

## **RESPONSE FROM THE COMMON FUTURES NETWORK TO THE UK070 COMMISSION CALL FOR EVIDENCE**

### **CURRENT CONDITIONS**

#### **Question 1: What interventions will make a fundamental change in productivity of underperforming economic areas?**

There are a range of interventions that are required to be brought together in an integrated programme of action. These can be classified in terms of the five factors identified in a 2004 Treasury funded study which highlighted five key factors that were critical to re-positioning a region in national economic terms. These are:

- Connectivity (nationally)
- Education, Skills and Innovation
- Employment Performance – the efficiency of the labour market
- Levels of Enterprise
- Place making

#### **Question 2: What cross-cutting criteria could be used to define threshold standards of community wellbeing?**

There are a range of measures that can be used in auditing the levels of inequality in addition to the traditional measures of income/ household (which is seen as a catch all for many consequential well-being outcomes)

It is agreed that the issue is not only to identify inequalities but to identify where this impacts on well-being. It is considered that the following may be appropriate to consider on functional areas in terms of economic and social activity community (e.g. strategic HMAs or TTWAs) and seeking to identify the shadow costs arising from the spatial patterns of economic development:

- Access to core services
- Commuting lengths (given the JRF findings re the social costs arising)
- Carbon Footprint
- Levels of connectivity
- Relative health

#### **Question 3: Which decisions are best taken at a national level and which at a city region or wider regional level?**

This should be based on an analysis of the interdependence of the regions and their dependencies on: nationally shared infrastructure, labour market, economic ecosystems. These relate to:

- National Outcome Requirements (e.g. LT scale of economic / demographic change)
- Regional Balances (e.g. North-south or central cities to surrounding regions)
- Spatial Integration issues (e.g. Trans-regional development corridors); and
- National Priorities (e.g. Core infrastructure or flagship development)

These normally relate therefore to definition of:

- The National Economic Hubs.
- The National Networks
- The National Projects

- A National Development Balance Sheet

**Question 4: What can we learn from international and our own past experiences?**

The main lessons are:

- (i) The value of a clear set of national spatial programmes and priorities based on:
  - Long- term Theme building on Existing Initiatives
  - Multi-level Approach to Optimise Subsidiarity & Devolution
  - Links between the component Nations/states
  - Role of Cities & Regions clearly identified
  - Strategically linked to resources & delivery
- (ii) the importance of local control of outsources
- (iii) although the form and content of national spatial frameworks are very diverse they are the norm and should have the following components:
  - Supra-National Perspectives
  - Addressing Environmental Challenges
  - Leveraging Economic Opportunities
  - Delivering Equitable Access to Basic Services
  - Fostering Collaborative Implementation
  - Effective Measures of Success

**Question 5: What lessons can be drawn from 50 years of policy initiatives to address geographical inequalities?**

The main lessons from past experience are that:

- There needs to be a sustained programme - impacts from programmes arise over a 10-15year period. Too often programmes are closed down sooner than this
- A collection of projects do not substitute for a programme of action. However worthwhile any individual project is, it needs to be part of a suite of actions which collectively and cumulatively deliver change on the scale and form required
- Local action and commitment is essential but alone is not sufficient It needs to be given confidence through a clear, consistent and sustained set of national priorities and resourcing
- Local control of resourcing is key

**FUTURE RISKS**

**Question 6: What levels of geographical inequality will persist over the longer term on the basis of current and potential socio-economic trajectories?**

All the current estimates are that the current levels of inequality will persist overall with a few exceptions of potential change (e.g. the major northern cities) but most places will not benefit. This is being reinforced by:

- The trend-based nature of the projections that are used which lock-in past patterns of development
- The short term nature of decision making which has to respond to short term pressures arising from the past patterns of growth (e.g. the transport issues facing London)

- Funding regimes which implicitly favour high cost areas because of the 'economic return' and land value uplift is greater in the 'overheated' or high cost areas of the nation
- The Green Book rules on additionality which require the demonstration of net additionality to the UK economy. This is accepted as being appropriate but it disadvantages inappropriately the funding of investment outside London since, without an agreed context for deciding what and where would create a net addition to the UK GDP (there is in-effect a catch 22 ) there is an inbuilt brake on locally promoted action (which in fact devolution seeks) since it is difficult to prove additionality as a bottom-up exercise

**Question 7: To what extent will the patterns of inequality be affected by changing external market conditions or government policy**

This is one of the greatest areas of known uncertainty.

