



Strategic Transport Leadership Board

18 February 2022

Agenda Item 3: Levelling up white paper

Recommendation:

It is recommended that the Board:

- a) Considers the implications of the levelling up white paper, in the context of delivering the regional transport strategy**
- b) Reviews the proposed regional narrative, set out in in annex 1**
- c) Agrees that the EEH business unit should review the regional evidence base in the context of the levelling up white paper and address any gaps in evidence that are identified**

1. Purpose of report

- 1.1. This report provides considers the implications of the 'Levelling Up the United Kingdom' white paper in the context of the ambitions of England's Economic Heartland and potential next steps.

2. Key points to note

- 2.1. The government published its white paper, 'Levelling Up the United Kingdom' on 2 February 2022. This paper provides a report to the Board on the implications of the white paper for England's Economic Heartland, as a sub-national transport body.
- 2.2. The white paper's overarching narrative regarding the differences between the 'Greater South East' and the rest of the country may bring some cause for concern about the appetite for future infrastructure investment in the region.
- 2.3. A narrative on why investment in the Heartland is required is set out in annex 1.
- 2.4. A briefing on the white paper, with a particular focus on transport and governance, can be found in annex 2.

3. Context

- 3.1. The government published its white paper, 'Levelling Up the United Kingdom' on 2 February.
- 3.2. The white paper looks to address 'historic imbalances' in investment, productivity and outcomes between the 'Greater South East' (defined as the old government office regions of London, the south east and the east) and the rest of the UK.
- 3.3. The White Paper sets out a complete 'system change' of how government works that will be implemented to level up the UK.
- 3.4. At the heart of this are 12 'national missions' to be achieved by 2030. These missions set the policy objectives for levelling up, and thus form the heart of the government's agenda for the 2020s.

- 3.5. For example, the research and development mission will see domestic public R&D investment outside the 'Greater South East' increase by at least 40% by 2030.
- 3.6. The government says this is the 'first time a government has placed narrowing spatial economic disparities at the heart of its agenda'.
- 3.7. Government's 'resources, energy, and focus throughout the 2020s will be re-oriented around achieving' the missions and 'thus squarely focussed on helping the people and parts of the country most struggling'.

4. Reflections on the white paper

- 4.1. The over-arching narrative in the white paper – in setting out the comparative advantages that the Greater South East has over the rest of the UK, and the pledges to redirect funding to other parts of the country – may well cause uneasiness about levels of future investment in the Heartland.
- 4.2. Such uneasiness is compounded by the document's failure to adequately recognise the key role regions such as the Heartland play in providing the tax revenue to fund investment elsewhere, and in representing Britain on the global stage.
- 4.3. For example, a map in the white paper (page 76) showing the UK's sectoral clusters and strengths does not include any locations in the Heartland, despite our world class life science, creative, aerospace and advanced manufacturing clusters.
- 4.4. However, the white paper does attempt to allay fears around 'dampening down' the success of the south, stating: "It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities."
- 4.5. It says that levelling up will relieve pressures on the south: "Indeed, by extending opportunity across the UK we can relieve pressures on public services, housing and green fields in the South East. And levelling up can improve well-being in the South East by improving productivity in the North and Midlands."
- 4.6. It also acknowledges that 'disparities are often larger within towns, counties or regions than between them': "They are hyper-local and pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities."
- 4.7. The white paper contains wide-reaching proposals on devolution right across England. Devolved administrations can secure new funding and powers including in relation to transport and infrastructure.
- 4.8. The role of sub-national transport bodies in producing regional transport strategies is explicitly recognised in the white paper.
- 4.9. Indeed, the white paper emphasises the need to work across structural boundaries, particularly central and local government, and it recognises the need for more 'place-based' approaches and a move away from centralisation. This only strengthens the rationale for organisations such as EEH and the STBs.
- 4.10. It is also notable that the white paper, in the context of support for local transport planning and delivery, says government will 'explore regional centres of excellence that can provide bespoke support to LTAs'. EEH has been a trailblazer in the development of a centre of excellence for the Heartland – a shared resource which provides specialist support for the early-stage development of businesses cases. Last month it was awarded in year funding by DfT to create the first centre of excellence of its kind in the country.

5. Developing a narrative

- 5.1. It was already clear from the Comprehensive Spending Review that the current fiscal environment makes availability of funding tighter than it was pre-pandemic. It is therefore vital that the Heartland has a strong narrative for why investment in the region is required.



