

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

# LEVELLING-UP AND REGENERATION BILL

*First Sitting*

*Tuesday 21 June 2022*

*(Morning)*

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### CONTENTS

Programme motion agreed to.  
Written evidence (Reporting to the House) motion agreed to.  
Motion to sit in private agreed to.  
Examination of witnesses.  
Adjourned till this day at Two o'clock.

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**not later than**

**Saturday 25 June 2022**

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**The Committee consisted of the following Members:**

*Chairs:* MR PETER BONE, SIR MARK HENDRICK, MRS SHERYLL MURRAY, † IAN PAISLEY

† Andrew, Stuart ( <i>Minister for Housing</i> )	† Mortimer, Jill ( <i>Hartlepool</i> ) (Con)
† Atherton, Sarah ( <i>Wrexham</i> ) (Con)	† Norris, Alex ( <i>Nottingham North</i> ) (Lab/Co-op)
† Dines, Miss Sarah ( <i>Derbyshire Dales</i> ) (Con)	† O'Brien, Neil ( <i>Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities</i> )
† Farron, Tim ( <i>Westmorland and Lonsdale</i> ) (LD)	Pennycook, Matthew ( <i>Greenwich and Woolwich</i> ) (Lab)
† Fletcher, Colleen ( <i>Coventry North East</i> ) (Lab)	† Smith, Greg ( <i>Buckingham</i> ) (Con)
† Gibson, Patricia ( <i>North Ayrshire and Arran</i> ) (SNP)	Vickers, Matt ( <i>Stockton South</i> ) (Con)
† Henry, Darren ( <i>Broxtowe</i> ) (Con)	
† Kruger, Danny ( <i>Devizes</i> ) (Con)	Bethan Harding, Adam Mellows-Facer,
Lewell-Buck, Mrs Emma ( <i>South Shields</i> ) (Lab)	<i>Committee Clerks</i>
† Maskell, Rachael ( <i>York Central</i> ) (Lab/Co-op)	
† Moore, Robbie ( <i>Keighley</i> ) (Con)	† <b>attended the Committee</b>

**Witnesses**

Tracy Brabin, Mayor of West Yorkshire

Professor Dame Ottoline Leyser, Chief Executive, UKRI, and member of the Levelling Up Advisory Council

Mairi Spowage, Director, Fraser of Allander Institute

Ben Still, Managing Director, West Yorkshire Combined Authority

## Public Bill Committee

Tuesday 21 June 2022

[IAN PAISLEY *in the Chair*]

(Morning)

### Levelling-up and Regeneration Bill

9.25 am

**The Chair:** Good morning, colleagues. I have a few preliminary announcements. *Hansard* would love to have any speaking notes emailed to them at [hansardnotes@parliament.uk](mailto:hansardnotes@parliament.uk). Keep your phones and devices on silent please.

Today, we will first consider the programme motion on the amendment paper. We will then consider a motion to enable the reporting of written evidence for publication, and then a motion to allow us to deliberate in private about our questions, before the fun and games of the oral evidence sessions. In view of the time available, I hope we can take these matters formally without debate, but that is entirely up to you.

Let us deal first of all with the programme motion. I call the Minister to move the programme motion, which was discussed yesterday by the Programming Sub-Committee for the Bill.

*Ordered,*

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 21 June) meet—

- (a) at 2.00 pm on Tuesday 21 June;
- (b) at 11.30 am and 2.00 pm on Thursday 23 June;
- (c) at 9.25 am and 2.00 pm on Tuesday 28 June;
- (d) at 11.30 am and 2.00 pm on Thursday 30 June;
- (e) at 9.25 am and 2.00 pm on Tuesday 5 July;
- (f) at 11.30 am and 2.00 pm on Thursday 7 July;
- (g) at 9.25 am and 2.00 pm on Tuesday 12 July;
- (h) at 11.30 am and 2.00 pm on Thursday 14 July;
- (i) at 9.25 am and 2.00 pm on Tuesday 19 July;
- (j) at 9.25 am and 2.00 pm on Tuesday 6 September;
- (k) at 11.30 am and 2.00 pm on Thursday 8 September;
- (l) at 9.25 am and 2.00 pm on Tuesday 13 September;
- (m) at 11.30 am and 2.00 pm on Thursday 15 September;
- (n) at 9.25 am and 2.00 pm on Tuesday 20 September;

(2) the Committee shall hear oral evidence in accordance with the following Table:

Date	Time	Witness
Tuesday 21 June	Until no later than 10.10 am	Professor Dame Ottoline Leyser, UK Research & Innovation
Tuesday 21 June	Until no later than 10.50 am	Tracy Brabin, Mayor of West Yorkshire; West Yorkshire Combined Authority
Tuesday 21 June	Until no later than 11.25 am	Professor Mairi Spowage, University of Strathclyde
Tuesday 21 June	Until no later than 2.40 pm	Greater Manchester Combined Authority; West Midlands Combined Authority; Solace

Date	Time	Witness
Tuesday 21 June	Until no later than 3.20 pm	Professor Graeme Atherton, University of West London; We're Right Here; Institute for Public Policy Research
Tuesday 21 June	Until no later than 4.00 pm	Local Government Association; County Councils Network; District Councils Network
Thursday 23 June	Until no later than 12.15 pm	Royal Town Planning Institute; Royal Institution of Chartered Surveyors; Savills
Thursday 23 June	Until no later than 1.00 pm	National Association of Local Councils; Neighbourhood Planners London
Thursday 23 June	Until no later than 2.30 pm	Andy Street, Mayor of the West Midlands
Thursday 23 June	Until no later than 3.10 pm	Create Streets; Heritage Alliance; Royal Institute of British Architects
Thursday 23 June	Until no later than 3.55 pm	Wildlife and Countryside Link; ADEPT; CPRE
Thursday 23 June	Until no later than 4.15 pm	Town and Country Planning Association
Thursday 23 June	Until no later than 4.45 pm	Chartered Institute of Housing; National Housing Federation
Thursday 23 June	Until no later than 5.15 pm	Onward; Centre for Policy Studies

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 13; Schedule 1; Clauses 14 to 24; Schedule 2; Clauses 25 to 30; Schedule 3; Clauses 31 to 53; Schedule 4; Clauses 54 to 74; Schedule 5; Clauses 75 to 83; Schedule 6; Clauses 84 to 87; Schedule 7; Clauses 88 to 91; Schedule 8; Clauses 92 to 97; Schedule 9; Clauses 98 to 100; Schedule 10; Clauses 101 to 113; Schedule 11; Clauses 114 to 133; Schedule 12; Clauses 134 to 137; Schedule 13; Clauses 138 to 144; Schedule 14; Clauses 145 to 160; Schedule 15; Clauses 161 to 164; Schedule 16; Clauses 165 to 184; Schedule 17; Clauses 185 to 196; new Clauses; new Schedules; remaining proceedings on the Bill;

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 20 September.—(*Stuart Andrew.*)

**The Chair:** The Committee will therefore proceed to line-by-line consideration on Tuesday 28 June at 9.25 am.

*Resolved,*

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Stuart Andrew.*)

**The Chair:** Copies of written evidence that the Committee receives will be made available in the Committee Room and will be circulated to members of the Committee by email.

*Resolved,*

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(*Stuart Andrew.*)

9.27 am

*The Committee deliberated in private.*

### Examination of Witness

*Professor Dame Ottoline Leyser gave evidence.*

9.31 am

**Q1 The Chair:** Do any Members wish to make declarations of interest in connection with the Bill? I do not see any Members signalling that.

We will now hear oral evidence from Professor Dame Ottoline Leyser, chief executive of UK Research and Innovation. Before calling the first Member to ask a question, I remind all Members that questions should be limited to matters within the scope of the Bill and that we will stick to the timings in the programme motion that the Committee has just agreed. For this session, we have until 10.10 am. Dame Ottoline, you are very welcome. Would you introduce yourself for the record?

**Professor Dame Ottoline Leyser:** It is a pleasure to be here. My name is Ottoline Leyser. As you said, I am the CEO of UK Research and Innovation, which is the main public sector funder for research and innovation in the UK. We invest about half of the public sector research and innovation spend, right across the UK.

