

The UK2070 Papers



The Working Paper Series of the
UK2070 Commission

Series 1

UK2070
COMMISSION

Editor Philip Brown
uk2070.org.uk

The UK2070 Papers

Series 1: August 2020

Contents

1. **Six Propositions: The New Norms, Values and Politics after COVID-19** (Page 4)

The Right Honourable The Lord Kerlake, Professor Ian Wray & Professor Vincent Goodstadt, UK2070 Commission

An overview of the effect of the COVID-19 pandemic on British society; an evaluation of six emerging ‘mega-trends’ for life after COVID-19; and a discussion of how unless this opportunity to ‘recover’ the UK of its pre-existing underlying problems is seized, then these problems will be exacerbated, including the deep-rooted and unacceptable inequalities in society that the UK2070 Commission seeks to address.

2. **Levelling up: why we must build a better economic vision of the North’s future** (Page 11)

Dr. Sarah Longlands, Director of IPPR North and UK2070 Commissioner

An exposition of how COVID-19 is exposing the weaknesses of the UK’s centralised political and economic system, and is threatening to intensify our regional inequalities still further; with it therefore being time to commit radical change and an ambitious plan for building a better northern economic future.

3. **COVID-19 and Economic Resilience** (Page 22)

Professor Gillian Bristow (UK2070 Commissioner) and Dr. Adrian Healy, School of Geography and Planning, Cardiff University

A summary of the economic shock being brought by the COVID-19 pandemic not just to the UK economy; but to the economies of its constituent nations, regions and localities with a potentially very significant and lasting effect on demand both at home and in overseas exports markets.

4. **UK2070 Through the Lens of Local Government** (Page 29)

Paul Hayes, Wakefield Council and Key Cities Group, writing in a personal capacity

An examination of the potential contribution of local government, primarily in England, to be better engaged in the delivery and achievement of the UK2070 Commission; and also a range of new policy proposals to deliver radical change.

5. **The UK2070 Commission & Bristol's One City Approach** (Page 38)

Ed Rowberry and David Barclay, The Bristol City Office Team

A comparison of the UK2070 Commission's vision and the 'One City Approach' that has been developed in Bristol over the last four years; and a proposal for a formal partnership to build synergies between the national efforts of the Commission and the city level innovations taking place in Bristol.

6. **Moving Forward from Lockdown: Some Perspectives from Scotland and Wales** (Page 42)

Dr. Graeme Purves, UK2070 Commissioner

A systematic look at some distinctive Scottish and Welsh dimensions to the issues addressed in *Make No Little Plans, The Final Report of the UK2070 Commission*; and indicates how thinking is developing in the light of the experience of the COVID-19 pandemic.

7. **COVID-19, Cities and Public Transport** (Page 52)

Jim Steer, Deborah Carson and John Jarvis - Director, Associate and Associate Director at Greengauge 21

An argument in favour of a pan-UK network of service hubs centred upon major towns and cities; to produce a restored, healthy and improved public transport service that is central to national economic recovery and to comply with the Government's commitments on climate change.

8. **Additional Evidence for the UK2070 Commission** (Page 57)

Professor ADH Crook CBE FACSS FRTPI, Emeritus Professor of Town & Regional Planning at the University of Sheffield

Further evidence on the need for change in the capturing of land values to finance both infrastructure and affordable housing; drawing particular reference to Professor Crook's work for the Scottish Land Commission.

9. **Reinventing Town centres: A Call for Action Now!** (Page 60)

Dr. Nicholas Falk, Director of The URBED Trust

A summary of the threats posed by the COVID-19 pandemic on Britain's town centres and high streets, in the context of other challenges faced in recent decades; and a five-point set of proposals to address them.

The UK2070 Papers are a collection of think pieces and essays produced for the UK2070 Commission since the publication of our Final Report in February 2020. For more information and contact details please visit our website - www.uk2070.org.uk

The UK2070 Commission is an independent inquiry into the deep-rooted spatial inequalities that exist across the UK, chaired by The Right Honourable, The Lord Kerlake. It published its findings in its Final Report published in February 2020. This Report drew upon a substantial body of evidence submitted to the Commission or research commissioned by the Commission. These documents can be found on our website - www.uk2070.org.uk/publications

1) Six Propositions: The New Norms, Values and Politics after COVID-19

The Right Honourable The Lord Kerslake, Professor Ian Wray¹ & Professor Vincent Goodstadt, UK2070 Commission

Introduction

COVID-19 has turned the world upside down, accelerating trends which were already latent or in progress, and inverting normal assumptions. The pandemic does not respect boundaries but its impact has not been equal, and both the virus and the impact of the response has starkly highlighted both geographic and other inequalities - be that race, age, gender or disabilities. It has added another dimension to the radical uncertainty that is faced at all levels of society - the familial, the firm, the community, the nation and globally.

The pandemic itself was predictable. Its detailed trajectory, less so. However, even when the risk was fairly blatant, there was in many ways a culture of denial about the risks and radical actions that were needed. The Prime Minister himself did not change his behaviour, continuing to attend events and shake hands, resulting in his coming close to death when he contracted the virus.

The combined effect has resulted in the UK being less resilient to coping with the pandemic than comparable nations. The case remains as strong, if not stronger, to address spatial inequalities. If the UK is to recover from COVID-19 and not merely languish, it must break free from the familiar and not entrench existing inequalities. There will be a 'new norm'. The nature of this, by definition, is unknown. The past will be an even poorer guide to the future than it has been.² The future will be shaped by a new set of parameters, for example:

- New business behaviours with more localised or diversified supply chains.
- New trajectories and vulnerabilities for different sectors of the economy and sections of communities.
- Changed perspectives on home working and travel, and the social implications of this (e.g. gender and ethnicity).

COVID-19 has also greatly expanded the 'politically acceptable'. Disruption to the economy and social order will continue to be a fact of life. The need to respond with radical policies is however one that politicians will not need to justify. Radical policy-making need no longer be inhibited by inertia, or, as Sir Humphrey would say, by being '*a brave decision, Prime Minister!*'. There is a new wide window of politically acceptable options, the Overton Window,³ which should be opened up

¹ Ian Wray is also a Visiting Professor and Heseltine Institute Fellow at the University of Liverpool

² <https://www.prospectmagazine.co.uk/magazine/coronavirus-model-uncertainty-kay-king>

³ <https://www.mackinac.org/OvertonWindow>

to allow new policy agendas. This is also reflected in opinion polls which indicate nearly 90% of people surveyed do not want life to return to ‘normal’ once the pandemic is over.⁴

In particular, the emerging ‘*mega-trends*’ for life after COVID-19 has exposed the weaknesses in our current systems and their underlying problems. These will drive change and widen the scope of the ‘possible’ in relation to the UK2070 Commission’s goal of creating a fairer, stronger and safer nation. These include responding to a new era characterised by:

- **An Age of Uncertainty:** The limits on the ability to act with confidence.
- **Increased Fears:** The need for greater emphasis on safety as well as security.
- **Local Empowerment:** The demand for supported and not controlled devolution.
- **A Renewed State:** A proactive government.
- **Growing Inequality:** The increased need to tackle growing social and economic divisions and inequalities across the UK, including ethnicity, gender and health.
- **Beyond Austerity:** The need for a frugal economy meeting the needs of society with lower consumption of resources and building on the increased importance of social capital made viable in COVID-19.

The response to, and outcomes from, these drivers of change must be shaped by social norms and values, a new culture. They highlight the importance that a long-term approach in policy thinking is required. Unless we seize this opportunity for the ‘recovery’ of the UK, its pre-existing underlying problems will be exacerbated, including the deep-rooted and unacceptable inequalities in society which the UK2070 Commission seeks to address.

An Age of Uncertainty

Before COVID-19, the UK already faced a very uncertain future, as set out in the UK2070 Commission’s First Report. The UK’s global position was being challenged by global competition for labour and resources, together with the potential economic impact from a hard Brexit. At home, it was already facing growing levels of debt, including consumer debt, low levels of productivity, and unsustainable patterns of urban development.

The COVID-19 shock has added another layer of uncertainty. Uncertainty is now rife. We not only do not know the future trajectory of the virus, we do not know how it may affect behaviour but we know it will, including political behaviour (with associated norms and values), consumer behaviour, social behaviour and transport demand (or the absence thereof).

All economic bets are off. Any assumptions about economic sectoral change have to be re-based in view of the differential impacts of COVID-19. Many people are in precarious sectors which have been driving economic growth, for example, in the

⁴ There have been various polls, for example in July 2020, a poll carried out for the strategy consultancy [BritainThinks](#) revealed that just 12% of people wanted life to return to normal “exactly as it was before” once the pandemic is over.

gig economy; higher education and retail/leisure. Many are freelancers, or in jobs without pensions or traditional job security (creating this labour market flexibility was a key policy objective). There are (or were) large numbers of workers in the semi and unskilled hospitality sector and in the more skilled performing arts. It is not clear when or if these jobs will return. There are sectors upon which other sectors are dependent - such as social and child care which are severely stressed with providers at risk.

The economy is currently shrinking at the fastest rate on record and the scale of public borrowing will grow enormously. With the economy locked down, this year the fiscal deficit is forecast to hit £273 billion. Levels of unemployment are hidden by the fact that around a fifth of workers are currently 'furloughed'. It is too early to assess the geographic and gender impact of future job losses.

Implication: The presence of uncertainty demands a strategy based on resilience i.e. preparing for the inevitable shocks and change that will come in the future. In addition, as [Paul Collier](#) asserts '*When we're faced with events like COVID-19, all models will be wrong. They have their uses, but the lesson is to think beyond the models, not just within them*'. These new levels of uncertainty create the need for a double-shift in policy approaches:

- a. The principle of 'evidence-based policy' has to be re-written. Policy will be driven by core values. The choice will be between fiscal goals or social well-being; and
- b. When the final outcomes are so uncertain it is even more important that the decision-making processes are transparent, inclusive and maximise diversity of approaches – encouraging initiative and experimentation and tolerating failure.

Greater Safety and Security

[ONS measures](#) of the state of the nation's well-being in the UK show a dramatic increase in anxiety created by COVID-19. The issues of safety and security have gone to the top of the personal and political agenda. Economic insecurity, an ageing population and threats from both the virus and from climate change (like flooding) are displacing more conventional measures of welfare and happiness, like prosperity, choice and even fairness. The old feel threatened by the risks of degenerative disease and the lack of social care, the young by insecure employment and in many places high housing costs.

COVID-19 has highlighted that the UK's Security Strategy has been focused on defence, cyber security and terrorism, even though the 2010 review indicated that the UK faced the risk of over 50,000 deaths from a global pandemic. The resilience in public systems, not least the availability of spare capacity in the health service and the emerging climate crisis, are as critical. As the [2018 Security Review](#) stated '*One or more major hazards can be expected to materialise in the UK in every five-year period. The most serious are pandemic influenza, national blackout and severe flooding.*' Voters are unlikely to accept another national-scale health service crisis and a winter of catastrophic floods.

The risk is that threats to national safety and security are sometimes associated with nationalism, as in a growing distrust of foreigners and other countries, including China. Those who feel threatened often look for security, or at least the

illusion of security, provided by ‘strong leadership’ and the exclusion of marginal groups. Unfortunately, that was one lesson not only of Germany in the 1930s, but in more recent examples generated by fear of immigration.

Implication: Robustness and resilience in complex systems are achieved by ensuring that systems are organised in ways that ensure the failure of any part does not jeopardise the whole, as highlighted by [Kay & King](#). This requires a rethink of the National Security Strategy to ensure it addresses the safety of citizens from internal risks, for example the provision and safeguarding of universal standards of basic services that underpin well-being.

Local Empowerment – Supported Devolution

The UK’s governmental system is increasingly centralised. In 2019, there were 3.2 million people working in central government, and 2 million people working in local government. This was in part a result of the fact that local government was at the sharp end of the post-2008 austerity agenda, especially in the poorest places. In many respects it is an emaciated institution: fewer staff with capabilities in thinking and shaping policy, and designing and implementing projects. Basic services like social care have been stretched to the limit, and become inadequate.

The pressure on key workers and the services they supply has been at the forefront of the COVID-19 challenge. The overloaded centre has however been unable to manage the task in hand, nor respond to the regional and local variations in circumstances. The Nightingale Hospitals – a linear response led by the military – were mostly unused. Critical rapid responses came from professionals on the frontline, some going to B&Q to buy their own supplies, and numerous self-starting volunteers sewing scrubs at home. *One-size-fits-all* has been the default policy response which has unfortunately created diversionary ‘*political-footballs*’, for example about the role of elected mayors.

A central thrust in the UK2070 Final Report was to call for a comprehensive devolution of powers and funding. Particular emphasis was rightly given to the gap in strategic local decision making (especially for the major metropolitan and urban complexes). This did not undermine the importance of devolution to the lowest level of local government upon whom most services ultimately depend. This objective has now been reinforced by COVID-19 to be an imperative of government in creating the conditions for devolution.

The pandemic has illuminated both the power of decentralised approaches and also the limitations and unevenness in devolved capacities in terms of the existing devolution to the nations and to city-regions through growth deals etc. In England, particularly, the centralising process away from local government, regions or city regions has however created an added obstacle: the erosion of local capabilities and capacities. In the worst hit places – the old industrial towns – local communities and local councils need more than extra money. They will need practical support, advice and even incentives if they are to be re-empowered. They need support for the voluntary sector and building upon the spirit of volunteering engendered by the crisis

Implication: COVID-19 has highlighted the importance of the key principle that devolution must be to the lowest practical level of local government. The UK2070 Final report stressed the need for this to be based on a *parity of esteem* between central and local government. This means a fundamental change in the current culture of centralised decisions and controls with imposed local responsibilities for delivery. There needs to be a paradigm whereby initiative lies with local councils and supported centrally – the presumption in favour of local empowered devolution.

A Renewed State

The COVID-19 crisis has demanded a strong state to protect health, livelihoods and businesses. People will be now looking for state intervention to protect key sectors of the economy, national resources and key businesses in pharmaceuticals, medical equipment and technology. National security and national resilience will take centre stage.

A strong and coherent state has been needed in this immediate period of great uncertainty and destabilising change. There will also always be critical tasks for the centre. The dilemma is that the current system of government has an overloaded centralised administration with many of its activities better undertaken locally or on a regional basis.

The UK2070 Commission's Final Report sets out the scope of truly national decisions in relation to such matters as: climate change: competitiveness: core infrastructure: standards for universal basic services and national ecosystems. In addition, there are alternative [polycentric governance models](#) that are more open to experimentalism, incremental change and rapid response. Feedback loops in complex systems do not respond well to simple linear intervention.

Implication: There is a need for greater clarity about what are the genuinely national scale decision areas and a more effective means for planning and delivering them.

Growing Inequality

The Final Report of the UK2070 Commission highlighted the fact that the impact of global risks and threats are not spread evenly across the communities of the UK, for example the risks from climate change. The incidence of COVID-19 has mirrored these patterns of inequality. [Death rates involving COVID-19](#) for the least deprived area have been 25.3/100K population compared with 55.1/100K in the most deprived area. There is already [research evidence by Public Health England](#) (PHE) on the disparities in risks and outcomes from COVID-19 that indicate that Black and Minority Ethnic communities have been disproportionately affected. The starkest differences overlaid on the regional ones are due to ethnicity and age. The PHE report indicates a Bangladeshi man is twice as likely to die of COVID-19 as a white man. There have also been over one million additional adults seeking Universal Credit. There will be serious implications in terms of those who are at risk of losing their livelihoods or their homes whilst others remain relatively insulated, especially those in public sector jobs, or on pensions, and those living in

the countryside.

There is also a [growing awareness of gender issues](#) that are being flushed out in terms of the unequal impact of lockdown on the load borne by women. This particularly applies to those in the poorest households and communities who are bearing the brunt of home schooling /caring etc, plus most primary caring single parents whilst trying to work. On differential impact on parts of the economy there are already fears of significant failures/closures in the child care sector and adult care, both of which are no longer a public sector enterprise. This potentially could be a double whammy for women in terms of paid jobs and caring support.

This has particular significance since the impacts of COVID-19 have been more keenly felt in some parts of the UK than others. The current crisis therefore runs the risk of reinforcing the spatial inequalities across the UK whereby some regions and nations of the UK could move into recession whilst others continue to thrive. It will also have differential impacts of different sectors of the economy. Some of those at risk are well educated, such as freelancers in the creative and performing arts sectors, others are without skills. The lockdown has had a differential gender impact reinforcing gender inequality according to research by UCL and the IFS.

Implication: The findings of the UK2070 Commission's Final Report are even more relevant. The Government's commitment to its earlier levelling up policy is absolutely right. It however needs translating into an action plan as a matter of urgency. The priority must be to translate the rhetoric of levelling up into a 25-year operational strategy with clear spatial priorities for investment and renewed local institutional capacity but in a way that does not embed or exacerbate other entrenched inequalities.

Beyond Austerity, Towards Frugality – A Prudential Economy

The COVID-19 shock is different from early economic crashes in that its impact was a combined collapse of demand, supply and fiscal systems. The foundations of the UK and global economies have not just been shaken but disrupted. There must be concern that this will precipitate the onset of a long-predicted 'age of austerity'.

The medium-term outlook is one of sustained poor economic growth. There are too many headwinds in the national and the global economy creating continuing uncertainty which is anathema to private investment. Consumers could pull in their horns, spend less, save more (if possible), and adopt new frugal lifestyles - not just growing their own vegetables and DIY; but making their own beer, swapping and sharing locally, holidaying at home and no longer holding an assumption to be able to afford expensive new big-ticket items like houses and cars. All this will have implications for infrastructure investment, which is so often based on forecasts of cost and demand. These are likely to be highly unreliable.

The past default interventions to stimulate recovery fell-back on fiscal demand stimuli. This will no longer be sufficient. Reducing interest rates (or even making them negative), for example, is unlikely to act as a significant spur to demand. The impact of COVID-19 has arisen from a failure to recognise that the need for the resilience required to absorb economic shocks goes beyond mere banking rules

about capital and liquidity. The need is to give recognition to the true economic value of social capital and voluntary effort. It also needs to address the very nature of the systems which have created unsustainable supply chains, inequalities whereby 30% of children in the UK live in poverty,⁵ and with ecosystem services upon which our productivity is at breaking point.