- 5.2. At the previous meeting, Board members requested a regional narrative be produced which highlights why investment in the Heartland is crucial to unlock opportunities for our residents, businesses, and environment, and also for wider UK prosperity.
- 5.3. The draft narrative prepared in response is set out in annex 1. The narrative takes into account the implications of the white paper on levelling up. It attempts to set out the Heartland's unique value to the UK economy and how its success benefits the wider UK.
- 5.4. The narrative makes the case for investment in the region based on four pillars:
 - The Heartland generates the tax revenue required to fund levelling up across the country
 - Our businesses and universities are key ambassadors for 'Global Britain'
 - The performance of our transport system is vital for logistics and union connectivity
 - Emissions from transport are a particular challenge in the Heartland – the UK will not reach net zero without investment in the region.
- 5.5. Subject to the Board's comments, the draft narrative will be finalised and circulated for broader use.
- 5.6. In addition, EEH business unit will continue to ensure the regional evidence base provides the right evidence and data to support the region's position in this evolving policy area. Where there are gaps, EEH will work with local authority partners and suppliers to capture the data required.

6. Stakeholder implications

- 6.1. Where necessary the EEH business unit will work with partners to further develop the regional narrative and understand if any further data/ evidence is required.

7. Programme implications

- 7.1. Following a review of the evidence base, work may be procured to secure further data which helps strengthen the regional narrative. If required, this is likely to be small-scale in nature and deliverable as part of the wider evidence base programme of work.

8. Next steps

- 8.1. Following the Board's discussion, the draft narrative will be further developed and circulated.

Adam King
Policy and communications manager
February 2022

Annex 1

Regional Narrative

SHORT NARRATIVE

The Heartland is a net contributor to the Treasury with potential for further growth which will support the government's ambitious levelling up agenda across the UK. Its world-leading businesses and institutions play a key role for Global Britain on the international stage.

However, our future success cannot be guaranteed. The region faces several major challenges, including significant housing growth which is only adding pressure to infrastructure which is already under strain. With the right investment, these challenges can be overcome and indeed unlock opportunities for the benefit of both the UK and the region. If not addressed, they will place a brake on the UK economy while also risking the country's ability to meet legal targets on decarbonisation.

Investment in connectivity infrastructure in the Heartland will support the UK government's objectives in four key areas:

- **LEVELLING UP:** The Heartland is one of the few regions in the UK to be a net contributor to the Treasury. It is vital that our economy continues to contribute the tax receipts required to fund levelling up across the country, while also addressing the high levels of inequality and pockets of significant deprivation which exist in the Heartland. As the Levelling Up white paper acknowledges, 'pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities'. The Heartland illustrates this point well.
- **GLOBAL BRITAIN:** The Heartland is the UK's Silicon Valley. Britain's competitiveness on the global stage is in large part down to what happens in our region: our world class universities; science parks, laboratories, and iconic venues such as Silverstone, Pinewood and Elstree around which world class clusters have formed. The region is finding solutions to global challenges including COVID-19 and climate change. The Heartland creates the innovation, enterprises and intellectual property which are then spun out beyond the region, creating jobs and prosperity across the UK. As the Levelling Up white paper states: "It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities."
- **UNION CONNECTIVITY:** The performance of the Heartland's transport system is vital to the UK. There are a high number of 'through journeys' across our region by HGVs and LGVs, as they travel to London and the ports to the south and east. Cars made in a factory in Sunderland are very likely to transit through the Heartland on their way to market. This is recognised in the Union Connectivity Review, where a significant number of corridors in the region are included in the proposed UK strategic network.
- **DECARBONISATION:** The transport sector is the biggest single emitter of carbon in the UK. In the Heartland, where there are large rural areas and high car dependence, emissions from transport are 30% higher than the UK average. Our modelling shows the move to electric vehicles will not on its own be enough to reach net zero. Further intervention, including investment in public transport, active travel and digital infrastructure, is required for the Heartland – and therefore the UK – to achieve its legal net zero by 2050 requirement.

LONG NARRATIVE

The Heartland is a net contributor to the Treasury with potential for further growth which will support the government's ambitious levelling-up agenda across the UK. Its world-leading businesses and institutions play a key role for Global Britain on the international stage.