**The Chair:** Thank you. I call Minister Neil O'Brien to open the session.

**Q2 The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Neil O'Brien):** Thank you, Professor Leyser, for coming this morning. I start with a very open-ended question. To what extent do you think the Bill will help achieve some of the goals set out in the levelling-up White Paper?

**Professor Dame Ottoline Leyser:** Goodness, that is a big question. My interest and expertise are particularly around the R&D aspects of the Bill. One of the really encouraging and exciting things going on across the Government at the moment is the attempt to tackle some of these huge cross-cutting issues, and levelling up is very much one of those things. That absolutely requires concerted, co-ordinated action, right across the Government, through virtually all the Departments, in a way that is aligned and co-ordinated and which really delivers on very broad priorities. Levelling up is a really good example. Net zero is another one.

Those kinds of things require different ways of working. This Bill is one framework in which that kind of joined-up thinking can be set out and embedded in the way in which government works. Yes, I think it absolutely has the opportunity to deliver on the ambitions set out in the White Paper. That depends very much on the alignment between the mechanisms and framework set out in the Bill and the missions element that is core to pushing forward the White Paper agenda.

**Q3 Neil O'Brien:** The Bill sets out various measures to widen the devolution agenda. It also puts into law the various missions set out in the levelling-up White Paper. For context, will you explain how in your particular area of expertise that fits with the wider agenda of ensuring that research and development spending serves the goals of levelling up, and what that means for UKRI as an organisation?

**Professor Dame Ottoline Leyser:** Absolutely. Research and development has an important role to play in the levelling-up agenda, in the context of economic regeneration right across the country. What we see at the moment is huge disparity in all kinds of measures, but one of them is total factor productivity across the UK, and R&D-intensive business and industry are critical to generating those high value-add activities that support economic growth across the UK, bringing with them a whole variety of high-quality jobs. One of the things that is important to emphasise is that innovation-led growth is not just about jobs for innovators; it is a huge ecosystem of activity that goes around that, which will provide economic growth and high-quality jobs and opportunities for people in local innovation clusters right across the country.

That is the goal. The role that UKRI needs to play is critical in that. We have this extraordinary opportunity, with the formation of UKRI four years ago, of bringing together all the disciplines and all the sectors. In the same way as I mentioned that cross-Government co-ordination is needed, cross-R&D co-ordination is needed to deliver some of the activities. We span the whole system in UKRI, so we can build back better aligned investment that can support open economic growth—as I said—right across the UK. We need that balance, co-ordinating across different inputs, to drive growth which is led by R&D and innovation. That is multiple things, some of which are in my remit and some of which are certainly not—that is another key point.

The co-ordination locally is important, but in the broader national context—that is also important. This is not about fragmentation; in fact, it has to be the opposite of fragmentation. While local empowerment and local choice are critical, that has to be embedded in a much wider national context. We cannot have a situation in which, across the country, every region decides that it aims to specialise in the same thing. That would obviously be incredibly counterproductive for everyone. That balance between national co-ordination and local empowerment is critical across my kind of investment and across the broader range of leaders as set out in the White Paper.

**Q4 Neil O'Brien:** One of the missions takes forward the Government's ambition to increase our public domestic R&D spending outside the greater south-east by a third over the spending review period. How do you feel about that mission? On the level of ambition, are there things you would change about it; is the balance right; should we be doing things in a different way; should we be locking it in more tightly? Given all those different sorts of questions, is that balance between that objective and other priorities for UKRI right? How do you feel about the mission broadly speaking?

**Professor Dame Ottoline Leyser:** It is good to have those kinds of clear targets and goals. That is helpful. I think it is a long-term ambition, and that is another critical element of both the Bill and the missions, having those clearly articulated long-term goals to steer towards. The SR element of it is obviously much more rapid, and made in the context of the rising R&D budget across the SR, so I think it is achievable.

From my point of view, it is important to stress that our spend distribution does not meet the target from the Department for Business, Energy and Industrial Strategy. There is the broader Government target for

[Neil O'Brien]

the whole of investment, of 30% and 40% set out in the missions, and then there is a specific BEIS target of 55% outside the greater south-east. Our spend does not meet that at the moment—we are only part of the BEIS spend—but the critical element from that point of view is that in our open competitions for funding, we have flat success rates across the country. The news that we are investing more in the greater south-east than outside that area is because we do not receive the applications.

A lot of what we need to do is capacity building. We need to think hard about how we support the excellent research and innovation that we see right across the country to galvanise and bid into our schemes, making sure that the schemes we put forward are equally open to everyone right across the country and that the targeted interventions that we put in place, of which there are some—they are only going to be a small proportion of our overall investment—are carefully considered in the context of the wider capacity-building activity to drive up opportunity for everyone right across the country.

There is excellence everywhere, however, and we can see that, for example, in parts of the recent research excellence framework. One hundred and fifty-seven universities across the UK made submissions to have their research assessed in that exercise. There is world-leading research in 99% of them, according to the assessment process, which can lead activity. Harnessing the benefit of that will be critical to the levelling-up agenda and to the wider economic recovery from the pandemic that we need to drive.

Getting back to your question—are those the right ambitions?—I suppose I am inherently more in favour of outcome and output ambitions than I am of input ambitions but, none the less, I think having those clear targets behind which we can align our activity in UKRI and more broadly across Government is very helpful in embedding this agenda right across everything that we do. That will be critical to success.

**Q5 Alex Norris** (Nottingham North) (Lab/Co-op): Thank you, Professor Leyser, for your time this morning. In your role as a member of the Levelling Up Advisory Council, with respect to levelling up, do you think that at the moment things are getting better, or are they getting better quickly?

**Professor Dame Ottoline Leyser:** That is quite a difficult question to answer. At the moment, things are very challenging right across the country. We have the inflationary pressures caused by a combination of the tail of the pandemic and the war in Ukraine. That has come on the back of the pandemic, which also caused a lot of economic and social shockwaves across the country. Both those things, if anything, amplify disparities for a whole variety of reasons. Because of those factors, it would be difficult to argue that things are getting better.

Having said that, and looping back to what I said at the beginning, I am very encouraged by the ambition—reflected in the Bill and the White Paper—to take on some of the really big, long-standing and multifaceted problems; to get to the root of them and tackle them through this concerted, aligned action. That is not typical, because we have tended to work in silos when dealing with particular aspects, which does not work as

well as integrated, concerted actions. A lot of the important problems, such as health inequalities, are multifaceted, and we do not solve them by simply looking at, for example, the health system. I am encouraged by the new approaches that are being taken to try to address some of the problems, but I do not think they are yet biting.

**Q6 Alex Norris:** You mentioned the importance of the missions in your first answer. The missions themselves do not appear in the Bill in explicit form, as they do in the White Paper; rather, it is stated that there should be missions. You will have heard the concern from the Opposition, and indeed from others, that that approach will give Ministers a lot of freedom and perhaps the ability to mark their own homework. How do you think we could get some independence into the system?

**Professor Dame Ottoline Leyser:** I think that, because these are really long-term missions, writing them into the Bill has a lot of risk. As we have just discussed, maybe the missions are not ambitious enough in some contexts; as time moves on, that gap might widen and it may be important to increase the ambition in a mission. There need to be embedded mechanisms to keep under review the success of the missions and then to increase them, for example, if that is the appropriate response, or to respond to an entirely new opportunity that was not envisaged when the missions were set. So not writing the missions into the Bill is actually a sensible approach.

Having said that, I agree with you that the whole point about missions is that they have to be really clear, identifiable and quantifiable targets that we are driving towards through multiple, concerted actions, and there has to be continuous monitoring of the progress being made. That has to be a key element of how the missions are run. I would absolutely hope that there would be external scrutiny, as well as transparency in the publication of the progress towards these goals, and then at least parliamentary scrutiny, which I am sure will be rigorous, of that progress and of the actions that need to be taken if the progress is not as robust as one would like.

Should there be some completely independent external body? In the spirit of the missions, only if it has a really clear purpose and remit beyond what can be achieved through the transparent publication of progress towards the targets and the scrutiny that there will already be on those targets. I agree that what is happening needs to be really clear, as does what needs to be done if progress does not happen fast enough. There are many options for how that is achieved and I am sure the Committee will have the expertise to make choices about which of those options is preferable.

