

**Written evidence submitted by the Heseltine Institute for Public Policy, Practice and Place,
University of Liverpool (PEG0120)**

1. Summary

COVID-19 represents a generational crisis that demands specific intervention packages to promote recovery and renewal in local economies, including the Liverpool City Region. In particular, we suggest that significant government interventions to enable inclusive economic, social and environmental recovery post-pandemic are required in relation to three key policy areas: devolution and 'levelling up' in England; an inclusive economy and the industrial strategy, and; employment and a 'good jobs' recovery. Our recommendations include necessary actions concerning, inter alia, further fiscal decentralisation and long-term sustainable funding for local government; increased powers over health and social care for combined authorities; greater encouragement for modal shift from the private car towards greener alternatives; the promotion of recovery policies that are 'place-based' and linked to the strengths and weaknesses of local economies; the adoption of metrics that go beyond GDP and GVA, including attentiveness to wellbeing outcomes, in measuring success; and further exploring asset-based approaches and community wealth building as a policy lever to improve resilience, retain wealth locally, increase economic security, and create good quality jobs.

2. About the Heseltine Institute and our motivations

The [Heseltine Institute](#) is an interdisciplinary public policy research institute which brings together academic expertise from across the University of Liverpool with policy-makers and practitioners to support the development of sustainable and inclusive cities and city regions.

The Institute has a particular focus on former industrial cities in the process of regeneration, such as the Liverpool City Region (LCR). Through high impact research and thought leadership, knowledge exchange, capacity building, and evidence based public policy, the Institute seeks to address key societal challenges and opportunities pertaining to three overarching themes: 21st Century Cities, Inclusive and Clean Growth, and Public Service Reform.

To this end, the Institute has disseminated substantive reports and research encompassing, among other subjects, the devolution agenda in England,¹ the scale, scope and value of the regional social economy,² strategies to tackle the climate and ecological crisis,³ and the creation

¹ Parkinson, M., Evans, R., Meegan, R., and Karecha, J. (2016) [The State of Liverpool City Region Report: Making the Most of Devolution](#). Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool and the European Institute for Urban Affairs, Liverpool John Moores University.

² Heap, H., Southern, A., and Thompson, M. (2017) [The Scale, Scope and Value of the Liverpool City Region Social Economy](#). Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool.

of a “smart city” and “big (local) data” ecosystem in the LCR.⁴ Additionally, our ongoing evaluation of the Liverpool City Region Combined Authority’s (LCRCA) [Households into Work Programme](#), and continued progress on the UK Research and Innovation funded project, [The City Conversation in Clubmoor](#), speak to our active engagement with many key issues raised by the BEIS Committee Inquiry into Post-Pandemic Economic Growth.

Thus, the Heseltine Institute’s primary motivation underpinning this response derives from our sustained focus on the most critical social, economic and environmental challenges which cities and city regions face with a view to informing and impacting upon public policy. Furthermore, since April 2020 we have published 18 [COVID-19 Policy Briefs](#) in collaboration with the LCRCA (see Appendix A); informing the work of civic leaders and policy makers as they respond to the profound local challenges arising from this global pandemic. This repository of knowledge, best practices and translational research focused on the LCR, illuminates our response.

3. Structure of our response to the Inquiry terms of reference

Our response is structured around three strategic areas of concern pertinent to achieving an inclusive economic, social and environmental recovery post-pandemic, and which speak directly to the Inquiry terms of reference: devolution and ‘levelling up’ in England; an inclusive economy and the industrial strategy, and; employment and a ‘good jobs’ recovery.

4. Devolution and ‘levelling up’ in England

The COVID-19 crisis has demonstrated the vital importance of strong local and sub-national government. Councils and combined authorities have been on the frontline of delivering services during a national crisis and will be central to ensuring the UK recovers from the economic, health and social impacts of the pandemic.

