



## **Levelling Up in Yorkshire and the Humber**

**A Position Statement by Yorkshire Universities and Yorkshire & Humber Councils**

September 2021

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## 1. Introduction

Yorkshire (and the Humber) has a rich and illustrious history. Vibrant and dynamic communities are found in our cities, towns and rural and coastal settlements. Yorkshire is also an iconic brand in its own right; recognisable nationally and internationally, and a vital ingredient of 'Global Britain'.

With a population of over 5.5 million, an economy worth £110 billion, and featuring key sectors, such as Advanced Manufacturing; Energy/Low Carbon; Food and Drink/Agri-Food; Health and Care; and Digital/Creative Industries, Yorkshire and the Humber has distinct assets and institutions that collectively provide a critical mass of diverse geographies, talent, research and innovation, infrastructure and industrial capacity. During COVID-19, universities and local authorities, as well as business and local communities, have demonstrated their value to the region. Widening and deepening these contributions, as the UK charts a new course following its departure from the European Union, will help Yorkshire and the Humber to 'build back better'.

The government is committed to levelling up growth and opportunity, and to ensure that no region is left behind. This report is timed to coincide with the launch of a new strategic partnership between Yorkshire Universities and Yorkshire & Humber Councils. The statement outlines a framework for higher education and local government to work collaboratively, and with partners in the region, and national government, to utilise the breadth and depth of the potential that exists in Yorkshire and the Humber.

Yorkshire and the Humber enjoys distinct strengths and advantages. But the region also faces systemic challenges. Targeted, long-term investment is needed to make tangible improvements in productivity, education and skills, employment participation and population health. In this statement we outline a series of key policy areas for action that will help Yorkshire and the Humber to become a **more prosperous, greener, healthier and inclusive region**. A new approach, underpinned by strong partnerships between central, local and devolved government, and between institutions, communities and citizens, is critical to enable more people and more places in Yorkshire and the Humber to fulfil their goals and aspirations; a key objective of the government's levelling up programme.

## 2. Executive Summary

This report, by Yorkshire Universities and Yorkshire & Humber Councils, has been prepared following a comprehensive review of the research, evidence and proposals relating to the government's plan to level up. In our deliberations we have examined what levelling up means in practice to Yorkshire and the Humber, and how higher education institutions and local government in our region can support this programme.

We embrace a definition of levelling up that is based on **tackling long-standing local and regional inequalities and in particular addressing the challenges faced by 'left behind' places**. Other interpretations of levelling up have begun to emerge, and we look forward to reading the government's formal plans in the forthcoming White Paper. This report illustrates the contributions that our members make as anchor institutions, and it provides a framework for implementing a series of actions in key policy areas, which we believe will help to create a **more prosperous, greener, healthier and inclusive region**. Our ideas are designed to complement the valuable work of university-local authority civic partnerships, and the strategic relationships forged between higher education and sub/city-regional bodies. The proposals in this report reflect the unique nature of Yorkshire and the Humber; a shared commitment to collaboration at the regional level, and to instigating real change.

### **Building social and civic capital**

Levelling up is not simply an economic objective. It also means empowering people and local communities to participate in decision making, and to instill a renewed sense of belonging and pride. Local government and higher education are actively engaged in various projects and programmes in Yorkshire and the Humber that work with local communities to enhance citizen involvement in renewing social and civic capital. We would encourage the government to put its weight behind these models. In addition, our devolved institutions – currently in South Yorkshire and West Yorkshire – have agreed long-term deals with government to deliver specific interventions and actions to drive growth and prosperity based on new strategies, plans and firm investment plans. These arrangements provide the space for new types of innovation and have a central role in the levelling up programme.

### **Investing to level up**

Investment is the glue that binds the different strands of the levelling up programme together. We believe there are specific interventions that government (and its agencies) could take to support both increased and more effective funding and financing.

#### *What can national government do?*

- Avoid pitting local places against each other by inviting local areas to bid to multiple national funding pots. Such mechanisms place extra administrative burdens on local areas. Greater regional and local design, ownership, integration and strategic fit between various funding mechanisms, would mitigate transactional costs, free up delivery capacity at local level and enable a coordinated approach to boost regional economies and support local communities.
- Revisit the investment criteria for the assessment of value for money in relation to

economic development projects to achieve genuine levelling up. For example, an income based on residency metric does not reflect the capacity and infrastructure challenges of those areas that rely heavily on tourism.

- A review of local funding would help to ensure that business rates and council tax are structured to better enable fairer redistribution and localise benefits.

## **Skills, employment and economic growth**

*What are the opportunities and challenges facing Yorkshire and the Humber?*

- Increasing the quantity and the quality of employment.
- Strengthening access to services and infrastructure to improve productivity, inclusion and prosperity.
- To build on existing sectoral and innovation strengths.
- To create new skills and training opportunities.
- Expand and diversify talent to attract and retain new investment and jobs.
- Retain more of our talent by driving up employer demand for graduate level skills jobs.
- To build places where people want to live and work, and have a sense of community and belonging.

*What can local agencies and higher education in the region do?*

- Strengthen their work with regional business organisations, sub-regional and sector bodies, to encourage business growth and inward investment.
- Widen and deepen local government/higher education cooperation to reach those individuals who have not previously engaged with a university.
- Develop an integrated whole life skills framework encompassing an immediate recovery skills and retraining programme for those displaced during the pandemic.
- Establish training in longer-term skills required for supporting residents in a 'digital by default' economy.
- Continue to develop and monitor the implementation of a new Fair Work Charter for the region, and other similar initiatives, such as the York Good Business Charter.
- Ensure that organisational strategies and business plans focus on economic growth and make the most effective use of the Levelling Up Fund and other funding.
- Encourage new collaborations between universities, research and innovation institutions and local agencies to harness complementary strengths in the region to generate new products, processes and to attract investment and jobs.
- Share evidence from new workforce planning observatories in the health and care sector to identify lessons for other parts of the labour market in the region.

*What can national government do?*

- Provide more clarity and certainty around the Shared Prosperity Fund, and a commitment for no reduction from ERDF/ESF levels. Places want to work with government to co-design the new system.
- Commit to new central government functions and jobs being located in Yorkshire and the Humber.

- Continue the furlough scheme for individuals who need retraining, and roll out increased support for lifelong learning.
- Provide more support to achieve increased access and participation rates in higher education, to offset the reductions in funding for the Uni Connect programme.
- Direct more public R&D investment towards Yorkshire and Humber, and consider the case for new innovation deals in the region.
- Locate the Advanced Research and Invention Agency (ARIA) headquarters in the north of England.
- Expand the use of University Enterprise Zones with a third round of support, and ensure that UKRI funding will support innovation activity within the region's designated Freeports.

## **Education**

*What are the opportunities and challenges facing Yorkshire and the Humber?*

- To improve educational performance to drive up aspiration and opportunity.
- Too many people have low basic skills and too few have high-level vocational skills.
- Address the educational divide between London and the north of England, which starts before children reach school age.
- Build on the appetite to develop integrated educational pipelines to support private and public sectors.

*What can local agencies and higher education do?*

- Strengthen collaboration to remove barriers to learning and continue to widen access and participation to further and higher education.
- Work collaboratively and with partners to expand tutoring and catch-up support for pupils and students who have fallen behind in their educational studies and learning.