**Q7 Alex Norris:** Thank you. I have just one more question, turning to your work and your previous response on regional growth. You have been part of a really successive triangle of work in Cambridge that brings together business and academia and has had great development success—success that we are seeking to see elsewhere in the country. What are the features of a local economy that really motors like that? What do we need to have elsewhere in order to see that success?

**Professor Dame Ottoline Leyser:** This is a topic of tremendous interest in UKRI: how do you build clusters of activity that create self-sustaining positive feedback cycles that really grow things, anchored in a place? A lot

of work has been done examining this over the years, in many places. As usual, it is a combination of factors. In many cases there is a lot of evidence that anchor institutions seed a lot of that activity, be that an excellent university, some kind of prime industrial presence or an excellent research institute—for example, a public sector research establishment or a catapult. Some kind of anchor activity fuels a critical element of the cycle, which could be on the research side or the innovation side, or hopefully a combination of the two. That is one of the key components.

The other absolutely critical element is about people—skills and people. A local environment anchors people there by providing the kind of living and working environment that attracts people to a region. Anchor institutions contribute to that, but so does the skills environment—the skills, training and opportunities that are available. For me, joining all those things up is particularly important. In the context of people, such an environment is one in which people go for a particular reason for a particular job, but the opportunities around that environment are such that there are other jobs that are also exciting.

It is about getting that dynamic mobility of people between, say, the university sector, the SME sector—small and medium-sized enterprises—and the more prime business sector, with people moving around and all the allied activities needed to fuel that, such as the local policy and the investment communities that go with that. Joining all that stuff up in the local ecosystem, through strong leadership locally—a critical element—and those key anchor institutions, provides exciting opportunities for people to build a whole variety of careers, working through that ecosystem.

Those are the key ingredients, and UKRI obviously has a role in supporting several of those, but they can only be successful in the context of that broader alignment between local leadership and the wider attractors needed in a local environment to bring people in and keep them there: transport networks, cultural institutions—those kinds of things.

**Q8 Patricia Gibson** (North Ayrshire and Arran) (SNP): You will be aware of the allegations—the suspicions in certain quarters—about how transparent and impartial the allocation of the towns fund awards were. Given that similar concerns have been expressed by the Public Accounts Committee about the potential for this with levelling-up funds, what measures do you think would be helpful to allay the fears that distribution of levelling-up awards might be open to similar charges of lack of transparency and of impartiality?

**Professor Dame Ottoline Leyser:** I am not sure exactly which funding you are referring to. From the point of view of the funds that are being allocated through UKRI, as I mentioned earlier, the funds that are explicitly placed—targeted—are not a very large proportion of our overall funds. For me, the key goal is to think about it in the context of the capacity-building element that I said is so important. There should be local empowerment and local consideration about what would be the best interventions in those places.

We have run the strength in places programme for a while, and it has run on a fully open competition. One of the advantages of fully open competitions is that they provide an equal opportunity for everybody to begin with, which is good. On the other hand, they are

slower and more bureaucratic, in that you have to run the open competition. There is an interesting balance to be struck between that process and the ability more rapidly and fluidly to allocate money to places, so that they can use the money in a way that targets their local priorities.

We are in the process of working out how best to work to deliver the new funds that have come through the recent spending review, which are being targeted specifically at three regions. Those regions were selected based on evidence that that kind of injection of cash could really drive the capacity building that I described. There are very high-quality objective measures of how you can consider that capacity in different places and, therefore, the impact of the funding that goes in. I would absolutely agree with you that it is really important, in the context of a levelling-up agenda, that funding is seen to be allocated fairly with the opportunity for everyone to access the benefits of those funds.

**Q9 Patricia Gibson:** To follow up on that, there are communities that would really benefit from levelling-up funding, and the indices of multiple deprivation to assess need are not being used here. Do you have any concerns or comments about that?

**Professor Dame Ottoline Leyser:** I am specifically interested and involved in the funds associated with R&D investment, and the important thing about R&D investment is that there has to be the ability to use it effectively locally to drive and build local capacity in R&D activity. That has got to be the governing choice. It is clear that simply transferring money to places that are most in need of levelling-up, with the instruction that it should be spent on R&D, is not an effective way to tackle the specific, targeted issues in every region. As an accounting officer for this money, I have to deliver value for money, and that value for money has to be based on the ability of regions to use that money effectively to drive their capacity building in R&D activity. Wider investments should be made on different criteria, but for R&D investment it has to be R&D criteria.

**Q10 Patricia Gibson:** On the topic of R&D, do you think there is any merit in involving the devolved Parliaments at the decision-making stage, in terms of a strategic overview of the effective use of resources?

**Professor Dame Ottoline Leyser:** UKRI is deeply engaged with the devolved Administrations on R&D investment. We have regular meetings and are working very hard to ensure that everything we do right across our investment portfolio, quite independently of the levelling-up agenda, is properly sensitive to the variation in need across the UK. Actually, we in UKRI have a lot to learn in the context of the incredibly successful activity going on in all the devolved Administrations on thoughtful, targeted investment, making use of the multiple streams that are available to drive up local economic growth.

I visited Northern Ireland fairly recently, where they have done a fantastic job of increasing the R&D intensity in a very effective way through this kind of careful, concerted investment in particular areas that are a focus for Northern Ireland. I absolutely agree that deep consideration of the devolved Administrations is very

[Patricia Gibson]

important, both in making sure that what we do supports the whole the UK, and in learning from very successful interventions in Northern Ireland, Wales and Scotland.

**The Chair:** I call Tim Farron. Will you bear in mind I have another question after you? Thank you.

**Q11 Tim Farron** (Westmorland and Lonsdale) (LD): Professor Leyser, thank you for being with us. The Bill states its commitment to widening opportunity and tackling disparities between regions. Obviously, economic disparities and opportunity disparities exist within regions and communities. The biggest driver of that must be access to housing that people can afford. In the last two years, there has been a 50% drop in the number of long-term lets available and an 11% rise in rents, which are clearly linked. If we are to tackle disparities, surely we will want to tackle the lack of affordable housing for so many people. What in the Bill enables that to happen, through either the missions or the powers that local authorities might be given to tackle that disparity?

**Professor Dame Ottoline Leyser:** As I said previously, I completely agree that this is a multifaceted problem that has to be thought of in a joined-up way, which is why the overall approach set out in the Bill is good. My role is CEO of UKRI, so I am not in a position to provide any expertise or advice on how to solve the housing problems, but I would hope that you would have the opportunity to ask those who are able to address that question to give evidence to the Committee.

**Q12 Tim Farron:** Thank you. I represent a rural community in Cumbria. The problems there are specific. As a member of the advisory board, do you think there is room for different rules to apply in different parts of the United Kingdom, so that certain local authorities might have different powers from others to, for example, control the number of holiday lets and second homes, so that there is a decent number of affordable and available properties for a permanent population?

**Professor Dame Ottoline Leyser:** Again, the specifics of that question are well outside my area of my expertise. From an R&D point of view, I hope I have been stressing all along that the key to success is specificity—it is understanding local regions and therefore understanding what the bottlenecks are to their growth and targeting investment very specifically in the context of those bottlenecks. That obviously requires really deep local knowledge and local empowerment.

I am absolutely in favour of careful consideration of local needs in the investments that are made. That is very much how UKRI is going about thinking about our R&D investments. I would hope that that approach is considered more widely, because I do not see how one can tackle these problems unless it is through putting in place specific, targeted, well thought-through locally aligned interventions.

**Q13 Rachael Maskell** (York Central) (Lab/Co-op): Professor Leyser, given that economic cluster development grows exponentially, what risks do you foresee of the legislation choking off development space for the growth of economic clusters, particularly inward investment on key strategic sites? Housing developers getting a quick return and receipt, for example, could choke off the opportunity to grow a cluster outwards.