However, our future success cannot be guaranteed. The region faces several major challenges, including significant housing growth which is only adding pressure to infrastructure which is already under strain. With the right investment, these challenges can be overcome and indeed unlock opportunities for the benefit of both the UK and the region. If not addressed, they will add a brake to the recovery of the UK economy while also risking the country's ability to meet legal targets on decarbonisation.

Connectivity challenges could put the brakes on our economic success, which is crucial for levelling up across the country

As the Levelling Up white paper acknowledges, levelling up other parts of the country should not mean 'dampening-down' places such as the Heartland. Our region is a world-leading economic area, founded on science and technology innovation, powered by a network of world-leading universities and research centres. And, with the right investment in infrastructure, it has the potential to achieve even more.

Its economic success benefits the UK more widely, with the Heartland being a net contributor to the Treasury. In 2019 the region's GVA stood at £168 billion, equating to almost 9% of UK total GVA. Economic growth between 2012-2019 was 35% compared to 30% nationally. The tax receipts generated in the Heartland supports levelling up across the country.

However, the region's headline success to date should not mask the very serious challenges facing the Heartland, which will only be exacerbated by a rapidly increasing population. As the National Infrastructure Commission warned, our future success cannot be taken for granted: failure to address these challenges will limit the region's ability to support UK-wide levelling up.

High house prices and low levels of affordability, exacerbated by poor transport links, is a serious issue in the region, constraining the supply of labour. The NIC's 2019 report, 'Partnering for Prosperity' said: "workers at all levels are being priced out of local housing markets, restricting firms' access to labour and impacting upon competitiveness."

In 2019 the ratio of median house price to median gross annual earnings in the region was 9.25 compared to 8.15 nationally. In Cambridge, Oxford and parts of Buckinghamshire and Hertfordshire, the ratio is over 12. Yet in other places, including Swindon, Peterborough, Fenland and parts of Northamptonshire, the ratio is under eight.

This is why improved transport connectivity is so important – linking affordable homes to jobs, skilled workers to ambitious businesses.

The Heartland is taking on major levels of housing growth. Growth in current local plans will equate to an increase in population of around 1.3 million people¹ – that's a 25% increase from the current population of 5.1 million. If delivery was to continue at the yearly rate of current local plans, the population will have increased by around two million by 2050 (40%). However, this level of housing growth must be supported by appropriate investment in infrastructure – to enable sites to be delivered and ensure they are sustainable and do not have an adverse impact on existing communities and infrastructure.

¹ Number of homes multiplied by average size of English household, 2.4



EEH's evidence base shows the scale of congestion in the region and the unreliability of journey times, which has an impact on business productivity. Indeed, in significant parts of the Heartland, productivity levels remain below the UK average (only 11 out of 37 planning authority areas as at 2019 were above the English average for GVA per hour worked) and are consistently below that of our global competitors.

As the Levelling Up white paper acknowledges, 'pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities'. The Heartland is a case in point, marked by high levels of inequality and pockets of significant deprivation (in rural as well as urban areas) which need to be addressed.

More than 800,000 people in the Heartland are living in the top third most deprived planning authority areas in England, accounting for 15% of the total population. These five authorities (in order of most deprived, based on 2019 boundaries) are Fenland, Luton, Peterborough, Corby and Northampton.

Thirteen of the Heartland's planning authority areas (based on 2019 boundaries) contain neighbourhoods which are amongst the 10% most deprived nationally: Fenland, Peterborough, Northampton, Daventry, Wellingborough, Kettering, Corby, Bedford, Luton, Hertsmere, Milton Keynes, Oxford and Swindon. In addition, East Northamptonshire, Kettering, Luton, Peterborough and Wellingborough are identified by government as 'priority one' areas for its levelling up fund.

There are also significant variations in life chances within the same towns and cities. For example, the life expectancy of boys in the Northfield Brook estate in Oxford is 75.5, almost 15 years lower than their peers in Oxford North – just six miles away.

The Heartland is vital for Global Britain: its universities and businesses help the UK compete on the international stage

The Heartland is the UK's Silicon Valley. The UK's competitiveness on the global stage is in large part down to what happens in our region: our world class universities; science parks, laboratories, and iconic venues such as Silverstone, Pinewood and Elstree around which world class clusters have formed.

