



A Plan for Local Growth

A LOCALIST ANALYSIS OF THE UK
GOVERNMENT'S PLAN FOR GROWTH

By Joe Fyans and Zayn Qureshi

Executive summary

The Plan for Growth, released in March 2021, is the UK government's new plan setting out its view on how to recover from the pandemic through 'building back better' and 'levelling up' across the UK. Specifically, it sets out how government aims to 'support economic growth through investment in infrastructure, skills, and innovation'. Understanding the need for a transformational approach in recovering from the economic and social fallout of the pandemic, the plan promises to deliver on the electoral mandate from 2019 through building on three core pillars of growth: infrastructure, skills, and innovation. This report provides a localist interpretation and augmentation of the plan, focusing on areas where pre-existing models for policy and action at the local level could help bolster the effort to build back better. Using the forthcoming Levelling Up White Paper as a focus point, the report provides four key points by which the white paper can build on the Plan for Growth.

Separating prosperity from productivity in levelling up

The levelling up agenda is the top priority for this government and is something that informs all the themes of the Plan for Growth. Localis is one of many research and policy institutions who have highlighted the urgent need to close the productivity gap between regions of England and London and the South East – something that is especially true in light of COVID-19 and the need for a robust economic recovery from the pandemic. Understanding levelling up as an agenda targeted at solving what has been called the UK's 'productivity puzzle' allows for a targeted approach to assessing and addressing its goals.

A guiding priority for the government in delivering on levelling up is town centre and high street regeneration. Investing in this regeneration goes hand in hand with investing in the steps needed to close the productivity gap. Equal focus must be given to both, and one should not take precedence at the expense of the other. It is also important to bear in mind the different outcomes, funding scales and delivery timeframes between investing to raise national productivity and investing to increase place prosperity. While the latter will have a shorter-term focus, it is vital to improving social infrastructure, raising quality of life and making places people are proud to live in. Place lies at the heart of both sides of the levelling up coin. But the role of 'bottom-up' decision-making is far more important to the short-term goal of raising place prosperity and the role of 'top-down' strategy far better suited for the long-term goal of raising productivity.

Government has stated a desire to demonstrate its ability to deliver on local

priorities - including local infrastructure, transport, and housing needs. The various funds discussed at Budget 2021, including the Towns Fund, play an important role in this. Yet in terms of unlocking the kind of placemaking funding that might help make more people in the country proud of where they live, the funding mechanisms will resemble more of the same to local government. In order to unlock positive change quickly, the place prosperity and national productivity elements of the strategy and funds should be better separated, with the Levelling Up Fund focused on those infrastructure interventions that can improve business conditions and a devolution mechanism for small, ringfenced funding for placemaking.

Placemaking and levelling up the hyperlocal

Increasing productivity and placemaking are two interrelated but different aspects of levelling up that require separate approaches. Throughout the Plan for Growth, there is reference to local community, community prosperity and civic identity. These are all central components of placemaking. However, measures announced to these ends approach the issue through the lens of increasing productivity via top-down decision making. Given the objective to create “places that local people can be proud to live in”, what is missing from the Plan for Growth is an holistic framework for community autonomy. While investment in regional economic growth and local infrastructure is a necessary start, how localities guide this toward their own unique circumstances is the other vital part of the framework.

The Community Ownership Fund is a great step in this direction. The £150m fund has been set up for community groups with formal governance structures to bid up to £250,000 to buy local community assets at the verge of being lost. Going further, Localis’ report *Renewing Neighbourhood Democracy – Creating Powerful Communities*¹ looked at various initiatives to increase the power of communities and found that, despite the resilience demonstrated by communities throughout the pandemic, neighbourhood democracy continues to face a number of barriers. Changing this will require a relational approach to governance by both central and local government that allows for decision making to be more participatory for communities. To remedy this, there is a chance for the Levelling Up White Paper to codify the role of councils in a facilitative local state by creating pathways to community autonomy.

There are multiple models available to extend this autonomy and provide small-scale finance at the hyperlocal level to help build place prosperity. The idea of

1 Localis (2020) – *Renewing Neighbourhood Democracy: creating powerful communities*

'Community Improvement Districts' (CIDs) is one originally advocated by Prof Tony Travers from the London School of Economics. At its core, it is a way for community stakeholders to have more control over their high streets and town centres. Power to Change² argues that CIDs could provide a mechanism - whether that be a loose set of guiding principles for local people to apply, or a more structured system - that would allow community members to develop their area according to their own priorities.