**Professor Dame Ottoline Leyser:** As I have said, this careful alignment of multiple interventions is crucial precisely because if one rushes in with a particular input, its knock-on consequences are not always foreseen, and we need to be able to respond to them and adjust accordingly. It is critical to think hard upstream about the aligned series of investments being made, and to monitor and feed back, so that where the evidence begins to grow and the chosen interventions have some of those knock-on and unforeseen consequences, they are identified and rectified before things get dug in too deeply. Exactly as you say, growing those clusters is very much about creating the right ecosystem and the right sets of interactions between the different parts. That drives positive feedback and sucks in additional investment in the virtuous cycle that we are all seeking to build. That is critical.

The answers are very specific and depend on the particular element of the overall system that you are looking at. From our point of view, we are really keen to ensure that our investments build synergy between local specialisations and growth, and national capability and capacity. It is important that our investments outside the greater south-east do not in any way undermine the extraordinary powerhouse that the greater south-east is for our R&D activity, and that, rather, those two things are synergistic with one another and that the skills and specialist areas developed in particular parts of the UK work in synergy with activity in other parts of the UK. That local-national map is critical to ensure that we do not drive the negative consequences of interventions, which, as you have highlighted, are a risk.

**Q14 Rachael Maskell:** Do you believe that there is anything missing from the legislation that could enhance economic opportunity?

**Professor Dame Ottoline Leyser:** These are long-term problems to fix, and they need multiple concerted and co-ordinated interventions. To me, a critical element is getting long-term cross-Government commitment to drive this through to completion. That is a very hard thing to achieve in the context of our parliamentary democracy, because those interventions will last over multiple Parliaments and everybody has to be behind them. That challenging aspect is, I hope, deliverable through the combination of the Bill and the mission statements, but, as we discussed earlier, it will require relentless focus on the missions, and accountability for delivering them through successive Parliaments.

**The Chair:** Professor Leyser, thank you so much for your evidence, and in particular for the kind things you said about Northern Ireland—not that I am biased in any way whatsoever.

### Examination of Witnesses

*Tracy Brabin and Ben Still gave evidence.*

10.10 am

**The Chair:** We will now hear oral evidence from Tracy Brabin, Mayor of West Yorkshire. Should I say welcome home, Tracy, or welcome back? The panel has until 10.50 am. For the record, will you please introduce yourself formally?



**Tracy Brabin:** Hello everybody. It is good to be back, even if it is virtually. I am Tracy Brabin, the Mayor of West Yorkshire, and I am joined by—

**Ben Still:** Hello everybody. I am Ben Still and I am managing director of West Yorkshire Combined Authority.

**Q15 Alex Norris:** It is lovely to see you again, Tracy. It is a little different with all the screens, but we are really grateful for your time this morning. My first question is quite an open one. You, as Mayor of West Yorkshire, have similar powers to lots of other Mayors, but different powers from some others. What more would you add to your role—whether that is powers that other Mayors currently have or other things done by central Government—that would mean you could do what you are seeking to do in West Yorkshire?

**Tracy Brabin:** Thank you so much, Alex. Let me open by saying how welcome the Bill is. Finally, we have got to a point where it feels like it is going to be a real thing. The mission statements are also very welcome. I chair the M10, which is the group of Mayors around the country, and we are very positive about this next step and the opportunities for us to work with Government to really understand what devolution is about. The idea of more Mayors across the country joining the M10 is incredibly welcome.

When it comes to more powers, I think there is a more fundamental question: where do we want to get to with this Bill, and what is the strategic relationship that we want to build with Mayors and with Government? If we are taking powers from Whitehall and giving them to regions and elected Mayors, what freedoms are we then giving to those Mayors to deliver? In the Bill, there seems to be a focus very much, and quite rightly, on the accountability of Government, but there does not seem to be that equivalence of the accountability of Mayors to deliver.

We have said all along, in every meeting we have been in with Ministers, “We can help you deliver on your missions.” For example, on climate change, we have met the Government and the M10 has met the Government to talk to them about more powers and how we could help hit the zero carbon target of 2050. In our region, our target is 2038, so we could be outliers for Government to help deliver. However, there is not that detail and that understanding of who is going to deliver these outcomes. I think the Committee will wrestle with that over the next few months. Whose responsibility to deliver the outcomes?

I have always said that the way to level up in West Yorkshire is to have that London-style transport system, which is one of the mission statements. Unfortunately, the integrated rail plan meant that we were not able to benefit from the billions of pounds of investment that would come with that strategic project. It is really important, as an attractive region to international investors and inward investment, that we have a skilled workforce. At the moment, we are a bit hamstrung on delivering the types of skills we need in an agile way in response to business, because we are being told by Westminster, “This is the project; this is what you have to deliver” without the understanding of the complexity of delivering skills training for those furthest away from going back to college.

On climate change, we have to get away from the beauty contests and the way we have to bid for funding for projects—for example, for electric vehicle charging

points. We have to be given the autonomy to help the Government to deliver on their mission statements. There are a number of points there, Alex, but we will get into a little bit more detail as we go further into the session.

**Q16 Alex Norris:** I appreciate that, Tracy. Given the company that you have this morning, this is probably a pertinent question: can you talk to us—from your own personal experience and having talked to your colleagues in the M10—about what it is like to work with a combined authority and about the features of a good local collaboration?

**Tracy Brabin:** I have been pretty blessed in that the combined authority has been in existence since 2014. Although we took a wee while to get to the actual landscape and the footprint of a combined authority, we got there. It has been incredibly efficient, because I landed in a position where a lot of work had already been done to set up the mayoral combined authority. Now, that is not the same across the country. When our colleague Dan became Mayor of South Yorkshire, that infrastructure was not set up. We are, I would hope, one of the most efficient and progressive MCAs; that is my target—to be the most progressive MCA in the country.

Certainly, there is lots that we are already doing that is reflected in the Bill. For example, there is the extra scrutiny. We were determined to ensure that we had proper scrutiny in place, so we went from one scrutiny committee to three. We also pay our scrutiny members for their time. However, the Bill could go further and have that commonality across the regions—really investing in our scrutiny members and allowing them to meet remotely. The current expectation that people have to meet in a room means that quorum is sometimes challenging. During covid, we managed to make it secure—and look at us now, doing governmental business remotely. I would really hope that this Bill could ensure that we could have that scrutiny locally, and delivered in a more modern way.

Fundamentally, the idea, for us as a combined authority—we are five regions with Labour council leaders—is that we have a combined mission of delivering for the people we represent and who elected us, but there is a challenge in that when we come to the Government with our vision, there is this beauty contest and these funding streams. There is also a churn of Ministers and a churn of ideas from Ministers. It would be really empowering to have a direct relationship with the Treasury and could get the funding pot, with the delivery assessed on the outcomes. We could then have extra scrutiny from not just our own colleagues here in West Yorkshire but, potentially, the Public Accounts Committee and Committees like yourselves. We could be part of the outcome story, rather than just waiting for the Government to open up the floodgates on things we have to bid for, in which case it is all about the scrutiny of the process rather than the outcomes.

**Ben Still:** The partnership for an MCA to be successful must be deep, and there must be a strong sense of shared endeavour. As the Mayor has said, the five West Yorkshire leaders and the Mayor work very hard to develop that sense of shared endeavour. We can see that in the fact that the combined authority has specific sub-committees dealing with individual sectors, each of which is chaired by one of those local authority leaders.

We also have cross-party representation on the combined authority, so that—I think we will come back to this theme—ideas and policies that are developed through the CA can stand the test of time and be long term, as was discussed with the last witness. We completely agree that the long-term nature of these policies means that they have to be sustained over successive Parliaments and successive mayoralties.

**Tracy Brabin:** It is unusual to have cross-party membership of the combined authority. In parallel, we have our local enterprise partnership board, which is one of the most diverse in the country. We have a strong relationship with that LEP board too. As I say, the structures are here in West Yorkshire to deliver. The history of delivery is there from previous funding streams, where we have delivered and spent every penny—

**The Chair:** Tracy, I am going to have to cut you off, because we need slightly shorter answers. I will ask the Minister—who does not believe in “churn of Ministers”—to ask you a question.