*What can national government do?*

- Support an expansion of Opportunity Areas in Yorkshire and the Humber, building on and learning from existing good practice.
- Provide new funding for educational catch-up and mentoring programmes in the region.
- Implement recommendations from the Department for Education's Local Areas Working Project that should deliver a stronger place-sensitive approach to policy, strategy and funding, and encourage greater local autonomy and co-production of new initiatives between national government and local partners.
- Ensure that funding for education and development is seen as an investment in Green Book terms.

## **Climate change and environment**

*What are the opportunities and challenges facing Yorkshire and the Humber?*

- Climate change impacts upon all parts of the economy, society and environment, meaning the demand for urgent action now is evident and growing.
- Without action, the region faces multiple flood impacts and threats on businesses and communities, and disruptions to transport and other infrastructure.
- There is considerable support within the region to work collaboratively, and with government, to implement local and regional climate change action plans.
- To increase investment and jobs in renewable energy and technologies, and to facilitate a just transition to a net zero economy.

*What can local agencies and higher education do?*

- Work to ensure full and active community and business involvement in the climate change and sustainability agenda.
- Support the Yorkshire & Humber Regional Climate Action Plan, with short, medium and long term actions and opportunities in the form of a deliverable work programme for the region.
- Train people with the appropriate skills to implement carbon reduction technologies.
- Work with partners to make the case to business and government to bring new green investments to Yorkshire and the Humber.

*What can national government do?*

- Commit to investing in regional and sub-regional initiatives that can help deliver national net zero targets, especially in regions where decarbonisation is uneven or challenging.
- Incentivise greener living, education, working and business practices and industry standards.
- Adjust national planning and building policy so all new buildings adhere to strict sustainability and climate neutrality standards.

## **Health and wellbeing**

*What are the opportunities and challenges facing Yorkshire and the Humber?*

- Life expectancy in Yorkshire and the Humber is significantly lower than the national average in England.
- The north of England's economy has been hit hardest during COVID-19, and inequalities between the north and the rest of the country have risen.
- The region has significant health-based research and innovation assets and capabilities to help create new jobs and improve population health and well-being.
- Yorkshire and the Humber has strong and effective system leaderships in health and social care.

*What can local agencies and higher education do?*

- Align strategies (including greater integration of economic strategies to health) to deliver more inclusive growth, with a focus on addressing health inequalities, and stronger analysis and foresight.
- Support jointly-funded posts, secondments or exchanges to enable better knowledge transfer between different sectors working to address health inequalities.

*What can national government do?*

- Empower local leaders with the tools and capacity to improve health outcomes.
- Include health as an outcome in all economic development policies and funding bid criteria.
- Increase health research and innovation spending in Yorkshire and the Humber.

## **Economic, social and digital infrastructure**

*What are the opportunities and challenges facing Yorkshire and the Humber?*

- Poor transport infrastructure limits connectivity within the region and across the north of England, and access to jobs and investment.
- Yorkshire is an ideal position to act as a 'bridge' to north – south – east – west markets.
- Declining investment in social infrastructure has undermined quality of life and prosperity.
- The region has a growing global reputation as a digital leader.

*What can local agencies and higher education do?*

- Introduce measures to encourage more diverse and skilled talent to work in social infrastructure services, e.g. social care, local government and higher education.
- Use local and regional assets and technologies, and test and adopt small scale interventions to widen access and participation in the digital economy.
- Benchmark all internal and external infrastructure proposals and projects against net zero commitments, likely impacts on biodiversity and future projections of climate change.

*What can national government do?*

- Support devolved regions and local authorities to develop and maintain integrated transport systems that are suited to travel to work geographies, e.g. bus franchising.
- Accept the advice submitted by Transport for North on Northern Powerhouse Rail.
- Recognise social infrastructure as a key driver of prosperity and a means of addressing inequalities.
- Feature Yorkshire and the Humber at the earliest stage within a national full fibre rollout programme, and also for enhanced 5G connectivity and bandwidth.

## Housing

*What are the opportunities and challenges facing Yorkshire and the Humber?*

- Rising affordability constraints in parts of Yorkshire and the Humber limits the ability of the region to attract new investment, talent and jobs.
- Building sufficient new homes in the right places and ensuring connections to wider social and transport infrastructure assets.
- The north of England, including Yorkshire and the Humber, has high performing housing delivery organisations.

*What can local agencies and higher education do?*

- Promote and encourage new housing, especially affordable and carbon neutral dwellings.
- Commission joint research into the housing challenges facing the region, in particular the relationship between the affordability, location and condition of housing.

*What can national government do?*

- Provide sufficient new financial flexibilities to local authorities to build new homes of all tenures through local rent setting, flexible grant support, delivery vehicles and housing revenue accounts.
- Provide funding for retrofitting of older and substandard housing.

### **3. Local government and higher education: strategic partners in Yorkshire and the Humber**

#### **About Yorkshire Universities**

Yorkshire Universities (YU) represents eleven universities and one specialist higher education institution (HEI) in Yorkshire and the Humber. The Vice-chancellors and Principals of these institutions form YU's Board of Directors. The twelve YU members are the universities of Bradford, Huddersfield, Hull, Leeds, Leeds Beckett, Leeds Trinity, Leeds Arts, Sheffield, Sheffield Hallam, York and York St John, as well as Leeds Conservatoire. YU convenes a diverse eco-system of universities and HEIs. Collectively, Yorkshire and the Humber has a higher education student base of 200,000, of which 68,000 graduate every year. YU members support over 56,000 jobs in the region, and they contribute £3 billion per annum to the region's economy.

YU's mission is to work with partners to create more prosperous, inclusive and sustainable economies and communities in Yorkshire and the Humber. As a regional partnership, YU has a shared commitment to place and to supporting aspiration and opportunity. YU members support this work by acting as convenors and facilitators of talent, skills, research and innovation and knowledge exchange, underpinned by a broader civic role as anchor institutions.

#### **About Yorkshire & Humber Councils**

There has been a long and successful history of partnership working across Yorkshire and the Humber, both as part of formal arrangements (Local Government Yorkshire and Humber) and informally since. Working across geographical boundaries and on a cross-party, pan-public sector basis, local authorities can learn from each other, share innovation, develop effective policy and strategy, and deliver greater efficiencies.

Through the cross-party Yorkshire Leaders Board and Yorkshire and Humber Chief Executives group, Yorkshire & Humber Councils work effectively together, for the betterment of the whole of Yorkshire and the Humber, as well as for local citizens, businesses and communities, ensuring a role and voice for the region in national debates. These arrangements bring together the twenty-two councils across the region, along with the two Mayors in South Yorkshire and West Yorkshire, and the combined authorities in those areas.

#### **Our work together**

YU and Yorkshire & Humber Councils have agreed to strengthen their relationship to increase the impact and ability of the higher education and local government sectors in delivering greater prosperity and well-being for all people and places within Yorkshire and the Humber. We know that working in partnership together and with partners, especially national government, represents the most effective and efficient way of addressing the opportunities and challenges facing our region. This commitment to a strong strategic

partnership was confirmed by a joint Memorandum of Understanding (MoU), which was signed in July this year.<sup>1</sup>

The MoU states that our priorities will focus on contributing directly towards the levelling up agenda, to supporting improved population health and well-being, and to addressing the impact of climate change. We want to help **create a more prosperous, greener, healthier and inclusive region**. We will implement the following actions to deepen our interaction and widen our joint working:

- Responding collectively to government consultations/policy initiatives.
- Producing joint evidence bases and analyses.
- Developing and disseminating research projects – with the aim of encouraging wider participation in, and learning from, individual projects.
- Exploring the potential for joint bidding for research funding and projects.
- Implementing a joint university and local authority knowledge exchange programme.