- More than one in 10 of the UK's knowledge sector jobs are in the region's cutting-edge science parks, research institutions, businesses and incubators, creating an innovation ecosystem that is globally renowned.
- The number of enterprises in the Heartland grew by 28.3% between 2013-2019, ahead of the UK average of 25.4%.
- Five of the six places identified in The Centre for Cities' Fast Growth Cities group - Cambridge, Milton Keynes, Oxford, Peterborough and Swindon – are located in the Heartland.
- The universities of Oxford and Cambridge continue to be ranked among the top three in the world.

The region is finding solutions to global challenges including the COVID-19 vaccine and green technology.

The Heartland creates the innovation, enterprises and intellectual property which are then spun out beyond the region, creating jobs and prosperity across the UK.

As the Levelling Up white paper states: "It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities."

The Heartland's location in the centre of the country makes the performance of its transport network vital for union connectivity and logistics



The high number of 'through journeys' across our region by HGVs and LGVs makes the performance of the Heartland's strategic and major road networks of particular importance to the UK.

The region is at the heart of the 'Golden Triangle' for logistics with many of the world leading distribution companies already operating national distribution centres here.

Our strategic infrastructure already accommodates significant freight flows linked with international gateways at Felixstowe, Southampton and London Gateway, with shippers forecasting long-term growth in these flows in response to economic growth and the use of global supply chains.

The strategic importance of the Heartland's transport system is demonstrated by the inclusion of a high number of UK transport network corridors proposed in the region in the Union Connectivity Review.

Emissions from transport in the Heartland are higher than elsewhere: the UK will not achieve net zero without investment in the region

The Heartland will play a critical role in supporting the government's target of net zero no later than 2050.

The transport sector is the biggest single emitter of carbon in the UK. The challenge of reaching net zero transport emissions in the Heartland is significantly steeper than other parts of the UK, which is why investment in public transport, active travel and digital connectivity is so important.

The Heartland accounts for approximately 10% of the UK's carbon emissions from surface transport. Emissions per capita are 30% higher than the UK average (2005-2020), and are growing faster, too.

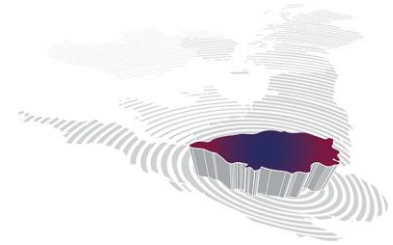
The region has a diverse range of transport needs, owing to its relatively low number of primary economic centres, a large number of small and medium sized market towns, and large rural areas. As of the 2011 census, just under two million people lived in the 15 most populated cities and towns in the Heartland, accounting for 41% of the total population. Nearly 35% of Heartland residents live in small market towns (under 30,000 population) and their rural hinterlands, compared with 23% in England and Wales.

It means that across the Heartland, people are more likely to travel longer distances to work, more likely to do this by car, and more likely to own multiple vehicles, than the national average.

Nearly 60% of road and rail emissions in the Heartland are from cars, 22% HGVs and 16% vans. Some 44% of all road emissions occur on the strategic road network, while the rest is on local authority managed roads (30% minor roads and 26% major road network).

Our modelling shows that the move to electric vehicles, while important, will not be enough for our transport system to reach net zero. Reducing the need to travel and where it is necessary, shifting this to sustainable modes, is required.

The level of congestion on our roads also directly affects people's health. There are around 80 air quality management areas (AQMA) in place across the Heartland to improve air quality, with the vast majority relating to the harmful impact of nitrogen oxides (NOx) caused by road traffic.



Annex 2

Briefing: Levelling up white paper

1. Introduction

- 1.1. This paper provides a high-level summary of the 'Levelling Up the United Kingdom' white paper published by government on February 2, and its implications for the Heartland.

