Institute of Economic Development

Levelling Up: pre-White Paper perspectives from economic development professionals

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1. Introduction

Levelling Up has become an appealing phrase that captures many of the intentions of economic development activity. To that end, it seems important that the Institute of Economic Development (IED), the UK's leading independent professional body for economic development professionals, sets out the views and perceptions of members of what is required of a forthcoming White Paper on the subject.

This document, *Levelling Up: pre-White Paper perspectives from economic development professionals*, is a collection of thought leadership articles from IED members around what could be undertaken in respect of Levelling Up against the following themes:

- **Concept**
- **Cities**
- **Towns**
- **Coastal settlements**
- **Communities**
- **Social capital**
- **Structures**

It is our intention that each short chapter may offer something relevant to members (and beyond) and will stimulate further debate and thinking. These chapters have tended to address themes from a slightly more spatial perspective than is now expected in the White Paper, and of course once that White Paper has been published and considered, the IED will be responding more formally to the consultation.

This document then arrives at a series of conclusions drawn from the thoughts shared by our members.

2. The Concept of Levelling Up

Nigel Wilcock, Executive Director, Institute of Economic Development

Introduction
Levelling Up appears to be a political masterstroke. Its breadth covers a myriad of concerns and at the same time it is a cause in which almost everyone is in agreement. If it is to be effective as a policy framework, however, there is need for greater definition.

With this in mind, the objectives set out by government were somewhat surprising. The language of Levelling Up is suddenly far more about communities, services and pride than it is about companies, investment and productivity – and this is a significant shift in tone.

The objectives for Levelling Up laid out in the Spending Review documentation were as follows:

- spreading opportunity and improving public services, particularly where they are weaker.
- boosting living standards, particularly where they are lower.
- restoring local pride.
- empowering local leaders and communities.

One problem of examining Levelling Up is that the analysis can start to get political very quickly. Certainly, by referencing public services and local leaders, the mind is drawn to a decade of local authority budget cuts and the long-awaited new model for local funding.

Accepting that an analysis of recent policy is not particularly helpful in a new policy debate, it is nevertheless important to give some thought to the longer term systemic issues that led us to this point.

Systemic patterns
We have lived through at least a century of long-term economic growth and the concentration of economic power. Global markets, free movement of capital and economies of scale have created powerful cities and even more powerful companies. This economic advancement has been transformative.

Even the most ardent are now recognising that, untrammelled, the economic power that has been created has not always been used in the general interest. The need for a Levelling Up policy is an acknowledgement that some structures must be put in place in market economies, that 'trickle-down economics' has failed those who were most relying on it, and that economic growth is for nought if it does not touch everyone at least slightly.

Any treatise on genuine Levelling Up needs to consider the decentralisation of political power and concentrations of capital. Levelling Up surely means that local communities need to be more empowered to make local decisions and invest their own economic surpluses. Meanwhile, full employment may have been achieved in the UK, but poorer communities have been often more poorly paid working for businesses which are in the hands of increasingly fewer people.

Nobody is suggesting that this government's Levelling Up policies are about to tackle the systemic patterns of capitalism but at the very least they need to recognise that the in-built momentum of that market based system is creating a pull in the opposite direction. Once again, this is a debate about how to control the excesses of the system.

What to change?
It seems that the UK is now at a crossroads. We cannot deliver the type of social justice generally associated with Scandinavia whilst at the same time aspiring to design our tax and spend approach on the free-market US model.

At a government department level, we cannot claim to be strengthening local leaders and communities whilst at the same time creating a central Department for Levelling Up, Housing and Communities (DLUHC) which scrutinises every penny of local spend.

In all of the work, Levelling Up cannot be a race to the bottom. A knowledge-driven industry establishing in a town may create wealth for its owners and worsen the equality divide between communities. That knowledge-driven investment is not the villain in this story. It is government policy and influence that must deal with the issue of balance and opportunity – the investment can still be a force for good.

Whatever else it is, Levelling Up must also be for the long term. The disparities in the UK economy have been created over many decades and even partial success in Levelling Up will take many decades more to address.

All of these thoughts lead to some logical conclusions for future activity.

We need a clear view of success. The breadth of Levelling Up means that some clear objectives must be set. Economic reporting needs to measure progress against those objectives – economic output of less successful areas, higher levels of skills achieved by disadvantaged communities, investment made in regional infrastructure, long-term employment attainment from those previously unemployed or on insecure contracts, reinvestment of local taxation in local assets.

Any course set must be for the long term. The concept of Levelling Up is far-reaching and a large part of delivery will rely on shifts in aspiration, education and skills. These are generational issues, they can be addressed, but they need a concerted long-term effort. This is not a one to two parliament policy initiative but a multi-generational approach allied with a shift in the national economic psyche.

