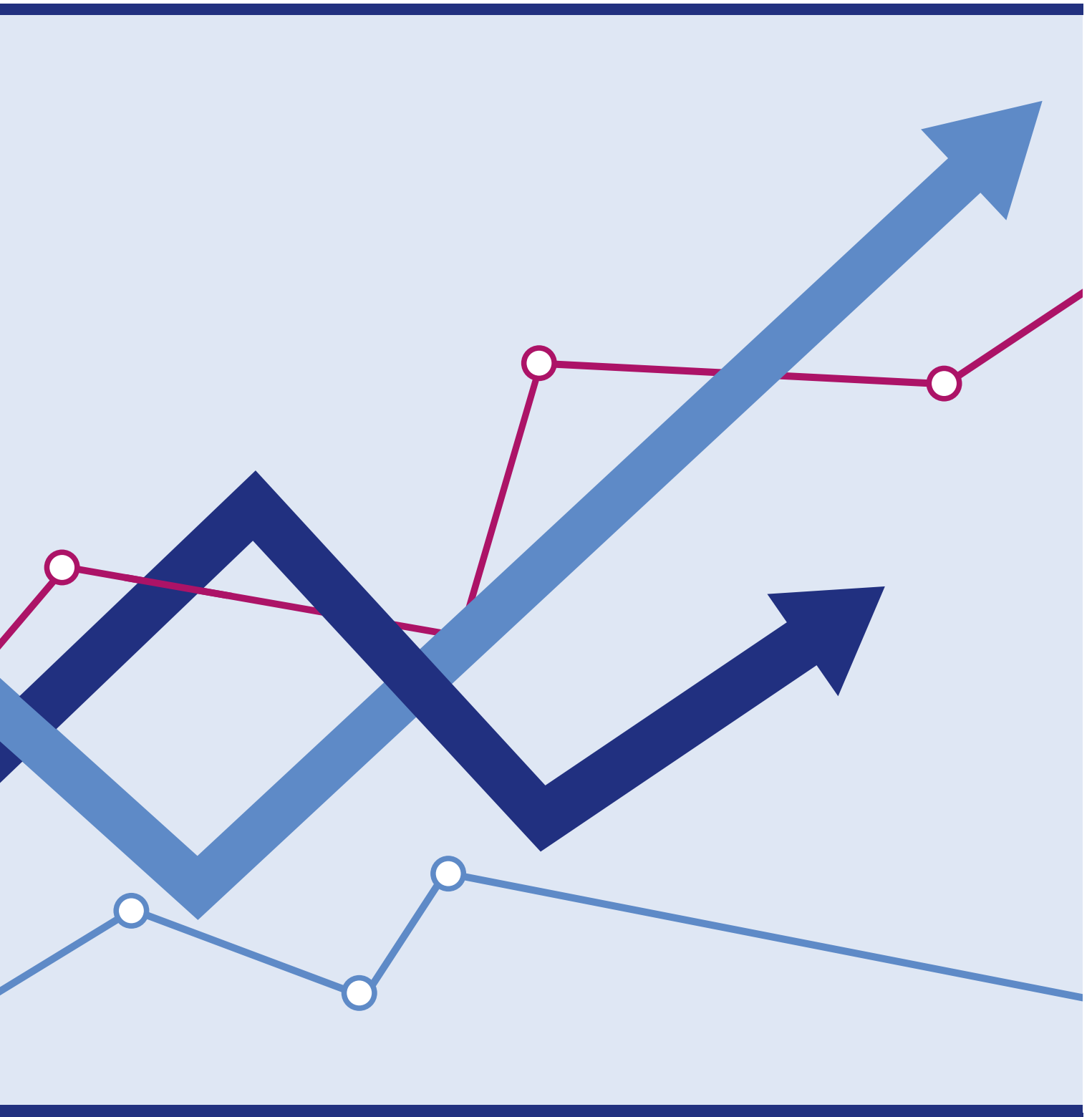


LEVELLING UP WHITE PAPER

A sector-by-sector analysis



Contents

- 3 Foreword
- 4 The Levelling Up White Paper is undoubtedly impressive in its scope and analysis.
- 6 Redressing the public transport imbalance
- 7 Is “levelling up” using LGPS funds just a romantic notion?
- 8 Is big data the key to unlocking the Government’s Levelling Up plans?
- 9 Levelling Up health and well-being
- 10 Levelling Up and social value
- 12 Public sector’s role in regeneration
- 14 Levelling Up and Net Zero

Follow us and join our online discussion

 – Trowers & Hamlins  – @trowers  – @trowers_law

Foreword

Since the launch of the Levelling Up White Paper in February 2022, the Trowers & Hamblins team have been undertaking roundtables, seminars and podcasts with those across the public and private sectors to garner their views on the agenda.

These views have been mixed - as has the assessment of the likelihood of success of the ambitions set out in the paper. Advocates and critics however agree on one thing - the concept of Levelling Up is here to stay, even if the agenda itself morphs over time.

The Levelling Up and Regeneration Bill initiates the legislative journey of the agenda. The proposals include the devolution of greater powers in relation to skills, transport and budgets, provides additional regeneration tools to local leaders and proposes significant reforms to the planning regime. As is to be expected, there is significant emphasis on regeneration and “place” in the new bill as it endeavours to give more weight to local plans, proposes market reforms on housing and land and the creation of a new locally set infrastructure levy from developers and ensure that new developments meet clear design standards. Clearly there are significant changes proposed, the impact of which will be felt for some time to come should they come to fruition.