All external estimates (e.g. OECD) suggest that things will get worse

The risk is that it will become self-fulfilling if the UK waits and reacts to events. A clear, longer-term national spatial framework is one of the key tools to ensure that this is not the case

**Question 8: What range of assumptions should be used in framing policies and programmes about the scale of economic performance in disadvantaged parts of the UK?**

It is considered that a starting point would be for the economic planning of the nation to be based upon a lower estimate using the assumption that the current level of inequality in terms of economic performance will not get worse. This is in contrast to the current trend of year on year shift of the economic base away from such areas and the English northern regions)

At the higher level it would be a practical working assumption to use an assumption that the relative balance of the economy would be re-balanced to that which existed recently

**Question 9: What forms could a UK-bespoke regional and national spatial development programme take?**

This could be based on an Opportunity-based model for example as set out in Appendix.

**Question 10: What are the pros and cons of these possible options?**

This form of programme has a proven track record which just requires commitment over a sustained period. Its main advantage is its clarity, ability to be rolled forward and being not dependent on parliamentary cycles

**FUTURE OPPORTUNITIES**

**Question 11. What range of development programmes or major long-term projects within all regions and nations could be recognised as national priorities?**

The following range of programmes are needed. They should be integrated into a set of coherent, integrated spatial frameworks for the UK and its constituent 'pan-regions' (the 3 devolved administrations and the 4 English mega-regions) which set out clearly the links to the resources and programmes of implementation agencies

Programme 1: Introducing a truly place-based Industrial Strategy to harness the agglomerative capacity of the UK, as a global mega-region, and a refreshed regional development programme reducing peripherality, identifying areas of industrial specialisation, linking research and development, and setting priorities and goals for under-performing parts of the country. At present the industrial strategy is not place-based sufficiently and the proposed Local Industrial Strategies, although desirable, will not be effective without a better national context

Programme 2: Integrating Infrastructure to move the agenda beyond re-engineering the nation to re-balancing opportunities within England; also, opening up new development areas required to meet the additional 9m population by 2040

Programme 3: Building Networked Systems of Cities. Understanding and maximising functional linkages between nations and cities. Building upon, but not confined to, the devolved national frameworks and existing trans-regional priorities (Northern Powerhouse, Midlands Engine, and the Cambridge-Milton Keynes-Oxford Corridor), and other nationally significant opportunities (e.g. Heathrow-Swindon-Bristol), as well as the HS2 corridors. This will probably be best achieved through 7 linked sub-national spatial frameworks. The Programme 4 below would ensure the development of a linked approach from this devolved system

This includes securing a coherent approach to action throughout the London Capital Region that supports the commercial, labour and housing markets upon which the future of London as a global city depends, namely through a high level non-statutory, public-private forum which would also strengthen London's relationships with other major UK cities.

This should be linked to a more comprehensive approach to Devolution: Reinforcing the potential created by the emerging framework of Combined Authorities through a more structured and incentivised basis for collaborative action, whilst retaining a safety net for vulnerable towns.

Programme 4: Prepare an overarching framework for co-ordinated action which will Identify the Common Components of Action and Opportunities. based on identifying the issues that must be decided at a national level in terms of the National Economic Hubs, Corridors and Networks in support of the National Flagship Projects and the National Priorities for Collaborative Action.

This will need a more structured approach to linking Devolved National Frameworks through the British/Irish Council's Working Group to provide a common context for cross-border cooperation, creating synergies and identifying cross-boundary and external relationships and nation-wide approaches to increasing self-sufficiency in food, raw materials and energy.

**Question 12: What mechanisms could be introduced to improve the level of and capacity for concerted action across public and private sectors?**

Coordinated action will be achieved through:

- the measures put forward in the programmes set out in the answer to Question 11 above
- a linkage of government funding streams through departmental spending to the longer-term spatial frameworks
- a new approach to harnessing the potential of uplifts in development value (i.e. land value capture)
- adding to the remit of the OBR and Audit Commission to undertake a Spatial Impact Assessment of policies that they advise on monitor or review (equivalent to equality audits etc)

**Question 13: How can decisions at each level of government be better integrated spatially?**

In addition to the answers to Questions 11 and 12 this would be achieved through the explicit linkage of expenditure programmes to their consistency and support of the spatial frameworks, and by the introduction of the concept of 'contracts' between central and local government - building on city deal etc but on a longer term and more comprehensive basis