Our plan is inclusive and embraces all parts of the region, including those local areas that do not host a university – demonstrating our commitment to working together for the benefit of all people and places in Yorkshire and the Humber.

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<sup>1</sup> The MoU is available online at: <https://yorkshireuniversities.ac.uk/wp-content/uploads/sites/15/2021/07/YH-Councils-and-YU-MOU-July-2021.pdf>

## 4. Our shared definition of levelling up

### Identifying the key issues

The UK is one of the most unequal countries in the Organisation for Economic Co-operation and Development (OECD), as measured by productivity, wealth, social wellbeing and environmental conditions.<sup>2</sup> Successive governments have introduced different regional development policies in an effort to promote stronger economic growth in the regions.<sup>3</sup>

Spatial economic imbalances in the UK represent an enduring problem that stretches back decades. Concerns about regional inequalities have intensified during the past thirty years,<sup>4</sup> and have been given fresh policy and political impetus since the EU Referendum in 2016. The government's new Plan for Growth cites tackling geographical disparities as a fundamental part of its economic mission.<sup>5</sup> In a speech on 15 July, the Prime Minister noted how Germany has sought to narrow the huge disparities between west and east in the aftermath of reunification.<sup>6</sup> There is a wealth of international evidence to demonstrate that no single specific policy can by itself level-up regions. Levelling up requires high levels of collaboration, consensus and public and private investment spanning decades.<sup>7</sup> COVID-19 has amplified the challenges, as the pandemic has exposed and reinforced existing inequalities.<sup>8</sup>

The government has been encouraged, ahead of the publication of the Levelling Up White Paper, to bring a sharper focus to its levelling up programme.<sup>9</sup> Drawing upon a comprehensive review of research and evidence, we embrace a definition of levelling up that is based on **tackling long-standing local and regional inequalities and addressing challenges faced by 'left behind' places.**<sup>10</sup>

### Building social and civic capital

Levelling up requires multi-faceted social, economic and environmental policy interventions, many of which have symbiotic relationships with each other. If policies are to be successful, then they need to exist as elements within an inter-connected system. Geographical inequalities – between and within regions – require place-sensitive policies and depend

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<sup>2</sup> UK2070 (2019) Fairer and Stronger: Rebalancing the UK Economy, 2nd Report, UK2070 Commission.

<sup>3</sup> Carrascal-Incera, A., McCann, P., Ortega-Argilés, R. and Rodríguez-Pose, A. (2020) 'UK interregional inequality in a historical and international comparative context', National Institute Economic Review Issue 253, Cambridge University Press: Cambridge.

<sup>4</sup> Martin, R., Pike, A., Tyler, P. and Gardiner, B. (2015) Spatially-Rebalancing the UK Economy: The Need for a New Policy Model, Regional Studies Association: Seaford.

<sup>5</sup> HMT (2021) Build back better: our plan for growth: HM Treasury: London.

<sup>6</sup> <https://www.gov.uk/government/speeches/the-prime-ministers-levelling-up-speech-15-july-2021>

<sup>7</sup> Taylor, A., Sampson, S. and Romaniuk, A. (2021) What does it take to "level up" places? Evidence from international experience, Industrial Strategy Council: London.

<sup>8</sup> UK2070 (2020) Go Big Go Local: The UK2070 Report on a New Deal for Levelling Up the United Kingdom, UK2070 Commission: Nottingham.

<sup>9</sup> See, for example, Centre for Cities: <https://www.centreforcities.org/levelling-up/> and Onward: <https://www.ukonward.com/category/levelling-up/>

<sup>10</sup> Tomaney, J. and Pike, A. (2020) 'Levelling Up?', Political Quarterly, 91(1): 43-48.

upon different levels of government working collaboratively, and for (governmental and non-governmental) institutions, communities and individuals within regions and localities to be empowered and equipped with the tools to make a difference on the ground. Devolution in South Yorkshire and West Yorkshire forms a crucial element of this process, alongside strong partnerships between national and local government.

Higher education institutions and local authorities/combined authorities are unique in terms of their ability to connect and work with stakeholders, citizens and communities. Building social and civic capital is an important feature of levelling up. In Yorkshire and the Humber, the concept of the 'Civic University' is shaping new modes of university-local government collaboration, and is encouraging wider civic and community participation and agency in place-making. Led by Sheffield Hallam University, the national Civic University Network is helping to shape and share good practice. Other examples include the Leeds Anchors Network, bringing together universities, local government, NHS, further education and partners to direct more investment in the city through a joint plan designed to increase commercial spend and employment opportunities for businesses and citizens in Leeds. Elsewhere, Hull City Council and the University of Hull are working to strengthen local community participation in the design of local policy-making. Whilst Bradford, under its City of Research programme, is an exemplar for its long-term population health studies and citizen-science approach.

### **Investing to level up**

We would encourage government and other public and private institutions to see the wider value of investment opportunities in Yorkshire and the Humber. New and additional funding and financing could generate increasing returns to the regional and national economy.

In terms of investment for levelling up, we would encourage the levelling up programme to avoid pitting local places against each other through multiple national funding pots. These mechanisms place extra administrative burdens on local areas. Greater regional and local design, ownership, integration and strategic fit between various funding mechanisms, would mitigate transactional costs, free up delivery capacity at local level, and enable a co-ordinated approach to address the opportunities and challenges facing regional economies and local communities.

While some progress has been made, as part of the Green Book revisions, the investment criteria for the assessment of value for money in relation to economic development projects still needs to be revisited to achieve genuine levelling up. For example, a metric focused on income based on residency does not reflect the capacity and infrastructure challenges of those areas that rely heavily on tourism.

Furthermore, a review of local funding would help to ensure that business rates and council tax are structured to better enable fairer redistribution and localise benefits. This could radically shift the picture in the region.

There are also important temporal aspects to this agenda. Moving the dial in relation to improving and sustaining the overall productivity performance of Yorkshire and the Humber will take time, but the rewards, if achieved, would be significant. A **more prosperous, greener, healthier and inclusive economy**, with Yorkshire and the Humber reaching its full

potential, would benefit the UK overall. We look forward to the Levelling Up White Paper, which will set out the government's long-term plan. In this statement, we identify a series of actions that, if implemented, could help to cement the foundations of regional prosperity, and contribute towards regenerating the civic pride and culture of local communities in Yorkshire and the Humber. We encourage the government to endorse our proposals.

## 5. Priority areas for action

### Skills, employment and economic growth

#### *The opportunities and challenges*

One of the key challenges facing Yorkshire and the Humber, as part of the levelling up agenda, is to increase and broaden opportunity, which depends upon improving the quantity and quality of employment. Strengthening access to services and infrastructure is critical to higher productivity, wages and better health outcomes. The region's economic recovery plans and strategies, which local authorities and universities have been actively involved in, provide strong evidence bases and shared rationales for future action.