Industrial policies must outlive the investment cycle. It is unclear where the 2017 Industrial Strategy now sits in UK economic policy, but its objectives remain valid. Industry needs a clear view on the UK's priorities for investment. Business makes capital investment for the long term and needs some clarity before it risks that investment capital – long-term government commitments in areas such as infrastructure, energy, transport, rural affairs and defence can all drive UK economic success (often in the regions). Too often, over the last 50 years, turning areas of expenditure repeatedly on and off has meant the UK must buy from overseas when equipment is finally needed again – the factories of the regions having failed.

Market economics must be twinned with redistributive intervention. Market economics benefits the successful and it is this incentive effect that creates economic growth. This economic success, whilst welcome, does not automatically benefit everyone and this is where government must curb market economy excesses. Recently, however, the redistributive efforts of government have been weakened to the point where even a debate about curtailment of powers and higher levels of taxation are represented as being dangerously radical. This debate is long overdue.

Devolved power is essential. UK decision-making and fiscal policy is too centralised. Local areas may wish to create the environment that can stimulate local growth and strengthen communities but in order to deliver anything they must go 'cap in hand' to Westminster. In turn, central government has long seen all UK taxation receipts as their money – it begrudges sending this back to local regions. Local decision-making, linked to local taxation and local investment, can enable local areas to self-determine the future and having to ask Westminster to return even a small portion of locally-generated taxation revenue is illogical and demeaning.

The very idea of a central DLUHC is a nonsense. It is a symbol of how centralised UK political thinking has become, that in order to stimulate a policy concerning delivery of improved local services and strengthened local communities, the first act of government is to create a central department. Even in delivering mechanisms such as Towns Fund, DLUHC presides over the minutiae of local expenditure – expenditure at a scale that would formerly be in the hands of locally-elected politicians and their officials.

Structures and delivery mechanisms are more important than actions. The establishment of strong regional bodies with resources to build an economic evidence base and deliver effectively are more important than the individual actions themselves. Some policies will be successful, and others will fail, but local lessons will be learned for the future – and the delivery bodies will live on and improve.

Economic development is not achieved by relying on a prioritisation of expenditure predicated on current value for money measures. The value for money measures of government completely fail under-performing areas. Competing policies that add 1-2% to either a small failing economy or a large thriving economy will always appear to offer the largest value for money in the successful area. At present, the entire system is rigged against Levelling Up. Attempting to justify investment in a badly underperforming location is always going to require an element of vision and risk – not helped by metrics based on the initially poor baseline.

We need regional centres of decision-making and capital. Over the last few decades, most of the last few great regional businesses have capitulated and sent their headquarters to London. How many FTSE 100 businesses remain in the regions? And who can blame them? London is the undisputed centre for capital and policy decision-making and influence. Until we redress this balance, the situation will continue and the regions will continue to appear empty husks in terms of UK economic performance.

Communities do not need to catch up, they need a new model. At its purest, the idea of Levelling Up is unattainable – and suggests we need yet more of the same economic medicine to stretch the outcomes further. There is an alternative view. We need a revised economic model which concentrates to a greater extent on the environment, the ecosystem, more circular use of resources and the wellbeing of all. This is a model where everyone has a huge amount to do – and there is no leader. Rather than worrying about Levelling Up the old playing field we should be considering a new and important opportunity for us all.

If we fail
Levelling Up has become a serious matter for the UK. The concept is important socially, economically and politically.

- Socially because without action the burden of intervention to deal with those left behind will continue to grow at an accelerating rate and the widening inequality will eat away at the fabric of society – with resentment feeding both sides.
- Economically because under-utilised assets across the wider economy could be brought into more productive use for the benefit of the whole country.
- Politically because the legitimacy of Westminster controlled policies will increasingly be questioned by left-behind regions – particularly where the devolution train has already left the station.

When seen in these terms, there is a lot at stake for the UK.

Conclusion
The speechwriters no doubt toasted their success at the masterstroke of the term Levelling Up. On the surface there is something for everyone. Peel away the layers, however, and there is a hard kernel of truth. Levelling Up points to large-scale changes in government objectives and, to be genuinely successful, we will need at least some redistributive policies and a new set of goals to aim for.

3. Cities

David Fletcher, Director of City Development and Growth, Derby City Council

Introduction
The last two decades has seen a renaissance in some of the UK's cities. Certainly, the growth in the service and digital sectors and associated economies of agglomeration fuelled demand in city centre office development, whilst at the same time companies recognised the advantage of locating at the confluence of public transport routes in terms of attracting staff. There was also an increase in city centre living and this created significant new residential investment.

In some ways, this growth in city economies slightly masked the disparities in regional growth. Urban renewal in cities such as Edinburgh, Newcastle, Leeds, Manchester and Bristol created an illusion of regional economic prosperity, but significant inequality remains within these cities and between different regions more generally.

The focus on 'City Regions' has also created divisions in economic development with the so-called devolution deals creating some autonomy for these areas (although less autonomy than the headlines suggest) with the non-urban areas missing out. This has recently led to Town Deals and now County Deals.