**Question 14: What form of national spatial policy for England would be most useful in terms of its content, processes, status and impact, and its relationship with the rest of the UK?**

This relates to the answers to Questions 11, 12 and 13 including setting out a Spatial Framework. These should promote a portfolio of actions recognising geography based on:

- Economic strategies building on sub-national strengths
- An urban programme to support the networked systems of cities
- Safeguarding the global role of the London mega-region
- A new rural agenda as a basis for connecting the rural hinterland
- An integrated infrastructure strategy to create a new level for connectivity in the UK
- Securing the natural capital and ecosystems and linked to the urban agenda (e.g. introducing National Urban Parks)

**Question 15: Should there be national targets for reducing the differentials in inequality?**

This would be desirable but it needs more work to be definitive. However, in principle it is important to ensure that policy decisions in different sectors do not have implicit targets which reinforce the existing patterns of inequality. For example the current housing targets are based on the assumption that there will be continued non-performance and resulting out-migration for the northern regions of England to the greater South East

As a corollary there should be an agreed set of explicit policy assumptions used by all governmental decision makers (central and, local) which are based on re-balancing the pattern of economic growth, intra-regional migration and housing / labour requirements

**Question 16: What actions can be taken within current administrative frameworks to coordinate a shared Vision for the future of the UK?**

This could be undertaken in various ways (e.g. by Royal Commission or independent body) but it needs to be (and can be) done within a short time frame

**POTENTIAL PRINCIPLES FOR A UK CITY & REGIONAL GROWTH OPERATIONAL PROGRAMME (CRGOP)**

UK Regional Growth Programme (CRGOP): The RGP aims to strengthen and harness the economic and social potential of the UK, by focusing its investments on priority areas set out in the UK's strategies for industry, housing and infrastructure development.

The CRGOP is the UK's main investment policy and sets targets for all regions and cities in the UK in order to support: job creation, business competitiveness, economic growth, sustainable development, and the improvement of citizens' quality of life.

In order to reach these goals and address the diverse development needs in all EU regions, an additional £30 billion has been set aside for Cohesion Policy between 2019-2026.

This funding will be delivered through the following main funds, in addition to the prioritising of mainline budgets of government departments and agencies, including alignment of local programmes of action.

CRGOP will have a strong impact in many fields. Its investments help to deliver many of the UK's policy objectives and complements policies such as those dealing with education, employment, energy, the environment, international trade, research and innovation. CRGOP provides the necessary investment framework to meet the goals of the UK government for smart, sustainable and inclusive growth in the nation.

The targets for the UK in 2025 (a 7-year programme) are:

- Employment: 75% of the 20-64 year-olds to be employed
- Research & Development: 3% of the UK's GDP to be invested in R&D
- Climate change and energy sustainability:
  - Greenhouse gas emissions 20% (or even 30%, if the conditions are right)
  - 20% of energy from renewables
  - 20 % increase of energy efficiency
- Education:
  - Reducing the rates of early school leavers below 10%
- Fighting poverty and social exclusion: At least 2 million fewer people in or at risk of poverty and social exclusion

Proposals (programmes or projects) funded under the CRGOP will require to have embedded within them the following:

- Innovation and research;
- Digital core-infrastructure;
- Support for small and medium-sized enterprises (SMEs);
- Low-carbon outcomes

The CRGOP programmes will be delivered through integrated territorial sub-national Investment and Development Frameworks based upon the Devolved, democratically elected combined authorities and overarching trans-regional bodies for:

- Midlands Engine
- Northern Ireland
- South West England
- The Northern Powerhouse
- The Capital Region of London & the [\*\*??Wider] & South East
- Scotland
- Wales

Level of Support - the CRGOP resources allocated will be related to:

- the priorities set out in the Industrial, Social, Infrastructure & Natural Capital Strategies
- support for trans-regional partnerships (e.g. the Northern Powerhouse & Midlands Engine)
- shall be consistent with and help the delivery of the spatial strategy (including non-statutory) prepared collaboratively by the Combined Authority, Joint Boards, and,
- the need to reduce economic, environmental and social problems (including remoteness) in urban areas, with a special focus on sustainable urban development through 'integrated actions' managed by cities.