COVID-19 has accelerated a pre-existing trend toward online consumption of goods and services, altering the demand for labour, particularly in the long-tail of low productivity sectors, primarily characterised by low skilled employment.<sup>11</sup>

Business models have shifted away from labour, with the pandemic cementing trends of mechanisation, automation and geographic relocation. The end of the furlough scheme is expected to further increase these effects, leading to rapid labour displacement. The TUC has called on the government to create a permanent short-time working scheme, bringing the UK in line with other major OECD countries,<sup>12</sup> whilst the Local Government Association has called for financial incentives to help employers create apprenticeship programmes to be extended beyond the end of furlough.<sup>13</sup>

Roles created in low skilled sectors tend to be more precarious, with lower pay and poorer conditions. Many lower-skilled and low paid jobs are located in urban peripheries, raising fundamental issues around physical accessibility to jobs, transport access and work retention.<sup>14</sup>

Despite increasing automation, there is, however, growing evidence of acute labour shortages in sectors of the economy, such as social care, transport and logistics, hospitality and food production.<sup>15</sup> For the foreseeable future, there will be sustained demand for workers with a range of different skills and attributes. Yorkshire and the Humber will need to ensure that it is able to attract, retain, train and (re)train labour in key sectors and industries.

Climate change and environmental degradation reduce productivity and threaten jobs, with effects falling disproportionately on the most vulnerable people and places. Action to

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<sup>11</sup> Dromey, J. (2020) Levelling up skills after coronavirus: The role of trade unions and social partnership in workforce training, Learning and Work Institute: Leicester.

<sup>12</sup> TUC (2021) Beyond furlough; why the UK needs a permanent short-time work scheme, Trades Union Congress: London.

<sup>13</sup> Eichler, W. (2021) 'Council chiefs call for extension of apprenticeship incentive scheme', LocalGov, 20 August.

<sup>14</sup> Crisp, R., Gore, T. and McCarthy, L. (2017) Addressing transport barriers to work in low income neighbourhoods, CRESR, Sheffield Hallam University: Sheffield.

Houston, D. (2005) 'Employability, Skills Mismatch and Spatial Mismatch in Metropolitan Labour Markets', Urban Studies, 42(2): 221-243.

<sup>15</sup> Plummer, R. (2021) 'Where have all the UK workers gone?' BBC News, 11 June: <https://www.bbc.co.uk/news/business-57400560>

combat these processes can create new jobs, but this requires investment in skills and a just transition towards a net-zero economy.<sup>16</sup> It is important to recognise that CO<sub>2</sub> emissions targets are set on a production basis, which means that industrial regions, such as Yorkshire and the Humber, are disproportionately impacted, compared to other regions that have higher household carbon footprints.

There is real potential to generate a boom in creative and independent workers in Yorkshire and the Humber. The region is a key location of culture and creative industries talent and enterprise. The sector is a huge contributor to national trade and investment, and has the potential to regenerate places, drive innovation and create jobs.<sup>17</sup> However, the recent decision by the Office for Students to cut funding for teaching in arts courses in higher education is at odds with the government's Plan for Growth, which embraces the value of the creative industries as a priority sector. With the government committed to the UK becoming a 'science superpower', the relationship between research and innovation capability and the creative industries, including design, has long been apparent.<sup>18</sup> The presence of a strong and diverse talent pipeline in the creative industries will be essential to post-pandemic recovery and to the long-term success of the UK economy.

Skills development is pivotal to supporting an immediate COVID-19 recovery, as well as long term productivity and green growth. We need a wide range of skills in Yorkshire and the Humber – of all types (i.e. high/technical/vocational/soft). Skills improvements can lead to a significant increase in employment, but too often we see the employment and social costs of low skills in some of our towns and cities. Fundamentally, skills training is required to adapt to the displacement caused by technological advances and other shifts in employment, with the focus on how to support individuals and communities through periods of transition. Proposed changes to post-16 education and training, alongside greater devolution of adult skills funding, should provide the basis for renewed and place-sensitive training and retraining provision. We would encourage the government to work with universities, local authorities, business and other parts of the public sector in Yorkshire and the Humber to do more to integrate supply side measures with measures to grow the demand amongst more employers for skills.

The growth and expansion of knowledge-intensive industries are also central to the levelling up agenda, as is encouraging greater levels of entrepreneurship, especially amongst people in disadvantaged areas, where our universities and local authorities are working to help break down the barriers to enterprise. As a fundamental driver of regional productivity, innovation is concentrated in a small cluster of places in the UK.<sup>19</sup> A Nesta report calculates that if the government were to invest at the same levels as it currently spends on public R&D in the Greater South East, outside the Golden Triangle, then there would be an extra

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<sup>16</sup> ILO (2019) Skills for a Greener Future: Challenges and enabling factors to achieve a just transition, International Labor Organisation: Geneva.

<sup>17</sup> CIF (2021) The UK creative industries: unleashing the power and potential of creativity, Creative Industries Federation: London.

<sup>18</sup> Muller, K., Rammer, C. and Truby, J. (2009) 'The role of creative industries in industrial innovation', Innovation: Organization and Management, 11(2): <https://www.tandfonline.com/doi/abs/10.5172/impp.11.2.148>

<sup>19</sup> Fraser, F., Holloway, W. and Blagden, J. (2021) Levelling Up Innovation, Onward: London.

£4 billion of R&D investment across the other UK nations and regions in total.<sup>20</sup> In Yorkshire and the Humber, it is estimated that the share of additional public investment would be £540 million. The uneven allocation of R&D funding has played a part in driving inequalities in economic performance between and within regions.<sup>21</sup>

In July, the government published its Innovation Strategy, and reaffirmed its commitment to increase national spending on R&D from 1.7% of GDP to 2.4% by 2027,<sup>22</sup> with a big increase in public investment, which now accounts for around 30% of total R&D expenditure in the UK.<sup>23</sup> Details on the government's plans for R&D in places are expected to feature in the Levelling Up White Paper. Private investment tends to follow public investment, but in Yorkshire and the Humber private sector investment and engagement in innovation remains too low. We need to increase total investment and build on the region's distinct institutions and places, as well as our assets and capabilities, such as health-tech, advanced manufacturing, bio-economy, robotics, space, textiles and renewable energy, for example. At the same time, with the support of government and partners, there is the potential to strengthen the connections between innovation and physical renewal and expansion in our cities and towns, with R&D stimulating new quality jobs and innovation driving new products and processes. Realising the benefits from increased R&D spending requires absorptive capacity and more people with the requisite higher level and technical skills. Above all else, we need a new innovation culture in Yorkshire and the Humber, and we need to make innovation a much more social and inclusive process.<sup>24</sup> We would encourage the government to work with our members and partners to explore the potential to develop new innovation deals in the region that would harness R&D, skills, infrastructure, investment and enterprise, and would act as catalysts for inward investment and jobs.

The planned movement of 22,000 civil service jobs out of London is being led by the Cabinet Office Places for Growth Programme. Local authorities and universities in Yorkshire and the Humber are actively engaged in this work, helping to identify particular locations for investment and how best to tap into the region's talent pool. The arrival of Channel 4, the new National Infrastructure Bank and the Bank of England Hub builds on a track record of the region attracting national institutions. The availability of talent is a major factor in attracting investment – both public and private.<sup>25</sup> To support this work, YU is convening a

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<sup>20</sup> Forth, T. and Jones, R. (2020) The Missing £4 Billion: Making R&D work for the whole of the UK, Nesta: London.

