

Report to: Cabinet



Date of Meeting 2 March 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Levelling Up White Paper

Report summary:

The Levelling Up White Paper was published on the 2 February 2022. This report provides an overview of its main provisions as they apply to the Council. Two particular aspects are highlighted – the selection of Devon, Plymouth and Torbay as one of nine areas in an initial wave to negotiate a County Deal and the forthcoming deployment of the UK Shared Prosperity Fund.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendations:

That Cabinet;

- notes publication of the Levelling Up White Paper and its key provisions
- acknowledges the importance of influencing the development of a County Deal for the Devon, Plymouth and Torbay area
- considers and advises on the potential list of programmes and investments set out in paragraph 4.5 that might find expression within the County Deal
- receives a further report on the County Deal as it progresses and on the development of an Investment Plan in relation to the Shared Prosperity Fund

Reason for recommendation:

To ensure that members are aware of the key provisions of the Levelling Up White Paper

To ensure that key Council priorities are identified in relation to the development of a County Deal

To ensure that the Council is prepared for the introduction of the UK Shared Prosperity Fund

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Tourism, Sports, Leisure and Culture

Equalities impact High Impact

By definition the Levelling Up White Paper is intended to help address inequalities.

Climate change High Impact

Risk: High Risk; The Levelling White Paper includes policy proposals and provisions that could have a very significant impact on the future role and function of the Council. Of particular note is that the Council has no formal role in agreeing the form and content of a County Deal. Much will depend on the Team Devon partnership in this respect.

Links to background information [Levelling Up White Paper \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) [UK Shared Prosperity Fund: pre-launch guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk) [Delivery geographies - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

1. Background and context

1.1 The Levelling Up White Paper was published on the 2nd February. Badged as a plan to transform the UK by spreading opportunity and prosperity to all parts of it, the document had been keenly anticipated. It follows up on a key commitment from the UK government to address regional and local inequalities. The opening sentence of the foreword from the Prime Minister describes levelling up the country as the government's defining mission.

1.2 The UK has larger geographical differences than many other developed countries. This spans a range of metrics, from wage levels and earnings to educational attainment and life expectancy. There is a recognition that high spatial disparities hamper growth and well-being. The UK is also one of the most centralised in terms of funding and decision making.

1.3 Given the emphasis on addressing geographical inequality, the White Paper is directly relevant to local government. The White Paper heralds a revolution in local democracy and ascribes the biggest shift in power from Whitehall to local leaders in modern times. Root and branch system change is advocated recognising that there is no simple or singular solution to reversing disparities.

1.4 The document states that levelling up will require government to;

- boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
- spread opportunities and improve public services, especially in those places where they are weakest;
- restore a sense of community, local pride and belonging, especially in those places where they have been lost; and
- empower local leaders and communities, especially in those places lacking local agency.

1.5 In addition to these four aims a new policy regime is set out including establishing 12 missions through to 2030. These are detailed at Appendix A. Of these Mission 9 (Pride in Place), Mission 10 (Housing) and Mission 12 (Local Leadership) are most relevant to District Councils.

1.6 The White Paper sets out a new Devolution Framework (see Appendix B) which gives an indication of the types of powers and functions that will be considered for each of three devolution levels. Importantly Devon, Plymouth and Torbay are identified as one of nine areas that will be the focus for an initial wave of County Deals to be concluded by the coming Autumn.

1.7 Finally the document recognises the need to simplify local funding and for investment to take place at scale and in a coordinated manner. Alongside the White Paper the government has now published pre-launch guidance for the UK Shared Prosperity Fund (SPF) together with a guide explaining which councils will be lead authorities in each region. The UK SPF is the successor to European structural funds and has again been keenly anticipated. Initial indications are that this will be distributed via an allocation methodology rather than through a competitive bidding process and that most of the fund will be allocated to district councils in two-tier areas.

2. Does East Devon need levelling up?

2.1 The White Paper refers to places that are either 'steaming ahead' or being 'left behind'. Arguably the District has aspects of both. Exeter is the last place as you travel south and west from London to have above national levels of productivity. Developments in the West End of the District have benefited from the proximity to and relative success of Exeter in terms of its economic performance over the past two decades. But these benefits are not spread or felt evenly across the District, particularly outside of the travel to work area for the city.