The Heseltine Institute welcomes the [recent promise of Simon Clarke](#), Minister for Regional Growth and Local Government, that the English Devolution and Local Growth White Paper to be published this autumn will provide “a place-based strategy to boost regional economic performance in every corner of the country”. The recommendations contained in Lord Heseltine’s report *Empowering English Cities* offer a comprehensive sets of proposals to boost the devolution agenda and should be considered again in the context of the economic recovery.⁵ Furthermore, the Minister’s pledge to strengthen local institutions, not only at the mayoral and

³ Boyle, M., Crone, S., Jarvis, S., Endfield, G., and McClelland, A.G. (2019) [Towards a Green Future for Liverpool City Region](#). Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool.

⁴ Boyle, M., Jarvis, S., Singleton, A., and Jones, A. (2020) [A Position Statement: Building a Data Ecosystem in Liverpool City Region to Unlock the Value of Big \(Local\) Data](#). Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool.

⁵ Heseltine, M. (2019) [Empowering English Cities](#). Birmingham, UK: West Midlands Combined Authority.

combined authority level, but also for local authorities, is a welcome commitment that chimes with the statement in the White Paper that a “an overly centralised state is not... best placed to respond effectively to the challenges that individual communities face”.

To achieve the objectives of the White Paper to unleash economic potential across England, level up powers between combined authorities, and increase local powers and funding, particular focus is required in the following areas:

Division of responsibilities and powers

The patchwork nature of devolution deals since 2014, and prior to that various attempts at local and regional governance reforms since the 1970s, have left England with a wide range of overlapping sub-national institutions. The introduction of elected ‘metro’ mayors in areas like the LCR has added additional complexity. While elected mayors provide welcome focus and accountability for strategic issues such as housing and transport, this new institutional landscape means further clarity is required on the division of powers between mayors, combined and local authorities, and how they can best work together to provide strategic direction on matters of local economic development.

Particular issues remain in:

- Spatial planning – where conflicts arise between local plans and strategic plans at the combined authority level
- Transport – where strategic visions between combined authorities and local authorities are not aligned, for example on provision of cycling facilities
- Local Industrial Strategy – where it is unclear whether current combined authority powers are sufficient to encourage specific forms of local economic activity

COVID-19 represents a generational crisis that demands specific intervention packages to promote recovery and renewal in local economies. However, where possible national schemes should be aligned with the extensive institutional knowledge developed within local and combined authorities and evident in the development of place-based policy streams such as Local Industrial Strategies. While there is a place in any multi-level system for national-scale interventions, the implementation of policy may require different approaches in different places, and combined authorities and metro mayors are better positioned to understand what is required to deliver local recovery and to better tailor policies to local conditions.

Local government funding

Local authorities have demonstrated their ability throughout the crisis to do a huge amount of work with limited resources. The [recent announcement of an additional £500m in funding](#) for stretched local councils is welcome. However, a comprehensive settlement on local authority funding is required to ensure this kind of 'sticking plaster' approach is not replicated in future. The White Paper, along with the autumn spending review, should explore how fiscal decentralisation can be enhanced and local and combined authorities can raise and spend more of their own money while ensuring funding remains available for the most vulnerable in society.

A sustainable solution for local government finance is urgent: data from the Ministry of Housing, Communities and Local Government indicates that [local authorities face a budget shortfall of close to £11bn](#) in 2020/21. Without financial certainty and the right level of funding, councils will not be able to deliver the best outcomes for communities, to which local and national government aspire. While increased retention of business rates would be a welcome source of income for some local authorities in times of economic growth, the COVID-19 crisis means other forms of long-term sustainable funding will be required. The Heseltine Institute therefore recommends a comprehensive review of local government funding and opportunities for fiscal decentralisation as part of the English Devolution and Local Recovery White Paper, linked to the Local Industrial Strategies currently being developed by combined authorities such as the LCR.