Tackling COVID-19 has as much depended upon individuals socially distancing and compromising on personal privacy and the frugal low-tech response of hand-washing. The question is whether a real opportunity created by the COVID-19 shock is enable us to harness *Frugal Innovation*⁶ to create a more *Prudential Economy*, to “do more with less” – to combine the re-creation of business confidence and develop social value while minimising the use of diminishing resources such as energy, capital and time. The past arguments against such change have rested upon disruption to the economy and the fear that the economy could not ‘move’ (i.e. grow) without inexorable increasing demand for consumption. These are no longer valid – the economy has been disrupted.

The next global shock will enforce frugality. We will be more resilient to it if we start now to ‘do more with less’, especially in view of the debt burdens. There is a unique opportunity to innovate, empower and create better value. This is completely in line with the UK’s formal but outstanding commitment to implement UN Sustainable Development Goal 12, namely, ‘to ensure sustainable consumption and production patterns’ through a 10-year Framework Plan (10FYP). At present, the focus of government in meeting SDG12 has been on waste and recycling within existing patterns of demand, supply chains and fiscal regimes, and not the sources of the demands themselves. It is also monitored by a *Voluntary* review led by DEFRA. There is as yet no overarching 10FYP which would deliver a fully cross-government perspective, despite the [Fusion Doctrine](#).

Implication: There is a real opportunity to develop more sustainable policies and to meet the UK’s international commitments by preparing as a matter of priority a more formal 10YFP, which addresses the scope for demand management. This would give coherence to the UK’s response and increase the opportunities for business and technical expertise within the UK.

⁵ <https://www.jrf.org.uk/data/child-poverty>

⁶ *Frugal Innovation: How To Do More With Less* [N Radjou](#), [J Prabhu](#) - 2015 - The Economist, ISBN 978 1 78125 375 5

2) Levelling up: why we must build a better economic vision of the North's future

*Dr. Sarah Longlands, Director of IPPR North and UK2070
Commissioner*

*“But the future must be met, however stern and iron it be”
Elizabeth Gaskell, North and South.*

History does not repeat itself.⁷ The crisis that we are dealing with now has no parallel. Our response must be equal to the task. The politicians talk about ‘building back better’ but what is better and how do we build it?

It is time to be radical, it is time to stop tinkering around the edges of the debate and commit once and for all to an ambitious plan for building a better northern economic future. For too long, people living in the North have been served up a diet of half-baked promises of rebalancing, convergence, powerhouses and now levelling up. COVID-19 is exposing the weaknesses of our centralised political and economic system and threatens to intensify our regional inequalities still further. Enough is enough.

This crisis is a game changer for public policy in the North. It is challenging us to rethink and re-engineer our approach to a better future, not just for those who have been directly affected but for future generations. It's time to address the inequality of power, resources and life chances which directly impact on people's lives in the North and in other regions of the UK.

We need a new appreciation of the importance of investment in the provision of health and education services and we desperately need to help create the jobs, training and support which will enable people who are losing their jobs and livelihoods as a result of this crisis to reskill and rebuild their futures.

But the future is also about anticipating the origins of future challenges which is why our economic future needs to have nature at its core. Not only will this help to make us more robust in the face of the damaging impacts of climate change, but it can also help generate vital jobs and careers for the future.

In this paper, I examine the Government's record on ‘levelling up’ to date and outline the components of what I believe could be a better northern economic future for us all. A future where people in the North have the capability, and the freedom to live a life which they have reason to value.

Building back from COVID-19: the challenge

Ironically, the Government has sought to promote our wellbeing, not by boosting our economy but by shutting it down. In attempting to return to some form of normality, we must do so within the parameters of social distancing along with the risk of further lockdowns in the future. Whilst this will be very difficult in

⁷ Hefferman, Margaret. *Unchartered: Mapping the Future Together*.

some contexts, it will also demand new ideas and innovations as to how we live and work.⁸

But what is clear is that the economic and social impacts of COVID-19 will bite further into deep regional inequalities that already divide the UK. In the North, the impacts of COVID-19 have been made worse by the underlying health inequalities of the existing population.⁹ As research has shown, life expectancy for people living in the North is on average, 2 years lower than in the rest of England and premature death rates are 20% higher for those living in the North across all age groups.¹⁰ Some areas of the North have some of the highest mortality rates in England.¹¹ *The Marmot Review Ten Years On*, published in February 2020 just as COVID-19 was beginning to impact, found that during the last ten years, regional inequalities had grown in the UK along with inequality within regions. Life expectancy for men in the most deprived ten per cent of areas decreased in the North East, Yorkshire and the Humber, and East of England – and for women everywhere except London, West Midlands and North West. The largest falls were seen in the most deprived ten per cent in the North East of England and the largest increases in the least deprived ten per cent in Greater London.¹² Not only do these inequalities have grave consequences for the opportunities of people living in the North, but it also undermines the economic potential and productivity of the region.

These health inequalities have been made worse by ten years of austerity which has disproportionately affected the North of England. Cuts to local government expenditure between 2009/10 has reduced the amount spent per head of population by 20% (£346 less per person) compared with 13% in England (equal to £278 less per person) in England generally.¹³ The interaction of COVID-19 alongside existing health inequalities, deprivation and austerity is likely to have long term consequences for our future recovery.

Subsequently, that recovery must be about the quality as well as the pace of economic development. COVID-19 has been a powerful demonstration of just how much our economic fortunes depend on the foundations of good health and healthcare services. It also highlighted just how important our schools and education system are, not just in terms of providing young people with the skills they need, but providing a safe and supportive environment in which to fulfil their potential. We must learn the lessons and ensure that we never take good health and education for granted again and ensure that they are the building blocks of our future recovery.

⁸ Swinney P. (2020)

<https://www.centreforcities.org/blog/will-covid-19-trigger-a-working-from-home-revolution/>

⁹ <https://www.thenhsa.co.uk/2020/05/north-is-being-hit-hard-by-covid-19/>

¹⁰ NHS (2018) *Health for Wealth, Building A Healthier Northern Powerhouse for UK Productivity* <https://www.thenhsa.co.uk/app/uploads/2018/11/NHSA-REPORT-FINAL.pdf>

¹¹ Raikes, L., Millward, L. and Longlands, S. (2018) *State of the North 2018: Reprioritising the Northern Powerhouse*, IPPR North

¹² Marmot, M., Allen, J., Boyce, T., Goldblatt, P. and Morrison, J. *Health Equity in England: The Marmot Review Ten Years On*.

<https://www.health.org.uk/publications/reports/the-marmot-review-10-years-on>

¹³ Johns, M (2020) <https://www.ippr.org/files/2020-06/10-years-of-austerity.pdf>

Levelling up: more soundbite than substance

The unequal nature of the UK's regional economy and its human consequences have been a recurrent theme of the public policy debate in recent years and successive reports have highlighted the divided and centralised nature of the UK's economic and political economy.¹⁴ Before COVID-19, the Conservative Party's solution to the challenge of 'left behind' places became encapsulated in the soundbite 'levelling up.'¹⁵ This featured strongly in the 2019 general election campaign and the phrase 'levelling up' has been used repeatedly in the speeches of the Prime Minister, Boris Johnson since taking office in December 2019.¹⁶

Whilst many regard the talk of 'levelling up' as a positive sign of the Government's commitment to English regions like the North, nearly a year after it was first used, and four months into the biggest economic and social crisis in a generation and there is still no clear articulation of what the Government mean by 'levelling up' nor any strategic plan as to how it can be delivered.

Like its predecessors in the 'Midlands Engine' and 'Northern Powerhouse', talk of levelling up has tended to centre around announcements on infrastructure spend. In his first Budget on the 11th March, just before the lockdown, Rishi Sunak announced a significant package of capital financial support for infrastructure, arguing that they'd promised to "level up with new roads, railways, broadband and homes" and that this Budget "gets it done".¹⁷ This included a commitment to delivering HS2, revisiting the Green Book and new transport infrastructure investment in the coming years (ibid). Since the budget, the Government have also announced additional funding for railways to help act as an economic stimulus post COVID-19 as well as investment in roads including a £1bn upgrade to the A66 Transpennine trunk road. Boris Johnson's "build build build" speech on the 29th May 2020 further emphasised the Government's preference for capital expenditure on infrastructure as the preferred route out of economic recession. These messages were further reinforced by The Chancellor as part of his 'fiscal event' aimed at helping the economy to recover. Rishi Sunak argued that the Government was "*doubling down on our ambition to level up with better roads, better schools, better hospitals, better high streets, creating jobs in all four corners of our country.*" But, here again, the phrase 'levelling up' was defined very generally, and as an automatic outcome of expenditure on infrastructure.

But infrastructure is no 'silver bullet' back to economic recovery, nor levelling up. The North of England has consistently lagged behind other regions such as Greater London and the South East of England in terms of per capita expenditure on transport, to the tune of some £64bn. And as IPPR North analysis of the Government's own figures has shown during the last 10 years London has received

¹⁴ Including The UK2070 Commission's Final Report: *Make No Little Plans – Acting At Scale For A Fairer And Stronger Future* www.uk2070.org.uk and IPPR North's 2019 *State of the North Report* <https://www.ippr.org/research/publications/state-of-the-north-2019>

¹⁵ Tomaney, J. and Pike, A. (2018) *Brexit, Devolution and Economic Development in Left Behind Regions* Welsh Economic Review <http://orca.cf.ac.uk/119205/1/4.%20Tomaney%20and%20Pike%20-%20FINAL.pdf>

¹⁶ Lancaster, Simon (2019) *Levelling Up—Why Boris Johnson Can't Stop Saying It and What He Really Means*, The Spectator, 17th January 2020.

¹⁷ Rishi Sunak Budget Speech, March 2020 <https://www.gov.uk/government/speeches/budget-speech-2020>

2.4 times more public spending on transport than the North.¹⁸ Subsequently, the Government's recent announcements on investment simply bring the North's transport investment closer to the national average.

But there are even more challenging issues with how the Government seems to view a levelling up agenda. The Government's plans appear to focus exclusively on capital expenditure for big ticket, red ribbon cutting transport projects which will take very many years for any positive impact to flow to the people who could benefit most from these developments. If this is how the Government intends to deliver greater opportunity of levelling up, then it is less about levelling up and more about good old fashioned 'trickle down' designed like the Job Retention Scheme, to benefit the incomes of investors and property owners rather than small businesses and families, particularly those most affected by the impact of COVID-19.¹⁹ But it is even more questionable to put your faith in the automaticity of trickle down at a time when aggregate economic growth is actively contracting; there is no rising tide, just 'ordinary hard working' people who find themselves increasingly trapped in a cycle of low pay- no pay. Indeed, even before this crisis, one in four northerners (and one in three women) earned less than the real living wage of £9 per hour.

What a more active form of 'levelling up' would require is a commitment to a more inclusive economic approach. Local Government has a key role in helping to deliver a more inclusive form of economy and despite austerity, many local and combined authorities have risen to the challenge²⁰. This is an approach which recognises the importance of building new pathways to employment, of tailored support and training and of properly joining up our skills agenda with employment support.

Like the Northern Powerhouse before it, the flimsy nature of the levelling up debate can be used to claim whatever Government wants because there isn't and never has been any clear measures or benchmarks of progress. Despite the scale of the regional inequality challenge in the UK and the potentially damaging effect of COVID-19, the Government have, to date, given no indication of what might constitute success in levelling up the UK.

The foundations of a better economic future for the North ***Investment in Education and health to underpin our economic future***

Whilst the rhetoric of levelling up has focused on physical construction, social infrastructure such as education and health have been noticeably under-represented in measures to support economic and social recovery.

Since the onset of the UK's lockdown in March 2020, the progress of children's education has been on hold. Effectively, we may see a nationwide 'levelling down'

¹⁸ Raikes, L. (2019)

<https://www.ippr.org/files/2019-08/transport-investment-in-the-northern-powerhouse-august19.pdf>

¹⁹ Berry, C., McFarlane, L. and Nanda, S. *Who Wins and Who Pays? Rentier Power and the COVID-19 Crisis*

https://www.ippr.org/files/2020-05/1589291707_who-wins-and-who-pays-may20.pdf

²⁰ Johns, M., Raikes, L. AND Hunter, J. *Decent Work: Harnessing the Power of Local Government* (2019) <https://www.ippr.org/research/publications/decent-work>

of educational potential, particularly for those children who are most vulnerable. Whilst teachers and others in the education system have worked hard to provide some semblance of education remotely, there can be little doubt that the crisis will have long lasting consequences for a whole generation of children. Even before COVID-19, many places in the north had levels of educational attainment which lagged the national average; research shows that this lag is inextricably linked to social and economic disadvantage.²¹ And COVID-19 has created new vulnerabilities and inequalities for children and their families.

Building back better will require urgent investment and support to help all our children, but particularly those who are most vulnerable, to catch up on the months of education that they have lost. Furthermore, the impact of COVID-19 will not only be about the lives of children at school now, but for the very youngest preschool children. Even before the crisis, the school readiness gap between children living with disadvantage and their peers has widened.²² Rising costs of early years provision have not been met by proportional increases in Government investment. This must change if our future economic potential is to be realised, both in the North and throughout the regions of the UK.

COVID-19 has also been a visceral demonstration of the way in which good health underpins economic progress. Even before COVID-19, too many people in the North feel the health consequences of social and regional inequality. Blackpool, Manchester, Hull, Liverpool and Blackburn with Darwen, for example, have mortality rates more on a par with parts of Eastern Europe than the rest of the UK.²³

In addition, if you live in the North, you are much more likely to develop serious health conditions, much earlier in your life, compared with other parts of the UK.²⁴ The healthy life expectancy in some neighbourhoods is under 50 in parts of Blackpool, Bradford, the Wirral, and Sunderland. All of this means that the North has been much more vulnerable to the effects of COVID-19. The health inequalities with which people entered the pandemic have been highlighted and magnified as it progressed.²⁵ In turn this reduces our economic resilience, our ability to recover and to 'bounce back'. Health not only depends on economic

²¹ Gorard, S. and Siddiqui N. (2019) *How Trajectories of Disadvantage Help Explain School Attainment* <https://journals.sagepub.com/doi/10.1177/2158244018825171>

²² Archer, N. and Merrick, B. (2020) *Getting the Balance Right* The Sutton Trust. This suggests that the Government's levelling up does not extend to a concern about the structural challenges that actively prevent people from being able to live a 'good life' – what they manage to be able to do and to be. Rather, from the little the Government has said on the subject, the state's role is about the 'inspiring power of opportunity'. Once provided, the responsibility (and by implication the blame, should things not work out) rests with the individual regardless of whatever structural barriers might stand in their way (such as gender, race, age or income). One of the most important ways in which the state can intervene to support individuals is through the provision of good education and health.

²³ Raikes, L. and Giovannini, A. (2019) *State of the North 2019: Divided and Connected* <https://www.ippr.org/files/2019-11/sotn-2019.pdf>

²⁴ Raikes, L., Millward, L. and Longlands, S. (2018) *State of the North 2018: Reprioritising the Northern Powerhouse*, IPPR North

²⁵

<https://www.health.org.uk/publications/long-reads/will-covid-19-be-a-watershed-moment-for-health-inequalities>

wellbeing; it is a crucial input into productivity and prosperity.²⁶ However, to date, the Government's announcements on recovery, have said little about what policies, if any, will be used to address the prevention of ill health in future, and in particular the wider social determinants of poor health such as housing, income and working conditions.

This neglect of health and education in the debate on recovery suggests that the Government's levelling up does not extend to a concern about the structural challenges that actively prevent people from being able to live a 'good life' – what they manage to be able to do and to be.²⁷ Rather, from the little the Government has said on the subject, the state's role is about the 'inspiring power of opportunity.'²⁸ Once provided, the responsibility (and by implication the blame, should things not work out) rests with the individual regardless of whatever structural barriers might stand in their way (such as gender, race, age or income). One of the most important ways in which the state can intervene to support individuals is through the provision of good education and health.

Devolution: redirecting power from centre to local

The ability to build a better economic future for the North and for other regions will require local knowledge, capacity, innovation and crucially, devolved control.

To date, the Government's rhetoric on levelling up has been content to follow in the footsteps of George Osborne rather than take the time to set out a new vision for devolution. In his speech to the Convention of the North held in Rotherham in September 2019, Boris Johnson argued that he was committed to doing 'devolution properly.' However, despite confirming their first devolution deal since taking office, the West Yorkshire Combined Authority; the evidence to date is that little has changed.²⁹ The Government has chosen to continue with a top down and chaotic approach to devolution which is about advancing a "narrowly defined set of business interests with very little democratic scrutiny" (Tomaney and Pike 2020).

As before, it is still a disparate project within Government dolling out little packages of power and resource, just enough to tempt local leaders to agree, but without sufficient clout to enable a real devolution of mindset from the centre. They have persisted with a 'deal-based' approach which means that as before,³⁰ the devolution arrangements are all different and crucially, negotiated in secret. Scrutiny arrangements are still in their infancy with few genuine opportunities for authentic citizen participation, either formally (such as citizen juries or assemblies) or informally (e.g. support for civil society and civic voice more broadly).

²⁶ <https://www.thenhsa.co.uk/app/uploads/2018/11/NHSA-REPORT-FINAL.pdf>

²⁷ Longlands, S. *The Growth Prerogative: How Does An Objective Of Economic Growth Influence Local Planning Policy* (unpublished).

²⁸ Plan for Jobs Speech by Rishi Sunak 8th July 2020
<https://www.gov.uk/government/speeches/a-plan-for-jobs-speech>

²⁹ <https://www.ft.com/content/a3cc221a-d605-11e9-a0bd-ab8ec6435630>

³⁰ <https://www.psa.ac.uk/psa/news/brexit-and-devolution-england-whats-stake>

The mayoral approach has been insisted upon despite the abject failure of this model to appoint a woman and/or person of colour in any of the metro mayor areas agreed to date, outside of London.