**Q17 Neil O’Brien:** Tracy, thank you for taking the time to be with us this morning—it is much appreciated.

Clauses 60 and 61 will simplify and streamline the processes for setting up new combined authorities. West Yorkshire is lucky, because it already had a combined authority from 2014. From your own experience of getting the mayoral combined authority set up and from the wider experiences of the M10 group, could you say anything about the complexity and time taken to set up new combined authorities? I appreciate that people are full of enthusiasm and want to get on with it, but that, at the moment, they have to go through some quite laborious processes to get going. What was your experience of that? Do you welcome provisions that would simplify and speed up the process of getting going with CAs?

**Tracy Brabin:** My role really started on election day—I was not here setting up the office and the CA. However, going forwards into combined county authorities and other models, I hope that whatever learning you get from that will come back and refresh our modelling, so that we can learn from these new MCAs and CCAs. Ben, would you like to add to that? You were here; you did it!

**Ben Still:** Briefly, there is a set of processes that we and the other CAs had to follow. The provisions in the Bill to simplify those processes are welcome in the sense that the statutory tests still need to be met; that is the important thing, I suspect. For us, though, the combination of the will on both sides—both locally and within the relevant Government Departments—to go through the processes at pace and to work collectively is just as important as the steps we need to go through.

**Q18 Neil O’Brien:** Thank you. When I was a child in Huddersfield, we originally had a metropolitan county council; we then went through a long period of having no elected city region-wide leadership. How do you compare the experience of having a directly elected Mayor to either of those previous regimes—either having no elected leadership, or having a county council or assembly-type model? Do you think the mayoral model is preferable?

**Tracy Brabin:** I would say wholeheartedly that the mayoral model is better. It is a single point of contact; it is a point of contact with Government. The Mayor is a champion, advocate and ambassador for the region, and somebody that can work collectively on strategic priorities. The role is not just local but national—and, I would suggest, international—to raise the profile of a region. It is great that Government are understanding and getting behind devolution. It really, genuinely is the way forward for our region.

**Q19 Neil O’Brien:** The Bill makes it simpler for Mayors to take on police commissioner powers. What are the advantages for Mayors of having police commissioner powers? Does it allow integration across different subjects in your activity?

**Tracy Brabin:** I cannot tell you. The gift that keeps on giving is the fact that I also have responsibilities for police and crime. It means we can take a public health approach to everything we are doing, getting people in the room or on Zoom from housing and transport, and—via the integrated care system—people from health talking about health inequalities that impact on crime. It is a really brilliant tool to address some of the greater challenges across West Yorkshire. There are obviously lots of different versions, and only Andy Burnham and myself have those powers, but they are really useful.

For example, they help us to deliver my commitment to the safety of women and girls across West Yorkshire. It feeds into everything, including transport. We have the safety app that allows bus users to feed back on whether women and girls feel safe travelling. On skills, we are able to support 750 more police officers and staff, and to work with the chief constable to try to find a pipeline of diverse young people wanting to go into the police. It is a really great strength.

I would say that giving police and crime commissioners and our teams in-year funding pots, with different expectations and timeframes, is incredibly difficult to handle. I hope that we can get multi-year pots of funding to do bigger projects that have a greater impact.

**Q20 Neil O’Brien:** I have one last quick question. West Yorkshire has what some people describe as a strong Mayor model, whereby the Mayor needs to be on the side of the majority for various decisions to be taken. There is a diversity of decision-making structures in the existing MCAs. What would you say are some of the advantages of having a strong mayoral model or strong decision making for particular subjects?

**Tracy Brabin:** It is helpful that we have real strength in our leaderships, because they are really experienced leaders. We are all focused on delivering for the people of West Yorkshire, and it has not come to a point where it has been down to my vote. We get a consensus before we go to a vote, and the opposition members on the CA are very helpful, because they provide the check and challenge to get us to a point of compromise so that we can bring everybody with us in delivering for the people of West Yorkshire.

**Q21 Tim Farron:** Thank you, Tracy; it is nice to see you again. Your region is significantly diverse, with both rural and urban areas. Like every other part of the UK, you will have seen a worsening housing crisis in the

last couple of years, particularly in the private rented sector, which appears to be evaporating into short-term lets, especially in your rural communities. What powers does the Bill give you to ensure the availability of affordable for the people you represent?

**Tracy Brabin:** Affordable and sustainable homes are a priority for me, because it is personal—I grew up in social housing. My commitment to the people of West Yorkshire was to deliver 5,000 affordable and sustainable homes. Over the years, we have seen the number diminish, partly due to right to buy and partly due to the lack of funding. I am able to work with the councils and push them to get to further building target, which has been really helpful. The brownfield fund for housing has enabled us to really focus on the spots that blight our communities, and to work with developers.

For the first time, the West Yorkshire housing associations have all come together under one umbrella to deliver on my housing pledge and to help us get there, but it is still a challenge. Although the £22 million extra in the Bill for brownfield housing is welcome, it comes with the same strings attached and the same expectations from the Government, but with less time to deliver. There is an expectation that we have more freedom, but we need to get away from the strings that hold us back from delivering.

Let us not forget that we have areas in West Yorkshire where the housing stock is really low cost, and we are trying to square the circle of how we build more when we have the Government's expectations about market failure. We have met Homes England since I became Mayor. I am very interested to see how that relationship develops and how we can work more closely on affordable housing, because the need in our region is growing exponentially. The lists of people waiting for a secure and affordable home are far too long. Ben, I do not know whether you want to talk more technically.

**Ben Still:** Thank you, Mayor. There is a lot in the Bill that could potentially be helpful to local authorities in unlocking and developing land. The issue that we face in West Yorkshire is much more about the viability of housing sites than about pressure on land and so forth. This is a good example of where the Mayor working in partnership with the local authorities is not just about the legislative provisions, but about the strength of the partnership. The Bill does not change the fundamental relationship between local authorities and Mayors with regards to who is responsible for the delivery of housing.

**Q22 Tim Farron:** A quick follow-up: which powers relating to housing stock would you like in the Bill so that you can ensure sufficient affordable and available homes for people in every part of your region?

**Tracy Brabin:** What may help more is the strategic planning, which I understand has not been agreed because the planning was going to be changed from Government, so we do not have clarity on our strategic planning powers. It would be incredibly helpful if we got some conclusion on that.

**Ben Still:** I might add that the common theme in many of our answers is that what is needed is not necessarily additional powers, but the freedom to work with local authorities to deliver the right solutions in the right areas. That is what we will be looking for in the Bill as it progresses, namely the ability to take local decisions within a guiding framework.

**Tracy Brabin:** May I add a supplementary point? The city region sustainable transport scheme—the big transport fund of nearly £900 million—has felt as if it is really heading in the right direction. It is really progressive that it is multi-year. It is money that we can really deliver; it is long term, and it is about local freedoms. However, in implementing it, we are getting check and challenge from Government about, for example, whether we can have silver bins in a particular project or a grass roof on a train station.

It is really important when the Committee is looking through the Bill to identify how Government can enable Mayors to make those decisions and trust them to deliver, because if we focus on outcomes rather than processes, then I think we can deliver for Government and be challenged as to whether we have delivered against the 12 missions once those schemes have been approved.

**Q23 Rachael Maskell:** Tracy, it is nice to see you again. This Bill is about levelling up, yet the different mayoralities have different powers and cover different geographical spaces, and therefore have different economic inequality between them. How do you think that real levelling up can come across all regions and indeed all nations through this legislation?

**Tracy Brabin:** Thank you, Rachel. I would say that poverty is everywhere. It is not one region over another; it is everywhere. And poverty is expensive. Our mission in West Yorkshire—I know that other Mayors share this mission—is to close that disadvantage gap, to close the wage gap between the highest earners and the lowest, and to close the health inequalities that blight some of our communities. Some of our communities were extremely badly hit by covid, particularly in West Yorkshire, because of various circumstances, and it will take us a long time to recover.

However, Rachel, in direct response to your point, I would say that transport really preoccupies most of the Mayors—how can we make sure that we can get our talented people to opportunity? We have seen the HS2 Bill being laid before Parliament, and how frustrating it is for the people of West Yorkshire to see so much investment going into one side of the country, when we know that levelling up and tackling poverty are both absolutely about making sure that people can get to good jobs, and to colleges and to skills training, and so on.