In this Levelling Up thematic deep dive, our expert team have undertaken a sector-by-sector analysis into the ambitions set out in the white paper. With increasing activity across Whitehall on the agenda, this publication sets out a helpful summary of what to expect over the coming months and years.



Amardeep Gill

Partner, Corporate Commercial
+44 (0)121 214 8838
agill@trowers.com



Scott Dorling

Partner, Investment and Development
+44 (0)20 7423 8391
sdorling@trowers.com

The Levelling Up White Paper is undoubtedly impressive in its scope and analysis.

It reads as an overwhelmingly comprehensive rationale for reform and a framework for implementing a policy agenda that outweighs the breadth of any white paper in recent history. It takes some new approaches to delivering central government policy with new focus around medium term missions, modern categorisations of capital and a host of new Levelling Up committees, councils, directors and more.

The White Paper is brimming with local government content, either with “local government” on the label (e.g. devolution) or other key areas where local government are the key ingredient to the success of the proposed outcome. Looking at the focus areas: education, skills, wellbeing, transport, housing and regeneration and not to mention the overall interaction with Central Government of how well “Levelling Up” is going, the effect of Levelling Up will be palpable on local government decision making as Central Government seeks to draw on the relationships that councils hold with local residents and key stakeholders.

Devolution

A big development in the White Paper is with regards to devolution, rather than the somewhat opaque and piecemeal process to date, the Government is now proposing a framework for devolution which sets out indicative conditions with associated powers and funding that comes along with them. The past decade has seen devolution in England focus on metropolitan areas, whereas the approach outlined in the White Paper opens up the prospect of devolution deals beyond “functional economic areas” to “whole county geographies” or single large unitary. Some notable parameters to devolution deals are that they should not isolate nearby (non-participating) areas and the combined population should be at least 500,000. This approach underlines the White Paper’s focus on local identity and place.

In the run-up to the publication of the White Paper there was a collective anxiety that local government reorganisation would be imposed as a precursor to devolution. This has not been the case, and instead the indicative framework includes 3 levels of devolution in recognition of different levels of accountability including:

Level 1 – local authorities working across a functioning economic area or whole county together;

Level 2 – County/institution with no mayor working across a functioning economic area or whole county; and

Level 3 – County/institution with Mayor working across the functioning economic area or whole county.

This keeps the focus on the maximum devolution only where there is a democratically accountable leader, something many authorities have held back from. That county deals without mayors are expressly permitted will be welcomed by the non-metropolitan areas that have resisted the idea of metropolitan mayors.

Whilst the framework rewards areas having an elected mayor (required by Level 3) the nine new county deals to be negotiated mean the areas of England covered by at least a “Level 2” devolution deal is expected to increase significantly.

With a more transparent framework for devolution, authorities not yet entering the formal discussions on a deal will no doubt be expected to at least consider the prospect. With nine county deals progressing as we speak and the Government hoping some to conclude in Autumn 2022, there will be more good examples to look at.



Interface between local government and Whitehall

The White Paper introduces the Levelling Up Advisory Council, Levelling Up directors, a Levelling Up Cabinet Committee and a new independent body focussing on data transparency and accountability for local government (the new data body). The new data body's role in the White Paper is only afforded a single ambitious page of content. It will take inspiration from the Scottish Government's National Performance Framework, which records metrics similar to some of the Levelling Up missions and does enable an easy tracking of data.

However, the new data body's aims are broader, to empowering citizens, strengthening local leaders' knowledge of their own services and sharing best practice, as well as the pivotal body in administering the "accountability framework" to report to central government.

To truly achieve these aims, especially to provide more qualitative knowledge sharing between local government, requires a much deeper qualitative level of data collection, which must be properly resourced and represent value for the time and money invested. Shared knowledge is always welcome, and a more structured approach to this appears to be gaining traction, including in other areas such as public procurement, however it has to be user friendly and not distill information beyond what is useful.

The White Paper says this body will be co-designed with local government, so we look forward to meaningful engagement to ensure the new data body and particularly the new "accountability framework" caters to local government's needs and allows for local priorities and achievements to shine through even if they differ from nationally set ones.

The Levelling Up Advisory Council is stated to advise ministers on the design of delivery and impact of Levelling up and seemingly form sub-groups and committees that are not explicitly stated to interact with local government, but seeks to advise with respect to unlocking to private sector side of delivery. More closely aligned to local government, the Levelling Up directors appear to fulfill an interface role between the national strategic objectives and local leaders. Their responsibilities and skills are not yet clear but will matter to local government, as to whether there will be any formal reporting process or approvals sought between the two, especially given this would be an unelected official potentially appointed by Central Government.

Funding

The main criticism of the Levelling Up White Paper has been with regards to it not being backed by any newly announced funding, so far relying on previously announced Shared Prosperity Fund, Levelling Up and Towns Funds to deliver Levelling Up. We have produced an analysis of the SPF in the article here. But overall, local government will look to the missions and timescales with a critical eye as to what can reasonably be delivered on current budgets. As allocations of the SPF are made, without competition, authorities will need to draw up local investment plans as to how to strategically spend that cash. We expect that officers will become well versed in the new expressions on the business cases or similar forms which will now refer to the 12 missions and 6 forms of capital. Whether these different categorisations will achieve better outcomes will most likely depend on the quality of strategic decisions, information and data which informs them, all of which will take time.