2.2 We know equally that a feature of the pandemic has been its disproportionate impact on certain sectors, places and people/age groups. The County Council's vulnerability index highlights Axminster, Exmouth and Honiton as having concentrations of multiple deprivation. The work of the Poverty Panel has also highlighted disparities in terms of incomes which, in conjunction with the housing crisis, has profound implications for the quality of life of some residents. More widely the South West remains the only region with above house prices yet below average wage levels.

2.3 The White Paper recognises that as well established inter-regional imbalances, inequalities can also manifest themselves at a hyper local level, even down to individual neighbourhoods. A granular appreciation of local circumstances is therefore also an important consideration in meeting the objective of levelling up. Thus whilst we may not have the same deep seated issues associated with long term industrial decline in other parts the country, the concept is still very much relevant to the District.

3. Assessment

3.1 The Levelling Up White Paper is undoubtedly an important document which will form the foundation for forthcoming legislation. Its ambitions are very wide ranging and the 12 mission give plenty of scope for Councils to play an important and influential role – not only through the powers and services we directly offer but through our ability to influence the wider determinants of economic, social, health and civic items. But the White Paper also feels in large part to be a curious mix of a history lesson, a treatise on regional economic policy and a compendium of current policies and funding commitments that have a spatial component. Some key policy areas, most notably the transition to a net zero economy, receive very little attention.

3.2 A range of individual of proposals are put forward that will have a bearing on the services and functions of the Council. *Inter alia* this includes;

- A neighbourhood governance review will look at the role and functions of parish councils in England and how to make them quicker and easier to establish.
- Powers for local authorities to require landlords to rent out vacant properties to prospective tenants, incentivising filling of vacant units.
- Local Planning Authorities will be expected to work with communities to create new local design codes to shape streets as residents wish, widen the accessibility of neighbourhood planning, and increase community say in regeneration
- Government will explore the possibility of transferring control of taxi and private hire vehicle licensing to combined authorities and upper-tier authorities.

- Creation of a new independent body in England focused on data, transparency and robust evidence.
- Introduction of Levelling Up Directors to provide a key point of contact for local areas, acting as a bridge between local leaders and central government.

There are though considered to be two main areas that need immediate consideration. These are considered below.

4. Devolution framework for England

4.1 The inclusion of Devon, Plymouth and Torbay as one of the nine initial areas to agree a County Deal is clearly advantageous. Government has set out that it will not impose top-down restructuring of local government and that reorganisation will not be a requirement for a devolution deal. But the scale of available powers and monies is related to a tiered approach which in turn hinges on the chosen governance model. Thus whilst reorganisation is not mandated it is clearly incentivised – those areas who are seen as having the strongest governance will have the greatest access to powers and funds.

4.2 Furthermore whilst the Team Devon arrangements are likely to play a key role in helping to build consensus as to the form and content of the County Deal, it is ultimately in the gift of the County Council, Plymouth City Council and Torbay Council to agree the approach. As is set out in the extract below, the involvement of district authorities is only encouraged rather than required;

The involvement of district authorities will be encouraged, but deals will only be agreed with county and unitary local authorities. No authority will have a veto over the progress of neighbours who are prepared to move quickly and adopt strong governance models. To ensure decisions are taken over a strategic geography, for any tier of devolution, the council or group of councils seeking devolution must have a combined population of at least 500,000.

4.3 It should also be remembered that Cornwall is also one of the nine pilot areas for a County Deal. If they were to aspire to a level 3 deal (i.e. with the addition of a directly elected mayor) this would give the area access to range of additional powers and finance options including a long term investment fund. Given that the economic performance of parts of Devon, such as Torridge, is below the Cornwall average this would create a potential disparity in terms of the level of support that is available.

4.4 The choice of devolution level will also affect wider partnership arrangements. For example it is anticipated that functions that are currently the preserve of Local Enterprise Partnerships would form part of level 2 and level 3 deals.