Despite the shiny new office districts and residential developments within even the most successful UK cities, there is much work required to create more inclusive city economies and create greater advantage for all. In other instances, some cities would not recognise the picture painted of an urban renaissance.

Some of the more pressing aspects required across the UK's cities are set out below – and, as is often the case, the requirements of the UK's city economies are redolent of the requirements of the UK's economy as a whole.

Areas of opportunity
1. **Investment and regeneration**

Cities continue to offer opportunities to provide residential development and a sustainable location for business. Re-developing legacy sites within cities can relieve pressure on wider greenfield development but such redevelopment is often fraught with difficulty. There is an opportunity to revisit the investment delivery models available to regeneration professionals.

Whilst individual locations have successfully created various types of special purpose vehicle or investment approach to help the private sector deliver difficult schemes there is an opportunity to introduce a national fund that helps local authorities develop more innovative investment partnerships with the private sector to aid accelerated regeneration. At the current time, potential schemes are often constrained by local authority capacity in terms of capital or resource but there is an opportunity to harness greater input from the private sector in a manner that extends the role of organisations such as Homes England (and its predecessor Homes and Communities Agency) in England and equivalent in the devolved administrations.

There is also a need for more to be undertaken in setting the scene for private sector investment. Private sector investment may be attracted more successfully by a regeneration vision that points towards improved longer term rewards where high-quality public realm, green spaces, waterfronts and vistas are included within city redevelopment areas. It is clear to all that a higher quality working and living environment is created when urban form is carefully considered, but in the world of capital appraisals such work is difficult to justify because it creates few direct outputs.

The conundrum of supporting higher quality built environment schemes, but at the same time delivering a strong capital appraisal, could be partly addressed on the basis of leveraging future private sector investment into schemes – measured by physical and job outputs of number of residential units, workspace and future employment. Greater vision may be achieved by insisting that a certain percentage of all schemes involving the public sector have 10% (or a number to be determined) spent on the wider built environment and this is deliberately removed from the development appraisal.

Certainly, city centres can continue to offer substantial win-win opportunities if greater private sector investment can be attracted in to address the more intractable problem sites and at the same time include urban form. It is clear that the intensification of some development within cities, encouraging urban living and more business, can reduce pressures on transport infrastructure, improve living standards and as a result make our places more sustainable.

2. Redevelopment

Better still in terms of sustainability, more effort, imagination and planning support is required to repurpose many existing buildings in town and city centres. Repurposing can ensure that advantage is taken of the embedded carbon of previous development and retain the character of not only the building but also the local environment.

Where the work can be undertaken cost effectively there is also an opportunity to achieve results much more quickly than through major new regeneration schemes. As with all regeneration schemes, there are needs for inbuilt safeguards to ensure that the redevelopment is fit for purpose and sensitive to location – but post-pandemic this activity could offer significant benefit.

3. Business support

Business support has been the Cinderella of economic development approaches in many locations. Multiple studies have shown that effective business support can deliver benefits not just in terms of the growth of the business but also in terms of helping to deliver economic development outputs.

Business support has, in many cases, been reduced to a signposting activity with ever reducing areas of support to be signposted towards. There is a need for greater targeting of high-growth businesses. As is so often the case, important previous studies have provided clarity on the most suitable approach but are then forgotten. Work by NESTA on 'The Vital 6%' recommended a focus on the most innovative businesses and that it is these businesses which generate the most job growth.

Renewing an approach based on work of this type would not only make best use of public sector resources but could also be aligned with the agenda of creating more 'green jobs' in the economy.

4. People centric

It may seem an obvious statement, although it is often overlooked, that all of the economic development work undertaken is intended to improve opportunity and wellbeing for people. It is important to re-state this objective against the backdrop of a narrative that can often focus on investment and business.

One of the issues involved in ensuring that policy in this area is people centric and created by considering the inter-related issues of economic development in different government departments. Despite this there is a need for stronger links between school education and wider employment and skills initiatives. School education creates a foundation for local skills base and provides the opportunity to enhance access to employment generated through local economic growth. There is an insufficient link between education and the wider economy – with school/college leavers having little idea about what the world of work can offer or what may be required.

A stronger linkage between schools/colleges and the wider economy could create greater aspiration within the education setting and lead to education choices better informed by the nature of the opportunities likely to arise in the local economy.

5. Future funding

The next important area of funding for economic development programmes across the UK will be the Shared Prosperity Fund (SPF) and there is a need to learn lessons from its predecessor, the European Structural and Investment Funds (ESIF) programme. There is a risk that the SPF results in very localised/fragmented programmes at a time when there is an opportunity to consider a smaller number of more strategic regional programmes which could offer a scale/geography to deliver economies of scale.