With an 8 year timescale for delivering on the 12 missions it remains an ambitious, albeit "medium term" framework. With elections intervening the medium term missions, it is hopeful that the benefits of longer term timescales can be retained where changes in political direction can often lead to changes in priorities.

We look at these proposals optimistically and hope that all the work in implementing these new processes, approaches and organisations will do more than just window dressing of the status quo. We hope this framework will facilitate locally-driven solutions and this period of consultation enables local governments across the country to take up their central role in shaping and delivering the framework that they will deliver against.



Amardeep Gill

Partner, Corporate Commercial
+44 (0)121 214 8838
agill@towers.com



Scott Dorling

Partner, Investment and Development
+44 (0)20 7423 8391
sdorling@towers.com

Redressing the public transport imbalance

The pandemic has drastically changed public perception of transport; but for how long for?

Recent reports suggest that more than one-fifth of train services, running before COVID-19, are no longer in operation, with the Government having already spent £14 billion in propping these up¹. In the context of transport operators struggling to encourage passengers to use these services as they have previously done, the levelling up paper nevertheless identifies transport as being a 'current and future driver of geographical disparity'² which needs addressing.

'Cities, towns and communities must be physically and digitally connected if they are to thrive.'³

The quality of public transport varies significantly across the country, with London leading the way with its extensive infrastructure and adoption of new technology solutions (from contactless payment to enhanced real time transport data). Public mobility and the economy are inextricably linked, both directly in terms of commuting (and the services that are established to cater for the migration of workers to urban centres), but also indirectly in respect of tourism and leisure activities, which are all reliant, in part, on the requisite transport infrastructure being in place. The Government highlights that communities outside of London will face more barriers than London in improving their local economy and achieving local aspirations unless transport systems are reflective of regional needs: a fact known for a long time but with limited steps to find an adequate resolution. A fact that some commentators state will remain given the significant capital sums needed to improve infrastructure.

The levelling up paper sets out several key investments which the Government hopes will try to redress this imbalance, namely investing:

- £96 billion in an integrated rail plan, improving rail access in the Midlands and the North of England;
- £24 billion in the busiest roads and motorways across the UK;
- £5.7 billion in City Region Sustainable Transport Settlements – a scheme providing investment in local transport networks (including the West Midlands, Greater Manchester and the West of England around Bristol and Bath), simplifying the funding landscape and providing funding flexibility depending on local needs; and
- £5 billion for bus, cycling and walking networks.

It is not clear how or when this funding will be distributed and used to unlock the barriers created by poor transport infrastructure, but the sums are eye-catching in their sheer size. The application of all of the above investments is however critical to any success in overcoming the hurdles created by poor transport links and the levelling up paper does not go into the required detail to unpick this issue. Some of the rhetoric in the white paper does not reflect recent transport decisions including the suspension and scraping of the Oxford Cambridge Arc and HS2 extension from the East Midlands to Leeds (part of phase 2b) respectively.

'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'⁴

Whilst London infrastructure appears to be the aspiration of the Government, anecdotally, we have seen an increase in local authorities outside of London trying to innovate with their transport offering with a rise of Mobility as a Service solutions, transport data aggregator platforms, new micro-mobility solutions, in addition to further cost saving technologies being explored with the desire to pass savings to the public. All of these options will progress regardless of the levelling up paper but it is encouraging that further funding will be made available as a catalyst for further innovation in this sector.

It will be interesting to see which regional transport bodies and local authorities will benefit from any new funding – given that no geographical areas' transport needs are the same – a matter that another aspect of the white paper, namely enhanced devolution, may seek to acknowledge and address.



Amardeep Gill

Partner, Corporate Commercial
+44 (0)121 214 8838
agill@towers.com



Matt Whelan

Associate, Corporate Commercial
+44 (0)121 203 5651
mwhelan@towers.com

Footnotes:

¹ <https://www.bbc.co.uk/news/business-60410577>

² Page 4, Levelling Up White Paper, 2 February 2022

³ Page 10, Levelling Up White Paper, 2 February 2022

⁴ Page 6, Levelling Up White Paper, 2 February 2022

Is “levelling up” using LGPS funds just a romantic notion?

When I first heard the phrase “levelling up” in the Government’s White Paper, I was initially reminded of the poet William Blake. Like Blake’s poetry, the words “levelling up” can appear deceptively simple, but the imagery and meaning can be complex, requiring deeper analysis to penetrate and unravel the manifold meaning.

So it is with the levelling up White Paper and its laudable aims. From a public sector pensions lawyer’s perspective, the intrigue in the White Paper is tucked away in pages 162 and 163. In order to unlock the investment needed to support the panacea of infrastructure and housing projects, the Government recognises the important role that Local Government Pension Scheme (LGPS) funds can play. Indeed, the White Paper notes:

“If all LGPS funds were to allocate 5% to local investing, this would unlock £16 billion in new investment.”

Such a proposal would at first glance appear aligned with the key investment responsibilities of LGPS administering authorities. This is because the LGPS (Management and Investment of Funds) Regulations 2016 not only specifically oblige those bodies to prepare investment strategies on such matters and factor this into the selection of their investments but oblige those administering authorities to follow Secretary of State guidance when setting those strategies.