As the M10, we work together to try to improve transport. Collectively, for example, Andy Burnham, Steve Rotherham and I work on buses, which is the transport system that the majority of people in West Yorkshire use. We are reducing bus fares, capping single trips to £2 and making it £4.50 for a daily pass. We are doing what we can to make sure there is more money in people's pockets and that transport works. However, it is more than a structural problem, Rachel, in that transport has to work, and Government must invest. I know that it is one of the mission statements, and I know that Government want to do it, and we can help them to do it.

**Q24 Rachael Maskell:** Do you believe that having West Yorkshire as a combined authority provides sufficient leverage to bring about the economic regeneration that you seek, or do you believe that the unit is perhaps too small and there should be a Yorkshire-wide, more combined authority? Some will be much smaller—for instance, North Yorkshire.

**Tracy Brabin:** That is right. When there is a mayoralty in North Yorkshire, I think it will be really powerful for us all to work together collectively for team Yorkshire. It is something that I am really looking forward to. On whether that delivers more, perhaps Ben wants to come in.

**Ben Still:** Only to say that the legislation that underpins the creation of CAs was based around the model of the functional economic area. Yorkshire and the bigger geographies have more complex overlapping functional economic areas. In our devolution deal we looked at broader options, including looking at the Yorkshire level, but ultimately the discussions with Government came back to focusing on the functional economic areas around the metropolitan area of West Yorkshire. That is the geography that the legislation works most effectively on.

**Tracy Brabin:** But we do work with and fund a number of schemes with York.

**Ben Still:** Which is why I suspect the county combined authority model is not based on that legislation.

**Q25 Rachael Maskell:** If I may ask one more question, what additional fiscal powers would enable you to have better leverage in being able to deliver your programme?

**Tracy Brabin:** It is not necessarily about further fiscal powers. It is about being free to deliver what our community needs with the powers that we have currently without continually having to go back to government for sign-offs and cheques and challenges when government can give us the money to deliver.

There are other powers that I would need. For example, we were talking just before this call about the precept and how Mayors have the opportunity to impose a precept, but it does feel that it has to be around something that impacts on people's lives and around policy. For example, Andy Burnham uses his precept to have free bus travel—I think it is for the under-25s or under-19s. A precept adds cost for local people and the mayoralty. What we should be doing in the MCA is saving Whitehall money, because we are delivering on the things that it would normally deliver from Whitehall and Westminster.

Going forward, there are lots of discussions about fiscal powers, and there is work that we are doing in the M10 to look at that. Do you want to come in, Ben?

**Ben Still:** Only to say that the move towards an outcome framework, as the Mayor has previously mentioned, with a multi-year funding settlement—perhaps through a spending review process directly with Treasury, rather than through individual grants agreements with individual Departments—would be a significant step forward for us and a better reflection of proper devolution.

**Q26 Robbie Moore (Keighley) (Con):** Morning, Tracy; it is good to see you. I want to touch on the point around accountability. You mentioned the role of accountability with Government, but do you think the Bill will improve your accountability or the role of a Mayor directly with the electorate?

**Tracy Brabin:** The accountability is the election, so I suppose it depends on whether people believe that I have delivered on my 10 manifesto commitments. More seriously, I think I would be open to more accountability from Government. If you give us the freedom to work directly with the Treasury and then focus on outcomes,

we will be accountable to Government. In this Bill, it does not feel like there is that focus on outcomes and assessment of delivery against expectations.

**Ben Still:** When we became a mayoral combined authority from a combined authority, one of the things that we did in preparation was to increase the number of scrutiny committees that exist in the CA, so we have three—up from one—scrutiny committees that look at the work of the combined authority and have both pre-decision and post-decision scrutiny capabilities. The Bill mentions paying scrutiny members to get better attendance and so on, which we welcome, but we already do that in West Yorkshire. The issue for us is the high levels required for scrutiny committees to be quorate, so we would welcome more flexibility in that regard.

**Q27 Robbie Moore:** You touched previously on the differences in your and Greater Manchester's mayoralty structure, in that you are both also responsible for setting a police and crime strategy and therefore do not have a police and crime commissioner. Under that model, you and Greater Manchester each have a Deputy Mayor for Policing, who is appointed by you, rather than directly elected by the electorate. Does that make the process as accountable to the electorate as possible, when it comes to setting the police and crime strategy?

**Tracy Brabin:** In West Yorkshire, my Deputy Mayor for Policing and Crime is Alison Lowe. She is accountable to me, and fundamentally I am accountable to the public for police and crime outcomes. My role is to hold the chief constable to account on behalf of the public, and Alison and I have been doing that together. We are fortunate in West Yorkshire to have an outstanding police force, which is working closely with us to deliver on our manifesto commitments, including recording misogyny as a hate crime and getting greater diversity in the police force to reflect the communities we serve.

It works really well here that Alison and I work closely together to deliver, and there is no tension between our expectations for our communities. I mentioned the Venn diagram; we are able to overlay our desires to make people's lives better and easier in West Yorkshire through my other responsibilities, and through police and crime.

**Q28 Robbie Moore:** Would you advocate rolling out that model—with that type of dual structure—further, through the Bill?

**Tracy Brabin:** It certainly works for us, so I would suggest so. It is convenient and straightforward, and we work together as a team. It is working here.

I would add, though, that there is some differential between the terms and conditions of Mayors and those of deputy Mayors. For example, Alison will be getting a pension and maternity rights, but Mayors get none of those, because they are paid differently. The terms and conditions that we fight for for our constituents are not in this Bill. The M10 has been discussing that issue with the Government, because without pensions and rights the role may not be attractive to young people or people who want to start a family. I would hope that the Bill might address that.

**The Chair:** I call Stuart Andrew.

**Q29 The Minister for Housing (Stuart Andrew):** Good morning Tracy; it is good to see you.

I want to return to planning. We share an ambition, in that we obviously want the right houses in the right places for our population. Much of the Bill is about community-led planning—that is, ensuring that communities have a say in where houses should be built, so that we can improve support for development within communities. How would that marry up with a strategic approach that was perhaps done by Mayors? I often describe planning as something that people feel happens to them, rather than them being engaged in it. If Mayors around the country had lots of strategic planning rights and powers, is there a danger that we might negate the chance of improving community involvement in the planning system in order to build the houses we need?

**Tracy Brabin:** It feels to me that there are already those checks and balances for local communities. When there is an option for a warehouse or the building of homes and so on, the public and communities have an opportunity to reject that planning. Obviously, local plans are a responsibility for local councils, but for me what would be interesting with the strategic planning is to support local councils when they have a vision. For example, in Stockport in Manchester, the council has a vision to bring together greater investment and a bolder planning opportunity, working with communities. Maybe it would be cross-border and difficult to navigate, so the Mayors could be helpful there.

Of course, it is important for the public to have a voice in what their communities look like, but we would hate to get into a situation where communities that are happy with their village could block much-needed housing from their community. It is important that we keep the conversation going, though. I know our local councils do everything they can to work with communities to get the right outcomes, but we do need more social and affordable housing in our region. There is a role for the Mayor to play in that, and the strategic plan would help.

**Ben Still:** To add to what the Mayor has said, the strategic planning covers a variety of topics of which housing is one. There is probably a role for Mayors from mayoralities and combined authorities to join up when looking at things like strategic infrastructure such as transport, broadband and so on, where it makes sense to plan across individual local authority or unitary authority areas. As the Mayor said, the local authority is the planning body and it has that process with communities. The Bill has a number of aspects that might strengthen that.

**Stuart Andrew:** Thank you.

**The Chair:** Any other questions? No. That brings us to the end of the session. Tracy—Madam Mayor—thank you for your enthusiastic evidence. Ben, thank you for coming along for your evidence, too. It is most appreciated.

**Tracy Brabin:** Thank you, and good luck everybody.

### Examination of Witness

*Mairi Spowage gave evidence.*

10.47 am

**The Chair:** Hello and good morning. We now come to oral evidence from the director of the Fraser of Allander Institute. Would you like to introduce yourself for the record?