<sup>21</sup> Enenkel, K. (2020) 'How will more R&D spending level up the UK, Centre for Cities: <https://www.centreforcities.org/blog/how-will-an-more-rd-spending-level-up-the-uk/>

<sup>22</sup> Department for Business, Energy & Industrial Strategy (2021) UK Innovation Strategy: <https://www.gov.uk/government/news/new-plans-to-put-uk-at-front-of-global-innovation-race>

<sup>23</sup> BEIS (2020) R&D Roadmap, Department for Business, Energy and Industrial Strategy: London.

<sup>24</sup> Morgan, K. (2020) After the Pandemic: societal innovation and the foundational economy: <https://www.orkestra.deusto.es/en/latest-news/news-events/beyondcompetitiveness/1986-after-the-pandemic-societal-innovation-and-the-foundational-economy>

<sup>25</sup> Quoted in the Yorkshire Post, on 16 July 2021, Utterberry Founder and CEO, Heba Bevan, said that the tech firm was attracted to create 800 jobs in Yorkshire and the Humber because, "what attracted me to Leeds was I knew there was a huge amount of talent around Yorkshire because you have got amazing universities": <https://www.yorkshirepost.co.uk/business/800-jobs-to-be-created-in-leeds-as-technology-firm-utterberry-sets-up-massive-manufacturing-and-innovation-base-in-the-region-3309394>

task and finish group, with representatives from the Places for Growth team, local authorities, mayoral combined authorities, local enterprise partnerships and business, to examine what more can be done collectively to support the region's graduates in entering the labour market. The group will examine the opportunities emerging through public sector relocation, inward investment and business start-up and spin-out initiatives. In particular, we need to encourage more employers to create more graduate-level jobs in the region, to support retention and reverse the trend of under-employment of graduates.

*What can local agencies and higher education in the region do?*

- Strengthen their work with regional business organisations, sub-regional and sector bodies, to support firms and encourage business growth and inward investment.
- Widen and deepen local government/higher education cooperation to reach those individuals who have not previously engaged with a university.
- Develop an integrated a whole life skills framework encompassing an immediate recovery skills programme for those displaced during the COVID-19 pandemic.
- Establish training in longer-term skills required for supporting residents in a 'digital by default' economy.
- Continue to develop and monitor the implementation of a new Fair Work Charter for the region, and other similar initiatives, such as the York Good Business Charter.
- Ensure that organisational strategies and business plans focus on economic growth and make the most effective use of the Levelling Up Fund and other funding.
- Encourage new collaborations between universities, research and innovation institutions and local agencies to harness complementary strengths to generate new products, processes and to attract investment and jobs.
- Share evidence from new workforce planning observatories in the health and care sector to identify lessons for other parts of the labour market in the region.

*What can national government do?*

- Provide more clarity and certainty around the Shared Prosperity Fund, and a commitment for no reduction from ERDF/ESF levels. Places are keen to work with government to co-design the new system.
- Commit to additional central government functions and jobs being located in Yorkshire and the Humber.
- Continue the furlough scheme for those individuals in need of retraining, and increase support for lifelong learning.
- Provide more support to achieve increased access and participation in higher education, to offset the reductions in funding for the Uni Connect programme.
- Direct more public R&D investment to Yorkshire and Humber, and consider the case for new innovation deals in the region.
- Locate the Advanced Research and Invention Agency (ARIA) headquarters in the north of England.
- Expand the use of University Enterprise Zones with a third round of support, and ensure that UKRI funding will support innovation activity within the region's designated Freeports.

## Education

### *The opportunities and challenges*

If the UK is to level up the regions and rebalance the national economy, improvements in educational performance, to drive aspiration and opportunity, will be critical. Levelling up should begin at the earliest stages of the education journey.

A high proportion of young people in Yorkshire and the Humber go to university, and demand for higher education is forecast to increase.<sup>26</sup> Indeed, record number of students will go to university in England in 2021/22. To achieve greater diversity and social mobility, access and widening participation programmes into higher education are critical. The four Uni Connect partnerships in Yorkshire and the Humber – which work with universities, further education (FE) colleges and schools – are together reaching 80,000 learners, opening up new pathways into higher education for many people from disadvantaged backgrounds in the region.

At the same time, too many of our people have low basic skills and too few have high-level vocational skills. The relationships in Yorkshire and the Humber between universities, business, councils, public sector and colleges provide the foundation for agile and flexible forms of learning – such as Degree Apprenticeships – and support for the (re)training of individuals and the development of new career pathways. The government is proposing new mechanisms for post-16 education and lifelong learning, which will depend on new investment in FE, but also strong and collaborative HE and FE sectors.

Investment in pre-16 education will underpin the success of levelling up.<sup>27</sup> Although the Department for Education's total funding for schools increased by 7.1% in real terms, between 2014-15 and 2020-21, the growth in pupil numbers has meant that real-terms funding per pupil rose only by 0.4%. The largest funding increases have been allocated to previously less well funded areas, which tend to be more affluent. This means that, in recent years, there has been a relative re-distribution of funding from the most deprived schools to the least deprived schools.<sup>28</sup>

There is an educational divide between London and the north of England, which starts before children reach school age. The 'early years gap' between children from poorer and wealthier homes is almost twice as large in the north of England as it is in London.<sup>29</sup> A higher percentage of children claim free school meals in the north of England than in most of the

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<sup>26</sup> Hewitt, R. (2020) Demand for higher education to 2035, Higher Education Policy Institute: Oxford.

<sup>27</sup> Burgess, S. (2021) There can be no "levelling up" without education recovery, Centre for Education Policies and Equalising Opportunities, University College London: London.

<sup>28</sup> NAO (2021) School Funding in England, National Audit Office, London; Andrews, J. (2020) Analysis: School funding allocations 2021-22, Education Policy Institute: London.

<sup>29</sup> Clifton, J., Round, A. and Raikes, L. (May 2016) Northern Schools: Putting Education at the Heart of the Northern Powerhouse, ippr north: Manchester.

south.<sup>30</sup> And London pupils on free school meals are more likely to participate in higher education than pupils in the north, and more likely to do so than the national average.<sup>31</sup>

More broadly, children's social care and special educational needs support is critical to the life chances and opportunities for many children in Yorkshire and the Humber. These services have been stretched due to increased demand for mental health and well-being support during the pandemic. COVID has also impacted upon the educational attainment and experience of children of all ages due to prolonged periods of pupil and staff isolation and absence. The work of councils, universities and local partners in Yorkshire and the Humber, through the implementation of projects, such as graduate mentor schemes, has provided a vital continuum of education and learning for children.<sup>32</sup> Demand for this support is likely to continue, and will require new investment.

*What can local agencies and higher education do?*

- Strengthen collaboration to remove barriers to learning and continue to widen access and participation to further and higher education.
- Work collaboratively and with partners to expand tutoring and catch-up support for pupils and students who have fallen behind in their educational studies and learning.

*What can national government do?*

- Support an expansion of Opportunity Areas in Yorkshire and the Humber, building on and learning from existing good practice.
- Provide new funding for the educational catch-up and mentoring programmes in the region.
- Implement findings and recommendations from the Department for Education's Local Areas Working Project that should deliver a stronger place-sensitive approach to policy, strategy and funding, and encourage greater local autonomy and co-production of new ideas and initiatives between national government and local partners.
- Ensure that funding for education and development should be seen as an investment in Green Book terms.