But herein lies the rub. In 2016, guidance was issued on the foundation of ESG policies and what policies could or could not be pursued. Guidance that administering authorities should not pursue ESG policies that were contrary to UK foreign policy was challenged in Court. The issues ended up in the Supreme Court. In *R (on the application of Palestine Solidarity Campaign Ltd) v Secretary of State for Housing (Palestine)*, the Court held that the LGPS was not a part of the machinery of the State and that the administering authorities had to regard themselves as “quasi trustees who should act in the best interests of their members”.

In a finely balanced majority decision, the judges in Palestine concluded that in the context of the lawfulness of the guidance, the powers issued to the Secretary of State under specific pensions legislation did not allow it to direct what administering authorities should do in preference to policies which those authorities themselves thought right to adopt when fulfilling their fiduciary duties.

A number of important questions in Palestine remained unresolved, including the extent to which administering authorities can take into account non-financial factors when exercising their own powers of investment.

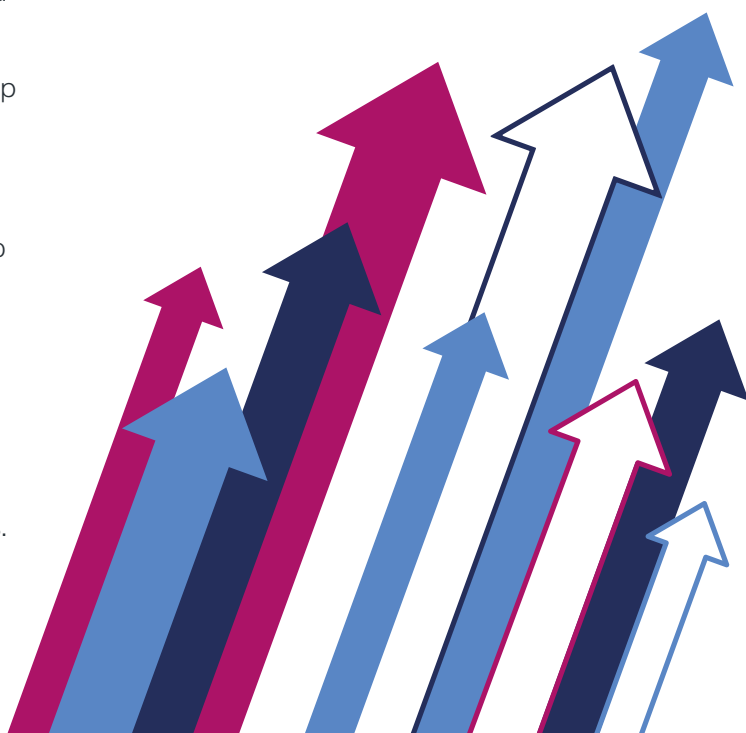
What is clear under the White Paper is the Government’s determination to promote the wider public interest under the levelling up agenda. Following Palestine, it will likely need supplementary primary legislation to require administering authorities to invest in infrastructure and housing projects (to the extent that they are not doing so already) in order to achieve its aim of releasing LGPS funding support of £16 billion. But even then, administering authorities remain subject to their overriding fiduciary duties as quasi-trustees, and the delicate balancing act will be structuring new legislation to promote the public interest whilst continuing to recognise administering authorities’ obligations to act the interests of LGPS fund members.

All of which brings me back to William Blake and my parting thought; being that if we are to build Jerusalem, then the Government will first need to navigate Palestine.



Martin McFall

Partner, Pensions
+44 (0)20 7423 8778
mmcfall@towers.com



Is big data the key to unlocking the Government's Levelling Up plans?

Nobody is in doubt of the importance of data in modern society, but its quantity and quality often make any application unwieldy and ineffective. Coupling this with limits on local authority spending and the ever-changing political landscape, the approach of local government to data collection varies vastly from region to region.

The Levelling Up White Paper identifies that data can be central to decision-making to achieve the ambitious aims and objectives of the Government – and in our opinion rightly so. Recognised as a key tool to ensure appropriate accountability, using comparable data ‘provides an opportunity for central and local government to work in partnership, with a shared lens on reporting to support local and national decision-making’¹. Such reporting could reveal the scale of the levelling up challenge and it is the Government’s intention to use data as a benchmark to assess the success of the policy. The risk here, however, is that a conclusion could be drawn that the scale is too great; stifling innovation.

‘The UK Government is establishing a new independent body in England focused on data, transparency and robust evidence’²

The White Paper acknowledges that the required infrastructure and experience is lacking at local authority level to make effective data modelling a reality. The Government’s response is to set up an independent body to:

- empower citizens with information about their local area;
- strengthen the knowledge of local leaders about their services; and
- measure efficiency and area variation, tailoring support.

Whilst in the first instance, data appears to be earmarked for primarily monitoring purposes, ensuring funding is being correctly applied, there is an opportunity in the future, that data can be used specifically to unlock funding by accurately assessing the needs of a local community and providing resource accordingly. It does not seem the levelling up agenda goes this far just yet, but this could ultimately grant the potential for cost savings for the taxpayer and/or through the provision of better, more appropriate services.

