
- Yet the Integration White Paper provides for **broad systemic changes at place level through statutory Integrated Care Systems**, which will have a broad remit to tackle the range of social and economic issues that drive health inequalities and acute demand
- There is an inherent **tension between the placed based approach set out in the Levelling Up White Paper, and the placed based approach set out in the Integration White Paper** that will need to be reconciled
- Might be a by-product of the Levelling Up White Paper being rushed to publication for political expediency, but it **highlights the challenges of cross departmental policy coordination**



# Devolution

- The devolution proposals outlined in the White Paper are arguably the strongest policy announcement. It **commits the Government to both extend, deepen and simplify devolution** in England by:
  - Inviting 10 areas to start formal negotiations for a county deal to be agreed by Autumn 2022
  - Agree an MCA for York and North Yorkshire and expanded MCA for the North East and consider areas which are undertaking unitarisation to consider and MCA
  - Open negotiations with West Midlands and Greater Manchester for new trailblazer deals – including option for other MCAs and GLA to bid for further sweeping powers - which may include fiscal devolution
  - Set out a new devolution framework to provide clarity on the devolution offer in England
  - Legislate to create a new form of Combined Authority model constituting only upper tier local authorities – to provide a model that would allow two-tier areas to more effectively operate combined authorities
- It is important to note that **none of the areas being invited to start formal negotiations for a County Deal are in the South East**
- The Government also **re-state that their policy preference for unitary local government as the most efficient form of local government**, but also that they will not mandate it unless there is broad support

Figure 2.3 English Devolution Deal and City and Growth Deal geographies



# The Devolution Framework

- The devolution framework has been **rumored to be in circulation for at least two years**. Aims to provide a **menu of devolution opportunities relative to the governance model** that an area is willing to accept
- **Highest level of devolution is offered to those who accept a Mayoral Combined Authority** or a Directly Elected Mayor (Level 3)
- Level 2 governance focusses on a single institution at county level without a Directly Elected Mayor or MCA. Level 1 governance is focused on joint committee arrangements
- It is **unclear where the new form of upper tier only combined authority fits** into this model (assume level 2)
- Whilst the framework is not unhelpful in setting out the scope of powers available at different levels those **powers, even at MCA level, remain limited in relative terms**
- **KCC is also already engaged in many of these policy areas without the need for a deal** (e.g. Enhanced Bus Partnership; strong rail partnership with South Eastern franchise; influence LEP functions through KMFP etc).
- That being said, the **Level 2 offer is probably more substantive than than expected** – means to fully integrated LEP, undertake bus franchising, control of UKSPF, devolution of Adult Ed budgets and Home England CPO powers

**Table 2.3 Devolution Framework**

**Level 3** – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

**Level 2** – A single institution or County Council without a DEM, across a FEA or whole county area

**Level 1** – Local authorities working together across a FEA or whole county area e.g. through a joint committee

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

# Commentary

- The devolution proposals in the White Paper are an **extension of existing transactional and competitive devolution arrangements** in England since 2010
- It does help codify the Government offer and places the rules/scope of any possible negotiation on a more transparent footing – **the trade offs that political leaders will have to make in county areas are now more explicit**
- **Governance involving a directly elected individual continues to be the policy preference**, even in areas that have recently undergone LGR
- Whilst a Level 2 deal may initially be attractive as a first stage of devolution, especially for those areas not willing to accept a directly elected individual, **the shelf life of a Level 2 deal may prove to be relatively short lived**
- The commitment to **new trailblazer deals for the West Midlands and Greater Manchester are likely risk further fragmenting the sector**
- The devolution model risks layering additional governance onto already complex local government structures, and **if different places have different devolved powers, the risk is it may increase complexity** in the system rather than reduce it
- Any strategic response to devolution needs to consider both the immediate short-term and longer-term response to the challenges and opportunities the devolution framework – **clarity on the strategy for future deals will be as important as clarity on the immediate deal being negotiated**

# Next Steps

- Some aspects of the Levelling Up White Paper will likely be a core part of the new Strategic Statement, currently in development
- We will respond and bring back to the relevant Cabinet/Cabinet Committee the further policy announcements from Government promised in the White Paper, for Member consideration and view
- Kent Analytics will respond to forthcoming consultation around measuring levelling up agenda and offer to work with Government on appropriate measurement mechanisms
- Clear need to work with partners across Kent & Medway, through the CCN and directly with other County Councils to ensure we both support and understand the wider local government response to the White Paper