This is a form of devolution designed to encourage inter-regional competition and an intensification of what has become known as ‘agglomerative spin offs’.³¹ Far from the creation of a level playing field, it is a process designed to divide and conquer, rather than an exercise in any form of democratic innovation.³²

Essentially, Whitehall has been careful to create a system of subnational governance which looks and feels very similar to the centralised system it is supposedly set up to replace.³³ It certainly levels up, but the beneficiary is central rather than local government.

Furthermore, given that all the devolution deals are different and at various stages of development, how will the Government ensure that levelling up for some does not mean standing still for others?

Despite the shortcomings of devolution in England to date, we should not simply walk away from the challenge. Nor can we afford to simply dismiss its potentially important role in helping to recalibrate our regional divides. We urgently need a recalibration of power and debate in this country to address the highly centralised nature of our political and economic systems.

One of the most telling aspects of the COVID-19 pandemic has how it has confirmed the Government’s centralising tendencies.³⁴ The example of Track and Trace is a case in point. The Government’s instinct to direct the Track and Trace process from Whitehall, instead of working with the existing capacity and expertise in local authority’s Directors of Public Health was striking. It illustrated a lack of understanding for the work of local government and an inability or an unwillingness to work collaboratively to co-produce solutions out of a health crisis. It underlined the Government’s belief that a “small group of clever advisors at the centre can manage the machinery of state and drive through policy reforms...observing the Government recently has at times been akin to watching a slow motion train crash where Ministers desperately pull levers but discover that in fact, they are barely connected to anything.”³⁵ Indeed it is fair to say that the instinct to centralise has acted as a drag anchor to local government, as their efforts have often been thwarted by a lack of power, freedom and capacity to act.³⁶

This is not unique to the crisis of COVID-19, as Michael Heseltine noted in 2012 following the last economic crisis, Whitehall is effectively ‘a functional

³¹ For further discussion and critique of agglomeration, see Cox, E. and Longlands, S. (2016) <https://www.ippr.org/publications/city-systems>

³²

<https://www.yorkshirepost.co.uk/news/opinion/columnists/jayne-dowle-governments-divide-and-conquer-tactics-one-yorkshire-devolution-snob-112046>

³³ Tomaney, J. and Pike, A. (2020) *Levelling Up?* The Political Quarterly, Vol 91, No. 1. January – March 2020.

³⁴

<https://www.themj.co.uk/Now-is-not-the-time-for-Westminster-to-tighten-its-centralising-grip/217130>

³⁵ Diamond, P. (2020) <https://blogs.lse.ac.uk/politicsandpolicy/the-uk-state-after-covid19/>

³⁶ Copus, S and Leach, S (2020) *Six Lessons for Devolution from COVID-19*. The MJ, 25th June 2020

monopoly...at the first sign of trouble, further powers are wrested back to the centre.”³⁷

Power and freedom: strengthening local agency

Devolution can be thought of as a partnership between central and local government where the local state has much greater freedom to act in the interests of its community. Freedom, and the extent to which people feel free and in control of their lives, is central to this debate.³⁸ Indeed, systems of democratic and economic power can actively reduce people’s ‘sense of agency’. An empowered local state could not only help to strengthen the robustness of local economies, but it could potentially help to support the wider challenge of local democratic accountability and engagement.

Helping people feel ‘more in control’ is not simply a question of the absence of barriers to participation in politics or the market but about the presence of human agency.³⁹ In the context of the North of England, the implementation of devolution through a secret ‘deal making’ process has not been conducive to a strengthening of local agency, as the centre has retained the power to award devolution, based on a set of invisible conditions. Indeed commentators⁴⁰ have argued that central Government has at times, actively squeezed out local agency; particularly in the negotiations about devolution in Yorkshire. However, if devolution is to be a form of local freedom, it is not sufficient to wait for the barriers imposed by Westminster to be removed and for HM Treasury to be convinced by the economic arguments for devolving powers and resources. Devolved freedom must also be realised locally through the presence of local agency which is supported to take greater responsibility for its own destiny; to take back control from Westminster. This requires leadership, but also proactivity in terms of ideas, policy proposals and the building of new coalitions.

The degree to which the proposed ‘northern prosperity’ or ‘growth board’⁴¹ will be a vehicle to enhance or empower local agency remains to be seen, particularly if it is seen as an imposition from the centre. Crucially, important questions remain about the statutory authority of such a board, its accountability and what purpose it will serve. In the context of Black Lives Matter, the extent to which this board is diverse and transparent in its membership will also be crucial to its credibility.

Economic prosperity underpinned by good governance

Ultimately, devolution provides the means to provide a stronger system of local governance which can provide the foundations for economic prosperity. Devolved and local institutions, and the people who lead them, are much more likely to understand the particular characteristics and challenges of their local place than

³⁷ Heseltine, M. (2012) *No Stone Unturned: In Pursuit of Growth*.

³⁸ Longlands, S (2020) *Taking Back Control: Devolution, agency and Brexit in the North of England* in Muller, P.K. (2020) *Scotland and Arbroath 1320-2020: 700 Years Of Fighting For Freedom, Sovereignty and Independence*

³⁹ Sen, A. (1999) *Development As Freedom*, Oxford University Press.

⁴⁰ Giovannini, A. (2018) *Can Yorkshireness Be Politicised?* Political Quarterly 16-4-2018 <https://politicalquarterly.blog/2018/04/16/a-yorkshire-wide-deal-would-usher-in/>

⁴¹ <https://www.ft.com/content/e7f23f2b-4aa8-449e-8362-a6fcc084fee3>

Whitehall (McCann 2016). Indeed, as Heseltine (2012) pointed out, Whitehall's approach is limited by departmental silos which prevents it from approaching the challenges of place in a joined-up way. In contrast, local institutions, working with partners in civil society and business, have the potential to appreciate the multifaceted nature of local economic development. This is about adopting a place-based approach, where place can be used as a way of "seeing, knowing and understanding the world."⁴² This ability to understand the crisis through the prism of place will be crucial to informing the recovery, particularly when it comes to tackling unemployment.

As the Furlough scheme tapers to a close, more and more people will be made redundant. This is a human as well as an economic crisis. We need a comprehensive package of support from Government and from our devolved leaders across the North, which is of sufficient scale and pace to meet the challenge. Again, the piecemeal nature of devolution means that whilst some areas like Greater Manchester have control over their Adult Education Budget, others do not; immediately reducing opportunities for collaboration and a sharing of knowledge and expertise. Similarly, the way in which the skills and employment agendas nationally are coordinated means that local delivery is constrained by departmental silos at Westminster. Regional assets, such as colleges and universities, could be linchpins of local recovery; instead they face financial precarity. And at a time when agile, place-sensitive responses could make all the difference for individuals and communities, centralisation risks dampening innovation and opportunity.

To be clear, devolving powers and resources to local authorities will not be a silver bullet for the many social and economic challenges that COVID-19 will unleash, not forgetting the impact of Brexit. Neither will it be easy given the reduced capacity of local government as a result of budget cuts. But the solutions are much more likely to be found at pace, in our town and city halls, rather than the corridors of Westminster.

Nature at the heart of Northern recovery

The North's economic shortcoming has long been emphasised by central government, particularly in relation to the productivity gap with other parts of the UK. But the North is not impoverished when it comes to nature. Indeed, the North's natural assets include⁴³

- 88% of England's peatland
- 71% of all moor and heathland in England
- 70% of all-natural grasslands
- 28% of all forest (including 51 per cent of all coniferous forest)
- 31% of all water bodies (lakes, reservoirs etc) in England, and 49% of all water courses (rivers, streams etc).

In addition, the North generates a third of the UK's renewable energy. So, if we are to build a better economic future for the North, it must aim to repair, enhance and support our natural assets so as to ensure a sustainable and resilient recovery. Not only is this important in terms of climate change; but the work to repair and restore our ecosystems; to make the most of our low carbon potential;

⁴² Cresswell, T. (2015) *Place: An Introduction*. Wiley Blackwell.

⁴³ Hunter, J. (2020) *A Plan for Nature in the North of England*. IPPR North

and to develop new technologies for lower carbon living and housing which can also help to potentially generate new jobs and businesses for the future. COVID-19 has, at times, given us a glimpse of what a lower carbon North might look like - with fewer cars and congestion, more active travel, and a stronger appreciation of local nature. We should use this experience to inform the North's future economic vision, and as a first step in taking action to future proof the North in the expectation of dramatic, and potentially damaging climate change, longer term.

Building back: A better economic vision for the North's future

If levelling up is to mean anything in the new reality of the post COVID-19 North, then it must examine the evidence about what challenges have limited the potential of people's lives and work in the North to date. Its success must be judged upon the extent to which it actually reduces the regional divides across the UK and in doing so, improves people's ability to live a better life as a result. This starts with the foundations, education and health; but also requires investment in the basics of a functional regional economy such as transport, business support and decent housing.

However, the Government's current vision of 'levelling up' to date has focused on the abstract rather than the reality. It is easier to talk about building a high-speed rail network than how to help children out of poverty. As with so much public policy, there is a tendency to focus on 'things' rather than the complex reality of human life. It is easier for central government to use the statistics on economic productivity as a big stick with which to keep northern cities in their place.

The debate on how to address regional imbalances has become stuck and the agenda hasn't moved on much since Osborne's Northern Powerhouse. It still depends too heavily on the idea that big promises in terms of transport and incremental progress on devolution will do just enough to keep regions like the North content. But faced with a challenge like COVID-19 this is no longer good enough.

The provision of a well-functioning, reliable, safe and reasonably priced transport system is not a game changer; it's simply a basic requirement of a modern European region. And it's a basic requirement that won't even be delivered based on the government's announcements to date. The devolution of power and responsibility to England's regions is not some landmark shift of power that we should be grateful for, it's simply what every other country of Europe already does. The North of England and the other regions of the UK deserve better.

For the voting public, levelling up will be about the human experience of change more so than the rhetoric. People won't be fobbed off by announcements about new buildings or infrastructure that the North should have had a decade earlier and they won't believe it until they see it either. What the North needs in the aftermath of COVID-19 is investment in human potential - in the chance of a decent future.

This is about the bigger picture - what type of North do we envisage for ourselves and for our children? How can our economic system and a strong set of devolved powers help us to achieve that goal?

This means that as we move into what is likely to be a difficult and prolonged period of economic recession, we must prioritise day to day inequalities which have continually and consistently constrained the North's economic potential, now more than ever. Only by doing this can we prevent a further widening of regional divides. To achieve this will require more than a belief in the automaticity of economic growth or the market to level up the widening gaps between people and places. It will require more than the state, but a stronger and more authentic relationship between the public sector, private enterprise and civil society.

Crucially, as one of the most centralised countries in the developed world, a reduction in regional inequality can only be achieved through an urgent rebalancing of power. The problems which have arisen in dealing with COVID-19 have their origins in a tendency to dictate rather than delegate. To actually believe that you are solely in control and can pull a lever in Westminster; and get the same outcome everywhere. In a similar way, rather than wait for the Government to define the North's future vision, we must go beyond the rhetoric of 'levelling up' and build it for ourselves.

3) COVID-19 and Economic Resilience

Professor Gillian Bristow (UK2070 Commissioner) and Dr. Adrian Healy, School of Geography and Planning, Cardiff University

The COVID-19 economic shock

The COVID-19 pandemic and associated lockdown has inflicted an enormous economic shock on the UK economy and the economies of its constituent nations, regions and localities. This economic shock is not a conventional one however but instead, is unique in at least three ways: its reach and breadth; the multiple shocks it is delivering at one and the same time; and its particular, and potentially very significant and lasting, effect on demand (both in the UK and in overseas export markets).

The scale of the impact on the global economy is becoming clear, and will be significantly larger than that felt by the 2008 financial crisis, because it has required a very sudden and wholesale cessation of economic activities involving face to face transactions and clustering of workers. Economic activity has been halted and ruptured dramatically to deal with the public health emergency, an action which the US economist Paul Krugman has likened to putting the economy into a medically induced coma.⁴⁴ The resulting economic shock is both more widespread and debilitating as a result, impacting across all production and services: both local businesses and global trade; the private and public sectors; and both employers and employees.

Typically, economic shocks are caused by either a fall in demand, a shock to supply or a financial crisis. The global pandemic and economic lockdown have the potential to deliver all three shocks simultaneously: consumer spending has been dramatically halted; global and local supply chains are being disrupted; and financial liquidity has been significantly reduced. The nature of the demand shock which has been unleashed by the lockdown makes it particularly distinctive from other global economic shocks, such as that which hit the global economy post-2008. Whereas the 2008 financial crisis led to falling demand which was staggered over several months, the pandemic has induced a precipitous and immediate collapse in consumer spending. Whilst some of this spending may simply be deferred (e.g. the purchase of cars or replacement household goods), some expenditure (and thus income) has been lost forever (e.g. on major sporting or cultural events). The shock is also likely to result in longer-term, significant changes in the nature of consumer demand, as well as in its overall volume and vitality. The requirements for social distancing will reduce demand in key sectors, notably in travel, transport, tourism and hospitality, and will require significant adaptability amongst businesses in terms of ways of working, and the means used to produce and provide goods and services. The impacts on local high streets will be unprecedented and will inevitably raise serious questions about the future for many local businesses.

44

<https://www.businessinsider.com/paul-krugman-us-economy-coma-coronavirus-more-fiscal-aid-2020-3?r=US&IR=T>

Economic resilience: a new concept for policy making

The impact of the pandemic has illuminated the considerable turbulence in the economic environment which is subject to continuous, dynamic evolution and change. In this context of change and uncertainty, there is an imperative to understand how well-prepared different places are to cope with these changes, and how well-equipped they are to adapt and react to change. In short, we need to evaluate their economic resilience. Economic resilience is the capacity of an economy to cope with a shock or crisis and adapt to change. It is based on an understanding that an economy is a complex system which is made up of many different moving parts. These moving parts are essentially groups of human decision-makers – households, workers, firms and governments – all of whom are constantly adapting the pattern of their current activities and plans according to both changes in the economic environment, and also to the decisions and actions of each other. It is these human adaptations, the capacities that shape them, and the interplay between them that critically shape how well an economy is able to cope when a shock or crisis hits and how well it will be able to recover from it and flourish in the future (Bristow and Healy, 2014; 2015). Resilience focuses attention on long-term policy goals, on the constant nature of change in our economic environments, and the need to continually monitor, plan for and respond to change. In this sense it requires a very different approach to economic policy making.

Resilience depends on how quickly and effectively the different decision-makers across an economy can adapt, both individually and collectively. Critically, however, this adaptation needs to be understood as a process which occurs continuously over time and thus needs to be examined in terms of what happened before, during and after an economic crisis. Lessons from the 2008 financial shock are insightful here. We led a major international study into the economic resilience of European regions following the 2008 financial crisis (ESPON, 2015) which has helped us understand what makes local and regional economies resilient, including what policy support and approaches are most effective (see, for example, Bristow and Healy, 2015; Sensier et al, 2016; and Healy, 2020). This highlighted that there are different aspects of resilience that need to be understood. Economic resilience embraces an economy's ability to take *preparatory* crisis management measures, as well as its capacity to act to *mitigate* the direct consequence of the crisis, and to make changes that will enable it to *adapt* to the new, post-shock and continually changing economic environment (Bristow and Healy, 2014; 2015).

Several factors appear to act as important preconditions for enabling economies to *resist* shocks in the first place, which is one critical aspect of resilience. These include: having diversity in economic sectors, businesses and markets to help spread risks and create new opportunities; having more economic activities which are rooted in places and in foundational economic sectors; and having sufficient financial buffers in households, businesses and governments that can be drawn upon through a crisis. This ability to resist shocks and buffer the worst of their impacts will, in part, be shaped by how well prepared the different groups of decision-makers were in advance of the crisis. Whilst they may not necessarily have fully anticipated its scale, nature or consequences, they may have been able

to plan for certain eventualities, put certain contingencies in place and build up resources to help sustain them through difficult times.

Another key aspect of resilience is how the key players within an economy – households, workers, businesses and policymakers – react and *respond* to the shock when it unfolds, perhaps by changing their activities, market, technologies, patterns of working, or even their location. Some of these responses and actions will be autonomous and effectively built-in, such as automatic fiscal stabilisers, for example, and the ability of markets to reallocate resources or substitute inputs in response to price signals. Other responses will be put in place by deliberate, purposeful action by businesses and policy-makers as they seek to adapt to the new circumstances, to recover and to continue to thrive. Citizens and civil society also play an important part in helping economies react and respond to shocks, by changing what they consume, how they travel, how they mobilise in support of particular businesses and how they act to support and sustain key workers, communities and services. It is of course also possible that the actions (or inactions) of economic actors might result in less positive adaptation and weakening resilience over time. For example, economies which have always been dominated by a successful number of dominant firms may demonstrate weak resilience since they have never had to develop the skills and capacities to adapt when economic shocks hit. An economy's ability to respond effectively to a shock is therefore critically shaped by factors such as: the skill levels of workers; the capacities for innovation and openness to change in working cultures and business models; as well as the ability of policy-makers, governance bodies and civil society to be flexible, to experiment, to innovate and to mobilise resources collectively in support of adaptation (ESPON, 2014; 2015).

Finally, an economy's resilience to future shocks will depend upon the capacity of its different economic actors to change or transform their behaviour strategically over the longer-term by, for example, establishing new competencies, skills or strengths in relation to the changed economic landscape. Our research has shown that regions were more resilient to the 2008 financial shock where they actively learned from and acted upon the lessons from the previous economic shocks they had experienced. In many cases this amounted to ensuring reactive and *short-term* interventions focused on maintaining levels of employment and job security were accompanied by, and embedded within, *pro-active* and *long-term* economic plans focused on facilitating more forward-looking, transformative action to change their economies, such as through re-orienting their industrial structures (ESPON, 2014; 2015). Simply recovering from an economic shock and returning to the status quo will not necessarily mean an economy will be resilient to future shocks and change. The economic environment is characterised by increasing turbulence and uncertainty and as such, adaptation and innovation are continually required. To put it another way, the past is not necessarily a good guide to the future.⁴⁵

Economic resilience is thus critically dependent on having strong adaptive capacities across workers, businesses, civil society and policy-makers. These adaptive capacities are fuelled by: *learning* from the experience of previous

45

<https://www.bankofengland.co.uk/speech/2019/dave-ramsden-speech-at-inverness-chamber-of-commerce>

economic shocks, about what supported recovery and enabled positive change; *information, insight and knowledge* about risks, strengths and vulnerabilities, of how the economic environment is changing, on likely development trends and possible future scenarios; and *good governance* capable of facilitating creativity, risk and resource sharing, information flows and collaboration and networking (ESPON, 2014; 2015). All of these are underpinned by and dependent upon solid and continuing investment in skills, new business opportunities and in local and regional institutions.