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<sup>30</sup> Schraer, R. (2018) 'Is there a north-south divide in England's schools?', 31 March, [BBC News: https://www.bbc.co.uk/news/education-43544255](https://www.bbc.co.uk/news/education-43544255)

<sup>31</sup> Bircham, E. and Lewis, H. (2020) 'Educating The North: The Attainment Gap, The Ofqual Algorithm and The Graduate Brain-Drain', 15 August: <https://www.theoxfordblue.co.uk/2020/08/15/educating-the-north-the-attainment-gap-the-ofqual-algorithm-and-the-graduate-brain-drain/>

<sup>32</sup> See, for example, the GROW mentoring programme in South Yorkshire: [https://blogs.shu.ac.uk/grow/?doing\\_wp\\_cron=1629473226.9506409168243408203125](https://blogs.shu.ac.uk/grow/?doing_wp_cron=1629473226.9506409168243408203125)

## Climate change and environment

### *The opportunities and challenges*

Climate change is inextricably linked to all other priority areas for action, and the demand for urgent action now is growing.<sup>33</sup> Climate change touches upon every aspect of our lives, and it should guide our knowledge and understanding of, and plans for, the regional economy and the future vision for Yorkshire and the Humber.

There are significant and specific implications from climate change for Yorkshire and the Humber, with multiple flood impacts and threats on businesses and communities, and disruptions to transport and other infrastructure. Many areas at high flood risk also have high levels of deprivation and climate change is expected to exacerbate health inequalities.<sup>34</sup> As such, a renewed focus on climate resilience and adaptation is critical in our region.

Many local areas in Yorkshire and the Humber have introduced strategies and plans to address the issues arising from climate change. The Yorkshire Leaders Board has adopted an ambition to be overall net carbon zero by 2038, with significant progress by 2030. The nature of collaboration and partnership in the region means that sub-regional and local initiatives can be integrated and aligned with each other under a coherent and deliverable plan that benefits and make sense for all, with clear and achievable short- and long-term actions. The Yorkshire & Humber Climate Commission, chaired by the Chief Executive of Yorkshire Water, and with strong local government and university engagement, will act as the vehicle to prepare a new regional climate change action plan ahead of COP26 in Glasgow.<sup>35</sup>

Investing in new green jobs will contribute towards the UK meeting its net-zero carbon emissions target for 2050, and will also support the levelling-up agenda, creating work in the near term and setting the groundwork for sustainable and resilient longer-term economic growth.<sup>36</sup> Investment in offshore wind in the region has been significant. In August, it was announced that over 1,340 jobs will be created and safeguarded across the Humber. Offshore wind manufacturers Siemens Gamesa and GRI Renewable Industries will receive funding from the government's £160 million Offshore Wind Manufacturing Investment Support scheme, to further develop manufacturing facilities in the Humber.<sup>37</sup> The

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<sup>33</sup> IPCC (2021) Sixth Assessment Report, Inter-governmental Panel on Climate Change:

<https://www.ipcc.ch/assessment-report/ar6/>

<sup>34</sup> Climate UK (2012) A Summary of Climate Change Risks for Yorkshire and Humber, Your Climate Yorkshire and Humber: Wakefield.

<sup>35</sup> <https://yorksandhumberclimate.org.uk/>

<sup>36</sup> Unsworth, S., Andres, P., Cecchinato, G., Mealy, P., Taylor C. and Valero, A. (2020) Jobs for a strong and sustainable recovery from Covid-19, Centre for Economic Performance/Grantham Research Institute on Climate Change and the Environment, London School of Economics: London.

<sup>37</sup> MH (2021) 'Wind of Change for the Humber Region', Marketing Humber, 10 August: <https://www.marketinghumber.com/news-events/news/investment/wind-of-change-for-the-humber-region/>

government's new Hydrogen Strategy also earmarks a key role for East Yorkshire and the Humber in hosting new storage facilities.<sup>38</sup>

Amidst the environmental crisis, there are major employment opportunities, and a chance to reimagine our economy. In the next two years, as part of a national programme to fast-track investment in green infrastructure, 58,000 new jobs could be directly created in Yorkshire and the Humber, with thousands more new jobs in supply chains.<sup>39</sup>

However, 360,000 jobs – 15% of all jobs in Yorkshire and the Humber – are in sectors that have high or very high emissions, and these jobs are most likely to be affected by the move towards a net zero carbon economy.<sup>40</sup> The region's significant research and innovation assets, in our universities and elsewhere, can support the transition to a greener economy, and bring local communities and businesses on the journey to net zero. Universities can also help solve the complex challenge of how we will meet our energy, housing, transportation needs in a just, fair and affordable way. Working with business, further education, and other parts of the education system, councils and universities have a key role in ensuring that we have the skills and training available in the region to access new green jobs and to help individuals and industries transition to a net zero economy.

*What can local agencies and higher education do?*

- Work to ensure full and active community and business involvement in the climate change and sustainability agenda.
- Support the preparation of the Yorkshire & Humber Regional Climate Action Plan, with short, medium and long term actions and opportunities in the form of a deliverable work programme for the region.
- Train people with the appropriate skills to implement carbon reduction technologies.
- Work with partners to make the case to business and government to bring new green investments in Yorkshire and the Humber.

*What can national government do?*

- Commit to investing in regional and sub-regional initiatives that can help deliver national net zero targets, especially in regions where decarbonisation is uneven or challenging.
- Incentivise greener living, education, working and business practices and industry standards.
- Adjust national planning and building policy so all new buildings adhere to strict sustainability and climate neutrality standards.

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<sup>38</sup> BEIS (2021) UK Hydrogen Strategy, Department for Business, Energy and Industrial Strategy: London.

<sup>39</sup> TUC (2020) Voice and Place: How to plan fair and successful paths to net zero emissions, Trades Union Congress: London.

<sup>40</sup> Diski, R., Chapman, A. and Kumar, C. (2021) Powering the Just transition: Putting workers and unions at the centre of industrial change in Yorkshire and the Humber, New Economics Foundation: London.

## Health and wellbeing

### *The opportunities and challenges*

Life expectancy in Yorkshire and the Humber is significantly lower than the national average in England. Absence from work due to sickness is also greater, and mortality rates are uniformly higher.<sup>41</sup> The 2021 Annual Report by England's Chief Medical Officer lays out the scale of the health challenges facing coastal communities in Yorkshire and the Humber, and calls for national action to support local interventions to tackle health inequalities and low life expectancy.<sup>42</sup>

The north of England's economy has been hit hardest during COVID-19, with inequalities between the north and the rest of the country exacerbated. The Northern Health Science Alliance estimates that the economic cost of increased mortality in the north of England during the pandemic stood at £6.86 billion, and the decline in mental health due to the pandemic will cost £5 billion a year.<sup>43</sup> Even before COVID, 30% of the gap in productivity between the north of England and elsewhere in England was due to ill health.<sup>44</sup> Addressing the causes and consequences of poor health, including issues relating to discrimination, should form a central tenet of the levelling up programme. We support measures that will see the health and care sector nationally, locally and regionally encouraged and enabled to take a more proactive role, and deploy its significant resources, in support of creating long-term sustainable growth and prosperity.