For any organisation familiar with the ESIF programme it will be obvious that there is a need to ensure that the SPF does not overload local partners with bureaucracy and that access to revenue funding is also critical. Greater funding for capital schemes when the delivery agencies do not have sufficient staff resource to undertake the work required is a false economy – and any scheme that requires huge amounts of application and monitoring paperwork is burning scarce resource. It is hoped that these lessons can be learned and that the SPF creates an effective vehicle to enable some of the wider issues set out in respect of cities (and more generally) to be addressed.

4. Towns

Daniel Harper, Executive Officer – Economy and Transport, Harrogate Borough Council

Introduction
There is, no doubt, some cross-over between the policies and approaches which can most benefit cities and those which can most benefit towns. To many, towns may be seen as smaller versions of the UK's cities but any such vision risks missing some of the fundamentals of place and also the trajectory of the UK's economy over the last few years which has often overlooked its towns.

One important distinction is that towns are more likely to have fewer sectors of activity. Towns are therefore not just smaller versions of large and diverse urban areas. The result of this is that towns are perhaps uniquely at risk of specific economic shocks – and in some cases the entire economic rationale for the location can be wiped out in a single event.

One of the best definitions of Levelling Up that can be considered when seeking to address the challenges faced by many towns is:

- *'To level up is to reduce inequality and improve social mobility between and within places nationally and locally, while maintaining outcomes in all places.'*

This initial definition can result in a number of observations and conclusions being drawn.

Current situation
It is important to recognise that there is no such thing as a solution for all towns. It is clear that each town is different and so a placed-based approach is needed. It is also important that each town is not considered in isolation. An economic approach for any town can achieve more when it is defined on the basis of a district, county and sub-regional wide metric and approach.

Within North Yorkshire, as an example, there is a need for a strategy for the area more widely and then a locally-based approach which helps deliver more widely but also recognises the difference between constituent towns and the role that they play. In this case, Scarborough is significantly different to Skipton within the wider North Yorkshire area.

In common with cities, the inequality that Levelling Up seeks to address is not only apparent between towns but also within towns. This is especially apparent between medium/large towns (as noted by Centre for Towns) and in many instances the issue can be hidden by a perception of prosperity in that town.

Despite much rhetoric, there is little real devolution in England away from London (and this is also true of devolution away from Cardiff in Wales and Edinburgh in Scotland). At present, devolution has meant the delegation of existing funding streams to a sub-regional tier with fixed criteria and timescales from the sponsoring Department. For towns, all this does is replace Whitehall with County Hall or the City Region Mayor's office. To ensure that effective solutions are put in place, towns need place-based budgets and support with governance arrangements with accountability lying with local politicians.

Devolution and local government reform to date has been to the sub-regional level with the consequence of power being moved away from a locality. The effect is that the approach is having the opposite effect that it is designed to have. In some cases, the local reaction to this new approach is to set up a town or parish council but these have no real power. Furthermore, the establishment of more tiers of governance for the electorate creates more confusion and obfuscates where accountability really lies.

What should come next?
- Responsibility for economic development and its importance in a location is often confused. With no clarity of role and unclear lines of responsibility, no-one is accountable for local economic failures. It is important, therefore, that economic development is established as a statutory function at the local authority level. This will lead to stronger accountability and significantly greater certainty in delivery (economic functions have historically traded places between economic agencies on a regular basis).

- There is a need for place-based budgets and these should be implemented at a town level, with limited ringfencing and local accountability. This approach will ensure that each local authority works with its towns and that locations are not over-looked.

- Where combined authorities are in place, the role of a combined authority should be to offer support to local areas with the governance required which reflects the processes in place for their own funding streams. Over time, it is hoped that greater devolution results in more local decision-making rather than continuous accountability to Whitehall for their funding streams.

- All locations should develop a ‘Levelling Up’ strategy and these should, in part, be town based as towns are the building blocks of functional economic areas. A town-based approach is important as the inequalities which exist within towns are often hidden but extremely deep-seated.

- None of the work suggested is at the expense of wider economic development initiatives. Place-based activity at the town level is not instead of the interventions the local authority or combined authority may make but should be planned alongside this work to complement that activity.

5. Coastal Settlements

Lydia Rusling, Assistant Director for Economic Growth, South & East Lincolnshire Councils Partnership

Introduction
"Seaside towns, by which we principally mean coastal settlements that emerged as leisure and pleasure resorts in the nineteenth century, have been neglected for too long. They should once again be celebrated as places that can provide attractive environments for residents and visitors alike. What makes these areas distinct is the combination of industrial decline and geography. Their location on the periphery of the country places them on the periphery of the economy, bringing consequential social problems. This combination of challenges warrants dedicated attention and support."

This is taken from the introduction of *The future of seaside towns*, a report from the Select Committee on Regenerating Seaside Towns and Communities: a fitting start to the unique challenges facing our coastal towns and resorts. The 'perfect storm' of challenges and issues that these places face make a compelling case for a 'Levelling Up' focus, particularly following the acute impact of the pandemic, coupled with the significant risk of devastation and threat to our infrastructure from climate change.