There are a number of additional implications for understanding resilience and how to build it which emerge from this research. The first relates to how economic resilience is measured and analysed. As resilience embraces an economy's crisis preparation, mitigation or response, and adaptation, it cannot be measured simply by looking at how quickly traditional indicators such as employment and output recover or bounce-back to a pre-shock state. Rapid recovery in these indicators to a pre-shock state can certainly help us understand how well an economy can weather or cope with a shock. However, they cannot tell us how well an economy is equipped to cope with future shocks and change, or what sorts of adaptations have either taken place, are in motion, or may be necessary. This demands an understanding of a range of different indicators or data dashboards capturing assessments of long-term development trends, risks and adaptive capacities (Bristow and Healy 2014, 2015; ESPON, 2015).

Furthermore, the impacts of global shocks are asymmetric and hit different local and regional economies at different times and with differing effects. This has two key implications. The first relates again to how resilience is measured. Measuring resilience effectively demands explicit examination of business cycles at the regional level so that it is possible to date when shocks hit and to distinguish between the resistance to a shock, and recovery from it (Sensier et al, 2016). The second is that resilience requires attention to policy measures and action at regional and local levels. This is because each region has a unique historical development trajectory shaping its moving parts, and a specific mix of strengths and vulnerabilities in relation to the external economic environment. Understanding regional economic resilience therefore requires looking at the specific risks and vulnerabilities facing a place, how these are perceived by different groups within places, their adaptive capacities and the coping strategies they choose to deploy. Our qualitative research from 8 case study regions in Europe for the ESPON study (ESPON, 2015) found evidence of the multiple paths different regions can take to resilience, reflecting how the different moving parts work in combination in each place.

It also found evidence of the importance of the specific responses to crisis evoked in different localities, and in particular, the importance of the actions taken by policy makers to assess and monitor vulnerabilities and risks, to learn from previous crises, and to understand long-term development trends impacting on the region. The research established that resilience strategy development therefore cannot be informed by off the shelf blueprints, but rather demands an approach informed by knowledge of how the economic environment is changing and how each specific region may need to adapt accordingly. The research also found that as a result of the downturn, many countries experienced a reduction in spatially-informed policies by national governments, with attention instead

focusing on national economic priorities. This weakened local and regional resilience.

What we can confidently predict on the basis of evidence from previous economic shocks, is that the effects of this crisis will be unevenly felt by different places, sectors, communities and households. The work of the UK2070 Commission has highlighted the enormous economic inequalities that already exist across the UK and how many of our local economies were struggling at the best of times. These are not the best of times. A study of the effect of the 2008 financial crisis on UK regions found that those areas with greatest shares of knowledge-intensive and high-tech services, higher-level qualifications, and managers and professionals had higher output, jobs and productivity growth rates in recovery from the financial crisis (Sensier and Devine, 2020). Adaptive capacities and resilience are strongest in places where skills, innovation and public investment are highest. Whilst the South East of England was the most resilient region to the crisis, the North East and Yorkshire and Humber regions were the least resilient, along with Northern Ireland. The likely geography of economic resilience to COVID-19 looks ominously similar to the geography of inequality laid bare in the UK2070 Commission's work.

The critical policy challenge – building long-term adaptive capacity and resilience

The policy response to the current economic crisis from the UK and devolved governments has been unprecedented and has focused on the immediate challenge of maintaining the viability of businesses, productive capacity and employment. Many of the policies enacted, such as retained worker schemes and the provision of business loans and credit, are exactly the forms of support that our research found to be effective in helping economies mitigate the worst effects of the 2008 crisis. Whilst inevitably expensive, they play a vital role in supporting the resistance of economies, and providing important coping mechanisms through the worst of the crisis in the short term. These reactive policies, whilst important, will not last forever however. Neither will they necessarily build the resilience of our local and regional economies to future shocks and change which may take different forms. This requires concerted and proactive action at all levels of government to 'level-up' and enhance the adaptive capacities of businesses, workers and civil society in places. There is a unique opportunity at the present time for both the UK and devolved governments to fulfil this role. The pandemic has demonstrated the significant capacity the state has to reach into and impact our economy and society, as well as its power for positive influence and change. This can be harnessed in support of the longer-term process of rebuilding and renewal that will now be required.

Whilst there are no off the shelf blueprints or guides for how to do this, our research suggests the following actions will be important:

- *The development of a long-term, spatial economic resilience strategy for the UK economy.* This needs to be developed on a collaborative basis with the devolved administrations and with regional and local authorities, and with the objective of seeking to understand how to share risks and develop mutually supportive resilience actions. This places a premium on developing a new spatial awareness for all public expenditure decisions and, in particular, greater spatial balance in research and development expenditure. UK

government economic policy needs a strong area or place-based focus and to prioritise support for levelling-up adaptive capacities and resilience across localities and regions. It also requires the development of a framework which checks investment decisions against key resilience enablers including, economic diversity, innovation, skills development and foundational businesses.

- *A managed and spatially sensitive withdrawal of the COVID-19 buffers of support.* A considered and spatially sensitive approach to withdrawing the economic support measures outlined above is required in order to, and continuing Krugman's analogy, gently ease the economy out of its induced coma. Both the UK and devolved Governments will inevitably face pressure to address rising public sector debt and to recoup some of the budgetary costs of these interventions. However, a return to austerity when the economy is stagnating will reduce its capacity to build resilience in the long-term. Furthermore, austerity hits weaker places hardest, insofar as these places already have fewer buffers in terms of resources on which to draw. Public investment for the recovery needs to prioritise building up the resources, skills, innovation capacities and infrastructure of the places hit hardest by the pandemic and economic lockdown.
- *Using investment in support of the recovery from the pandemic in support of the long-term resilience and the adaptability of our economic system to other shocks and change.* Simply sustaining economic activities in their current form will not be sufficient for longer-term resilience, nor will this pave the way for longer-term transformation in our economic system. In fact, the current crisis represents an opportunity to focus support on adapting the economy to address major structural challenges including technological change and the shift to online working, the climate emergency, and inequality. The lockdown has certainly highlighted the benefits of reduced air and road transport and consumption of fossil fuels, and of strongly pro-social, community-based activities in support of local businesses, care and wellbeing. Investment in recovery from the pandemic needs to be utilised in support of addressing key structural challenges such as the shift to zero carbon living and working, the wellbeing of future generations, and more prosocial and regenerative businesses, focused on serving local communities.
- *Developing a national framework for monitoring the economic resilience of the UK's constituent national and regional economies (and economic sectors) and mobilising effective knowledge flows and awareness raising around risks and vulnerabilities.* Resilience cannot be measured and tracked purely by looking at traditional economic indicators such as employment and output, although robust analyses of regional business cycles may help inform understanding of short-term resistance and recovery. Resilience also demands robust and granular assessments of the various economic strengths and vulnerabilities of our local economies based on a wide range of indicators including, for example, business indebtedness, household savings and labour market flexibility. It also requires scenario planning and appropriate understanding of what preparations need to be put in place to guard against future shocks and change. Resilience thinking demands a new approach to monitoring economic risks and vulnerabilities, development trends and capacities to adapt. This

needs to be firmly and squarely rooted in understanding the particular strengths and weaknesses of places.

Achieving this will not be easy of course. Effecting the transition from reactive to proactive policies is particularly difficult in the prevailing context of crisis management and continuing uncertainty around the spread of COVID-19 and the cost of the lockdown. However, there is strong evidence to indicate that crises can act to inspire new thinking and changed behaviours and actions. There are a growing number of examples of cities, regions and nations that are grasping the nettle of the crisis to effect more transformative change including South Korea's commitment to a Green New Deal, and Amsterdam's adoption of the doughnut model for a more circular, localised and values-based economic system. Our research suggests similar actions will be vital if the UK's regions and localities are to be resilient and prosper in the face of future shocks and change.

References

- Bristow, G. and Healy, A. (2014) *Regional Resilience: An Agency Perspective*, *Regional Studies*, 48 (5), pp. 923 – 935.
- Bristow, G. and Healy, A. (2015) *Crisis Response, Choice and Resilience: Insights from Complexity Thinking*, *Cambridge Journal of Regions, Economy and Society*, 8 (2), pp. 241 – 256.
- ESPON (2014) *Economic Crisis and the Resilience of Regions, Territorial Observation No. 12*, ESPON, September 2014
https://www.espon.eu/sites/default/files/attachments/ESPON_Territorial-Observation_12-Crisis-Resilience.pdf.
- ESPON (2015) *Economic Crisis and the Resilience of Regions: Final Report of Applied Research Project ECR2 for ESPON* (March 2015)
<https://www.espon.eu/programme/projects/espon-2013/applied-research/ecr2-economic-crisis-resilience-regions>.
- Healy, A. (2020) *Strengthening Economic Resilience: Report for the Minister of Economy and Transport, Welsh Government*; Wales Centre for Public Policy, Cardiff University (March 2020).
<https://www.wcpp.org.uk/publication/strengthening-economic-resilience/>
- Sensier, M., Bristow, G. and Healy, A. (2016) *Measuring Regional Economic Resilience Across Europe: Operationalising a Complex Construct*, *Spatial Economic Analysis*, 11 (2), pp. 128 – 151.
- Sensier, M. and Devine, F. (2020) *Understanding Regional Economic Performance and Resilience in UK Regions Since The Global Financial Crisis*, University of Manchester, Economic Discussion Paper 1912
<http://hummedia.manchester.ac.uk/schools/soss/economics/discussionpapers/EDP-1912.pdf>

4) UK2070 Through the Lens of Local Government

*Paul Hayes, Wakefield Council and Key Cities Group*⁴⁶

Introduction

This note examines the potential contribution of local government, primarily from an English local government perspective. In particular, it focuses on where 'pre 2010' English local government (i.e. Metropolitan Councils, London Boroughs, Unitary, County and District Councils) could be engaged better in the delivery and achievement of the work of the Commission.

A critique of the existing UK2070 Final Report can be made that, although the report recognises and comments on the existence of inequality and disadvantage at city, town and neighbourhood levels; its geographic and delivery focus is primarily at national, regional and sub regional levels. The potential contribution of local authorities, especially beyond the core cities, may be an untapped resource in achieving the aims of the Commission and the actions proposed in its Final Report. Defining what that contribution could be - in concrete terms - with associated actions and asks would strengthen both engagement with, and support for, the Commission and its objectives within wider local government.

This note does not seek to suggest that those themes and actions proposed in the report be amended. However, it does suggest areas that the Commission may wish to expand and further detail where local authorities may make a significant and positive contribution. It also suggests other new policy proposals the Commission may wish to explore that would enhance the impact of local councils in contributing towards the aims of the Commission.

Local Government and UK2070

There is arguably a missed opportunity by the Commission as to what contribution existing local authorities can make. The 2012 Heseltine Report argued that economic growth should be a core statutory duty on all English local authorities and local authorities have arguably demonstrated wide scale innovation throughout a period of austerity that has led to over 40% budget cuts to some authorities.

The question of central-local relations has been raised in submissions to the Commission (such as that written by [House of Commons Library Senior Research Analyst](#) Mark Sandford) and in the Commission's Final Report. However central-local relations appear to be primarily framed on a subregional basis i.e. around Mayoral Combined Authorities and at Local Enterprise Partnership level.

⁴⁶ Note: this paper and the arguments and proposals within it are written in a personal capacity and do not reflect the opinions of either my employer or any other institution with which I am affiliated.

Indeed, much of what is defined in Whitehall discourse as ‘local’ is in fact at regional or conurbation level and would not be recognised by communities as fitting their definition of local - which is more likely to be at individual town or smaller levels. For example, despite the branding of LEPS as ‘local’ the size of the majority of these and similar bodies such as Combined Authorities are anything but ‘local’ (e.g. the Leeds City Region LEP area has a population of over 3 million residents) and are in essence sub-regional bodies.

Local areas are also a highly useful platform for both experimentation and delivering and embedding cultural change. Economies and initiatives that are trialled and embedded at local level and then scaled up are more likely to succeed than initiatives developed and imposed by national or regional bureaucrats and technocrats.

The national interest in ‘The Preston Model’ and ‘The Wigan Deal’ can be seen as areas for learning in how to repurpose local economies, build wealth at a community level and better engage and grow businesses with a strong sense and level of social responsibility.

Devolution

Devolution in England post-2010 has been, with one notable exception, primarily around the creation of sub-regional authorities, rather than empowering existing governance bodies or areas.

The limits of existing devolution approaches in England have been questioned in a number of quarters. Indeed, page 23 of the Commission’s Final Report notes that “the current policy of granting ‘more powers’ especially to mayors and combined authorities in England will on its own not be sufficient to create effective devolution and decentralisation.”

The aims of devolution have also been stated primarily in explicitly ‘traditional’ economic growth terms, even where devolution has encompassed elements of health services e.g. in Greater Manchester (where national NHS criteria and targets still apply). This has led to less focus on both economic inclusion and sectors less thought to be capable of ‘high productivity’ (measured in traditional economic terms), as well as less focus on the wider determinants of wellbeing.

The one notable exception in post 2010 devolution, and possibly the most effective devolution in terms of wider impact (although not widely recognised as an example of devolution), has arguably been the return of the public health function from the NHS to local authorities in 2013. Even before the impact of COVID-19, the influence of public health on understanding the wider determinants of health and embedding wellbeing and inequality impacts into local economic decision making has been significant. Embedding health and linking health to the wider economic and social inequality agendas would be further strengthened by the transfer of NHS Clinical Commissioning Groups into local councils.

As noted in work by Andy Pike and others, austerity has denuded capacity at local levels, and the ‘deal making’ process around devolution has continued to strongly shape local areas as primarily being a delivery arm of the economic policies of

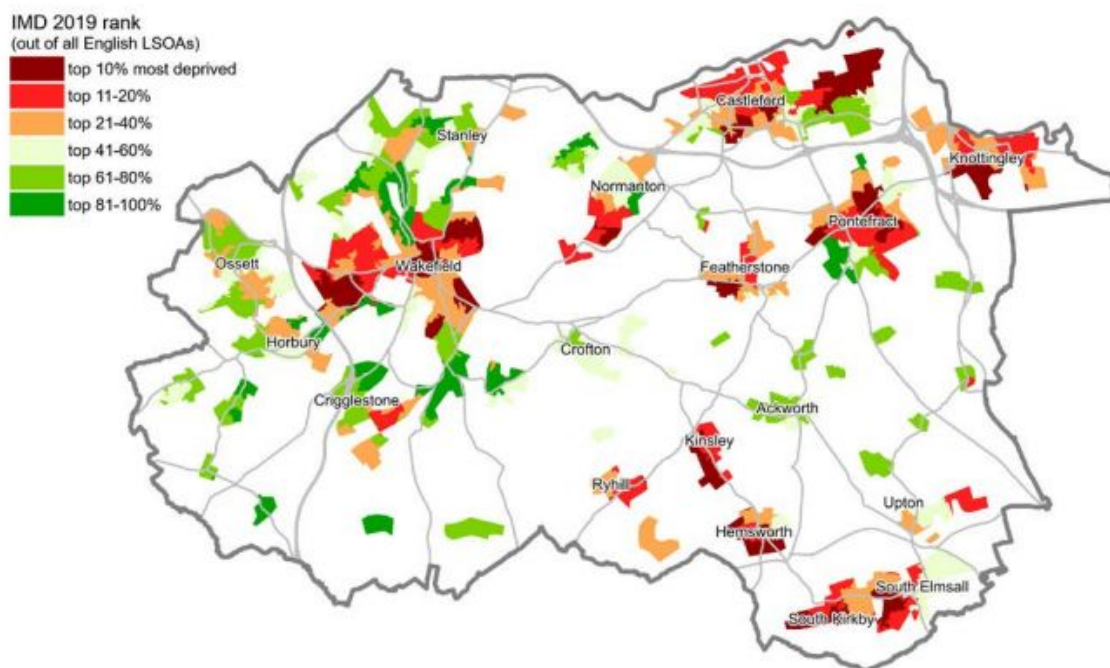
national government. For example, this includes a focus through Local Industrial Strategies (actually sub-regional strategies) on delivering the nationally set objectives and sectoral foci of the May government’s Industrial Strategy, much of which is arguably of less relevance to the economies of many local areas - especially outside of larger cities than their foundational sectors.

The resetting of central-local relations through a new constitutional settlement, including a menu of discretionary powers that local areas may adopt has long been argued for by parliamentary select committees and others. This should include the removal of the duty on local councils, unique amongst the UK public sector, to deliver balanced budgets on an annual basis and link it to the wider electoral/leadership cycles in local government (say 4 years).

Local authorities also still continue to maintain a strong convening power and direct democratic accountability and legitimacy (something lacking in both LEPs and non-Mayoral Combined Authorities). Much is made of the potential soft power of mayoral models of governance, however, it can also be argued that existing local authorities possess significant soft power that can be harnessed in support of the actions and changes the UK2070 Commission wishes to see.

Poverty and Inequality: The local dimension

The Commission’s Final Report notes across a number of examples that patterns of inequality and poverty are as much within local areas and neighbourhoods as between. To give the example of the Wakefield district, whilst 15.7% of the district’s population live in areas ranked by IMD2019 as amongst the 10% most deprived in England; there are a significant number of neighbourhoods with below average and low levels of deprivation.



As noted in the IMD methodology, there are a number of determinants of inequality and deprivation, not all of them economic. Health, housing quality and access to public services all play major roles in securing wellbeing and prosperity for individuals and families; and the majority of these are most significantly impacted by actions at the local, and sometimes even neighbourhood, level.

The neighbourhood and community dimensions of poverty and equality, as well as the local business environment (particularly for SMEs) are likely not only to be best understood locally; but best tackled by local bodies acting in concert.