Yorkshire and the Humber has a huge array of health assets and anchor institutions that represent a critical mass in terms of economic geographies, innovation and infrastructure. The region has exceptionally strong clusters of health-based industry and research. Over a fifth of the total digital health jobs across England and Wales are based in Leeds alone.<sup>45</sup> There are over 670 life sciences companies in the region and around 500 of these are in med-tech – more than Oxford and Cambridge combined (350).<sup>46</sup> It has been evident during the pandemic that these assets are strengthening innovations in patient health care and contributing towards the development of new products and processes in other sectors of the economy. Health-based research, such as that co-ordinated by the Yorkshire and Humber Applied Research Collaboration, funded by the National Institute for Health Research, is catalysing world leading, applied health and social care studies, to advance

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<sup>41</sup> Stubbs, R., Husbands, C. and Dickson, N. (2020) Levelling Up Yorkshire and Humber: health as the new wealth post-COVID, Yorkshire & Humber Academic Health Science Network, NHS Confederation and Yorkshire Universities, Sheffield.

<sup>42</sup> DHSC (2021) Chief Medical Officer's Annual Report 2021: health in coastal communities, Department for Health and Social Care: London.

<sup>43</sup> NHTA (2020) Covid-19 and the Northern Powerhouse: Tackling inequalities for UK health and productivity, Northern Health Science Alliance: Newcastle.

<sup>44</sup> Bambra, Munford, Brown, et al. (2018), Health for Wealth: Building a Healthier Northern Powerhouse for UK Productivity, Northern Health Sciences Alliance: Newcastle.

<sup>45</sup> Leeds Inclusive Growth Strategy 2018-2023 (Leeds City Council) (<http://www.leedsgrowthstrategy.co.uk/>).

<sup>46</sup> Walker-Harrison, C., (2018) Benchmarking the Life Sciences Sector in the UK (Smart Specialisation Hub): (<http://smartspecialisationhub.org/publications/life-sciences/>).

knowledge and support change in strategic areas that are meeting to local clinical and population health needs.<sup>47</sup>

The creation of statutory integrated care systems (ICS) across England means that population health will become more prominent, as will partnerships with local government, universities and others, as well as the increased adoption and use of digital and data.<sup>48</sup> We are fortunate in Yorkshire and the Humber to benefit from ICSs that have been at the forefront of leading the development of integrated and place-based systems for health and care, and we expect these networks to grow in significance over time.<sup>49</sup>

*What can local agencies and higher education do?*

- Align strategies (including greater integration of economic strategies to health) to deliver more inclusive growth, with a focus on addressing health inequalities, and stronger joint analysis and foresight.
- Support jointly-funded posts, secondments or exchanges to enable better knowledge transfer between sectors.

*What can national government do?*

- Empower local leaders with the tools and capacity support to improve health outcomes.
- Include health as an outcome in all economic development policies and funding bid criteria.
- Increase health research and innovation spending in Yorkshire and the Humber.

## **Economic, social, and digital infrastructure**

*The opportunities and challenges*

For too long, there has been insufficient transport infrastructure investment within Yorkshire and the Humber. This reflects a wider uneven geography of infrastructure investment in the UK.<sup>50</sup>, which hinders connectivity and access to jobs and markets within different places in the region, and between Yorkshire and the Humber and other parts of the country. Situated at the heart of the UK, Yorkshire and the Humber is in an ideal position to access markets across the country and act as a 'bridge' between east and west. Much more could be achieved for the national economy by this locational advantage if transport infrastructure within the region and from Yorkshire to elsewhere in the north of England were improved significantly.<sup>51</sup>

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<sup>47</sup> <https://arc-yh.nihr.ac.uk/>

<sup>48</sup> NHS England (2021) Legislating for Integrated Care Systems: five recommendations to Government and Parliament, NHS England: London.

<sup>49</sup> NHSC (2020) Integrating care: Next steps to building strong and effective integrated care systems across England, NHS Confederation: London.

<sup>50</sup> Raikes, L. (2019) Transport investment in the Northern Powerhouse: 2019 Update, Ippr North: Manchester.

<sup>51</sup> TfN (2021) Northern Powerhouse Rail: Transport for the North's advice to government on the Northern Powerhouse Rail Network, Transport for the North: Manchester.

There has been a legacy of insufficient numbers of jobs being located in particular areas in the region. Jobs that are accessible to those with lower skills have tended to be in those places where it has been difficult to travel to by public transport. These issues are endemic within some city regions, but they are also acute within rural and other parts of Yorkshire and the Humber. Local transport projects can better connect people to employment centres, but public transport infrastructure requires ongoing financial support and a shift in the way transport is governed: ideally increased regulation and strategic oversight by local and regional government.<sup>52</sup>

Social infrastructure also has a major contribution to improving economic and social outcomes, and it is pivotal to increasing civic engagement and vitality.<sup>53</sup> Connecting and investing in local public services will strengthen the basis of social infrastructure and in turn support the levelling up agenda.<sup>54</sup>

Yorkshire and the Humber has existing physical assets, which, with further support and investment, could increase their contributions towards the national economy. While parts of the region are optimistic about remote working opportunities, and we have seen a migration of people to the coast from cities, we need to be aware of the digital divide in skills and access to digital technology.<sup>55</sup> The North Yorkshire Rural Commission has called for digital connectivity to be considered a fundamental basic right.<sup>56</sup> At the same time, whilst the future organisation of work will embrace more hybrid arrangements, large urban areas, including those in the region, are expected to drive recovery and growth.<sup>57</sup>

*What can local agencies and higher education do?*

- Introduce measures to encourage more diverse and skilled talent to work in social infrastructure services, e.g. social care, local government and higher education.
- Use local and regional assets and technologies, and test and adopt small scale interventions to widen access and participation in the digital economy.

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<sup>52</sup> Crisp, R., Ferrari, E., Gore, T., Green, S., McCarthy, L., Rae, A., Reeve K. and Stevens, M. (2018) Tackling transport-related barriers to employment in low-income neighbourhoods, Joseph Rowntree Foundation: York.

<sup>53</sup> Lewer, Dan, and Jo Bibby (2021) 'Cuts to Local Government Funding and Stalling Life Expectancy', The Lancet Public Health: [https://doi.org/10.1016/S2468-2667\(21\)00136-5](https://doi.org/10.1016/S2468-2667(21)00136-5)

<sup>54</sup> Kelsey, T. (2021) Levelling up after Covid: the value of social infrastructure, Bennett Institute for Public Policy, University of Cambridge: <https://www.bennettinstitute.cam.ac.uk/events/value-social-infrastructure/>

<sup>55</sup> Jeffrey, S. (2021) Exploring the successes and challenges of the UK's digital infrastructure, Centre for Cities: London.

<sup>56</sup> Rural Commission (2021) Rural North Yorkshire: The way forward: <https://www.northyorks.gov.uk/sites/default/files/fileroot/About%20the%20council/Rural%20Commission%20Executive%20Summary.pdf>

<sup>57</sup> Enekel, K. (2021) 'Why cities will be our main job creators post-Covid', Centre for Cities: <https://www.centreforcities.org/future-of-cities/>

- Benchmark all internal and external infrastructure proposals and projects against net zero commitments, likely impacts on biodiversity and future projections of climate change.<sup>58</sup>

#### *What can national government do?*

- Support devolved regions and local authorities to develop and maintain integrated transport systems that are suited to travel to work geographies, e.g. bus franchising.
- Accept the advice submitted by Transport for North on Northern Powerhouse Rail.
- Recognise social infrastructure as a key driver of prosperity and a means of addressing inequalities.
- Feature Yorkshire and the Humber at the earliest stage within a national full fibre rollout programme, and also for enhanced 5G connectivity and bandwidth.