‘The UK Government will introduce a statutory obligation to report annually on progress towards meeting the Levelling Up missions.’³

We consider that big data on this scale is fundamental to revolutionising local and central government operations, although as always, this will come with the historic barriers to innovation, such as:

- budgetary constraints;
- poor data quality skills gaps; and
- compliance with strict Data Protection Laws.

Additionally, there are always ethical concerns which need to be considered when utilising data. Particular care will need to be given to sensitive data (e.g. health data) to assess social services, where preserving the privacy of data subjects is critical – all of which comes with a level of risk.

Any changes to the Data Protection Laws in light of Brexit will need to take into account this strategy and the Information Commissioner’s Office should work together with any newly established body to ensure both are working towards the same objectives.

Effective use of data appears to underpin the whole application of the Levelling Up White Paper and a failure to do so will result in a failure of the policy. The proposed statutory duty to report against levelling up missions add a new task to local governments already-stretched workloads and so funding this new workstream at local government level – as well as funding the new independent body – will be key. The challenge of utilising big data to benefit communities in need has been highlighted in the White Paper and, as ever, local government will play a central role in rising to it.



Henna Malik

Associate, Real Estate
+44 (0)20 7423 8636
hmalik@towers.com



Louis Sebastian

Senior Associate, Corporate Commercial
+44 (0)121 214 8836
lsebastian@towers.com

Footnotes:

- 1) Page 139, Levelling Up White Paper, 2 February 2022
- 2) Page 138, Levelling Up White Paper, 2 February 2022
- 3) Page 156, Levelling Up White Paper, 2 February 2022

Levelling Up health and well-being

In the wake of the Covid-19 pandemic, it is perhaps unsurprising that the UK Government's White Paper: Levelling up the United Kingdom (the White Paper) has health and life expectancy at the heart of its levelling up ambitions, given the stark visibility of health inequalities during the last two years across the UK.

It is difficult to look at levelling up in silo as all of the themes are so closely linked and health is a prominent and reoccurring issue, interwoven throughout the White Paper.

Although there is so much to say about health and health reform in the current climate, this article focuses on the Governments aspirations in respect of the health and well-being mission of the White Paper. The aspirations (referred to as the Health Mission) are:

- By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by 5 years(Chapter 3.3.3 (p200)); and
- By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing. Chapter 3 (p159),
- Improving health outcomes is broken down into three sub-missions:
 - improving public health;
 - supporting people to change their food and diet; and
 - tackling diagnostic backlogs.

The proposals at a glance

To tackle these missions, the White Paper states that it will act now to deal with one of the biggest contributors of ill health, poor diet and obesity by taking forward recommendations from Henry Dimbleby's independent review towards a National Food Strategy (the Food Strategy White paper). There are also plans to introduce a new Tobacco Control Plan and set up at least 100 Community Diagnostic Centres in England by 2025 to improve access to diagnostic services.

The White Paper is not new in introducing these ambitions and refers to other recent initiatives such as the 2019 NHS Long Term Plan and the Core20PLUS5 initiative to level up healthcare. There is also reference to the launch of the Office for Health Improvement and Disparities (OHID), established to tackle preventable risk factors such as smoking and obesity. We are reminded of the ambitious programme of building 40 new hospitals by 2030, the aim to deliver 50,000 more nurses and the huge investment in health and the NHS part funded by the new Health and Social Care Levy.

We are told that the Government will set out a strategy to tackle the core drivers of inequalities in health outcomes in a new White Paper on Health Disparities in England in 2022 – this will aim to reduce the gap in health outcomes with a strong focus on prevention and disparities by ethnicity, socioeconomic background and geography.

Delivery of the proposals – the challenge ahead

There has been much anticipation as to how “levelling up” will be addressed in the health sector and expectations have been high. Whether the White Paper has satisfied expectations in this area is yet to be seen. On the surface, a cynic might say that there is nothing new on the health front, it is an amalgamation of what was already being done as part of the NHS and health reforms being rebadged with the latest Government buzz word. However even such a cynic must recognise that reforming the health sector is a huge challenge and one which can no longer be carried out in silo.

Even if some of the health initiatives are already in motion, the White Paper stresses the importance of bringing together all of the threads to ensure that health is addressed as part of a wider focus. Health will impact directly and indirectly on a number of different areas such as education, employment and regeneration and the White Paper drives a much clearer link between the health of the population and the wealth of the population.

For the health sector to address these challenges, collaboration with the rest of the public sector is going to be key going forward and the Government needs to act now to remove barriers which make this task more difficult. Health inequality needs to be addressed at a local and national level and all parts of the public sector will play a role in this not just the NHS. For now we are encouraged that there is at least a shift from Government in this direction but as always the devil will be in the detail and we look forward to more details in due course



Lucy Doran

Partner, Real Estate
+44 (0)20 7423 8265
ldoran@towers.com



Henna Malik

Associate, Real Estate
+44 (0)20 7423 8636
hmalik@towers.com

Levelling Up and social value

Last month, Michael Gove, Secretary of State The Levelling Up White Paper sets out the Government's long-term plans to move to a more equal society.

The plan involves identifying and understanding spatial disparities across the country and putting measures in place to address them. As part of the policy framework that wraps around this process, social value has been included as a factor that public sector buyers consider in their purchasing decisions to create jobs for local communities, build back better and transition to Net Zero.