Levelling up powers

A key principle of the government's 'levelling up agenda' as initially conceived was that combined authorities across England would have the same devolved powers as Greater Manchester. Key to this aspiration will be ensuring proper devolution of key public services, including health and social care, education and skills, and police and crime. The benefits of public service devolution have been demonstrated by Greater Manchester in its response to recent events, as its combined authority has been able to co-ordinate and deploy resources to manage public health policy where required. Devolution of health and social care powers and budgets has demonstrably enabled improved co-ordination between the mayor, combined authority, local authorities and Clinical Commissioning Groups. Ensuring other combined authorities have some powers over health and social care can play an important role in facilitating a good recovery.

Working with sub-national transport bodies

The introduction of Transport for the North (TfN) and other sub-national transport bodies has provided a welcome regional approach to the delivery of strategic infrastructure. As TfN and other organisations develop their plans for rail, road and other forms of inter-regional

connectivity, the White Paper should set out how local and combined authority transport plans align with broader strategic objectives. This is particularly key for ensuring that major schemes such as Northern Powerhouse Rail complement and connect with local 'last mile' projects that improve walking, cycling and bus facilities. A sustainable recovery relies on providing more opportunities for commuters to shift from private car use to other modes of transport and combined and local authorities have a major role to play in realising this agenda.

5. An inclusive economy and the industrial strategy

The long-term opportunities and grand challenges set out in local industrial strategies focus on the opportunities to deliver place-based transformational change while improving the national and international competitiveness of the economy. Whilst the aims of local industrial strategies, developed through the lens of growth, will remain relevant to the UK's future economic growth, we know that the COVID-19 pandemic has emphasised, and risks amplifying, the underlying challenges facing our economy and society. A meaningful, lasting recovery must be predicated on addressing these challenges rather than deepening them. Only by doing this can we build a more inclusive, more effective, and more resilient economy that is fit for the future.

Guiding principles

The 'levelling up' agenda will become more of a challenge as a result of the COVID-19 crisis. The onus on policy makers to exploit the distinctive strengths identified in local industrial strategies and to link local growth opportunities with inclusive economy aims is now stronger than ever. A recent review of inclusive growth by the Joseph Rowntree Foundation⁶ identified that across the foundations of the [Industrial Strategy](#), inclusive approaches should prioritise:

- People – improving basic skills and progression in work
- Infrastructure – investments that deliver employment and training opportunities, build more affordable homes and make buses a key piece of local infrastructure
- Business environment – targeting growth sectors that will provide good jobs, using business grants to incentivise good employment practice, offering support and public recognition to businesses delivering good employment and practical support to improve job quality in low pay sectors
- Place – harnessing the collective hiring, training and purchasing power of anchor institutions

⁶ Hawking, M. (2019) [Briefing: How Local Industrial Strategies can deliver inclusive growth](#). York: Joseph Rowntree Foundation.

Recovery policies must be place-based and linked to the strengths and weaknesses of local economies. The policy levers that will need to be pulled to promote recovery in the LCR are likely to be different to those in the West Midlands or North East of England. It is therefore imperative that engagement with local and combined authorities and elected metro mayors is maintained over the coming months and years as interventions that will affect local economies are designed and implemented.

We enter a period where a severe recession is highly likely and Office for Budget Responsibility predictions suggest that the UK may not return to sustained economic growth until the end of 2022 (central scenario).⁷ Planning for a resilient economic recovery from COVID-19 will require fresh thinking to connect growth and inclusion. Even before the pandemic, the LCRCA framed the emerging Local Industrial Strategy in terms of promoting a more inclusive economy than growth, with the key difference being a transformation of the local economic system to ensure more opportunities for participation rather than more straightforward redistribution of the proceeds of growth.

The importance of this distinction is that, for the LCR Local Industrial Strategy, creating a truly inclusive economy will be both conditional for, and emblematic of, meaningful economic success within the City Region. It requires the active disruption of long-standing, deep-rooted challenges that have prevented the people and places of the LCR from realising their full potential (most notably: entrenched deprivation, stark health inequalities, and environmental degradation).