**Mairi Spowage:** I am Professor Mairi Spowage and I am the director of the Fraser of Allander Institute, which is in the economics department at the University of Strathclyde in Glasgow. For those of you who are not familiar with the institute, we are an economic research institute which in the past focused very much on the Scottish economy, but over the past decade or so has moved more across the UK, particularly focusing on regional economic policy, the measurement of economic outcomes and wider societal outcomes at devolved and regional levels.

**The Chair:** Thank you very much, professor. We have until 11.25 am for this session. I will start with Patricia Gibson.

**Q30 Patricia Gibson:** Thank you and welcome, Professor Spowage. The Public Accounts Committee has expressed concerns that the allocation of levelling-up funds could be at risk of being mired in the same kind of controversy and difficulties as the towns fund. Nobody wants to see that happen. What measures do you think would help to ensure that the allocation of any levelling-up funding is fully transparent and can be accounted for?

**Mairi Spowage:** We did quite a lot of work last year through the first iteration of the levelling-up fund on the sorts of metrics that were used to determine the highest priority areas. The UK Government made it clear in their criteria for which projects would be funded that that was not be the only thing that would be taken into account and that there were other issues they would look at around the strategic fit. In particular, in the first round there were a lot of criteria about how quickly certain pots of money could be spent. For community renewal, it had to be spent by March 2022; for levelling up, it was over a number of years. There were quite strict criteria that would be applied. In addition, there was the requirement that projects or packages of projects also be supported by local MPs.

I am most familiar with the Scottish projects, but the series of projects across the UK that were funded were not necessarily in the areas that were identified as highest priority using the metrics that had been set out. I suppose it is for the UK Government to say why that is the case and why the particular projects were funded, as I am not familiar with all the projects that did not get funded, for example.

It will be very important throughout this process and in the future, and for the shared prosperity fund as well, to set out clearly why the projects being funded are likely to achieve the outcomes set out in the levelling-up White Paper and broader outcomes around the funds. That will ensure these investments actually lead to the sorts of changes that the UK Government desires. They should then set out why a project will move the metrics they have chosen to measure the success of the fund. It will be very important to have clarity on why the packages of projects that are being funded will actually help achieve the outcomes.

**Q31 Patricia Gibson:** What might the impact be on the entire levelling-up agenda? The Government have not used indices of multiple deprivation to assess need when distributing levelling-up funding.

**Mairi Spowage:** It is a really good question. There has been a challenge around indices of multiple deprivation for many years. In general, they are used within the devolved

nations to distribute funds, whether looking at how different things are invested in in health or education or what targets are set for universities. They are generally used in the devolved nations.

The issue with the indices of multiple deprivation is that they are not comparable across nations. While they rank areas within each of the nations, they do not say anything about how a particular output area or data zone in Scotland compares to one in England, both because they are just relative ranks within a country and because different metrics are used and different methodologies are adopted.

We said in one of the papers we published last year that perhaps a body like the Office for National Statistics might wish to consider how we can say something sensible about relative need on multiple dimensions of deprivation right across the UK. Given the ambitions of the UK Government, their levelling-up agenda and the way they are choosing to fund that as a replacement for EU funding, there is a clear policy need for that sort of tool now. It is very difficult for the UK Government to use the current indices of multiple deprivation across the UK, because you cannot compare between nations.

**Q32 Patricia Gibson:** To pursue that point, we know that the UK Government want the devolved Parliaments to be involved at the implementation stage rather than decision-making stage, as happened with the EU funding. What do you think the impact of not involving the devolved Parliaments at the decision-making stage is on the efficient use of resources and strategic overview?

**Mairi Spowage:** There is a danger, depending on the sorts of the projects that are funded through the levelling-up and shared prosperity funds, that in devolved areas UK Government aims for what these projects might achieve will come into conflict with the aims of the devolved Government. It would make sense for the UK Government to engage with the devolved Governments, and indeed regional governments in England through combined and mayoral authorities, at the point at which they are making decisions.

It is made clear in the criteria around the shared prosperity fund that the local plans to be set out by areas across the country need to be cognisant of local strategies such as the national strategy for economic transformation in Scotland. They do set that out in the criteria for what the plans are going to fund, but I always think it makes sense for collaboration between different layers of government to ensure that the projects funded do not come into conflict with any ambitions that the Welsh Government, Scottish Government or the Northern Ireland Executive—when it can form—have for economic development in their nation, particularly when talking about spending in devolved areas.

**Q33 Patricia Gibson:** Do you think it would be helpful or desirable for an independent body to oversee and assess the UK Government's progress on levelling up?

**Mairi Spowage:** Through the Bill, my understanding is that the UK Government have to publish regular updates on the progress that they are making towards the missions that it sets out and the metrics chosen to measure success. There is quite a lot of work to do to ensure that those metrics cover the whole of the UK on all the different missions. There is a significant amount

of investment—I believe that the ONS is looking to try to do that better, but it is not for me to say whether an independent body should be set up to monitor what is, after all, a UK Government policy agenda that they can legitimately pursue.

**Q34 Neil O'Brien:** Professor Spowage, thank you so much for taking the time to be with us this morning. The Bill creates statutory requirements around the levelling ambitions that we were just discussing. One of those is on digital connectivity. Through Project Gigabit and the shared rural network, Scotland is likely to see particularly large increases in connectivity. How do we best drive growth, particularly in more rural parts of Scotland? How do we best measure progress in the roll-out of connectivity? Do you agree that the rise of online working is, potentially, a strong tailwind for the rural Scottish economy?

**Mairi Spowage:** Yes, if and when digital connectivity is of sufficient quality it will present a lot of opportunities for the rural economy. We still hear in parts of Scotland that it is a barrier to remote working. It would be hugely transformative for lots of areas, particularly of rural Scotland, but I am sure that lots of other rural parts of the UK would say the same. It would be transformative in terms of the connectivity of people working from home, perhaps for businesses in population centres but also for businesses that are operating in these areas, to have a more reliable connection. It could be extremely transformative to those areas.

We have heard from some of our work with businesses that to a certain extent it can also work the other way. Businesses based in remote and rural Scotland are employing people in the big population centres, but sometimes having to pay them more money because they are more likely to command higher wages in those areas, particularly in this very tight labour market that we have at the moment.

Improvements in digital connectivity present huge opportunities for rural Scotland. As much as there is quite a lot of focus on transport connectivity through the levelling-up funds, investment UK-wide—particularly in rural areas—in digital connectivity is one of the areas where we could get the biggest bang for our buck in transforming the economy and reducing regional inequality, particularly when we look at the population outlook if current trends continue in rural areas.

**Q35 Neil O'Brien:** Thank you. One of the other missions for which the Bill is creating statutory requirements is to increase domestic public R&D investment outside greater south-east England by a third over this spending review period. Alongside that, there has been the creation of an innovation accelerator centred on the Glasgow city region. How can we best harness the large public investment in research and development to drive growth right across Scotland?

**Mairi Spowage:** That is a great question, and one that policy makers in Scotland have been grappling with for a long time, particularly given the quality of our universities in Scotland and their international prowess in research and development. We seem to have an issue between the development of the ideas, the start-up, and the translation of that into commercial opportunities that can be scaled up into medium-sized businesses. In Scotland, we often

find those opportunities are lost, particularly to the south-east of England, because the infrastructure is there to scale up that business to the next step. I think the sorts of investments that you are talking about, not just in Glasgow but in other locations in Scotland, will be really important. We have to think about how we take all of the great advances that have been made in academia in Scotland and turn them into commercial opportunities, have them scale up and feel that there is the infrastructure and capacity in Scotland so that they do not have to move or be bought by companies outwith Scotland.

**Q36 Neil O'Brien:** That is very helpful. In your earlier answer you drew attention to the lack of UK-wide indices of multiple deprivation. We know that in the first round of the levelling-up fund, the 50% of local authorities that had the lowest median pay got roughly three quarters of the investments—it is targeting poorer areas. Would it be attractive, as part of the data drive in the levelling-up White Paper, to create more UK-wide indices of deprivation and other things?