It is interesting that all references to “social value” in the White Paper are made in the context of procurement: social value is seen very much as a component of this decision-making process: to ensure that contracts are not awarded on a lowest-price basis. Further, the White Paper highlights that post-Brexit public procurement reforms allow for a greater consideration of social value in public sector purchasing decisions – with not less than 10% of the stated award criteria for central government contracts being allocated to social value proposals. With such an emphasis being placed on social value as part of a procurement, it is clear that it will be a differentiator across the procurement landscape: with over £300 billion-worth of public contracts per annum delivering significant social value gains: but is it just about procurement outputs – or should the White Paper policy framework have more to say about social value?

Articulation of Social Value Plans

Councils, the NHS and health providers, education providers, housing associations and community organisations will all have a significant role to play in Levelling Up the UK. To this end, Boris Johnson notes in his Prime Minister's Foreword that he is, “determined to break that link between geography and destiny, so that it makes good business sense for the private sector to invest in areas that have for too long felt left behind”.

It will therefore be key for such place-making organisations (often referred to as “anchor institutions” within the communities they serve) to comprehensively articulate their social value drivers for their community with clarity. Nevertheless, we often see social value plans drawn up in isolation, creating avoidable overlaps and omissions: if Levelling Up is to succeed, particularly in those areas that have suffered chronic underinvestment, public sector buyers need to adopt a more collaborative approach to community investment: working together to meet the different needs of their communities and understanding which organisations are best placed to drive particular social value outcomes and impact.

Commencing any social value programme with a collaboratively-conceived, clear Community Investment Plan can help politicians, executive teams, procurement officers and stakeholders understand the overall objective of a local or hyper-local plan. Further, it allows all involved in the programme to understand “what Good looks like” and increases accountability at all stages of the process.

Value of a whole-organisation approach

The White Paper clearly links the achievement of social value outcomes with the power of procurement. Unfortunately, we often see that this results in procurement officers being required to articulate the desired social value outcomes on a per-project basis, along with the targets, incentivisation mechanism and measurement techniques. This ad hoc approach often adds unnecessary cost to the overheads of a project (an ambitious social value requirement will never be delivered by the supply chain “for free”) and risks last-minute decisions being made in isolation and without any deference to the actual needs of the community.

Instead, organisations should adopt a “bottom-up/top-down” approach to social value: the relevant community should be asked what it needs and the anchor institution: from the Board downwards, should respond corporately to such needs. This avoids a siloed approach to social value and increases the opportunities that can be identified (both within the procurement space and beyond) to achieve impactful outcomes for the communities.

How to measure social value

As with any emerging agenda: the number, type and sophistication of social value measurement systems proliferate. Organisations need to be cognisant of the fact: whatever you measure will drive particular behaviours. If organisations do not want to drive a “tick-box” mentality from its supply-chain vis-à-vis social value, then it should avoid output- or numbers-based measurement systems. Whether a supplier has delivered 3 apprenticeships or 30 may not make any difference to the community affected by the project if the apprenticeships were in non-sustainable vocations, were not completed “on the job”, or were undertaken by apprentices who have no long-term commitment to the skill they were apprenticed to.

On the other hand, systems that measure the impact of a social value intervention on an individual can drive very positive outcomes: eg., for a first-time mother living in the community – the provision of a “mother and baby drop-in service” once a week in the community hall has given her much needed respite and fellowship, and increased her sense of wellbeing – she did not need skills, training or employment (which are often the “go to” outputs stated in public sector contracts, particularly construction-related ones).

Measurement metrics, like the UK Social Value Bank, that include a variety of outcomes that can be measured on an economic basis, allow public sector buyers the comfort of a like-for-like analysis of different outcomes. Measuring impact rather than outputs also ensures that the social value conversation never stagnates: they can change and become more ambitious as the needs of the community evolve and in any event allow a more sophisticated conversation about what the social value outcomes are achieving on the ground and in real time.

What can be achieved

An inspiring example of how social value can make a meaningful change through the procurement process is the work that we did alongside Poplar HARCA and HACT on the Teviot Estate project. Trowers & Hamblins advised Poplar HARCA on the legal and procurement aspects of the project and HACT were specialist advisers on the project’s social value aspirations.

The Teviot Estate is a £600 million regeneration project with plans to build 1,750 new homes, green spaces, infrastructure and retail. The project was ambitious but what really set it apart was how much the community engaged with and got involved in the process. Social Value became a key part of the partner selection and the scheme now aims to add over £278 million in social value across the contract duration.

Following a series of resident engagement sessions, social value was split into four key themes: community, homes, streets and parks. These four themes were then linked back to outcomes from the UK Social Value Bank which enabled the outcomes to be objectively measured and evaluated. Hill was appointed as the successful delivery partner and the social value commitments offered by Hill have been embedded in the contractual documents and will be regularly monitored and enforced for the contract duration.

This project demonstrates how important stakeholder engagement is in the procurement process and how it can be used to drive meaningful social value that is bespoke to the requirements of that community.

Concluding Remarks

The Levelling Up White Paper has reinforced the central role social value will play going forward in the public sector’s contract award decisions. Social value outcomes: articulated, procured and measured on a local or hyper-local basis will ensure that place-based decision making is at the centre of each contract. Community organisations have a responsibility to consider such outcomes on a collaborative basis with neighbouring public-sector buyers to ensure that they don’t duplicate efforts and don’t miss a trick.