The challenges

- The defining economic characteristic of many seaside towns and coastal resorts is its visitor economy. There is a significant reliance on tourism as the key economic activity. This is naturally seasonal, which in turn presents a unique set of issues around health provision, skills opportunities, transport provision and businesses' ability to recover from the impact of Covid-19 (particularly in retail, leisure and hospitality).

- The Chief Medical Officer (CMO) 2021 annual report highlights the substantially higher burden of physical and mental health conditions in coastal communities. The health challenges of coastal towns are serious and the report shows there is more in common between them than their nearest inland neighbours. An ageing resident population, higher levels of economic inactivity (in some areas) and a recruitment crisis in health and social care combine to create a high burden of health challenges and inequalities. The spiral of deprivation is exacerbated by seasonal accommodation being available at low cost (especially out of season) and this makes it attractive to the lowest income groups and local authorities seeking to address aspects of housing and social care crises.

- The blend of rural and coastal – on the periphery of the country – exacerbates the need for connectivity both in terms of transport and digital, with a lack of investment in infrastructure, accessibility and capacity. The agenda to decarbonise transport and provide electric vehicle charging will add to the challenges and place additional demand on existing infrastructure and utilities. The peripherality undermines the case for investment – any investment case tends to be for the town itself with no inter-connectivity spin-offs.

- There is limited access to learning opportunities and a lack of employment opportunities in many of our coastal towns. This often disproportionately disadvantages young people and acts as a barrier to growth. Pupils in coastal schools are, on average, achieving 3% lower GCSE results than inland schools.

- There is a need for additional funding to manage the threat of climate change particularly in relation to coastal erosion and flooding. At present, this is creating significant resource requirements locally and the risk impacts on investment opportunities.

The opportunities

- Local authorities play a central role in regeneration efforts, leading partnership working between the private sector and other organisations. A good example has been the Towns Fund, a catalyst for investment as well as bringing together stakeholders focused on improving our places for the benefit of residents. This collaboration across the public and private sector is focused on the place, along with an in-depth understanding of the challenges, but is hampered by a requirement for allocating resources for bidding and then managing funds – funding is too focused on a challenge fund approach and the funding is not provided alongside resource for managing the activity.

- The first round of the Levelling Up Fund focused on three themes: transport; town centre and high street regeneration; and investment into cultural and heritage assets. Working across government departments is critical to facilitate support for coastal businesses, with examples including:

- The role of the Department for Digital, Culture, Media and Sport Tourism Recovery Plan in growing a dynamic, sustainable and world-leading tourism sector.
- The Independent Review of Destination Management Organisations by Nick de Bois.
- Department for Transport sustainability strategy, integrated rail plans and Bus Back Better.
- Cultural-led regeneration.

The silos differ according to spatial geography – but whether considering urban, coastal or rural economies the economic development approach is complicated by multiple departments with competing rather than complementary agendas.

- Key recommendations from the CMO's report include proposals for a cross-government national strategy to improve the health and wellbeing of coastal communities, incorporating key drivers such as housing, environment, education, employment and transport. The issues associated with coastal areas, in common with the Levelling Up agenda more widely, can only be addressed by a cross-department approach. Departmental silos are both understandable and perhaps necessary at a national level but they can be more easily addressed at a local level. Local authorities are uniquely placed to bring these agendas together as place-based geography.

- Environmental challenges have been caused by the wider economy and their impact threatens the economy more widely. There is a need for greater national funding to address the issue rather than this widescale problem unfairly impacting on the budgets of some of the local authorities least able to afford the solution.

6. Community-led Levelling Up

Lorna Young, Marketing and Rural Economic Development Consultant

Introduction
Successful Levelling Up of economically disadvantaged places does not start with capital investment, it starts with community confidence building.

Before places can take full advantage of the economic and social opportunities enabled by investment, they need to have confidence that change is possible, creativity to leverage opportunities arising from their local, place-based assets, capacity to develop those opportunities and the capability to deliver them.

Confidence building within disadvantaged places is the foundation for Levelling Up success; it is what, at a fundamental level, enables those sparks of potential to be ignited. Starting at the other end of the process – with a focus on big infrastructure projects, or centrally delivered, one-size-fits-all development programmes – risks entrenching existing inequalities.

If we really want to level up left-behind places, there is an urgent need to understand and address the compound impacts of decades of disadvantage and neglect.

Confidence building
If people do not believe that their community can succeed, then it won't.

Levelling Up could start by addressing the mindset consequences of left-behind-places; the crisis of low self-esteem and poor perception of place that inhabits economically disadvantaged communities.

Levelling Up should leverage the passion and determination of those who care deeply about the place, those with a vested interest, and enable them directly, rather than empowering centralised institutions or national organisations where there is a risk of delivering top-down activity *to* and *at* places.