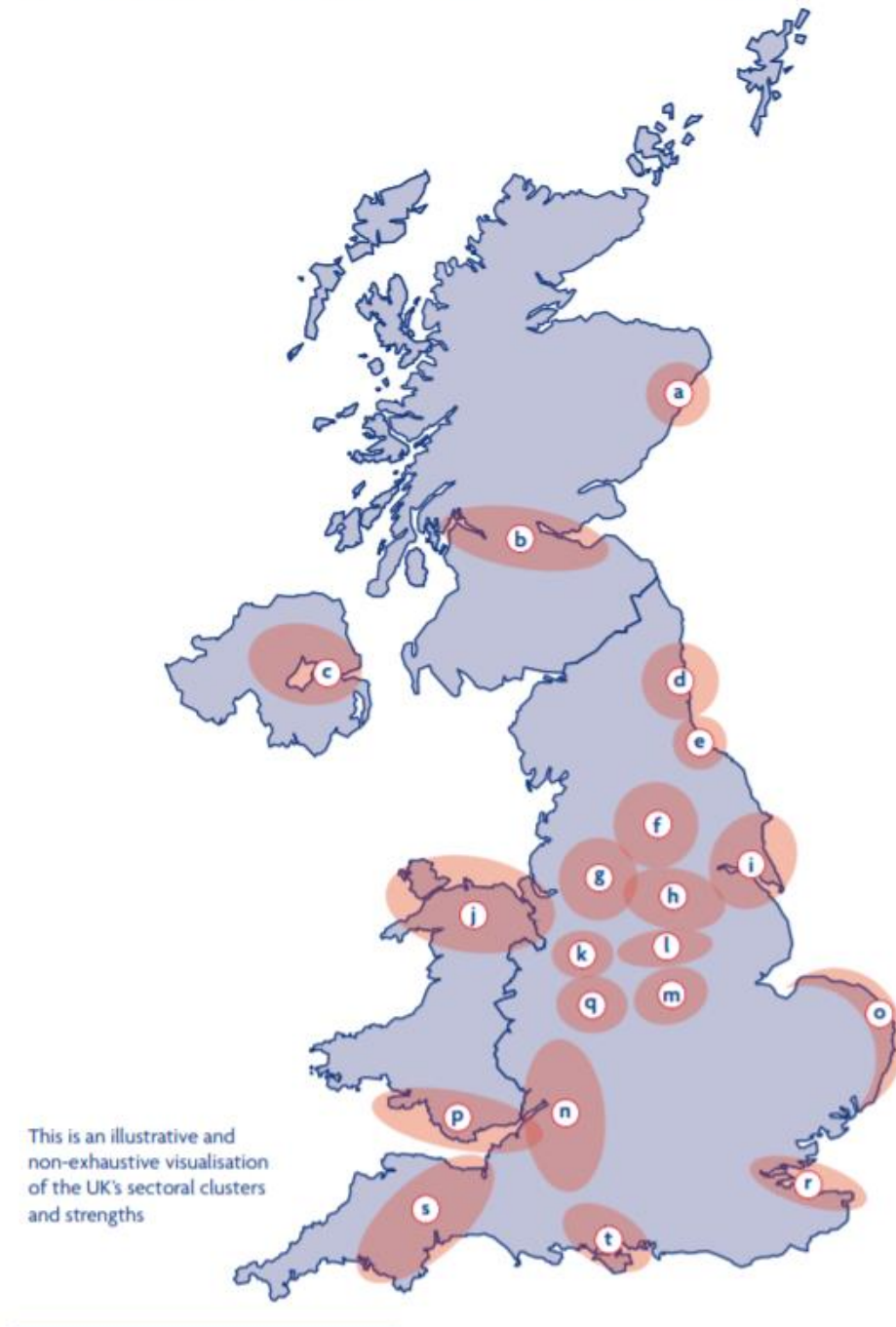
2. 'The Greater South East'

- 2.1. Throughout the white paper, there is reference to the disparities in investment levels, economic output and life outcomes between the country at large and the 'Greater South East' (although the 'South East' is also referenced on occasion). Analysis of inequalities often shows the 'Greater South East' compared to other regions.
- 2.2. While Greater South East is not defined in the main paper, a footnote in the accompanying technical report confirms it 'consists of London, the South East and East of England ITL1 regions'. Therefore, the only places in the Heartland not to be considered within the Greater South East are Swindon (South West), and North Northamptonshire and West Northamptonshire (East Midlands).
- 2.3. The paper also references the advantage of 'London, Oxford and Cambridge' with regards to strengths in science and innovation. For example, it says there are 'globally competitive concentrations of excellent research universities, skilled workers, and innovative businesses in London, Oxford and Cambridge'. Future research and development funding will therefore be increased elsewhere. For example: 'the Department of Health and Social Care (DHSC) will increase National Institute for Health Research investment outside London, Oxford and Cambridge'.
- 2.4. Despite acknowledgement of the strengths of our region in science and technology (including a case study on the development of the COVID-19 vaccine), and previous announcements regarding the importance to the UK of the Oxford-Cambridge Arc, it is notable that a map showing the UK's sectoral clusters and strengths (including life sciences, strong university institutions, automotive and advanced manufacturing) omits anything in our geography (see map below).
- 2.5. The white paper does attempt to allay fears around 'dampening down' the success of the south: "It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities."
- 2.6. Indeed, it says that levelling up will relieve pressures on the south: "Levelling up is not about making every part of the UK the same, or pitting one part of the country against another. Nor does it mean dampening down the success of more prosperous areas. Indeed, by extending opportunity across the UK we can relieve pressures on public services, housing and green fields in the South East. And levelling up can improve well-being in the South East by improving productivity in the North and Midlands."