Rebecca Rees

Partner, Real Estate
+44 (0)20 7423 8021
rrees@trowers.com



Lucy Doran

Partner, Real Estate
+44 (0)20 7423 8265
ldoran@trowers.com

Public sector's role in regeneration

So is the Government's "Levelling Up" White Paper new hope or the same old rope? Let's explore this latest policy in the context of the vital role the public sector already has in delivering regeneration and renewal.

The paper sets out the Government's plans for the levelling up agenda across the UK, and it is clear that a key focus will be on the delivery of quality housing and wider urban regeneration. Indeed, two of the six "capitals" underpinning the White Paper's proposals focus on "physical capital" (such as housing) and "social capital" including the strength of communities, relationships and trust which are key outputs from a successful regeneration project. 20 towns and city centres in England will benefit from this with Wolverhampton's urban corridor (£20m) and Sheffield's transport integration (£37m) announced as the early beneficiaries.

The launch of the White Paper coincides with the launch of the Government's £2.6bn UK Shared Prosperity Fund. The White Paper sets out that this fund will be used to "restore local pride across the UK by focussing investment on three main areas for investment: improving communities and place, people and skills, and supporting local business".

Whilst the UK Shared Prosperity Fund brings many opportunities, it will not in itself be sufficient to deliver the levelling up agenda, and the White Paper highlights several other funds which will be available to support the delivery of the proposals. This funding goes to local councils as well as various Combined Authorities. The funds include:

- the Levelling Up Fund;
- the Brownfield Fund – the Government has already identified new "transformative" regeneration projects to be priorities within this £1.5bn fund.
- the Global Britain Investment Fund; and
- the next generation of the British Business Bank Regional Investment Funds.

European development funding is no longer available, so the UK Shared Prosperity Fund is intended to allocate funding to every place in the UK. Slightly controversially, it is argued that even the most affluent areas contain pockets of deprivation which will need to be supported through the levelling up agenda. This is a departure from the norm in terms of how funding is allocated (where grant recipients tend to bid for allocations), and this raises the question as to whether this funding will be focussed on the right areas of deprivation across the UK. There has previously been criticism of the "bidding" process as those Council's with already limited resource are less likely to be successful. Could that mean that those with

the poorest or most in need areas are missing out? Time will tell. Councils and Combined Authorities are pressing ahead with regeneration schemes so hopefully these new funding streams will only add increased viability and attraction for private sector partners.

To access their allocation (full details of which are yet to be released), places will need to demonstrate to the Government what measurable outcomes they are intending to deliver. We have seen an increase in activity with our public sector clients in business planning and feasibility studies leading up to the market engagement stage. Maybe then the early focus on scheme outcomes and viability will help the schemes to reach maturity? It is yet to be seen whether those areas with a real need for funding will have the officer and financial resource to fulfil these allocation requirements and obtain sufficient funding to support their levelling up agendas. As projects are brought forward, the sector will need to keep under review how the levelling up agenda and its processes sit alongside other features of regeneration. Will they unlock the regeneration pipeline or add to the bureaucratic burden?