From the Foundational Economy to the Wellbeing Economy

The Foundational Economy Collective (2018) argue that; “the wellbeing of citizens depends less on individual consumption and more on their social consumption of essential goods - from water and retail banking, to schools and care homes. They also go on to argue that “the distinctive primary role of public policy should be to secure the supply of basic services for all citizens.”

The foundational economy as a concept may be better expressed in terms of a ‘Wellbeing Economy’. This would encompass the elements and sectors of an economy that underpin physical, economic and emotional security and life satisfaction, with success metrics that support and measure progress in these areas.

This wellbeing economy and its associated economic and social interactions are also to a large extent conducted at the local (i.e. local authority) level and below, particularly around SMEs and micro businesses. The importance and size of these firms to the UK can be lost on bodies with a wider focus on larger businesses. BEIS data for 2019 found 5.82 million small businesses (with 0 to 49 employees), across the UK - 99.3% of the total business. Of those 5.82 million businesses, 4.5 million had no employees. Total employment across UK SMEs was 16.6 million (60% of the total), whilst turnover was estimated at £2.2 trillion (52% of the UK total). Wholesale and Retail Trade and Repair further accounted for 14% of all SME employment, and just over a third of SME turnover (analysis via Federation of Small Businesses).

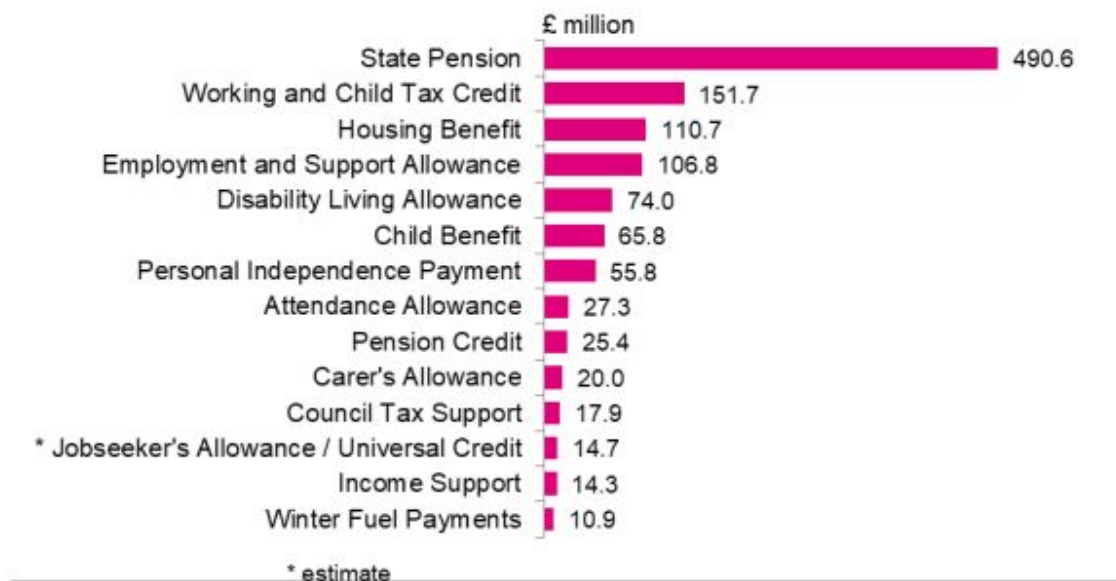
COVID-19 has clearly demonstrated the links the strong localised links between basic goods and supply and the wellbeing of communities and people, as well as the need for greater economic resilience and supply chains at a more local level and a rebuilding of capacity around local and community economic development.

The focus on hi-tech and advanced sectors could lead to the risk of foundation/wellbeing sectors being less likely to secure both funding and other support from economic development agencies, especially given the increased concentration of economic development functions and powers at city region levels in England.

The UK2070 Commission makes explicit it’s belief in the importance of the foundational/wellbeing economy and the need to identify metrics and national standards to ensure this. It may also be of use to update, strengthen and pull together a number of pieces of legislation that have sought with varying degrees

of success to address this. These include the Power of Wellbeing within the Local Government Act 2007; The Sustainable Communities Act 2007; The General Power of Competence within the Localism Act 2011; and the Social Value Act 2012. A strengthened permissive Act building on those Acts, and explicitly setting out (with examples) what local authorities can do, including in terms of establishing a broad range of municipal enterprises, would go some way to both stimulating local experimentation and further embedding the effectiveness of local councils as economic and social actors for the communities they represent.

A lack of focus on the foundational/wellbeing sectors of the economy and their employees also has significant negative impacts on wider public costs. Again, using analysis of the Wakefield economy and social security/welfare payments within that district of 345,000 residents, it shows the following in terms of welfare costs to the taxpayer. In 2017/18 more than £1.19bn was paid out in social security benefits to local people - around 17% of the total GVA of the Wakefield district.



Whilst pensions make up almost half of social security payments in Wakefield, over a quarter of a billion pounds per annum of public money in the Wakefield district alone is paid to adults in work and to support those with issues paying their rent, effectively subsidising both low wage employers and a dysfunctional housing market.

Taking these costs and the potential to reduce them into account in infrastructure and other investment decisions would strengthen any 'levelling up' and similar agendas nationally and regionally. It would also strengthen the argument around a greater focus on the foundational/wellbeing economy. In terms of public benefit economics, taking workers from low wage to median wage employment may be more effective in cost benefit terms to the government than a focus on high wage jobs (which tend to employ far fewer people), as well as decreasing inequality and increasing wider wellbeing and social cohesion.

Municipal Enterprise and the Wellbeing economy

Local authorities are also arguably pivotal in the UK2070 Commission's objective of the achievement and delivery of Universal Basic Services to communities and individuals with strong national standards.

A significant element of this could be enabled through a renaissance of municipal enterprise, i.e. locally owned enterprises producing and delivering essential goods and services. These could either be directly owned by local authorities (as per 19th and early 20th century municipal enterprise); other anchor institutions; or in new forms of local community ownership e.g. as proposed by the New Local Government Network's "Community Paradigm" work.

Recognising local sectors such as health and care as integral part of the economy, rather than just primarily an adjunct to public service delivery (with an inherent driver to just reduce costs in these sectors as a burden on the taxpayer) should be integral to the wellbeing economy. Work by the Kings Fund in early 2020 on the local economic impacts of the NHS found that 12% of all UK employment is in the wider health and social care sector and that the NHS, acting as both a major local employer and an 'anchor institution', can make a significant impact on local economies.

As the Centre for Local Economic Strategies (CLES) have pointed out - the primary role of the third sector and other forms of civic society should also not be to act as a low wage/low cost deliverer of public services, but should be supported and encouraged to play a wider role in local wellbeing and resilience. This could be for example by wider support for social enterprises outside of the areas of health, social care and other public service delivery areas, whilst recognising the complementary role the third sector can play in those areas.

Housing - the great driver of local inequality

Whilst the construction of new social housing recommended by the UK2070 Commission is supported, a pure focus on new builds carries with it a number of potential risks. These include the creation of a new generation of exclusively council/social housing estates, further embedding social exclusion and division between areas and communities composed of homeowners and the rest of society.

In tandem with a major social house building programme, looking to create mixed tenure neighbourhoods and reduce housing costs, particularly for private rented tenants, should be of equal importance. Adoption of the Spanish Right of First Refusal (see [this linked briefing note by the Latham & Watkins Real Estate Practice](#)) for local authorities to purchase any new properties entering the market would, if properly funded, be a significant step forward in both rebuilding mixed tenure and socially mixed communities as well as reducing stigma against social housing tenants and communities.

Locally set rent controls (taken in tandem with major house building programmes) would also be a major driver towards tackling poverty and reducing the costs of

housing benefit to taxpayers, as well as reducing risks of over inflated house price bubbles contributing towards future economic crashes - as in 2008.

A taxonomy of interventions

It should finally be noted that whilst this note is primarily concerned with the impact towards the ambitions of the UK2070 Commission that can be delivered at local authority level and through local authorities, it recognises that many interventions are best delivered above a local authority level.

For example, welfare and taxation policy may best be delivered via national government; and transport may be best seen as a pan regional activity, using bodies such as Transport for the North. The skills agenda and major inward investment policy are likewise probably best addressed at city region or similar geographic levels.

Areas potentially best delivered at local authority level are likely to be city and town centres; community economic development; SME/microbusiness support and development; housing renewal and social housing delivery; as well as public health; social care; hyper local transport (cycling, walking, private hire vehicles etc); and wider work around tackling inequality and poverty - as well as promoting social cohesion and inclusion.

In any further recommendations or work area proposals, the UK2070 Commission may wish to define at what geographical level and through what governance and accountability arrangements these should best be organised.

Recommendations and Actions

In terms of actions within some of the themes of the UK2070 Commission, this note proposes the following as initial ideas for the Commission to consider:

1. *Delivering a Connectivity Revolution: Creating a transformed public transport network between cities, within cities and beyond cities.*
 - Grant equivalent powers to those of Transport for London for all urban conurbations and county areas.
 - Allow local authorities to establish bus or other local transit companies as part of a wide municipal enterprise agenda.
 - Funding and freedoms for local areas to establish local mutual taxi/uber style platforms and taxi cooperatives.
2. *Strengthening the Foundations of Local Economies: Empowering local leadership in towns and local communities to deliver increased local economic growth and wellbeing.*
 - A new Local Wellbeing Act or similar legislation setting out both basic standards communities can expect, and empowering local councils to deliver those standards. This could include removing restrictions on establishing funding municipal enterprises (e.g. through Municipal Bonds) and strengthening social value in procurement and commissioning.
 - Explicitly recognise the potential to reduce social security and welfare costs in the Green Book and similar appraisal methodologies.

- To support longer term local social and economic planning - extend the period by which a local authority has to deliver a balanced budget, linked to the electoral cycle (4 years).
 - Develop, fund and provide expertise and shared learning through capacity support (via What Works Centres or similar) in local authority areas by experimenting with and establishing municipally and/or local mutually owned companies to deliver universal basic services, including retail, manufacturing, leisure etc on a social enterprise model. Also explore the development of local cooperative industries based on the Mondragon model, or similar.
 - Incorporate Clinical Commissioning Groups and their functions into local authorities, as per the transfer of the public health function in 2013.
3. *Rethinking the Housing Crisis: Recognising housing as part of national infrastructure and ensuring that supply of new housing meets the needs of the economy.*
- Grant a Right of First Refusal to local authorities (or social housing providers acting as their managing agents) with prices determined by a local valuation function for all residential properties that come on the market - supported by government funding to local authorities for purchase, along with abolition of the Right to Buy for these properties. The key outcome of this being the development of mixed tenure, socially inclusive neighbourhoods.
 - Initiate local rent controls and enhanced powers for local authorities to take action against poor landlords, including fast tracking compulsory purchase for conversion to social housing.
 - Grant enhanced powers for local authorities to take action against empty properties, including fast tracking compulsory purchase for conversion to social housing.
 - Where local authorities have engaged in large scale stock transfer, allow support and encouragement management of new social housing.
4. *Harnessing Cultural and Environmental Assets: Increasing the focus of policy and funding of assets outside of London.*
- Develop municipal enterprise to strengthen environmental and cultural assets through locally owned companies or mutual institutions. This could include local power generation and clean growth technologies.
5. *Implementing a Comprehensive Framework for Inclusive Devolution: Allow different places to step up through different levels of devolution according to local ambition, need and capacity.*
- “The common package of powers that are open to all areas of the UK” proposed by the UK2070 Commission should include powers for all pre 2010 level local authorities, including metropolitan, county and district councils.
 - Block-funding regimes for all English upper tier authorities.

6. Levelling-up the Playing Field: Fairer access to funds triple the size of the Shared Prosperity Fund, to £15bn per annum for 20 years, with clear spatial priorities; and change the way major projects and local priorities are able to be funded and assessed.
 - A dedicated Urban Repurposing Fund for local authorities to reimagine their city and town centres.

5) The UK2070 Commission and Bristol’s ‘One City Approach’ *Ed Rowberry and David Barclay,⁴⁷ The Bristol City Office Team*

Introduction

The Final Report of the UK2070 Commission sets out a compelling Ten Point Programme of Action to tackle the deep-rooted spatial inequalities of the UK.⁴⁸ It rightly calls for “a devolution of powers and resources from central government and to local communities” as part of a 50-year vision underpinned by the UK’s commitment to the Sustainable Development Goals (SDGs).

This paper outlines important similarities between the UK2070 Commission’s vision and the groundbreaking ‘One City Approach’ that has been developed in Bristol over the last four years. The paper proposes a formal partnership designed to build fruitful synergies between the national level efforts of the Commission and the city level innovations taking place in Bristol. It also highlights how Bristol’s strong city partnership model supports the Western Gateway, a pan-regional partnership that reflects the principles and recommendations set out by the work of the Commission.

The Bristol One City Approach

Inspired by the work of the [academic Robin Hambleton](#)⁴⁹ and led politically by Mayor Marvin Rees, the One City Approach in Bristol is designed to unite public purpose in the city. Embedded within a strong commitment to tackling inequality via bold civic innovation, the approach comprises three main elements – the One City Plan, the City Office and the City Funds. The thread that runs through them all is the desire to foster cross-sector collaboration and partnership working between the public, private and voluntary sectors to tackle the big issues facing the whole city.

[The One City Plan](#) sets out a collective vision for the city’s future through six key themes (the environment, transport, homes and communities, learning and skills, health and wellbeing and the economy) up to 2050. The One City Plan was launched at a City Gathering in 2019, with the first annual update taking place at the bi-annual City Gathering in January of this year.

[The City Office](#) provides the organisational underpinning for the One City Plan, arranging City Gatherings, supporting Project Groups and servicing the six thematic Boards. These Boards bring together leaders from key organisations across the city.

⁴⁷ Written by the Bristol City Office Team – main contacts Ed Rowberry (EdwardRowberry@bab-rc.uk) and David Barclay (david.barclay@bristol.gov.uk)

⁴⁸ UK2070 Commission (2020) *The Final Report of the UK2070 Commission: Make No Little Plans: Acting At Scale For A Fairer and Stronger Future*. February 2020.

⁴⁹ Hambleton R. (2015) *Leading the Inclusive City. Place-based Innovation for a Bounded Planet*. Bristol: Policy Press and Hambleton R. (2020) *The Bristol One City Approach to City Governance: New Civic Leadership In Action*, Urban Research and Practice.

It also provides the home for targeted secondments from different sectors, creating bespoke teams to advance the key priorities of the plan (a notable recent example is the development of [Period Friendly Bristol](#)).

Finally the [City Funds](#) pool different types of financial resources (grants, loans, blended finance etc.) to seed and grow innovative approaches to focus finance on the priority areas set out in the Bristol One City Plan. With an initial lending pot of £10m, the City Funds has just begun to make its first investments across four key priority areas of food poverty, inclusive economic growth, community initiatives and environmental transformation.

This model of strategic, place-based and collaborative leadership [has now been internationally recognised](#) with Bristol being one of just six cities shortlisted in 2019 by the European Commission for the title of European Capital of Innovation. It has also become the key hub for collaborative efforts to help Bristol respond to the COVID-19 crisis, with One City Task Groups working on developing an Economic Recovery Plan for the city and finding pathways into long-term housing for previous rough sleepers who are currently being housed on an emergency basis during lockdown.

Synergies with the UK2070 Commission Final Report

The work of the One City Approach in Bristol connects to a number of the key themes of the UK2070 Commission's Final Report. Firstly, it is notable that they share a focus on long-term, systemic change, with Bristol's One City Plan setting out targets up to 2050. Secondly both initiatives are underpinned by a commitment to the UN Sustainable Development Goals (SDGs) as a framework for guiding and measuring progress.

The Bristol City Office led one of the world's first city-level [Voluntary Reviews on progress against the SDGs](#), and the recently-launched [One City dashboard](#) links all of the 546 targets/initiatives in the One City Plan to the relevant SDG. Through the work of the One City Approach, the Mayor of Bristol has [publicly committed](#) to using the SDGs to underpin the city's COVID-19 recovery efforts.

More substantively, many of the areas addressed in the UK2070 Commission's Ten Point Action agenda are already being driven forward through the One City Approach in Bristol. For example, the [One City Climate Strategy](#) sets out a detailed roadmap towards carbon neutrality for Bristol by 2030, which has an explicit commitment to "address the challenge of climate change whilst also delivering new homes, reducing inequalities, creating a city with more green spaces, places for our children to play, cleaner air, jobs and opportunities for all." This dovetails perfectly with Action 1 from the UK2070 Commission's Final Report on a spatially just transition to zero carbon, and the One City infrastructure would create a strong vehicle to deliver the proposed 'Just Transition Funds'.

An equally close fit exists on the second action point of the UK2070 Commission on 'delivering a connectivity revolution'. The proposal to develop a strategy to deliver sustainable mass transit systems in all major urban areas is perfectly aligned with the One City Plan's vision for a mass transit system in Bristol to be operational by the 2030s, with a priority action in 2020 to explore possible investment opportunities for such an initiative. The city's ambitions for improved connectivity reflect the wider vision laid out in the Western Gateway prospectus published in

Spring 2020, with a focus on improving connectivity within the region, to London, and to the wider UK.

Similar links can be made to a number of the other action points proposed by the UK2070 Commission, for example around housing, local economic development and skills. The One City Approach could also be seen as a tangible example of the ‘inclusive devolution’ called for in Action 7 of the UK2070 plan.

Bristol One City as a ‘UK2070 Innovation Hub’

Given the range and depth of these synergies between the One City Approach and the work of the UK2070 Commission - both at the level of foundational principles and in terms of substantive content - we would like to propose the exploration of a more formal and practical partnership. In particular we would like to put forward the idea of Bristol as an ‘Innovation Hub’ for the UK2070 Action Plan, a living laboratory where many of the ideas set out by the Commission can be trialled, iterated and potentially scaled up across the country. This would build on the collaboration and support to date between the Commission and Western Gateway partnership.