What might help?
- Participatory place branding and locally-led visioning to transform internal perceptions of place potential.
- Building on what the community believes is strong about their place, rather than trying to correct what is externally perceived to be wrong.
- Embedding economic development practitioners within communities and giving them the resources to deliver dynamically and responsively to emerging opportunity.
- Testing new approaches and pushing boundaries; encouraging stimulating, provocative projects that cultivate local ambition from the bottom up and change perceptions about what is possible.

Creating solutions
Economic transformation is fundamentally a creative activity, so how can we cultivate the development of good – and great – ideas?

The impact of Levelling Up interventions could be maximised by enabling the voices of disrupters, innovators, challengers and creative practitioners to be heard; empowering the changemakers to propose radical solutions that challenge assumed conventions.

What might help?
- Micro commissions, challenge funds and research projects to stimulate new community-led ideas generation with a focus on enabling innovation (rather than leveraging investment).
- Designing-out institutional thinking and delivering to vested interests at programme design stage.
- Increasing opportunities to meaningfully involve young people and encourage a digital-first mindset.
- Embracing the potential for glorious failure, and valuing the learning that emerges from it.

Capacity building
The hollowed out nature of left-behind places requires long-term investment in local capacity building. Not only do our most disadvantaged communities suffer from a lack of capacity, but they currently must

compete with communities that are over endowed with capacity. So, before we can level up, there is a need to level the playing field.

Community development practitioners on short-term contracts within fragile organisations that must chase the next competitive funding opportunity to sustain core activity erodes the efficacy of already constrained capacity. Left-behind places require stability of personnel resource over a long period of time to develop expertise, build skills and attract the talent needed to deliver change.

What might help?

- Stabilising community development and local enabler resource, with five-year minimum funding cycles for key personnel.
- Implementing networked approaches to community-led economic development, encouraging capacity building through connection and collaboration, particularly across local supply chains.

Capability development

Economic changes, waves of Covid, climate crisis response and the digitisation of society all require diverse and dynamic capabilities within community-based enterprises and organisations. This is more than skills development; it is equipping communities with the ability to confidently adapt to rapidly changing circumstances and emerging opportunity.

What might help?

- Expanding provision of on-demand micro-learning to support enterprise skills development.
- Embedding enablers and opportunity spotters within community and economic development eco-systems.
- Raising the prominence of entrepreneurship and creative innovation within education and community development programmes.

Funding community-led solutions?

Levelling Up could start by rethinking approaches to funding that address many of the hidden barriers to access that are encountered by projects and organisations in economically disadvantaged communities.

For example, innovation in Levelling Up funding could encourage ambitious thinking at an early stage in the formation of community organisations and enterprises by being inclusive and accessible to all types of organisations and enterprises, at every stage of organisational development – from pre-start to incorporated organisation.

It could be enabling in approach by allowing flexibility in intervention rates; incentivising ambition in project scope and impact-led, solutions-focused project development by removing match funding barriers that can constrain potential.

It could be stable and predictable in its delivery, enabling organisations to build towards scheduled windows of known opportunity.

It could build in learning, refinement and knowledge sharing within project design; facilitating peer-to-peer engagement between areas and sectors to amplify the impact and cascade experience.

It could be progressive in its design, supporting capacity building and skills development over an extended period, with success in early stage delivery supporting the scaling of community ambition.

With a post-Brexit blank slate in funding design and intervention approach there is a big opportunity for the government to begin to address some of the structural issues that cause areas to become left behind. Whether it will seize the opportunity to deliver the transformative development of disadvantaged places remains to be seen.

7. Widening Opportunity and Social Capital

Joanne Leek, Economic Development Manager, Liverpool City Region Combined Authority

Introduction
This document has considered the wide-ranging issues that the UK will face in Levelling Up. It has addressed the general economic position, the spatial inequalities which have arisen and the role that communities will need to play in any future solution.

If the issues of Levelling Up are to be addressed there is a need to consider the mechanisms of funding communities and regeneration schemes as well as some business activities. The provision of investment and new investment vehicles can be a powerful force for good in the overall approach if addressed in an inclusive manner.

The problem/current situation
The narrative around equality, diversity, inclusion and widening participation is not new, but despite the issue being widely debated a suitable approach to addressing these issues has not been enshrined across all spheres of economic development. In many cases, the consideration of these issues is 'bolted-on' to a project initiative rather than being the starting point for the determination of the initiative in the first place.

Historic approaches to economic development used to suggest almost all growth was to be commended because somehow the benefits would 'trickle down' to wider society. This strategy essentially followed the maxim that a rising tide raises all ships. This trickle-down effect of the traditional approaches to economic development has not been proven to work and in some cases has deepened inequalities. The conclusion that has to be drawn is that a far more holistic approach to economic development is required and that the outcomes must be measured and learned from more effectively.