4.5 Understanding and influencing the potential content of the County Deal proposals will be a key activity over the next six months. An initial indication of potential areas that we might want to see finding expression with the County Deal are set out below;

- A regeneration programme for our coastal and market towns including supporting our high streets – this could pick up on the work already underway for the Axe Valley and Exmouth including taking forward the potential for culture-led regeneration.
- Digital connectivity improvements – this could include the accelerated roll out of gigabit capable connectivity and 5G improvements.
- Strategic transport infrastructure improvements – for example a further passing loop on the Waterloo rail line would enable a 30 minute service frequency service between Axminster and Exeter.
- Affordable housing programme – the housing crisis applies across Devon and a proposition could be made around enhanced affordable housing delivery, potentially utilising funding that would otherwise come through Homes England.
- Poverty reduction – there has been considerable work in this area to develop the Poverty Strategy Action Plan. Specific aspects of this could be scaled up.

- A low/zero carbon programme – this could include number of areas ranging from developing active travel infrastructure such as improved cycling infrastructure to serve our market towns and the development of the Clyst Valley Trail to support for housing retrofit measures. The programme would need to align with the Devon Carbon Plan and our own Carbon Action plan.
- Environmental stewardship – this could address key themes around caring for the environment, encouraging biodiversity, restoring habitats, rewilding and nature recovery which again could include devolving some national level funding streams alongside setting ambitious targets locally.
- Delivery vehicle to support large scale development identified through the Local Plan. This could include extending the revolving infrastructure fund proposals that were considered by Cabinet last July.
- Support for the Clean Growth vision for the west of the District and the associated anchor opportunities – this was considered by Cabinet at the February meeting.
- Health and wellbeing - to coordinate our shared agenda that promotes healthy lifestyles, health equalities, good mental health and physical activity. The high level ambitions in our Public Health Strategy seeking better health for all can resonate in a County Deal.

Input is sought from Cabinet members to help refine this list.

5. Local Growth Funding

5.1 The White Paper recognises the complex funding landscape that currently exists and the potential drain on resources that this presents in terms of having to bid in to multiple funding streams, sometimes with very limited chance of success. There were no successful bids from Devon to the first round of the Levelling Up Fund for example.

5.2 The Pre-Launch Guidance for the Shared Prosperity Fund (SPF) confirms that this will provide £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition. The SPF will be comprised of three Investment Priorities of communities and place, local business and people and skills. East Devon will have its own 'delivery geography' and can apply to the SPF directly. To access their allocation, each place will be asked to set out measurable outcomes they are looking to deliver, and what interventions they are choosing to prioritise in an Investment Plan. These will need to be submitted this summer for UK Government approval.

5.3 It is important to emphasise that the guidance makes the clear expectation that responsibility for delivery will align with devolution deals. If a Level 3 mayoral combined authority were agreed as part of the County Deal this would mean that East Devon would no longer have its own 'delivery geography' and would not be able to apply to the SPF directly.

5.4 It is expected the prospectus for the UK SPF will be published shortly. Developing the associated Investment Plan will therefore be another key area of work.

6. Conclusion

6.1 There is no doubt that the White Paper is both wide ranging and potentially far-reaching. Time will tell whether it has presented a compelling strategy that will deliver against the 12 missions. Whilst further detail on specific proposals is yet to emerge, the two areas that are highlighted in this report will demand concentrated attention in the immediate future. The County Deal in particular could be of seminal importance for the Council.

Financial implications:

There are no direct financial implications from the recommendations in the report. However the White Paper and the Shared Prosperity Fund will have a significant influence on the Council's future and funding opportunities going forward, further updates and decisions on how we can achieve the best for the District will be presented as more details are determined.

Legal implications:

The report does not raise any specific legal implications requiring comment.

Appendix A: The 12 Missions to Level Up the UK

- 1.** By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.
- 2.** By 2030, domestic public investment in Research & Development outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
- 3.** By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
- 4.** By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.
- 5.** By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.
- 6.** By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
- 7.** By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by 5 years.
- 8.** By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
- 9.** By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.
- 10.** By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.
- 11.** By 2030, homicide, serious violence, and neighbourhood crime will have fallen, focused on the worst-affected areas.
- 12.** By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

Appendix B

Table 2.3 Devolution Framework

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

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

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

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

* refers to functions which are only applicable to combined authorities

[^] refers to functions which are currently only applicable to mayoral combined authorities