Furthermore, community involvement in saving the nation's high streets and transforming them to thrive post COVID-19 is crucial. The task of building back our highstreets is simply too vast to be dictated from Westminster. This is a central message running through the Grimsey Review COVID-19 Supplement Report: Build Back Better³. To allow town centres and high streets to survive and thrive post COVID-19, the review singles out three factors that must be addressed. The first relates to localism and a shift away from central government to local communities. Secondly, there is a need for local leadership that is recognised and valued in the same way that mayors are viewed in countries across Europe. And thirdly, focus must be placed on creating an expansion of green spaces within town centres. Codifying a localist framework, with real power placed in the hands of communities, will be key to rebuilding our nations high streets in accordance with the lessons learnt from the pandemic.

The role of place in building skills for levelling up

A strong recovery from the pandemic rests on creating opportunities across all regions of the UK to skill up in line with the new and emerging needs of the national economy as we emerge from COVID-19. This is something the government recognises when they say, 'improving our skills is also central to levelling up opportunity as differences in skills levels provide a key part of the explanation for differing output and wages across regions'. A particular challenge addressed in the Plan for Growth relates to technical and basic adult skills, which are two areas where the UK skills system is lagging internationally. According to the Industrial Strategy Council, five million workers are at risk of being under-skilled in basic digital skills by 2030⁴. It is important to highlight how 'left behind' areas are most at risk of being disadvantaged by the mismatch between job requirements and skill levels. If the government is serious about levelling up all corners of the UK through reforming our skills system, then targeted measures for place are needed.

2 Power to Change (2020) – Community Improvement Districts: A Discussion Paper

3 Grimsey Review (2020) – Build Back Better: Covid-19 Supplement for town centres

4 Industrial Strategy Council (2019) – UK Skills Mismatch in 2030

The government's *Skills for Jobs: Lifelong Learning for Opportunity and Growth*⁵ sets out reforms to further education in England to support people developing suitable skills wherever they live in the country. While the reforms announced in the Skills for Jobs are a promising start, there is a missed opportunity to tackle the skills mismatch and levelling up agenda in a coherent and connected manner within the Plan for Growth. The commitment to placing employers at the heart of the skills system is the right approach to take. Yet there is also a need to extend and support capacity for collaboration at the level of the local state. Specifically, the institutional architecture of further education colleges needs to be reformed to promote trust and collaboration with local and strategic authorities, key industries and employers. Currently, there is no such joined-up approach on working together between central government bodies such as the Jobcentre Plus, the National Careers Service, and the Education and Skills Funding Agency. This is on top of government skills funding being managed centrally across several different departments and agencies.

Reforming the Apprenticeship Levy so that it has a focus on place priorities could aid creative and effective collaboration across the local state. Measures announced to this end in the Plan for Growth are promising. Particularly the new pledge function that would allow employers to transfer unspent levy funds to SMEs that share similar business priorities. Building on this, local employers should be allowed to pool their apprenticeship levy contributions with upper tier strategic education authorities, while also working together with the local further education sector. This could be facilitated through expanding Skills Advisory Panels (SAPs) to include the local education authority, as well as allowing SAPs to oversee the provision of the Apprenticeship Levy.

The Local Government Association's Work Local vision⁶ is one where combined authorities and councils have the power and funding to manage joined up services regarding skills and education. The vision was first introduced in December 2019, therefore the impact that COVID-19 may have on it has not been taken into consideration. However, analysis at the time suggested Work Local can result in 8,500 more people in work with 6,000 increasing their skills. Similar proposals have been put forward since the pandemic by the LEP Network in their 5-Step Recovery Plan⁷, demonstrating the ongoing appetite for greater local involvement in facilitating skills collaboration. Building this kind of activity into the strategy going forward, and facilitating it through devolution in the upcoming

5 GOV.UK (2021) – Skills for jobs: lifelong learning for opportunity and growth

6 LGA – Work Local: Our vision for employment and skills

7 LEP Network (2020) – 5 Point Plan for Recovery

white paper, will be crucial in augmenting the current Plan for Growth to a more complete vision.

Clean growth – the role of the local state

Alongside levelling up, transitioning to a net zero economy by 2050 is an equally important ‘people’s priority’ forming the basis of government objectives in the Plan for Growth. In November 2020, the Ten Point Plan for a Green Industrial Revolution was released, setting out government plans for how the UK can make the most of opportunities presented by the shift to net-zero, and the steps needed to tackle the UK’s contribution to climate change. In delivering it, some of the steps government has laid out in the Plan for Growth include creating the 250,000 green high skilled jobs through the production of offshore wind, generating 5GW of low carbon hydrogen production capacity by 2030, building the technology to capture and store harmful emissions away from the atmosphere, deliver 600,000 heat pump installations per year by 2028, and end the sale of new petrol and diesel cars by 2030.