The inequalities which arise within economies are often a result of several different societal factors such as health, education, income and crime and the situation is compounded when these factors are concentrated at a community level. It is true that shared and innovative thinking and the pooling of ideas is required to solve some of the greatest inequalities within our economy, but it is also clear that current approaches to policy development reinforce siloed thinking and tend to treat the symptoms and not the root cause of the problem.

Traditional interventions aimed at addressing specific barriers or helping to support individuals do little to reduce entrenched and historic deprivation and inequality that some of our communities face. Community scale responses are required to address these multi-dimensional barriers and break the self-perpetuating cycle of deprivation and inequality.

Getting this piece of the Levelling Up jigsaw right will be vital to ensuring that it delivers for those most deprived communities so that no-one is left behind – and in the past there is evidence to suggest that the problem was not even acknowledged, never mind addressed correctly.

Enablers/working differently
It follows from the summary above that the following enablers will be required to ensure that a new economic approach focused on Levelling Up must provide:

1. **A collaborative approach**. There is a need for systemic changes where departments/ organisations which impact on one another develop approaches collectively. Any of the work that they then pursue will need to address the root cause and not the symptoms of inequality. Failure to approach the work in this manner may create strategies that despite being well-meaning are actually counter-productive in addressing inequalities.

   The work will therefore require**:**
   - More collaboration across different policy areas.
   - Supporting policy-makers and system actors in applying social value principles to complex decision making.
   - Use public funding as a catalyst for community led place-based change by allowing for joined-up projects across different traditionally separate policy areas (e.g. transit-oriented communities)

- Not slavishly following value for money measures but considering the long-term social costs of not addressing some of the deepest rooted societal issues.

2. **Support for social innovation** by providing a safe space for experimentation and scale-up through appropriate funding mechanisms and build capacity to;
    - improve the delivery of public services.
    - support the social economy to thrive through the provision of some of the innovative funding mechanisms being championed by the third sector and the associated management of expectations with regard to the return on capital.

    Where this work occasionally fails, celebrate the failure and learn. Honest evaluation of different approaches leads to the evolution of interventions by helping to refine the approach taken. This will require more flexible and holistic social funding vehicles that do the 'cocktail mixing' to find the right blend of finance for social organisations.

3. **Harnessing of social capital** to stimulate greater collaboration and cohesion of services across our communities leading to;
    - holistic community-led approaches and grass roots interventions that empower communities.
    - meaningful co-design of interventions with those that will be impacted by them.

4. **Increasing levels of community wealth-building** to help address the imbalance of ownership of key community assets to unlock community-led regeneration and use public spending to;
    - support combined authorities and local authorities to improve social value in public procurement and become advocates for other public bodies.
    - provide development capacity and capability that is needed to ensure that great ideas can be translated into meaningful action.

This approach needs economic development and the provision of public services to be seen through a fresh pair of eyes with a focus on objectives that involve improved outcomes for communities, not only through the services provided but also the mechanisms that deliver them. If Levelling Up can achieve this then the approach will have been very clear sighted and long overdue.

8. Structures

Nigel Wilcock, Executive Director, Institute of Economic Development

Introduction
In almost every walk of life a sensible approach for successful future performance should be 'learn, re-adjust and deliver'. In national economic development policy and subsequent strategies, however, there seems a desire to continually start again from scratch and ignore the lessons of the past. We may previously have been concerned about whether the government had any 'corporate memory' of past successes and failures – but it increasingly seems as though there is collective amnesia.

Economic development over the last two or three years has seemed like a chaotic under 10s football match. Every agency is feverishly running after the ball, but no-one really has a clue how to string together a game plan. Every now and then, after considerable effort, a consolation goal of Towns Fund or Levelling Up Fund may be scored – but we know that this will make no difference in changing the overall result.

Instead of the development of a much-needed game plan, however, we have entered a period of speculation about delivery mechanism. Rumours and speculation now abound about Local Enterprise Partnerships (LEPs) and the economic development approach in England despite now seeming like a moment to pause and reflect. Economic agencies with experience, trusted stakeholder relationships and a carefully developed approach for getting things done are exactly what we need when there is so much wider economic uncertainty.

Why should we pause and reflect? Well, despite the amnesia, there are a number of important lessons that can be taken from the past 20-30 years of economic development policy. It is the collective responsibility of economic development professionals to assemble these lessons for reflection.

Lesson 1: Geography
Economic strategy is best delivered across geographical areas that make sense to people and business – partly because that is the scale that delivers opportunities relevant to those participating in the change required, but also pragmatically because central government cannot deal effectively with very large numbers of individual agencies.

Lesson 2: Evidence base
Required actions can only be developed from an evidence base. This almost seems too obvious – but many local policy directions have been pursued as a result of a well-meaning passionate belief of an influential figure whereas the data may have suggested more important priorities.