Demonstrating impact

It is possible for growth and inclusion to be two sides of the same coin. Building a more inclusive economy and delivering long-term economic ambitions aligned to the grand challenges of local industrial strategies can be compatible aims. The Prime Minister has committed to “[build back better and build greener](#)”. The proposed green new deal will require significant long-term investment to deliver the green industries and jobs of the future, prospectively providing a good example of how inclusive growth and industrial strategies complement each other. Local action to accelerate the transition to net zero carbon, expanding the green jobs and skills offer, and maximising clean sustainable energy sources, can all deliver inclusive growth outcomes. Similarly, activities promoting accessibility, active travel and sustainable travel will support wider health and wellbeing objectives and the natural environment.

⁷ Office for Budget Responsibility (2020) [Fiscal sustainability report – July 2020](#). London: Office for Budget Responsibility.

A reconfiguration of national policies and programmes towards an inclusive economy agenda, supported by better local co-ordination of interventions at the appropriate spatial level, will be crucial to the economic recovery. New metrics for success that look beyond Gross Domestic Product (GDP) and Gross Value Added (GVA) will also be required to consider the impact of our economy on health, wellbeing, and the environment. Further, including wellbeing outcomes and distributional considerations in the government's 5 year gateway reviews, which assess the progress of combined authorities and inform decisions to release further funds, would help embed this approach into a firm policy commitment.

6. Employment and a 'good jobs' recovery

The economic rebound following the 2008 global financial crisis was partly accelerated by the growth of insecure and low paid employment. Individuals employed on these types of contract are the group experiencing the immediate negative economic impacts of the COVID-19 crisis.⁸ While the road ahead is undoubtedly going to be challenging, there is now an opportunity to reshape our economy and create a new generation of 'good jobs' offering stability, fulfillment, opportunities for workforce progression, and which may also improve our national resilience to future economic shocks.

Characteristics of 'good work' and why it matters

In 2016, PwC published *Putting Purpose into Work*, which considered the benefits to employees and businesses of purpose and value forming part of the ethos of the work environment.⁹ The report suggested that creating a culture which emphasised the value of their work to employees optimises opportunities to drive greater business value. As part of their own business culture, PwC defines good work as work that's paid fairly, is reasonably secure and motivating, and which uses human skills.¹⁰

However, we need to take this definition further and explore why these characteristics of good work matter both to the individual worker and wider society. The Heseltine Institute suggests that the following should be the minimum expectation of a good job:

- Guarantee of minimum hours – enabling workers to budget to meet their financial commitments

⁸ Bell, T., Cominetti, N., and Slaughter, H. (2020) [A new settlement for the low paid: Beyond the minimum wage to dignity and respect](#). London: Resolution Foundation.

⁹ Schuyler, S., and Senne, J. (2016) [Putting Purpose to Work: A study of purpose in the workplace](#). PwC US.

¹⁰ Sethi, B. (2020) "Why 'good jobs' matter in the post-pandemic world." Accessed 17 July, 2020 [online].

www.pwc.com/gx/en/issues/trust/common-purpose/why-good-jobs-matter-in-the-post-pandemic-world.html.

- Access to sick pay and a secure workplace – the COVID-19 crisis has brought into sharp focus already existing inequalities concerning employment contracts, low pay and access to benefits in the UK¹¹
- Training and development opportunities – in order to maintain work and progress to high value jobs, employees should be provided with equitable access to training
- Equitable distribution of employee rights – agency workers/temporary staff must be afforded the same access to employee welfare opportunities as their colleagues directly employed by the organisation/company were they are contracted to work
- Having a voice – employees should be protected by robust HR processes and be able to raise suggestions about work place practises without concerns about the implications of doing this may have upon them as individual
- Flexibility – where and whenever possible, employees should be afforded flexibility to achieve balance between work and personal commitments¹²

To create good jobs and level up across the UK regions, these basic expectations must be written into contracts between business and their employees. More broadly, the procurement policies of large institutions and public bodies should be reassessed and repurposed with a view to better utilising their significant buying power to the address the root causes of socio-economic inequalities, creating good jobs and maximising social value.¹³

Local partners are already working towards improving opportunities for good quality employment. For instance, the LCRCA is collaborating with employers, employees, trade unions and other relevant stakeholders to develop a Fair Employment Charter.¹⁴ Though policies must focus on the mechanisms available to create a high volume of jobs, we must not lose sight of the [public health and economic reasons](#) why these policies are so important.