**Mairi Spowage:** Yes, I would be very supportive of that. We can see in the sorts of metrics that are used—not only those related to indices of multiple deprivation but educational outcomes or transport connectivity—that some of them are focused on England-only measures; sometimes they are GB only. We do not want to fall into the trap of, in some cases, using GB and UK interchangeably here. It is really important that we think about the metrics that we are going to use to capture the reduction in regional inequalities across the UK. Wherever possible, we should invest in developing UK-wide measures.

In some cases I can see that there are data sources in the devolved nations that are very similar to those being used for England. I think there is work that could be done to develop more consistent measures right across the UK, for which, as I said earlier, there is a clear policy need for the UK Government's programme.

**Q37 Alex Norris:** Thank you for your time this morning, Professor. Can you expand on an element of a previous answer you gave about the work that the Office for National Statistics, of which you are a fellow, is doing on developing a dataset in that area?

**Mairi Spowage:** I am not here to speak for the ONS, but I am a fellow, so they ask me and a group of other expert academics for advice on their work programme. They have published a subnational data strategy, which was worked up not just by the ONS but across the Government's fiscal service, to think about how we can develop more sophisticated metrics across the UK to capture different levels of needs and progress. That would be to support not only the levelling-up agenda but things more broadly. In partnership with the Department for Levelling Up, the ONS is looking to develop more metrics across the UK. Some of that will be working closely with the devolved Administrations to develop data sources and think what might be comparable.

We have done a significant amount of work with the Economics Statistics Centre of Excellence. We published a paper recently on developing a suite of sub-national indicators across the UK. We made recommendations there, which included working closely with the devolved

Administrations to develop data that was consistent across the UK, particularly on educational and environmental outcomes. A recent example would be something like fuel poverty, which is obviously a live discussion. It is measured differently in all four nations of the UK, so it is very hard to compare differential rates of fuel poverty in different parts of the UK at the moment.

**Q38 Alex Norris:** Do you feel that the outcome of that work might be a definitive set of statistics and measurements that we could use in this space, that we could perhaps seek to build consensus around? Is this particularly contested space in your community? It is in ours, as you may have noticed.

**Mairi Spowage:** It is always difficult to come up with a set of metrics that everybody is going to agree with. One of the most challenging things, particularly if you compile them in an index, is how you weight them together, which things you give most prominence to, because if you are weighting metrics that are more focused on, perhaps, income deprivation and you are focusing less on rurality, you will get quite a different allocation of resources from the one that you will get if you are giving more weight to lack of connectivity, or rurality, than income deprivation. That is just one example. Most of the indices of multiple deprivation have income and employment, education, health, crime, and access to services, as well as housing. The weights that you give to these things can be contentious and, depending on the weight that you give to things, there can be quite a different outcome in your allocation.

It is obviously possible to come up with a consensus on things like the indices of multiple deprivation. The different nations show that you can come up with something that broadly everybody agrees is sensible, but even with the indices of multiple deprivation, which are well established, policy makers in rural areas would say that they do not capture rural disadvantage very well at all, because the geographic areas that tend to be used for rural areas are very large and do not capture pockets of deprivation within rural areas. Even with those established metrics, people in rural areas have argued for many years that they do not serve them well. I think it is difficult to get a consensus, but there is a good basis to start from, in terms of the long-established 20 or 30-year discussions about indices of multiple deprivation and how to measure that across the UK.

**Q39 Alex Norris:** That is a very handy caution for us with regard to using these statistics for allocation purposes. When it comes to measuring progress, would it be a little easier if we were not seeking to aggregate and to weight them but instead to use them as some sort of dashboard such that we would be able to form some sort of consensus on what indicators would show whether we were levelling up across the UK? Would we be able to reach a kind of breadth there, certainly in your community?

**Mairi Spowage:** Yes, I think that is possible. In terms of the sorts of metrics that we could use, it will be important that the metrics used capture the outcomes of what we are trying to achieve and not just inputs or outputs, but I do think it will be possible, and I agree with you that it makes much more sense, when we are thinking about whether the interventions that we are

pursuing are making progress on the outcomes that we are interested in, to look at those as a suite or a dashboard of indicators, rather than trying to come up with some index overall. Yes, absolutely, it should be possible to come up with a suite of indicators that are broadly agreed upon. However, there are things like the Scottish national performance framework, trying to measure the 11 national outcomes that the Scottish Government have set out through consultation with Scottish public life and communities about what is important. Just be aware: 81 indicators are used to capture that, and having 81 indicators makes it quite difficult to say overall whether we feel we are progressing to the sort of Scotland that we want to see. It can be difficult to come up with something that is comprehensive enough and that does not become unwieldy.

**Q40 Tim Farron:** Hi, Professor; good to see you with us. You mentioned earlier the situation regarding a tight labour market. Thinking about rural communities in Scotland and England in particular and elsewhere in the UK, to what extent you think an absence or a lack of workforce is hampering those economies. In the Lake district, 63% of hospitality businesses last year reported that they were working below capacity, because of the lack of workforce. To what extent do you think that workforce problems—or lack of workforce—are hampering economic growth in certain areas? What is the cause? Does the Bill do anything to solve those problems?

**Mairi Spowage:** It is a massive problem. For all the businesses we talk to on a regular basis right now, it is their No. 1 issue. They are very concerned about their energy, fuel and input costs going up hugely, but their biggest problem is sourcing staff, particularly businesses in rural areas. It means that they do not open as much in many cases, particularly when we talk to hospitality businesses—they are not serving non-residents for dinner, or they are not opening on all days of the week. That seems to be quite common across the Scottish businesses we talk to on a regular basis, so it is an absolutely huge problem.

What is causing it? Well, for many years, there has been a movement—within Scotland at least, which I am more familiar with—from rural to more urban areas. In Scotland, there has been movement from most areas to Edinburgh and its surrounds, to be honest. That is projected to continue. If it does, that has some pretty huge consequences for rural areas. Obviously, housing plays into it as well, with young people in an area being attracted away, perhaps to study, but also for employment, and not being able to afford to buy houses in the local area. Certain parts, particularly the highlands, have huge issues with second-home ownership dominating particular settlements.

Those are all issues. With some of the pressure valves that we used to use a lot in rural areas in Scotland around EU labour, it is not quite the same situation any more, so we are not seeing the same supply of labour

from that sort of source that we did in the past. That definitely seems to be causing issues, particularly in hospitality and social care.

**Q41 Tim Farron:** What might the Government do in the levelling-up Bill to help that situation? You talked in particular about the impact on rural communities—what might make it more affordable or attractive for people of all ages in the working-age population either to move to or to remain in rural communities?

**Mairi Spowage:** I suppose some of things we have talked about—improved digital connectivity, improving transport connectivity—are likely to make some areas seem more accessible than they were before, particularly when that might connect people to employment centres. Investing in connectivity, both digital and transport infrastructure, is likely to improve the situation for rural areas. However, we also have an issue with labour supply, and the outlook for population overall for areas like Scotland is not good in the aggregate, as well as having to think about the issues of digital and transport connectivity.

**Q42 Tim Farron:** Are there any metrics at all on what impact that is having on regional growth?

**Mairi Spowage:** It is difficult, because we have had a very strange couple of years, and the data tend to be very lagged at the sub-UK level for us when understanding what the impacts might be on regional growth. The leading indicators we have, on payroll employment, wages and things like that, suggest that lots of areas of Scotland seem to be lagging behind other areas of the UK, but some of that is in relation to the oil and gas industry in the north-east, which right now is the poorest area of the UK in wage growth, since pre-pandemic. There are interesting things going on in the north-east, because of the oil and gas industry. The highlands and islands of Scotland also seem to be lagging behind a bit in wage growth and payroll employment growth. So, not yet, I think, is the answer. This is one of the challenges with sub-UK statistics, which I hope that any investment in statistics might deal with—we have to wait so long to find out what is happening in economies across the UK.

**Tim Farron:** Thank you.

**The Chair:** Any further questions, colleagues? No. Professor Spowage, I thank you for your evidence. It is much appreciated. Thank you for giving us your time and expertise today.

That brings to a conclusion our morning sitting.

*Ordered,* That further consideration be now adjourned.—(*Miss Dines.*)

11.15 am

*Adjourned till this day at Two o'clock.*