Such a collaboration could include some or all of the following elements:

Regular strategic dialogue – This could take the form of 6-monthly conversations between the Commissioners and the One City Multi-Board, as well as one-off opportunities such as Lord Kerslake being a guest speaker at a future City Gathering. When lockdown measures allow, we would also be pleased to facilitate a formal visit to Bristol, following up the UK2070 Commission meeting with the Mayor in October 2019.

Joint advocacy – Several elements of the One City Approach and UK2070 vision require the active participation of central Government. Where there are clear overlaps on ‘asks’ we would be pleased to explore opportunities for joint advocacy, particularly ahead of the Government’s Devolution White Paper and expected Comprehensive Spending Review this year. This work would build on the parliamentary event hosted by the UK2070 Commission to mark the launch of the Western Gateway partnership in July 2019.

Funding partnerships – The UK2070 Commission and One City could explore opportunities for joint fundraising bids, or other ways to support each other’s fundraising efforts. This could be for specific projects or for core funding.

Learning projects – Particular themes or projects could be identified which provide an opportunity for useful learning exchange between the two initiatives. This could involve the active engagement of Bristol’s two universities, both of whom are heavily involved in the One City Approach, and could link into the UK2070 Commission proposal for the further development of ‘Centres of Excellence’ across the UK.

Conclusion

It seems clear that there is a very strong natural alignment between the UK2070 Commission and Bristol's One City Approach – in terms of ambition, foundational principles and practical content. We believe that by working together and pooling our voices, connections and expertise, we are more likely to see our shared visions come to fruition.

We therefore look forward to continuing to explore what a practical partnership between the UK2070 Commission and the Bristol One City Approach could involve.

6) Moving Forward from Lockdown: Some Perspectives from Scotland and Wales

Dr. Graeme Purves, UK2070 Commissioner

This paper looks at some distinctive Scottish and Welsh dimensions to the issues addressed in [Make No Little Plans, the Final Report of the UK2070 Commission](#) published in February, and indicates how thinking is developing in the light of the experience of the COVID-19 pandemic.

Introduction

As we adjusted to lockdown and the media began to report the grim statistics of the toll the COVID-19 crisis was taking on the economy, it did not take long for voices to emerge arguing that the aim must not be to 'get back to normal', but to build something a lot better. As the columnist Neal Ascherson has observed, “the state is back” and “the longer the virus emergency lasts,” he points out, “the more the memory of the pre-virus world begins to grow unreal, unconvincing. Now, unmistakably, there’s a feeling that ‘things will never be the same after it’s over’ and ‘we can’t go back to all that’.”⁵⁰

The sudden interruption to our habitual ways of doing things has stimulated radical thinking about the world we should be trying to create. In the Netherlands, on 11 April, 170 academics issued a manifesto for economic change with the following five elements:

1. Shifting from an economy focused on aggregate growth in GDP to one which differentiates between sectors that we need to grow and require investment (e.g. critical public services, clean energy, education, health) and sectors that need to shrink radically (oil, gas, mining, advertising, etc);
2. Building an economic framework focused on redistribution, which establishes a universal basic income, a universal social policy framework, strong progressive taxation of income, profits and wealth, reduced working hours and job-sharing, and recognition of the social value of care work;
3. Transformation of farming towards regenerative agriculture based on the conservation of biodiversity, sustainable and mostly local and vegetarian food production, and fair agricultural employment conditions and wages;
4. Reduced consumption and travel, with a drastic shift from luxury and wasteful consumption and travel to basic, necessary, sustainable and satisfying consumption; and
5. Cancelling debt, especially for workers and small business owners and for countries in the global south (by both richer countries and international financial institutions).⁵¹

The state being back means planning in the public interest is back. But if this unexpected shock to the system is to be a catalyst for action to address inequalities of income, wealth and power and the challenge of climate change, we are going to

⁵⁰ Ascherson, Neal, *After The Crisis, A New World Won't Emerge As If By Magic. We Will Have To Fight For It*, The Observer, 19 April 2020.

⁵¹ *Planning for Post-Corona: Five Proposals To Craft A Radically More Sustainable and Equal World*, Universiteit Leiden, 14 April 2020.

have to act quickly and mobilise public opinion in support of major reform.⁵² The UK Government has lost no time in dismissing calls by opposition politicians for a universal basic income. There will be many vested interests eager to return to the *status quo ante*.

Transition to a Zero Carbon Economy

The Final Report of the UK2070 Commission emphasises the importance of a spatially just transition to a zero-carbon economy (Action 1).⁵³ In a think piece for Scotland's fourth National Planning Framework (NPF4), Iain Docherty, Professor of Public Policy and Governance at the University of Stirling, argues that the Scottish Government's commitment to delivering a net zero carbon economy by 2045 is a systemic challenge to the way we have conceptualised accessibility until now. He calls for action to reduce the amount of travel required in the economy based on a fundamental reappraisal of where economic and social activity occurs and how we move between and within these places. He stresses the need for much better equality in terms of access to employment and key public services at individual and community level. He warns that on current trends, transport will become the main reason why we will fail to meet our carbon objectives and therefore fail to arrest climate change.⁵⁴

The Scottish Government plans to decarbonise passenger rail services by 2035 and invest over £500 million to improve bus services. It has been suggested that fears about COVID-19 infection may lead some people to avoid public transport and rely more heavily on the private car. On the other hand, a poll of AA members revealed that 22% aimed to drive less after lockdown ended, and 36% planned to increase their levels of self-propelled transport such as walking and cycling.⁵⁵ Attention will have to be given to how concerns about public transport can be overcome. The sustainable transport alliance Transform Scotland has stressed that a major effort will be required by the Scottish Government and local authorities to rebuild public transport patronage. It has also called for urgent action to ensure that the increases in walking and cycling evident during lockdown are locked in permanently through the reallocation of road space, with provision of adequate space for physical distancing in the short- to medium-term.⁵⁶

Some respondents to the consultation on the [draft National Development Framework for Wales](#) felt that it is too urban in its focus. The strategy it set out focuses change and growth on existing urban areas, particularly the cities and large towns. It equates sustainability with compact, mixed-use urban patterns of development supported by metro networks or other public transport infrastructure. For rural Wales, the emphasis is on supporting communities, maintaining and improving access to services, and safeguarding land for food production. The Climate Change, Environment and Rural Affairs Committee of The National Assembly for Wales expressed concern that the Welsh Government had not identified any

⁵² Hassan, Gerry, *Deadly Inequality*, Sunday National, 19 April 2020, pp. 12 & 13.

⁵³ UK2070 Commission, *Make No Little Plans: Acting at Scale for a Fairer and Stronger Future*, February 2020, pp. 35 - 38.

⁵⁴ Docherty, Iain, *An Accessible Scotland*, National Planning Framework 4 Think Piece, January 2020.

⁵⁵ Reid, Carlton, *AA Poll of 20,000 Members Reveals 22% Aim to Drive Less After Lockdown; 36% Aim to Cycle More*, Forbes, 27 April 2020.

⁵⁶ Transform Scotland, *Coronavirus Impacts On Transport & The Priorities For Recovery*, 27 April 2020.

alternative model for sustainable development and decarbonisation applicable to rural areas. It recommended that the final version of the NDF should recognise the opportunities for people to live and work sustainably outside towns and cities and set out a positive strategy for economic and social development and renewal in rural Wales. The Committee also recommended that the NDF should set out a strategy to support developments based on local energy distribution.⁵⁷ The challenges of developing models for sustainable living which are applicable in rural areas and ensuring that communities are able to realise opportunities for local energy distribution are among those to which policy-makers across the United Kingdom need to respond.

In an essay on the traditional Highland clachan settlement form which accompanied the exhibition *Landscape & (Re)settlement/Cruth-tìre & (Ath)tuineachadh*, on Scotland's Architecture Fringe in 2018, Colin and Martin Baillie wrote that "a resonance between buildings, community, and place exists in successful and enduring settlements."⁵⁸ Might the requirement to consider opportunities for rural resettlement enshrined in the Planning (Scotland) Act 2019 provide the opportunity to develop 21st Century models of sustainable rural living, in association with a major expansion of woodlands and the enhancement of biodiversity?

In urban and rural situations across the United Kingdom, the *Triple Access System* of spatial proximity, physical mobility and digital connectivity which Glenn Lyon and Cody Davidson advocate as a framework for policy and investment decision-making may offer the flexibility and resilience necessary to cope with the levels of uncertainty over outcomes which we face as we emerge from this crisis.⁵⁹

Delivering a Connectivity Revolution

The Final Report of the UK2070 Commission, *Make No Little Plans* recommends that the UK Government should commit to working with the Scottish and Welsh Governments to plan, fund and deliver a revolution in connectivity in Britain over the next 25 years (Action 2). One of the more *outré* visions of what that might look like, the Prime Minister's suggestion of a bridge between Scotland and Northern Ireland, vanished from public discussion at the onset of the pandemic, but now seems to have re-emerged.

In its [report on the draft National Development Framework for Wales](#), the Climate Change, Environment and Rural Affairs Committee of National Assembly for Wales has recommended that the final version of the NDF should include specific proposals to address connectivity within Wales and across the border into England; that it should address the poor connectivity between north and south Wales; and that it should include policies for the development of ports and freight transport.⁶⁰

⁵⁷ National Assembly for Wales: Climate Change, Environment and Rural Affairs Committee, *Report on the Draft National Development Framework*, December 2019, pp. 18 - 20 & 32.

⁵⁸ Baillie Baillie Architects, *Traces: An Accompaniment To The Exhibition Landscape & (Re)settlement/Cruth-tìre & (Ath)tuineachadh at the Architecture Fringe 2018*.

⁵⁹ Lyons, Glenn & Davidson, Cody (2016), *Guidance For Transport Planning and Policymaking In The Face Of An Uncertain Future*, Transport Research Part A: Policy and Practice, Volume 88, June 2016, pp. 104 - 116.

⁶⁰ National Assembly for Wales: Climate Change, Environment and Rural Affairs Committee, *Report on the Draft National Development Framework*, December 2019, pp. 28 - 29.

Universities

Make No Little Plans accords our universities a key role in balancing the economy and building innovation capacity across the UK. It calls for the establishment of new global Centres of Excellence (Action 3).⁶¹

The draft *National Development Framework for Wales 2020 - 2040* recognises that research and development are key drivers of competitiveness and opportunity,⁶² but some respondents felt that the strategy needed to say more about higher education and research and development. The Climate Change, Environment and Rural Affairs Committee of the National Assembly for Wales has recommended that the NDF should make a clearer statement about the important role of universities in supporting strategic development and renewal at national and regional levels.⁶³

In Scotland too, there is recognition of the important role which our universities can play in national and regional development. But there is also growing concern about the impact of the current crisis on their ability to do so. In an article in *Urban Policy and Practice*, Dr. Peter Matthews argues that a crisis is emerging in higher education, particularly in English-speaking countries.⁶⁴

For decades, universities in the UK have relied on the demand for tertiary education from rapidly developing countries – particularly China – to fuel the growth in the sector. It is a model which has served them well, but many now rely heavily on a source of income which, in the space of three months, has all but entirely dried-up. Matthews believes that the impacts may be highly differentiated, with universities which have fostered strong local, domestic student markets proving more resilient; others, including some of the UK's most prestigious institutions, may face severe challenges.

In the UK, universities are private charitable companies and governed as such. But they get most of their income from government. The Scottish Government needs growing universities to educate growing numbers of Scottish undergraduates as it seeks to meet its targets for improving education equality; to invest in national and regional research and development; to bring in export income; and to promote Scotland internationally. Scottish Higher Education Institutions (HEIs), trades unions, the Scottish Funding Council and Scottish Government are currently engaged in talks on future funding. How will the crisis precipitated by the COVID-19 pandemic impact on university priorities and development strategies and might it, as Matthews suggests, result in our universities becoming public sector institutions?

Food Retailing and Local Economies

Our experience of lockdown is likely to have lasting impacts on patterns of food and other retailing. The world has changed, and we are all having to get used to new ways of food shopping. Leigh Sparks, Deputy Principal in Marketing and Retail at the

⁶¹ *The Final Report of the UK2070 Commission: Make No Little Plans – Acting At Scale For A Fairer And Stronger Future*, pp. 45 - 50.

⁶² Welsh Government, *National Development Framework 2020 – 2040*, Consultation Draft, 7 August – 1 November 2019, p. 14.

⁶³ National Assembly for Wales: Climate Change, Environment and Rural Affairs Committee, *Report on the Draft National Development Framework*, pp. 20 - 21.

⁶⁴ Matthews, Peter, *The Emerging Crisis In Scottish Higher Education*, *Urban Policy and Practice*, 20 April 2020.

University of Stirling, argues that the retail system in the UK is broken in many ways, favouring the affluent and the car-borne at the expense of society and local economies. He believes that it is unsustainable and does not meet the obligations we must now accept in rebuilding our future. He calls for an enhanced local focus, with an emphasis on strengthening neighbourhoods and local supply chains and assets.⁶⁵

Sparks points out that large-scale food retailing over the last 60 years has been built on the idea of maximising dwell and interaction times. Large food stores have been designed to be engaging and experiential. The location of items, the end aisles and other promotions, the cafe and the checkout offer are all designed to engage, provide interest and sell. Now, the aim is to allow people to shop safely, with a minimum of interaction with other people.⁶⁶

If the priorities are now social distancing and ensuring that products are handled as little as possible, it may be time to ask whether we need to go to such stores to shop at all, and whether people will want to do so given the attendant risk. The internet offers an obvious alternative. Both major and local producers and suppliers have been quick to move to online platforms and home delivery or click and collect, and the crisis appears to be prompting more consumers to choose this option. The changes we are seeing in shopping patterns may create more opportunities for the development of local supply chains to the benefit of local economies. On the other hand, the experience of lockdown may make some people less inclined to walk to the local town centre and more dependent on food delivered from distant locations. Policy should be focused on skills and capacity-building to ensure that opportunities to strengthen local economies are spread as widely as possible, and not confined solely to affluent communities.

Housing

The Final Report of the UK2070 Commission points out that reliance on market mechanisms has failed to deliver the required level of affordable housing across the UK. It calls for a fundamental rethinking of our approach to housing policy, with housing seen as a key element of infrastructure in wider policies to develop the economy. It stresses the need for the wealth generated by public policy to be shared (Action 5).⁶⁷

In early May, Scotland's social and economic equality think-tank Common Weal published a paper setting out how Scottish local authorities could build high quality green houses with secure and sustainable financing at a much lower cost than can be delivered at present. It proposes that local authorities should be able to purchase land for such housing at current use value in order to capture the uplift in value for public purposes and then borrow from the Scottish National Investment Bank, spreading the cost of borrowing over an extended period so that rents can be kept low. It proposes that a maintenance budget should be built into the model so that the quality of the houses is secured over a long period. Common Weal argues

⁶⁵ Sparks, Leigh, *What Should We Value about Retailing and Towns and What Should We Do About Them?* Stirlingretail, 29 April 2020.

⁶⁶ Sparks, Leigh, *Supermarket Nightmares: Keeping your Distance*, Stirlingretail, 21 April 2020

⁶⁷ *The Final Report of the UK2070 Commission: Make No Little Plans – Acting At Scale For A Fairer And Stronger Future*, pp. 57 - 60.

that a public rental house building programme linked to an industrial strategy could contribute to economic and social recovery from the current crisis.⁶⁸

The *Draft National Development Framework for Wales* identifies a shortfall in the delivery of new homes and indicates that the provision of affordable homes should be a key focus for housing delivery.⁶⁹ The Climate Change, Rural Affairs and Environment Committee of the National Assembly for Wales has stated that the NDF needs to specify the mechanisms to be used to deliver new affordable housing on the scale envisaged by the strategy.⁷⁰

The Final Report of the UK2070 Commission: Make No Little Plans – Acting At Scale For A Fairer And Stronger Future highlights the need to shift towards higher housing densities in accessible locations. But will the value of access to a garden which quickly became apparent to families in lockdown make them less inclined to see the merits of flat-dwelling and high density living?

Culture and the Environment

The Final Report of the UK2070 Commission: Make No Little Plans – Acting At Scale For A Fairer And Stronger Future highlights the need to harness the potential of cultural and environmental assets across the United Kingdom (Action 6). Tourism, heritage, culture and the arts are sectors which face particularly acute challenges as a result of restricted travel and lockdown, and the road to recovery remains uncertain.

Before the crisis, there was growing concern about the adverse social and environmental impacts of over-tourism in parts of Scotland, particularly in Edinburgh and parts of the Highlands and Islands. Recent research for the Scottish Government examined the rapid growth in short-term letting, highlighting the adverse impacts on the availability of housing for rent, residential amenity and sense of community.⁷¹ In Edinburgh, there has also been a backlash against the adverse impacts of its festivals and major events on local communities and the public realm within the city centre World Heritage Site.⁷²

Scottish academics are working with colleagues across Europe on a study of the impacts which large volumes of visitors have on the local population, using Edinburgh as one of their case studies. Impacts they are examining include higher living costs, housing shortages, congestion of public services and spaces, increasing casualisation of work and changes in the character and identity of places.⁷³

Restrictions on travel and a prolonged requirement for social distancing will have major repercussions for Edinburgh and its festivals, for Glasgow's Celtic Connections

⁶⁸ Dalzell, Craig, *Good Houses for All: How Scotland Can Build Unlimited Homes – Without Subsidy*, Common Weal, 4 May 2020.

⁶⁹ Welsh Government, *National Development Framework 2020 – 2040*, Consultation Draft, 7 August – 1 November 2019, pp. 30 & 31.

⁷⁰ National Assembly for Wales - Climate Change, Environment and Rural Affairs Committee, *Report on the Draft National Development Framework*, pp. 24 - 26.

⁷¹ Evans, Anna; Graham, Eddy; Rae, Alasdair; Robertson, Douglas and Serpa, Regina, *Research Into The Impact Of Short-Term Lets On Communities Across Scotland*, Scottish Government, October 2019.

⁷² Hague, Cliff, *Green Oasis? Or Corporate Sell-Out?* The Scotsman, 26 February 2020, p. 25.

⁷³ Swanson, Ian, *Academics To Study How Mass Tourism Affects Edinburgh*, Edinburgh Evening News, 20 April 2020.

festival, and for the arts, culture and heritage across Scotland. The contributions of tourism to the national economy and city development require to be reassessed in the light of this crisis. Will the tourism sector which emerges beyond lockdown be more willing to work in partnership with local communities and respect social and environmental constraints?