The government recognises the need for actionable plans to meet the targets set out in the Ten Point Plan. Therefore, the Plan for Growth announces the different deliverable plans for each sector that will be published over the course of 2021. While promises of strategies, reviews, and white papers are encouraging, it is difficult to make any meaningful assessment unless and until the details emerge. Experience of government promises of a social care green paper which never materialised shows how quickly ambition can get derailed with an absence of much needed political momentum and capital⁸. Elsewhere, the connection between the clean growth and skills agendas is a prime opportunity through which to level up the UK, in terms of increasing regional productivity, and in ensuring we have a workforce fit for the future demands of a zero-carbon economy.

The Plan for Growth discusses how the Green Jobs Taskforce, formed as part of the Ten Point Plan, and government will work with businesses, skill providers and unions to develop plans during the transition to net zero. In the face of such a seismic shift to the way our economy works, and the positive impact this could potentially bring about, a commitment to developing vague plans is simply not good enough. The labour markets found in each region of the UK will be different from the next. Therefore, a focus on the needs of individual local labour markets is necessary. Addressing this disparity will be vital to the success of levelling up.

8 The Guardian (2021) – Lack of social care strategy left system weakened when Covid struck - report

Offshore wind, and the jobs this sector can create for coastal communities, would have a tremendous impact on levels of productive growth if training and reskilling provisions were to be targeted correctly. It is vital that forthcoming policy creates clear roles and responsibilities for councils - as part of the wider labour market and skills issue - to target net zero.

The future of devolution

Overall, the Plan for Growth is a centralist strategy. With regard to devolution and decentralisation, the government's approach to delivering on local priorities is based more on the latter than it is on the former. The question of devolution is not given much emphasis in the Plan for Growth. However, the government maintains its desire 'to give more power to local communities'. The preferred path in doing this is through a further roll out of devolution deals across England. The commitment of £7.5bn of un-ringfenced gain share investments over 30 years for the nine existing Mayoral Combined Authorities, to be spent on local priorities, gives an indication of how any such devolution arrangements would be funded.

Creating a new Treasury campus in the North will go a long way in bringing government decision-making closer to the people of the UK. However, actually giving 'more power to local communities' requires the devolution of decision-making and transfer of fiscal powers to the local state. This is a distinct process from decentralisation of central power and warrants a bigger discussion than touched upon in the Plan for Growth. At a time when communities across the country will need to direct efforts on recovery and improving place prosperity, attention needs to be focused on finding appropriate mechanisms that give the local state proper governance and financial powers, for both decision-making and revenue-raising.

Finding these appropriate mechanisms does not mean creating new ones through which to devolve powers to. Given the urgent task at hand of pandemic recovery, efforts would be better spent in using existing mechanisms. This is something that has also been recognised in the All-Party Parliamentary Group for Devolution's report 'Levelling up Devo – The role of national government in making a success of devolution in England'⁹. In the report, central government's fixed obsession on structural changes and governance arrangements has been identified as a barrier to devolution in England. It is within this context that what is stated in the White Paper, which began with a devolution focus, regarding powers vested to the local

⁹ The Devolution All Party Parliamentary Group (2020) – Levelling-up Devo: The role of national government in making a success of devolution in England

state, will be so important. Councils across the country have played a huge and instrumental role in developing and executing strategies for recovery, while putting forward their place-based visions for the 'new normal'. This has demonstrated the twin track of the economic role local councils play: addressing the immediate challenges facing their local economy and then building a longer-term vision of its future.

Any government plans to move forward with devolution need to prioritise the task of restoring the nation's economic and social fortunes and should not be fixated by the view that doing so inevitably means ringing in the changes to the governance structures of the local state. These arrangements are not of huge concern to everyday people. What matters more is how well the local state can provide the services communities need. And addressing this can be done without changing the form of local government. Ultimately, if an English devolution settlement is to achieve success, we will need a central government that does not micromanage every last line of local public expenditure or devise strategies that affect the destinies of places in the abstract, without consultation or deep understanding of local context.

Key points for the Levelling Up White Paper

To build on the foundations laid in the Plan for Growth and ensure a multifaceted, dynamic recovery, the Levelling Up White Paper must:

- Create pathways to community autonomy as a vehicle for hyperlocal, small-scale and patient financing of regeneration.
- Build a framework for devolution to Skills Advisory Panels to facilitate local collaboration between employers, providers and education authorities to further accelerate the push to improve skill levels.
- As part of the above, create a clear role for the local state in driving towards the skills for net zero.
- Clarify and codify the role for existing institutions of the local state – particularly local authorities in LEPs – in driving economic development.

Localis

Vox Studios, V.311
1-45 Durham St
London, SE11 5JH

0870 448 1530
info@localis.org.uk

localis.org.uk