2.7. It also acknowledges that 'disparities are often larger within towns, counties or regions than between them': "They are hyper-local and pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities."

Figure 1.30 Illustrative map of the UK's sectoral clusters and strengths⁷⁴



3. Levelling up missions

3.1. The white paper contains a number of overarching 'missions' to be realised by 2030, focussed on issues such as productivity, education and health. Missions pertinent to our region and the work of EEH include:

- By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.
- By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
- By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
- By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.
- By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.
- By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

4. Devolution

- 4.1. The white paper says the government will bring 'greater power and control back to people in England, by extending, deepening and simplifying devolution and boosting the mayoral model'.
- 4.2. The government's 'preferred model of devolution is one with a directly-elected mayor covering a well defined economic geography with a clear and direct mandate, strong accountability and the convening power to make change happen. However, because this may not suit all areas, the framework sets out a flexible, tiered approach, allowing areas to deepen devolution at their own pace'.

5. Transport and the role of EEH

- 5.1. The role of sub-national transport bodies in developing transport strategies is explicitly recognised in the white paper.
- 5.2. Indeed, the white paper emphasises the need to work across structural boundaries, particularly central and local government, and it recognises the need for more 'place-based' approaches and a move away from centralisation. This only strengthens the rationale for organisations such as EEH and the STBs.
- 5.3. It is also notable that white paper says government will 'explore regional centres of excellence that can provide bespoke support to LTAs'. EEH has been a trailblazer in the development of a centre of excellence for the Heartland – a shared resource which provides specialist support for the early stage development of businesses cases. Last month it was awarded in year funding by DfT to create the first centre of excellence of its kind in the country.
- 5.4. The white paper says local transport authorities (LTAs) will take on greater powers and responsibilities, so that they can plan their transport systems more effectively.



- 5.5. Local transport plans: For areas in England that agree the highest level devolution deals with directly elected leaders, the UK Government will make more targeted resource support available sooner, so that they can put Local Transport Plans in place before the end of this Parliament, as well as offering multi-year integrated settlements covering core local transport funding streams for local highways maintenance and smaller upgrades. Once robust plans are in place in line with DfT guidance, the UK Government will facilitate delivery by exploring opportunities to further simplify funding streams and reduce the requirements to access competitive funding.
- 5.6. Devolved powers: The UK Government will also explore devolving more transport powers and responsibilities in England. In MCA areas, the UK Government will provide new powers of direction to increase mayors' control over Key Route Networks. The UK Government will also explore transferring control of taxi and private hire vehicle licensing to both combined authorities and upper-tier authorities.
- 5.7. Buses: As set out in the National Bus Strategy, in line with previous devolution of bus funding to Transport for London and Transport for Greater Manchester, the UK Government will work to devolve the Bus Service Operators Grant, including once it has been reformed, to MCAs and other LTAs that request it.
- 5.8. The white paper references government's £760m investment 'to deliver the next stage of East West Rail between Bicester and Bletchley'.
- 5.9. It also confirms that Luton has received funding for bus improvements.

6. **Housing**

- 6.1. The white paper states that, 'although a problem everywhere, affordability of housing is most pressing in London and the Greater South East. This reflects in large part the historic imbalance in jobs and opportunities that leads large numbers to leave their family home and move south. This creates significant pressure on transport, schools and in particular on housing. The investment necessary to meet rising demand perpetuates geographical imbalance'.
- 6.2. To address 'historic imbalances in funding', future investment 'will not be subject to the so-called "80/20 rule", which has now been abolished. This historically targeted 80% of particular housing funds at areas of lowest housing affordability, leading to an under provision of funding outside London and the South East of England'.