What will be the long-term impacts on patterns of tourism and leisure, and on a heritage sector which relies heavily on visitors? It will certainly take time for the airline industry to recover from the economic impact. Holiday flights are likely to become more expensive and the range of destinations offered may be significantly reduced. Against that background, can we expect overseas visitor numbers to return to pre-crisis levels? Will people in the UK be as ready to travel abroad, or will some be inclined to look for alternative leisure and recreation opportunities at home? In its submission to the Scottish Government on the fourth National Planning Framework, Reforesting Scotland's Thousand Huts Campaign has suggested an expansion of rural hutting on the Scandinavian model could offer an alternative to overseas holidays.⁷⁴ A [COVID-19 Historic Environment Resilience Forum \(CHERF\)](#) has been established to develop high-level strategies for rebuilding, recovery and resilience in the built heritage sector in Scotland.

The Final Report of the UK2070 Commission points out that countries such as Sweden, Denmark and the Netherlands have gone further than the UK in integrating the natural environment into urban policy.⁷⁵ In its report on the Draft National Development Framework for Wales, the Climate Change, Environment and Rural Affairs Committee of the National Assembly for Wales has recommended that the Welsh Government should take the opportunity to make links between green infrastructure networks and the housing and urban renewal agendas, and that links should also be made between green infrastructure networks, the national forest and the tourism and leisure agenda through initiatives such as the National Cycle Network.⁷⁶

Devolved Administrations

The Final Report of the UK2070 Commission advocates a comprehensive framework for inclusive devolution and indicates that the range of powers devolved to Scotland should be similarly devolved to the regional level and beyond within England. However, the Scottish and Welsh Governments have been criticised for too readily falling into line with the UK Government's 'four nation approach' to the management of COVID-19, when lives might have been saved if they had shown more initiative in developing their own distinctive policy responses.

Dr. Kirsty Hughes, Director of the Scottish Centre on European Relations is one of those who has been critical of the Scottish Government for being reluctant to diverge from UK Government strategy despite health and education being devolved, suggesting that it was well behind civic society in recognising the need to cancel

⁷⁴ Reforesting Scotland Thousand Huts Campaign, *Response to NPF4 Call for Ideas*, 14 April 2020.

⁷⁵ *The Final Report of the UK2070 Commission: Make No Little Plans – Acting At Scale For A Fairer And Stronger Future*, p. 63.

⁷⁶ National Assembly for Wales: Climate Change, Environment and Rural Affairs Committee, *Report on the Draft National Development Framework*, p. 36.

events.⁷⁷ In an essay, Professor Allyson Pollock, co-director of Newcastle University's Centre for Regulatory Science and Dr Louisa Harding-Edgar, an academic fellow at the University of Glasgow, have argued that the Scottish Government should have acted more promptly, imposing a *cordon sanitaire* combined with social distancing around those parts of the country that had no cases of infection, including the Western Isles, Orkney and parts of the Highlands. They say that the Scottish Government should have continued with the test, trace and isolate strategy recommended by the World Health Organisation rather than agreeing with the UK Government decision to stop.⁷⁸

If the benefits of devolution are to be fully realised, the bodies to which powers are devolved must have the confidence to use them to develop appropriate policy responses to the challenges they face. *Make No Little Plans* recognises that successful devolution demands a change in the culture of government in the United Kingdom to create a *parity of esteem* between different tiers of government.⁷⁹ That is something which has been conspicuously lacking in the UK Government's dealings with the devolved administrations on Brexit and the management of the COVID-19 pandemic.

Changes to Institutions and Processes

The Final Report of the UK2070 Commission emphasises the need for changes in our institutions and the way they work, and for a move away from the culture of negotiation and deals to one of collaboration and levelling up, while allowing diversity and experimentation.⁸⁰

Comment on the Draft National Development Framework for Wales gives no hint of a readiness to abandon the art of the deal, but there is recognition of the importance of the relationship between strategic development plans, the Welsh Government's Regional Economic Development Plans and city region deals. The Climate Change, Environment and Rural Affairs Committee of the National Assembly for Wales has called on the Welsh Government to indicate how it will ensure that national and regional strategic planning and city region deals are coordinated and properly aligned.⁸¹

In January, a report by Audit Scotland concluded that city region and growth deals have been positive for Scotland's economy, but expressed concern that the Scottish Government had not set out how it will measure the value for money of the programme. It warned that a lack of aims and objectives meant opportunities might already have been missed to ensure deals contribute to national outcomes. It also highlighted the limited transparency around the process and the fact that local communities have had little involvement in deals, commenting that it was not clear why some deal projects were approved for funding over others.⁸²

⁷⁷ Hughes, Kirsty, *Why Was Westminster Dictating Scots Policy?* The National, 21 April 2020.

⁷⁸ Pollock, Allyson and Harding-Edgar, Louisa, *Coronavirus Crisis: Underfunding, Restructuring, Privatisation and Fragmentation at the Heart of the Crisis in Holyrood and Westminster*, Scottish Centre on European Relations, 23 April 2020.

⁷⁹ *The Final Report of the UK2070 Commission: Make No Little Plans – Acting At Scale For A Fairer And Stronger Future*, p. 69.

⁸⁰ *Ibid*, p. 91.

⁸¹ National Assembly for Wales: Climate Change, Environment and Rural Affairs Committee, *Report on the Draft National Development Framework*, December 2019, pp. 17, 20 & 21.

⁸² Audit Scotland, *Scotland's City Region and Growth Deals*, January 2020.

Tax expert Richard Murphy suggests that the COVID-19 pandemic may lead to a lasting change in our relationship with the state. He writes that:

“Instead of markets being primary and states secondary what we suddenly see is that the reverse is true. The state is the greatest risk taker and the underpinner of markets, and therefore the ultimate source of our wellbeing in all aspects of life. It alone can get us through troubled times. And it alone has the means to deliver essential services, which are of much broader variety than we might ever have imagined. The narrative of the last forty years was wrong, as some of us always thought.”⁸³

In mid-April, an independent advisory group was established to provide expert economic advice to the Scottish Government on recovery from the COVID-19 crisis.⁸⁴ George Kerevan, formerly the Scottish National Party MP for East Lothian, has expressed concern that the Scottish Government is relying too heavily on the advice of people who take an establishment and conservative view of the economy and finance and urged the First Minister to appoint a wider range of thinkers, including people with a detailed understanding of the green economy, to the advisory group.⁸⁵ The Scottish Government’s Council of Economic Advisers includes the former Chief Medical Officer, Sir Harry Burns, who has long promoted a wellbeing agenda which emphasises the links between public health inequalities and the built environment,⁸⁶ and Marianna Mazzucato, the champion of the entrepreneurial state.⁸⁷ However, figures of a conservative and conventional bent outnumber progressive voices on the new Economic Recovery Advisory Group.⁸⁸ Kerevan believes that more radical perspectives will be required if we are to build the sustainable, inclusive zero-carbon economy Scotland needs.⁸⁹ We may also need to take a more sceptical view of the pronouncements of lobbyists and think tanks of uncertain provenance, and consider whether retired bankers and others with a similar corporate background need to be quite so well represented on the boards of our public bodies.

The independent advisory group on economic recovery submitted a report entitled [Towards a Robust, Resilient Wellbeing Economy for Scotland](#) to the Scottish Government on 22 June.⁹⁰ Some of the recommendations it makes are very much in tune with the thinking of the UK2070 Commission. It calls for an investment-led

⁸³ Murphy, Richard, *Question Of The Day: What Is Our New Relationship With The State Going To Be Like?*, 28 April 2020.

⁸⁴ The Scottish Government, *Advisory Group on Economic Recovery*, 17 April 2020.

⁸⁵ Kerevan, George, *First Minister Needs Radical Thinkers Around Her for the Economic Challenges Ahead*, *The National*, 20 April 2020, pp.12 & 13.

⁸⁶ The Scottish Government, *Equally Well: Report of the Ministerial Task Force on Health Inequalities*, 2008.

⁸⁷ Mazzucato, Mariana (2013), *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, Anthem Press, London & New York.

⁸⁸ The Scottish Government, *Coronavirus (COVID-19) Update: Economy Secretary’s Statement*, 21 April 2020.

⁸⁹ Kerevan, George, *Recovery, COVID-19 and the Scottish Economy*, *Bella Caledonia*, 23 April 2020.

⁹⁰ Scottish Government, *Towards A Robust, Resilient Wellbeing Economy For Scotland: Report of the Advisory Group on Economic Recovery*, 22 June 2020.

recovery. It recognises the need to address regional disparities in Scotland and advocates a regionally focused model of economic development. However, it fails to make the connection between economic development and strategic spatial planning. Planning is presented solely as a regulatory impediment to recovery, part of the problem rather than an important part of the solution. It must be hoped that the Scottish Government will recognise the importance of regional agency and the spatial planning dimension in developing its strategy for economic and social recovery.

7) COVID-19, Cities and Public Transport

*Jim Steer, Deborah Carson and John Jarvis,
Director, Associate and Associate Director at Greengauge 21*

The current restrictions on public transport use – for essential journeys only – need to be eased in a measured way. City economies will not be able to recover until this step is taken. In this extract from an upcoming report for the UK2070 Commission on the transport revolution needed to ‘level up’ the national economy, we summarise the likely effects of COVID-19 on travel demand. We argue that a restored, healthy and improved public transport service is central to national economic recovery and to compliance with Government commitments on climate change.

COVID-19’S impacts on travel behaviour

The impacts of COVID-19, with the UK following practice elsewhere and instigating a lockdown, have of course been dramatic for the travel and transport sector. It is too early to say what the longer term effects on travel demand will be. It is clear that regardless of employee preferences, some businesses will not re-open their offices when travel restrictions are lifted. Many have discovered that they can operate with a lower cost base satisfactorily ‘from home’. Broadband availability is required of course, and no doubt its national coverage will be one of the priorities for investment ahead.⁹¹

The effect on commuter travel is likely to have lasting impacts. Of course, only some, office-based, jobs can be made home-based. And in this sub-category, many employees and some employers will wish to have sight of their colleagues and engage in team briefings and so on. A switch to commuting (say) 1, 2 or 3 days per week for those that don’t need to be physically present, rather than every day, could be a likely consequence. But commuting accounts for less than a fifth of all travel. And office-based work, only a minority of all jobs.

How this translates into overall travel demand patterns ahead depends on what happens to cities and in particular city centres. Will office blocks be repurposed? Will retail-based high streets revive? These are simply unknown at present. For some aspects of city life, the post COVID-19 outlook is more assured. Markets (across various sectors including leisure/tourism) need scale to operate efficiently – often now described under the heading of ‘agglomeration benefits’. Cities have overcome set-backs repeatedly through history and can do so again.

Devolution is a factor in recovery

One of the biggest drivers of city economies, even in a country with such an established recent history of down-sizing the public sector, is Government itself. The rationale for business co-location is very strong in supporting the very

⁹¹ The UK2070 Commission included this as a priority in Action 3 (page 50) of its [Final Report](#) earlier this year - COVID-19 has made it more urgent.

functions of Government: “UK cities need devolution of powers and links to London to succeed”.⁹²

This point serves to underline an often-overlooked point around devolution. With so much of all Government activity in the UK centred on London (which contributes almost a quarter of the country’s output, and broadly 30 percent of its economy-related tax take, according to Professor Tony Travers)⁹³ this adds to the problem of regional imbalance.

The degree of centralisation in London deprives other centres of a share of this part of the economy. Cities with devolved Governments have bucked wider economic trends, as their economies build smaller versions of the wider business infrastructure that supports London. Between 2000 and 2008, while the economies of many cities in the north improved, they didn’t close the productivity gap with the national average. Those with devolved Governments, such as Cardiff and Belfast, however, did particularly well, and between 2008 and 2010, London and Edinburgh were the only UK cities in the world’s top 20 per cent worldwide by gross value added per head.⁹⁴

Re-shaping travel behaviour

Making transport investment decisions in the face of uncertainty will not be easy. Projects that have been progressed for capacity reasons alone, based on medium/long term planning forecasts, may well be postponed, some cancelled. But the country, to function as a productive, democratic and open society, needs to be able to support inter-personal contact in a variety of ways, and not just be left reliant on digital hook-ups. This entails travel. The economy will also not function – for consumers or for producers – unless goods can get to market. What is clear is that the short-term palliative of discouraging public transport use in the early stages of easing the lockdown will become unsustainable. It puts many people, those living or working in large cities in particular, but also all of those wherever they live that rely on public transport, at an unacceptable disadvantage and in an untenable predicament that demands resolution.

As the economy gets back to full operation, travel restrictions are being eased. But with no real demand management tools (and with fuel prices at a very low level) it is private car-based traffic that is rising and will likely continue to rise sharply. Not only will this prejudice the widely noted air quality, biodiversity and tranquillity gains apparent during the lock-down period, it will also result in intolerable (and highly inefficient) levels of road congestion. Accommodating the reduced levels of travel that will be part of achieving the net zero carbon and wider environmental objectives will require demand restraint measures. If these are not to be economically damaging, and to garner sufficient public support for them, suitable alternatives to car use have to be provided.

⁹² <https://www.ft.com/content/35c7a600-d51f-11e3-9187-00144feabdc0> The regional development point (‘links to London’) is often overlooked by critics of HS2

⁹³ https://www.london.gov.uk/sites/default/files/devolution_-_a_capital_idea_lfc_2017.pdf

⁹⁴

<https://www.liverpool.ac.uk/media/livacuk/publicpolicyamppractice/UK.City-Regions.in.Growth.and.Recession,-.Final.Version.March.2014.pdf>

Locally, active travel is the best answer in sustainability terms, but not everyone is able to participate, and it only makes sense for most people for trips of up to (say) 5 miles cycling distance (which circumscribes an area of around 80 square miles) – or much shorter if walking – before trip times get too lengthy. Beyond that, to avoid reversion to private cars (or taxis, *uber*, or minicabs), the country will need to turn to its public transport system. It will find it to be – for the main part – in rude health, having benefited from governmental financial support through the lock-down period.

But it's far from perfect. In the immediate term, investment and demand management are needed to help maintain social distancing. Longer term there are several areas where investment (and in some cases, pricing action and regulatory advances) are especially needed:

- The nation's scheduled public transport system ***is not joined-up***. Buses and trains are managed entirely separately. They have separate fares systems; they present very different challenges for mobility impaired travellers; interchanges between bus and rail exist, but not always where they would be most expected and helpful. Timetables are rarely matched for through travellers, and information sources are scattered across the internet.
- Some parts of the public transport network are ***seriously unreliable due to road and rail congestion***. For rail, this may well be best tackled through removing a few services so that those that remain can be operated reliably to timetables – and this is already happening with rail timetables operating at less than 100% of pre COVID-19 service levels. For the bus sector, journey times and service unreliability will quickly remerge post COVID-19 because of traffic growth and measures that have re-allocated road capacity to pedestrians and cyclists (in support of active travel): unless there is a complementary attempt to reduce car traffic when this happens, bus service quality takes a hit, with yet slower journey times.
- Public transport is still provided to a significant extent through diesel powered vehicles with resulting ***poor outcomes both in terms of carbon emissions and air quality***.
- The public transport network is suffering from ***some serious gaps***.

How public transport works

Overcoming 'serious gaps' is only in part about providing missing infrastructure. The public transport network, to function efficiently and provide a substantive alternative to car use, has to offer an interconnecting set of routes that come together in a series of hubs, intersections, or junctions – the network 'nodes'. On the rail network, these key nodes are generally found in cities, and usually in city centres. This is why, regardless of the likely long-term impact of COVID-19 on cities themselves, if public transport is to form the core medium and longer distance national network, then services to these key hubs (cities and major towns, usually) must be retained and improved where they are deficient. And places that lack good inter-connections – even if they are geographically

peripheral – must be provided with them, if public transport is to be a truly national facility.

Within the public transport network, it has to be recognised that interurban bus speeds are very low compared with rail speeds. For example, in a Greengauge 21 survey of West Country interurban bus routes between places with over 5,000 population (so ignoring deep rural routes) carried out in 2018, of 98 services identified, only eight achieved end-to-end operating speeds of over 20 miles/hour. The other 90 were all in the range 10-20 miles/hour. Rail speeds are typically much faster of course.

So, when it comes to a joined-up national network that can obviate car-dependency, a rail network, suitably backed up by limited stop inter-urban (as well as local) bus services, is what's needed to join local communities with each other, and with regional centres, the national capital, and international gateways.

The carbon imperative

Of course, to meet the national zero carbon target the overall system needs to use electrically-powered vehicles (much easier to achieve with rail, where already over half of journeys are made on electrically-powered trains). For freight, there is a real problem, since battery-electric power is cost ineffective and range-limiting for the HGV fleet that dominates the country's logistics arrangements. Much hope is being placed in the use of hydrogen technology which looks more promising than other approaches,⁹⁵ although this is equally dependent on electrical power decarbonisation and potentially on the use of carbon capture technologies too.

Just on the issue of international connectivity, it is worth reflecting on the combined impact of Brexit and achieving net zero carbon. Brexit will lead to some revision in patterns of trade – and hence freight/logistics patterns – but have a lesser impact on person travel patterns. Indeed, here the impact of carbon reduction through a more climate conscious society with a predilection for less flying will keep leisure travel more tied to surface transport than would otherwise have been the case – and hence international travel to more of a Europe-based focus. With significant travel distances by surface modes, however, the importance of expanding the set of services using the Channel Tunnel and the high-speed rail network will probably increase, as UK holiday makers consider travelling further afield avoiding flights, encouraged by the imposition of carbon tariffs.

Levelling up

There is a further strand to the COVID-19 pandemic to consider. It is becoming clear that the impact of COVID-19 is not uniform: it has impacted poorer communities and neighbourhoods, the elderly and the BAME community hardest. As ONS data attests, the death rate of people living in the poorest 10% of England

⁹⁵ See

<https://www.commercialmotor.com/news/buying-advice/closer-look-hydrogen-fuelled-trucks> October 2019.

during the outbreak is at 1.28/1000, whereas it is at half that level (0.59/1000) in the wealthiest 10%.⁹⁶

COVID-19 also appears to be causing differential impacts across the education sector, with children in poorer households less able to study from home using laptops to connect with teachers, according to an IFS survey of 4,000 households.⁹⁷ Inevitably, this means a set-back for the life-chances of children growing up in lower income households: the social mobility challenge is made all the greater for the young generation affected by the virus.