### **Housing**

#### *The opportunities and challenges*

A disproportionate amount of government funding for housing is given to the UK's most affluent areas.<sup>59</sup> 80% of Homes England funding goes to the least affordable – and often most affluent – areas of the country, which represent only about 43% of the population.<sup>60</sup> Research has shown that two-thirds of the top 10% of the highest performing housing delivery authorities are based in the north of England.<sup>61</sup>

The L&G Rebuilding Britain Index finds that jobs and homes are the two factors most likely to improve people's quality of life, with investment in these areas falling significantly short in recent years. The relative importance of jobs and homes depends very much on where you live.<sup>62</sup> In Yorkshire and the Humber, there is a diverse and highly unequal housing market, with a lack of affordable and good quality condition housing (to rent and to buy) in certain parts of the region.

Wider and more accessible social and community housing is needed. In North Yorkshire, for example, the proliferation of second homes in rural areas has contributed towards the migration of young people out of the county due to the cost of living, exacerbated by a lack of access to employment opportunities and infrastructure. Observers have defined this as a 'lost generation.'<sup>63</sup>

Housing connects to broader issues: existing housing stock can contribute to net zero targets through housing retrofits. Building sufficient new homes in the right places and

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<sup>58</sup> Environmental Audit Committee (2021) Growing back better: putting nature and net zero at the heart of the economic recovery Volume 1, House of Commons: London.

<sup>59</sup> Eichler, W. (2020) 'Homes England funding rule undermines 'levelling-up agenda'', LocalGov: <https://www.localgov.co.uk/Homes-England-funding-rule-undermines-levelling-up-agenda/51338>

<sup>60</sup> UK2070 (2020) A New Deal for Levelling Up the United Kingdom, UK 2070 Commission.

<sup>61</sup> NHC (2021) The Northern Housing Monitor 2021, Northern Housing Consortium: Sunderland.

<sup>62</sup> L&G (2021) Rebuilding Britain Index: Levelling up local communities, Legal and General: <https://www.legalandgeneralgroup.com/media/18445/rebuilding-britain-index-150421.pdf>

<sup>63</sup> Burn, C. (2021) 'Five new homes for every parish plan to tackle North Yorkshire's housing crisis', Yorkshire Post: <https://www.yorkshirepost.co.uk/news/politics/five-new-homes-for-every-parish-plan-to-tackle-north-yorkshires-housing-crisis-3298461>

ensuring connections to wider social and transport infrastructure assets will help to market Yorkshire and the Humber as an attractive place to live, work and study.

*What can local agencies and higher education do?*

- Promote and encourage new housing, especially affordable and carbon neutral dwellings.
- Commission joint research into the housing challenges facing the region, in particular the relationship between the affordability, location and condition of housing.

*What can national government do?*

- Provide sufficient new financial flexibilities to local authorities to build new homes of all tenures through local rent setting, flexible grant support, delivery vehicles and housing revenue accounts.
- Provide funding for retrofitting of older and substandard housing.

## 6. A systems approach to levelling up

The scale of the challenge requires new and innovative thinking when considering the basis and components of levelling up, and what this means in practice in Yorkshire and the Humber as we seek a **more prosperous, greener, healthier and inclusive region**. The solution(s) to addressing the complex and multi-faceted issues of **tackling long-standing local and regional inequalities and addressing challenges faced by 'left behind' places**, requires different analytical tools to inform policy choices and guide project and programme development and implementation.

The interaction between different policy themes and actions is key when determining specific policy choices. Policy and economics do not act in silos and isolation. The commitment to create a specified number of jobs, construct a certain number of houses or build specific infrastructure, etc. has a measurable tangible policy outcome, but also broader impacts.

We do not just create jobs for its own sake, though studies have clearly demonstrated the singular benefits of simply being in work. Jobs are created because of the spillover effects: the improvements in health and wellbeing or the reductions in poverty and inequality. These can be measured in simple economic terms, although this misses much of the ambition of the policy. An increase in income leads to an increase in local spending power, benefiting local businesses, which in turn may hire more workers to support their activities. This relies, of course, on some heavy assumptions:

1. The created job produces additional income.
2. The additional income is spent locally.
3. Local businesses invest in labour rather than automation or mechanisation.

It is equally easy to argue a counter to the benefits of place-based job creation. For example, local job creation instead could lead to an increase in inequality. Here, increased incomes translate into increases in house prices and land values. Equally this relies on our assumptions to do some heavy lifting. Here we assume that:

1. The created jobs produce additional income.
2. This additional income is enough to attract workers into the region.
3. This increased income and increased worker supply leads to increased demand for local housing stock.

The outcome of this particular policy is intertwined within the system in which it is implemented. An assessment of the impact of the policy and its effects on the region can only be garnered when considering the impact of the policy on the system as a whole. Adopting a systems perspective on levelling up allows us to view the impact of policies, and in cases where dual (or several) policies are implemented simultaneously, a systems view can see interactions and outcomes.

We would be keen to discuss with government how a systems approach could be developed and implemented for the levelling up programme in Yorkshire and the Humber.

## **7. Measures of success – towards a Yorkshire Vitality Index**

Measuring the impact of interventions in the levelling up agenda will be critical, not least when taxpayer money is involved, and when there are competing demands on the public purse. Inevitably, the government will use indicators to benchmark performance, and different contributions are being made to the debate on how best to measure success.<sup>64</sup>

In taking the analysis and proposed actions in this report forward, we plan to undertake a detailed exercise to develop a Yorkshire Vitality Index. We wish to build on a systems approach to frame an understanding of progression that will reflect the relationships between different policy areas, and to provide a mechanism to drive and measure development over the long-term. We intend to use our research and analysis capabilities, and policy implementation expertise, to prepare the Index. We would welcome the opportunity to work with government to develop these ideas.

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<sup>64</sup> For example, Onward has commissioned a programme to examine how levelling up could work in practice, and how to measure success. Others, such as Rachel Wolf, have spoken about the importance of particular ‘tests’, whilst the Legatum Institute has produced a ‘UK Prosperity Index’.

## 8. Conclusions

The government is committed to levelling up growth and opportunity, and to ensure that no region is left behind as the country moves to achieve greater economic prosperity. This report heralds the start of a new strategic partnership between Yorkshire Universities and Yorkshire & Humber Councils. It also provides a framework for higher education and local government to work collaboratively, and with partners in the region, and national government, to identify and implement actions that will help to deliver on the huge potential that exists in Yorkshire and the Humber. Our aim is to help create **a more prosperous, greener, healthier and inclusive region.**

On most economic and health measures, Yorkshire and the Humber enjoys distinct strengths. But the region also faces significant systemic issues, and targeted, long-term investment is critical to delivering tangible improvements in productivity, education and skills, labour market participation and population health. An approach underpinned by a new partnership between central, local and devolved government, that builds on opportunities and aspiration, whilst at the same time addressing fundamental challenges, will enable more people and places in Yorkshire and the Humber to fulfil their potential.

The statement has outlined how the government's levelling up programme could be implemented in Yorkshire and the Humber, based on **tackling long-standing local and regional inequalities and addressing challenges faced by 'left behind' places.** We look forward to working with government to take this agenda forward. If we are successful in Yorkshire and the Humber, then the UK overall will also feel the benefits.