Lesson 3: Central thread
When an evidence base has been developed for an economic geography, there is an ability to better identify the largest issues for a sub-regional economy – and as a result the priority areas of work that can be undertaken and the difference delivered.

Lesson 4: Objective setting
The determination of a central thread can allow a set of objectives to be determined which will address the priority issues – and can help determine how individual projects can be encouraged and developed which contribute to the overall end game.

Lesson 5: Projects
Individual projects must come last and can only really be appraised against their role within solutions for the bigger picture (central thread).

Lesson 6: Partnerships
Any effective economic delivery work is based on partnerships, but the relationships involved take time to build understanding and trust. This can sound trivial – but in fact joint delivery work across organisations which generally have different core objectives is difficult to achieve and is time consuming to assemble.

The economic development structure within England came together in a somewhat haphazard way after the abolishment of the Regional Development Agencies in 2011 and LEPs had a very inauspicious and inconsistent start to life. Since this point, inconsistencies in approach have continued to create frustrations in the ability for economic development policies to be implemented and for communities and business to fully understand the structures of the economic development.

The IED is not suddenly espousing LEPs as a perfect economic development vehicle – but the Institute is urging government to recognise the merit of considering economic geography, an evidence-based assessment of need and a central thread of policy, local objective setting that ties into central policy and only then to consider individual projects.

Evolve LEP delivery mechanisms and accountability by all means – but it is important to recognise that the core requirement for informing change requires solid evidence developed over sensible economic geographies and that this is translated into a carefully developed plan. Levelling Up and Shared Prosperity will be altogether more effective where wider economic agencies have set out evidence based, considered and clear objectives.

Returning to our everyday theme, we may cheer our under 10s football team scoring an unexpected goal or congratulate a contribution to a small capital project in a left-behind town, but we know that a lack of real strategy means these will only ever be consolations. Strategies can and should evolve but they should always be based on a comprehensive assessment of what is required, and they need fully established and trusted delivery mechanisms to implement effectively.

After 10 years we had re-established trusted economic development partnerships and delivery networks that had learned to adapt to austerity and value for money constraints. These partnerships (LEPs and others) can evolve and adjust their strategic direction to align with national priorities. Speculation suggests that we may be going back to the drawing board, but the previous learning achieved and the risk of losing relationships achieved represents an enormous cost.

On that basis we should surely pause and reflect on all the work that has been undertaken and the areas where the profession is most effective. The only sensible solution is to learn, re-adjust and deliver – and we cannot keep reinventing the profession.

9. Conclusions

Organisations such as the IED and others covering associated professions have amassed a huge body of expertise often based on the lessons learned from the past – both in the UK and more widely.

This document provides a range of different perspectives from contributors who have considered an area of interest. There are some commonalties within chapters but, remarkably, very few contradictory views.

The different contributions are already presented in summary form, and as a result a series of comprehensive conclusions is considered unnecessary, but it is worthwhile to set out the themes that recur throughout the document.

- Levelling Up and economic development is about people and communities, yet they are frequently left out of the narrative. Community confidence, aspiration, skills and opportunity need to be at the centre of everything that is considered.
- Trickle-down economics has not worked. Economic growth in the UK over the recent past has generally delivered benefits for a few whilst barely touching many. Against a backdrop of the Levelling Up agenda, much of the work undertaken can therefore be considered to have failed.
- The failure of the various initiatives is partly because the approach was never designed to address inequalities – but also partly because the challenges relating to Levelling Up involve multiple issues covered by several different government departments and organisations. There is a need for far more cross-initiative working.
- Attempting to work cross-departmentally within government is nirvana – often desired and seldom achieved. Considering interlocking issues at a local level is, however, more achievable and suggests that devolution should be deepened and accelerated.
- The current approach to devolution is flawed – with local actors now responsible for administering the same Westminster funds with the same rules as before it is unsurprising that the outcomes achieved remain the same.
- Devolution can better align local economic development with local needs and local governance. Such a model can address policy silos and should be aligned with the requirement to make economic development a statutory function.
- Ensuring that economic development is a statutory function can then make certain that the delivery of economic development initiatives takes place against the backdrop of greater certainty with a focus on the long term.
- There is no need for disheartenment from some of the initiatives failing – failure is a mechanism for refinement, but this is not recognised sufficiently within public sector approaches.

We have not attempted to prioritise the potential solutions – although the Institute will seek to do this work as a formal response to the Levelling Up White Paper.

A final thought
Economic development has long been considered as a function that needs to address areas of market failure. It is this mantra that has shaped the profession.

How might the profession be shaped for the decade ahead if we look down the telescope from the other end? Perhaps there are some elements of economic development that would be shaped more effectively if they were considered outside of the market? Should we be completing gymnastics on a pin head to demonstrate the value for money of interventions to improve public realm; better align education and training with the economy; or address the most intractable problems in communities?

Alternatively, in a world where Levelling Up is the new objective, should the better local statutory provision of economic development be a given?

10. Contact

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