How do we create good quality jobs?

The Industrial Strategy sets out the UK Government’s aspirations to create jobs for the future by fully utilising our innovation assets, harnessing expertise and the potential of place.¹⁵ These ambitions must remain a core part of planning for job creation post-COVID. However,

¹¹ See, for example, Joseph Rowntree Foundation (2018) “Workers in poverty.” Accessed 17 July, 2020 [online]. www.jrf.org.uk/data/workers-poverty.

¹² See, for example, Swift, M. (2020) *Transitioning Towards a Four Day Working Week: Evidence Review and Insights From Praxis*. Policy Briefing 017. Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool.

¹³ See, for example, Meehan, J., Kennedy, O., Davies, J., Pinnington, B., and Davies, N. (2020) *Coordinating Public Procurement: Drawing Closer in a Time of Distancing*. Policy Briefing 004. Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool.

¹⁴ Liverpool City Region Combined Authority (2020) *Fair Employment Charter: Consultation Document*. Liverpool: LCRCA

¹⁵ HM Government (2017) *Industrial Strategy: Building a Britain fit for the future*. London: HM Government.

complementary to their achievement, policy-makers should also recognise the value and work towards improving the quality of employment within the retail, social care, logistics and food sectors. These are part of the often overlooked '[foundational economy](#)'.

The response of these sectors to the COVID-19 crisis has brought into sharp focus the importance of the foundational economy to wider society, highlighting its relative resilience to economic shocks. The even distribution of such activity across the UK means that investment in employment and skills within these areas of the economy would make a meaningful contribution towards the achievement of the government's ambitions to reduce regional economic disparities.

Taking the example of social care, a sector that the pandemic has shone a particularly strong light on, targeted investment in the workforce would enable the formation of a career pathway benefiting the care giver while improving the quality of care provided to some of the most vulnerable people in society.¹⁶ The [Welsh Government](#) has already begun to articulate its plans for supporting and developing the foundational economy; an approach that could be adopted and rolled out in other devolved nations and regions of the UK.

Importance of Place Based Recovery

Lessons from previous UK recessions suggest that the impact of the COVID-19 will vary significantly between cities and regional economies; differences that will potentially be exacerbated in the recovery. Recent evidence indicates that recovery of many post-industrial towns in Northern England and the Midlands was slow after the 2008 global financial crisis, with problems persisting in relation to low productivity and slow labour markets in the decade following the crash.¹⁷

The economic rebuilding therefore needs to be targeted to specific local issues. Although [measures recently announced by the Chancellor of the Exchequer](#), including the 'Kickstart Scheme' for young people, are welcome, the development of a post-COVID local economy requires greater local input and access to funding. For example, there is a need to support over 25 year olds as well as young people, given that they make up the majority of the unemployed and economically inactive people in the LCR. The benefits of a locally-tailored approach is illustrated by LCRCA's [Households into Work Programme](#), which successfully harnesses local assets and partnerships to tackle long-standing challenges and improve outcomes for citizens.

¹⁶ See, for example, Akpan, A. (2020) [Care Homes and COVID-19: How we can Prepare for Future Outbreaks](#). Policy Briefing 011. Liverpool: Heseltine Institute for Public Policy, Practice and Place, University of Liverpool.