And the economic impacts are also likely to have an equivalent, adverse, effect on the working age generation. It may prove possible to retain a large part of 'white collar' employment post-pandemic, with remote screen-based work practices offering a spin-off advantage of reduced commuting times and lowered (or even avoided) place-of-work (office) costs. But the same is not true for 'blue-collar' workers, who engage in 'hands-on' activities, where the economic recession is more likely to result in job losses. To which it should be added, both white- and blue-collar jobs are likely to be subject to losses (as well as opportunities) through the application of digital technology.⁹⁸

More public transport capacity is needed, not less

In summary, does COVID-19 mean that capacity concerns on rail (and bus) can safely be disregarded, because demand will decline, especially into cities? The answer must surely be no, and for this reason. True, it may well be that for a period of months, maybe longer, the effective capacity of individual public transport vehicles will be reduced to help achieve social distancing guidelines. But having fewer passengers per train operated, for example, doesn't mean it would make sense to cut service frequencies or train lengths – indeed, rather the opposite, as carrying people safely means that more space has to be provided on trains (and buses), not less. And once the need to keep socially distant is passed, the only sustainable option for the nation as demand picks up is public transport.

As we have shown here, this needs to be structured around a set of service hubs that are, in general, in the centres of our major towns and cities.

⁹⁶ Quarterly data from ONS:

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/deathsinvolvingcovid19bylocalareasanddeprivation/deathsoccurringbetween1marchand31may2020>. Death rates are in normal times higher in poorer areas, but the ONS data for March-May show this effect being intensified.

⁹⁷ See <https://www.bbc.co.uk/news/education-52701850> May 18th, 2020.

⁹⁸ Employers expect nearly two in five (37 percent) of job roles to alter significantly or become redundant as a result of new digital technology and automation in the next five years – affecting 12 million workers across the UK. Source: <https://www.hrreview.co.uk/hr-news/digital-revolution-to-impact-12-million-jobs/117135> June 2019.

8) Additional Evidence for the UK2070 Commission

*Professor ADH Crook CBE FACSS FRTPI,
Emeritus Professor of Town & Regional Planning at the University
of Sheffield*

Following Lord Kerslake's request for additional evidence in the light of the current COVID-19 crisis, I am submitting the following short note. It builds on the several pieces of evidence I submitted to the commission in relation to capturing land values to finance infrastructure and affordable housing. It also builds on my work for the Scottish Land Commission on land value capture.

The key points I then made were that capturing land values via developer contributions (i.e. via S106 and CIL) works reasonably well in areas of tight market pressure where there is demand for development and land supply is constrained. Hence the great majority of what is raised and delivered (in kind or in cash) arises in London and the South East and helps fund the necessary infrastructure to support new development and new affordable homes in areas of high house (and land) prices. Altogether c. £6bn was raised in 2016-17 in England and, whilst significant, it clearly funds only a small part of the total infrastructure needs of new development, although injecting rather more proportionately into the funding of new affordable homes. These developer contributions take approximately 30 percent of development values on green field sites (and another 20 percent goes as un-hypothecated taxes to central government in transactions and capital gains taxes i.e. Stamp Duty Land Tax and Capital Gains Tax). Given the need to sustain landowner incentives and developer viability we may have reached a limit on what can be 'captured' provided that developer contributions are always compliant with adopted local plan policy.

In those parts of the UK where levelling up is urgently required, developer contributions raise only a small part of what is needed (except in the minority of areas where markets are tight and land prices enable contributions to be secured). It seems to me (as I said in my original submissions) that the infrastructure requirements in these regions must be funded by grants and loans, not the least given the worldwide collapse in government borrowing costs (e.g. gilts in the UK and treasuries in the US). This investment will create values in the long term which can then be taxed in the normal way (or through specific measures such as tax increment financing). In addition, of course, the substantial un-hypothecated income the government receives from Stamp Duty Land Tax (SDLT) payments in the South East of England is a significant income buffer to help sustain investment borrowing

Clearly, the context has shifted dramatically both in the short and, perhaps in the longer term. Just to take three examples. First, universities may no longer have the financial resilience to act as engines of economic development given the likely loss of earnings (teaching going online in the longer term; fewer residential universities; loss of overseas students etc.). The many purpose-built student flats built by the private sector may now need to find new sources of demand (which may have the knock-on effect of releasing smaller terraced homes back into the

non-student market). Second, the cultural and tourism 'offer' of many cities (and their significant economic impact) may diminish as travel patterns change, especially if overseas visitors no longer arrive in the UK impacting on hotels and restaurants as well as on theatres, art galleries etc. Third, the successful experience of virtual home working by many professional services firms as well as banking and finance may well reduce demand for city centre offices (and the appetite for South East based business to relocate to the 'north') as well as for commuting every day and the infrastructure needed to support this. Moreover, the latter may arise even if, in the long run, we have a mix of home and office working.

What we do not know is whether the experience of managing the risk of COVID-19 will lead to these longer-term economic and cultural changes, but I would urge the UK2070 Commission to do some scenario modelling of these potential changes. Such 'modelling' should also examine the potential for a more caring society to emerge in which reciprocity and mutualism becomes a more central part of how we live our life together and with more emphasis on the role of the third sector within this context.

What is perhaps more likely is that, post COVID-19 (at least a year away by when a successful vaccine will have been made available to all), government will (and understandably so) be keen to see an economic recovery well underway. Here the big risk for the 'regions' is that investment and help will go into the already thriving regions where there is the economic capacity to help pick up employment in the short term. In other words we revert to a 'business as usual' approach to economic development, despite some overt re-assurances by Ministers that the government remains committed to its levelling up agenda (and will presumably be pressed to do so by its new retinue of northern and midlands MPs now occupying the so-called Labour Party 'red wall' constituencies). There is also a risk that the investment in infrastructure needed to help levelling up may be caught by the macro-economic imperative to manage the undoubtedly ballooning government deficit with a reversion to some version of the Coalition government's austerity budget. It is imperative that politicians (and voters) understand that government borrowing for investment gives us a long-term return, whose profits can be taxed when the investments yield returns.

It is also imperative that levelling up investment carefully blends investment in hard infrastructure with more investment in higher technical and craft skills, where the UK has a large deficit (and has been very dependent for craft skills in construction from migrants from the EU27 countries). More needs urgently to be spent on further education, with a necessary rebalancing of funding for higher and further education.

Hence, my view is that the UK2070 Commission should model the likely impact of potential government policies on infrastructure and affordable housing investment including, for example:

- Should HS2 be deferred (maybe too late now?) until we see the impact of changes on our travel patterns, meantime prioritising HS3 (Liverpool to Hull via Manchester, Sheffield and Leeds).
- Should help to buy be revived to help kick start the housebuilding industry, but with a clear steer to doing so as part of the levelling up agenda not driving up house prices in London and the South East.

- Should the housing infrastructure fund (which disproportionately goes into the south) be redirected to the north to open up new developments.
- Should grants be increased for housing associations (whose abilities to borrow have been constrained by the collapse of their cross-subsidy model) with more co investment by Homes England in new investment and regeneration zones?
- Should a more zoning approach to spatial planning be adopted (e.g. permission in principle) to which infrastructure investment can be directed and where a partnership approach to land holding be developed with the increased land value that arises from investment being shared (as I recommended to the Scottish Land Commission).
- Reinvigorating mutual models to create community co-investment in both housing and regeneration, an imperative given the way key charities' financing has been badly impacted by COVID-19.
- There is also a major potential initiative being actively discussed in forming a National Youth Corps as a national service for all leaving school before their first job and/or entry to further or higher education. This can help address needs, for example, in care homes, conservation and green energy. Many national green charities are actively exploring this and entering into discussions with HM Treasury. Fundamentally, this addresses the potential steep increase in youth unemployment likely across the UK, but especially in the 'regions'.

9) Reinventing Town Centres: A Call for Action Now!

Dr. Nicholas Falk, Director of The URBED Trust⁹⁹

'Change comes when the short-term logic of events intersects with the long-term evolution of ideas' Thomas Piketty, *Capitalism and Ideology*, 2020.

The COVID-19 epidemic could well kill off many town centres, if small shops and services fail to reopen, and if even more households rely on home deliveries instead. So, what is to be done? At the time of writing the UK's town centres and High Streets are in a state of suspended animation; alas the risks and costs of running a business mean that many of the independent shops and services, such as restaurants, will not reopen, while many use the internet and home delivery. As the healthier experience of cities in Germany or South East Asia shows, there are better ways, but ones which the UK has persistently avoided due to our centralised and rather amateurish system of governance, and belief that town centres are all about retail.

Facing the challenge

URBED's new commission from the 1851 Exhibition Fellowship is gathering a hundred 'tales' from town centres large and small. As this is my tenth article for the Academy of Urbanism's journal, instead of reviewing other people's books I have reflected on guidance I have produced over the last twenty-five years. The big issue for the future is whether to rely on returning to 'business as usual' or to take a more radical interventionist approach. If the latter route is chosen, where should investment produce best results?

Vital and Viable Town Centres, the good practice guide that backed up Planning Policy Guidance Note 6 on retailing, drew on a large survey of planning authorities. A fifth of town centres in 1995 were then thought to be 'declining', while only a few metropolitan cities and historic towns thought of themselves as 'vibrant'. At that time, the main challenge was out-of-town or edge-of-town food stores. The report contrasted the continental model of the 'compact' city with the American doughnut with holes where their centre used to be.

We developed a town centre health check methodology and a framework for developing strategies based on four 'A's – Attractions, Amenity, Access and Action. By 1997, town centre management was widely established, and URBED produced *Town Centre Partnerships*, with a range of sponsors to show how it could be funded. On the back of 50 case studies that included Portland, Oregon, and German towns, we called for *Business Improvement Districts* in larger towns, and for development trusts to reuse old buildings in smaller ones. We also recommended changes to the Business Rate which is an even greater issue today. At that time, 12% of shops were vacant, the 'charity shop' was changing the face of the smaller High Streets, and the 'evening economy' had hardly surfaced.

⁹⁹ Dr Nicholas Falk is executive director of [The URBED Trust](#) and is writing a new book entitled *Smarter Urbanisation: Or How Cities Can Change Direction Before It Is Too Late*.

Changing trends

New forms of retailing have continued to suck life out of High Streets, helped by disempowered and depleted local authorities, aggressive developers, compliant financial institutions, a love of the new and a neglect of the old. The decline of manufacturing had released large areas of land on the edge of town centres. Whereas in Germany industrial sites were reforested or turned into lakes, for example around cities such as Dortmund in the Emscher Park in the Ruhrgebiet, in the UK brownfield development was subsidised, and activity dispersed. With greater choice, customers spend most where it is easiest, for example because of free parking.

New Life for Smaller Towns in 1999 praised local initiatives such as farmers markets and festivals. Checklists under five main themes with a hundred questions in all, were reinforced by 40 loose-leaf case studies. The trends in High Streets since then have continued to favour experience, not just comparison and convenience, with the rise of gyms, eating places and bars, barbers' shops and bookshops, and new markets. The key to success is adding value, not standing behind a counter. It is heartening that in Stroud, where I live, the farmers market has kept going through the current crisis by taking orders instead, and neighbourhoods have kept community spirit alive.

Strategies for Recovery

Out-of-town locations benefit from public investment in roads, services and reclamation as well as from bulk purchasing power and lower cost finance. Town centre shops become liabilities rather than assets, when the rates burden is greater than rent levels. Staffing cutbacks in local authorities make it hard to do the analysis needed for funding bids or to manage improvement projects, and there are many other demands on declining levels of income.

At the first Urban Summit in 2002, the Labour government pledged to work in partnership with 24 towns and cities, and we helped a small group of civil servants to document and spread good practice, with an emphasis on creating partnerships. The resulting series of reports for the Office of the Deputy Prime Minister *Partners in Urban Renaissance* won a design award. But little was done to devolve power except for some experiments in the short-lived Regional Development Agencies. At its best though, *Yorkshire Forward* for example, not only were visions produced but major enhancement schemes were undertaken — such as through groups of towns in the Calder Valley including Todmorden, with its 'incredible edibles'.

A report in 2005 *Spreading the Benefit of Town and City Centre Renewal* for the Local Government Association and a group of municipal authorities set out a series of tools for conurbations such as Portsmouth and Leeds, so that smaller centres would not be left behind. It concluded that "*the unanswered question is how far places without the attractions of universities, good public transport links, and beautiful places or settings can ever hope to compete in the ever more competitive 21st century.*" Since then the divorce of ownership from management has left most town centres adrift. This was aggravated by local authorities having to beg Government for grants. How can town centre management be funded when

even British mainstays such as Boots have been sold to foreign investors?

Immigration seems to have strengthened suburban centres that serve niche markets. For example, Uxbridge, the PM's constituency, has benefitted from the many offices around the centre, with a wider choice of places to eat. This was one of the success stories in *Over the Edge: Town Centres And The Economy*, which in 2008 compared 50 centres in Outer London with centres such as Reading and Watford, which had broadened their roles, using statistics on town centre employment.

The impact, of course, depends on a centre's historic legacy. Post-industrial towns face the greatest challenges. Market or country towns, which are far more numerous in the South than in the North (and there may be over a thousand in need of help), have wealthy residents, often retired, who can be attracted with the right offer. Geographic position matters and isolated towns can sometimes prosper, like Ludlow in the Welsh Marches. Neighbouring towns can be overshadowed, as for example Gloucester is by Cheltenham, where both would benefit from stronger collaboration. Areas where values are low may appeal to creative people, as in Stroud – now listed as the second-best place to live in the south west, but still with excessive levels of vacancy, especially when charity shops are counted in.

Whether one town adopts the 'vision' of a Transition Town, a Historic Town or a Learning City depends on how well different 'stakeholders' work together. Inspiration can be taken from AoU Award winners such as the former East German city of Leipzig, the Dutch city of Eindhoven and the Spanish port of Bilbao, all of which lost their main employers but recovered as Great Cities. Comparable British initiatives include Birmingham, which dropped its inner ring road (with EU funding) following *The Highbury Initiative* of 1988; Liverpool, which created a city of culture, or Bristol, where the waterfront now seems as lively as any in mainland Europe, with an influx of stylish apartments.

The greatest challenges lie in the mid-sized towns. So, in this 'tragic' story of apparently doomed places, how is it that some High Streets have managed to counter the trends or ride the tides that lead on to fortune? This can only be understood by comparing towns in the 'leagues' in which they compete, or their place in the 'retail hierarchy', to use the jargon. This means looking at the whole town — its catchment area — to see where different kinds of people live and work. It involves making comparisons with similar places, not just the next town, for example Canterbury or Norwich with York; Blackpool or Hastings with Scarborough; Wolverhampton or Sunderland with Nottingham; and so on. It also means recognising that not all development is welcome. The British seem slow at learning from others, so the Academy of Urbanism has a valuable role to play.

Five Steps to Rapid Recovery

As in a war, strategies are needed to mobilise the necessary resources where they will have most effect. We should recall that the government commissioned the Beveridge Report in 1942, well before the war had ended, to give people hope of a better life. Recovery from the epidemic will take time so it needs to be phased. Here are some proven ways of reviving town centres which follow the four 'As' first set out in our *Vital and Viable Town Centres*; but reinforced with agency and animation. They could form the basis for 'quality deals' to meet the needs of the 21st century.

- 1. Action** *Get Smart*: Local authorities should use the power of digital technology to promote recovery. GIS mapping can help in setting priorities, for example identifying isolated and disadvantaged areas. Shops and eating places that offer good service should be highlighted. The URBED Trust's new report *Smart Cities: Learning From The Pioneers* shows what can be done.
- 2. Access** *Reallocate space*: Priority for health reasons must be given to 'active travel' (walking and cycling) which means restricting cars and promoting good integrated public transport when it is safe. We should reallocate road space, as Copenhagen did, but also make short-term parking easy or 'free after 3.00'. Local authorities could take back the bus services and promote better local rail services. Funding could come from charging out-of-town stores for parking when the Business Rate is reassessed.
- 3. Attractions** *Open empty shops*: Redundant peripheral retail premises and surplus car parks need to be redeveloped as homes, workplaces and community hubs or social spaces. Local authorities must take over key buildings if they lie empty too long, as happened in bomb damaged Comprehensive Development Areas after the Second World War.
- 4. Amenity** *Promote special places*: Streets and neighbourhoods with a distinct character, for example clusters of shops or services or waterfronts, should be celebrated and boosted. Festivals and campaigns can help. Environmental upgrades should counter the lure of out-of-town retail parks but it will be vital to go beyond superficial but expensive facelifts – 'putting lipstick on a corpse'. Spreading the benefits of regeneration would revive civic pride.
- 5. Agency** *Re-empower local authorities*: Most important of all government must provide the resources needed for town centres to compete on equal terms by recasting parking charges and property taxes. The time is ripe to rethink what town centres are for, and for pilot projects to 'tame traffic' without killing the life of marginal towns and city centres. Partnerships should promote new uses for underused space and lessons should be shared through *Beacon Council Schemes*.

Above all a new approach is needed to property. Where town centre development is no longer viable, retailing will have to contract so better uses can take over. This requires government to play a more proactive role. Publicly-owned land could

be pooled, as it is in Copenhagen and Hamburg, with Compulsory Purchase Orders used as a threat. Government is getting interested again in development corporations, and the reassessment of business rates promised for 2021 must not be deferred.

While the outlook for post-industrial towns and cities may seem bleak, most might agree that a national priority should be to 'reinvent' places associated with the first Industrial Revolution, and breathe new life into them. A cross sectoral action plan to follow up the UK2070 Commission's Final Report could therefore provide the impetus. A good place to start would be with the network of 23 or more Key Cities such as Gloucester and Sunderland, as well as in historic cities such as Oxford that need to attract tourists again. So, who will set up the first task forces?