

Presidential Roundtable Summary: *How will we know if we have successfully 'levelled up'?*

February 2021

In the Spending Review late last year, the Chancellor set out what he described as the highest level of public investment in 40 years, with funding for roads, rail, broadband, flood defences and green energy, giving clear signals about the Government's priority to 'level up' through infrastructure.

We were delighted to have John Penrose MP, Chair of the Conservative Policy Forum, which advises the Cabinet, who led us in discussion on what will be the signs the policy is starting to make a difference, and how success should ultimately be determined.

Our discussion highlighted that we need a long-term plan to fix social inequalities, a bit of risk-taking on approaches and infrastructure interventions to solve the problem, coupled with local accountability to 'own' when things fail. Local accountability should be supported by giving greater freedoms through fiscal and other devolution to raise and spend money. ICE will be using the points from this discussion to inform our [ongoing work in this area](#).

The main points are summarised below:

Outcomes, metrics and scale

- The discussion focused on broad socio-economic factors to target in setting any outcomes. These included health inequalities, worklessness and other forms of challenges being faced by people across the country. It was suggested that we need to do something about helping people to 'bounce back' from misfortune, be it overcoming addiction, post-prison and generations trapped in worklessness. Many of these problems are entrenched and won't come with quick fixes, with the point being made that the most deprived areas 100 years ago are the same ones today. A dose of realism is required 'we will be having this debate for some time'.
- There were economic factors, too, with jobs, pay, productivity and growth seen as apparent areas to focus. When it was first announced, the slogan was to 'level-up prosperity', but that third word has since been dropped from the narrative. Is it time for that to make a return? If so, this is where private enterprise can contribute to fixing the problem from an economic perspective, particularly small businesses. Wealth creation happens in the private sector. However, there was a general view that such a complex issue required joining up more sensibly; why not fund colleges to produce outcomes such as local employment links rather than just qualifications?
- We also discussed the geographic scale of all of this. Perhaps one reason 'levelling-up' hasn't been clearly defined is that it will be a very personal definition for each individual. Making this about regions turns this into an anti-London agenda where the North gets the focus, but the South West potentially gets ignored. The reality is far more complicated than comparing regions to regions. In the discussion, we heard that we would require different levels of 'levelling-up' from households up to regions. This is not just about North vs South but about social and economic prosperity *within* villages, towns and cities so starkly demonstrated by the gross disparities in future opportunity for children sitting in the same classroom today.

The role of infrastructure

- Transport and connectivity came up a lot. Examples provided included the extension of Manchester's Metrolink to Manchester Airport, which unlocked both the city centre and the airport as employment sources for Wythenshawe. But with the enabling role of infrastructure and transport comes the flip side of people with good skills securing jobs elsewhere and eventually leaving. Places are then likely to level down as talent moves elsewhere. There was a view that we need to create ecosystems to support prosperity rather than looking for a silver bullet. This approach links economic infrastructure projects with social infrastructure to boost the economic and social capital of places.

- At a basic level, that link could be made by reminding ourselves that infrastructure construction also creates an opportunity to provide jobs and prosperity, not just (worthy) outcomes. Could we better align construction spending with unemployment? Infrastructure development is a real opportunity to deliver both long-term effects as well as short-term impact.
- And beyond the physical infrastructure, we need to think about the things that don't fall into capital budgets. Bus routes aren't considered economic infrastructure, but when we view transport and infrastructure questions as programmes for communities rather than one-off projects, we quickly see how buses can create a significant multiplier that a new road may not. Different geographic levels will need different things. There are a 'variety of grains and a variety of measures' that have to be factored in.

Enabling the role of infrastructure

- This discussion naturally covered the steps we can take to enable the role of infrastructure better. Devolution, including fiscal, is essential to provide the joining up required to create integrated solutions for communities, recognising that local government accountability and responsibility are vital. Giving them the means to wash their face financially is one way to spur faster and tailored action on the ground. This is both 'challenging and a huge opportunity.'
- Other financing options were also needed for local authorities. It was suggested that the new UK Infrastructure Bank (given the freedom to roam) could invest significantly and take risks required to unstick the problem of turning around places. This would be an excellent place to start, to get local authorities taking on more responsibility and accountability for progress.
- Lastly, to unlock more support for infrastructure investment, we need to figure out how to humanise the benefits, move away from benefit-cost ratios and Green Book language. There was a strong view that we know infrastructure makes a difference to 'levelling-up', but we can't prove it however can we measure different aspects? How do we increase our ability to take some risks with the infrastructure we develop? We won't get everything right, some things will go wrong, but if we rely solely on 'on paper' benefits, we may end up with a lot of missed opportunities. Leadership will be required.