¹⁷ Beatty, C., and Fothergill, S. (2020) "Britain's older industrial towns are lagging badly behind cities, despite low unemployment figures." *LSE British Politics and Policy blog*, Accessed 17 July, 2020 [online]. <https://blogs.lse.ac.uk/politicsandpolicy/older-industrial-towns-since-recession>.

The allocation of public investment must be cognisant of local needs and carefully navigate the intersection between health, social care, skills, housing, digital capacity, transport and capital infrastructure, which are key to developing and retaining good quality employment.

As part of a broader assets-based approach to local economic recovery, the potential role of community wealth building as a policy lever to improve resilience, retain wealth locally, and increase economic security, should be given serious consideration.¹⁸ The economic and social value of community wealth building interventions have persuaded the Scottish Government to consider its implementation as part of their wider package of economic policies.¹⁹ If adopted at the national level, this approach can bring cascading benefits across all English regions, including the LCR, and ultimately support the Government’s levelling up agenda.

July 2020

APPENDIX A: Heseltine Institute COVID-19 Policy Briefings

Briefing no.	Author(s)	Title
001	Heseltine Institute team	<i>Introducing the Heseltine Institute’s COVID-19 Policy Briefs</i>
002	James Coe	<i>Towards a New Civic Agenda for Universities?</i>
003	Dr Alex Alexiou et al.	<i>COVID-19: How Modelling is Contributing to the Merseyside Response</i>
004	Dr Jo Meehan et al.	<i>Coordinating Public Procurement: Drawing Closer in a Time of Distancing</i>
005	Dr James Hickson	<i>Principles for Uncertain Times: Building an Effective Post-COVID Economy in Liverpool City Region</i>
006	Dr Matthew Thompson	<i>Universal Basic Income: A Necessary but not Sufficient Response to Crisis</i>
007	Alan Higgins & Matthew Ashton	<i>Liverpool City Region Wealth and Wellbeing Programme: Adapting to COVID-19</i>
008	Tom Arnold & Sue Jarvis	<i>Devolution in England after the Pandemic: Time to ‘level up’ and ‘fill out’</i>
009	Prof Peter North	<i>Building Back Better: What Role for the Liverpool City Region Economic Recovery Panel?</i>

¹⁸ CLES (2020) “What is community wealth building?” Accessed 17 July, 2020 [online]. <http://cles.esptest.co.uk/what-is-community-wealth-building>.

¹⁹ See, for example, Scotland’s Centre for Regional Inclusive Growth (2020) “Community Wealth Building.” Accessed 17 July, 2020 [online]. www.inclusivegrowth.scot/our-work/community-wealth-building/2019/11/community-wealth-building.

Briefing no.	Author(s)	Title
010	Dr Alex Nurse & Dr Richard Dunning	<u><i>Cycling and Walking: A Faster Route to a Safer and Stronger Liverpool City Region</i></u>
011	Dr Asangaedem Akpan	<u><i>Care Homes and COVID-19: How we can Prepare for Future Outbreaks</i></u>
012	Fiona Brannigan	<u><i>The Liverpool City Region Doughnut: A Means for Securing a Green and Resilient Recovery?</i></u>
013	Tom Arnold	<u><i>Pan-Northern Transport After COVID-19: Future Scenarios and Alternative Directions</i></u>
014	Prof Michael Parkinson	<u><i>After COVID-19: Is Liverpool Still Beyond or Back on the Brink?</i></u>
015	Dr Grace Patterson & Prof Jonathan Rushton	<u><i>Food Access for All: Overcoming Barriers to Food Access in the Liverpool City Region</i></u>
016	Oliver McDowell	<u><i>Food after COVID-19: Building a Fairer, Sustainable Food Economy in the Liverpool City Region</i></u>
017	Mark Swift	<u><i>Transitioning Towards a Four Day Working Week: Evidence Review and Insights from Praxis</i></u>
018	Dr Daniel Parnell et al.	<u><i>Football After COVID-19: An Agenda to Protect Our Game and Our Communities</i></u>

July 2020