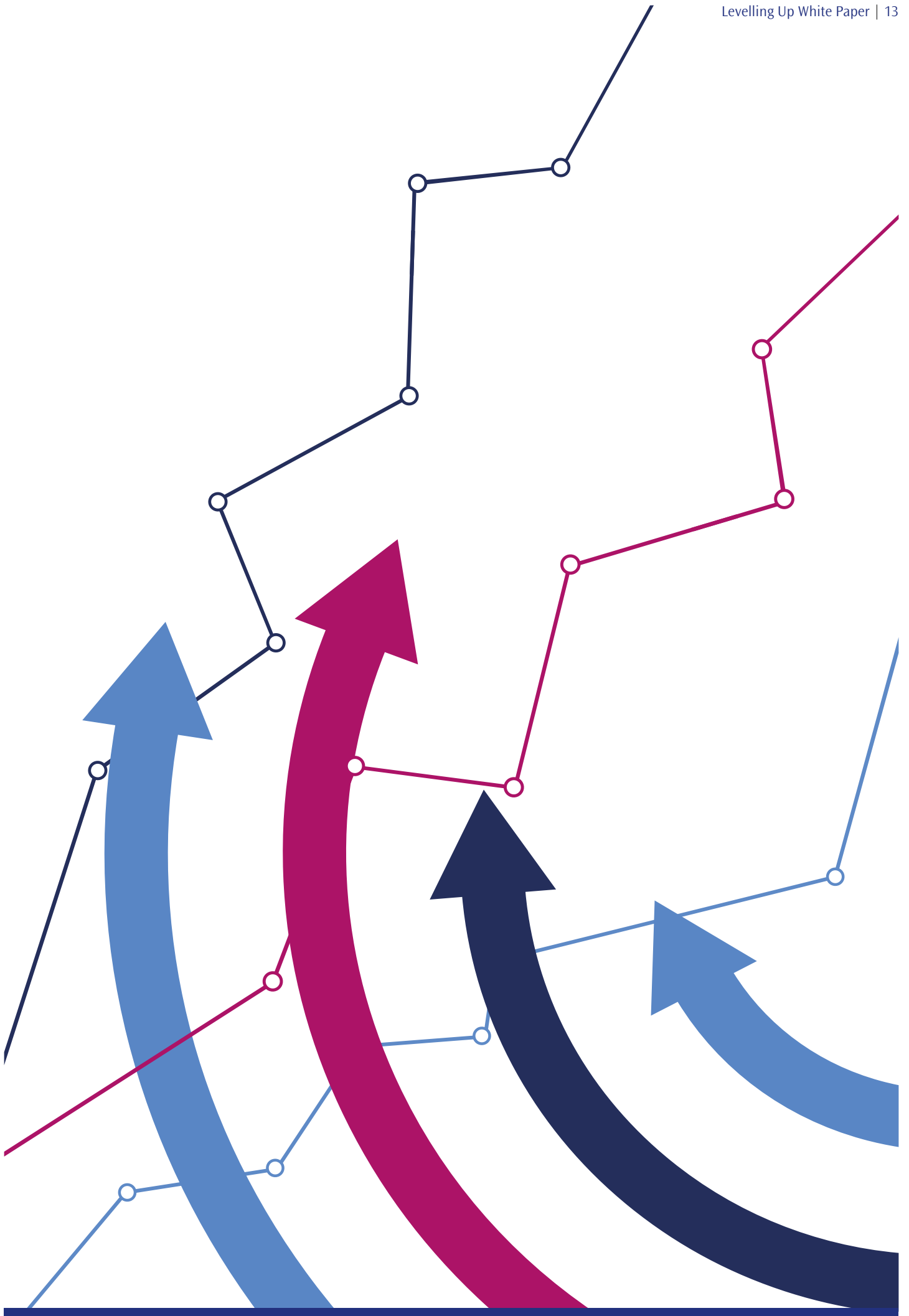
The White Paper tries to address this and focusses on the departure from the bureaucracy which was often perceived to surround the old EU regional funds, and highlights that there will be an ability to point funding towards local priorities. This includes the ability to focus on supporting local businesses, and ties in with the Government's wider policy objectives across the public sector (including the ability for contracting authorities to reserve below threshold contract opportunities to suppliers based in a certain geographic area, or for SMEs and VCSEs under PPN 11/20, as well as the national priorities set out in the National Procurement Policy Statement in PPN 05/21, such as the creation of new businesses, new jobs and new skills).

Targeted funding and a supportive policy background can only help take things forward. For all of this to succeed, however, the public authorities at the heart of this programme will need the resources, officers, time, skills, cross party member support, professional advice and the drive to deliver ambitious life changing schemes. Let's hope all of this comes together.



Chris Plumley

Partner, Real Estate
+44 (0)121 214 8817
cplumley@towers.com



Levelling Up and Net Zero

The Levelling Up White Paper, published in February 2022, sets out the Government's proposals aimed at ending geographical inequality within the UK.

While it only makes brief reference to the Government's Net Zero target, it should be read in conjunction with the Net Zero Strategy, which was published in October 2021.

The Paper defines twelve "missions" that outline the Government's medium-term goals for levelling up the country. It is clear that there is scope and opportunity for these missions to be achieved alongside the Net Zero policies. This article focusses on three of the missions set out in the Paper and their interface with the wider Net Zero target.

Housing

The Paper emphasises that decent homes are "fundamental" to well-being and are necessary to create "thriving neighbourhoods and communities". By 2030, the Government's ambition is for the number of non-decent rented homes to have fallen by 50% - with the biggest improvements in the lower performing areas of the country. This aligns with the Government's Net Zero proposals regarding housing.

As part of the Net Zero Strategy, the Government has pledged to improve energy efficiency across homes, this should result in a reduction in household energy bills and homes being more comfortable to live in. The Future Homes Standard (due in 2025) will require all new homes meet higher energy efficiency standards and produce 75%-80% less carbon emissions than current standards. For existing homes, the Government's Heat and Building Strategy sets out the Government's targets in improving the energy efficiency standards. This includes the phase out of new gas boilers (in favour of other low carbon heat options) and a focus on improving the fabric efficiency of homes.

The Government has also pledged £2.2 billion of funding via schemes such as the Social Housing Decarbonisation Fund, the Home Upgrade Grant and the Boiler Upgrade Scheme to help improve the quality and energy efficiency of existing homes across the country.

Transport

The Paper's transport mission states that "by 2030, local public transport connectivity across the country will be significantly closer to the standards of London...". This complements the Government's Transport Decarbonisation Plan (published in July 2021) as one of its key priorities is for "every place in the UK to have its own net zero emission transport network by 2050".

This is supported by a commitment under the Transport Decarbonisation Plan to spend at least £12 billion (through existing funding streams) on local transport systems over the current parliament. This funding will be focussed on reducing emissions at the local level through funding on active transport (eg walking and cycling), intra-city public transport links and EV charging infrastructure. The Transport Decarbonisation Plan also makes reference to embedding transport decarbonisation principles across local planning and transport policy and the Government will also publish a "toolkit of guidance" for local authorities that focusses on planning and delivering low carbon transport locally.

Skills

The Paper's skills mission states that "by 2030, the number of people successfully completing high-quality skills training will have significantly increased in every areas of the UK..." and that the Government's goal is to "support a high-wage, high-skill economy" that supports people realising their career aspirations without having to leave their communities. A highly skilled workforce is one of the key tenants of the Net Zero Strategy. An example is the Government's target of 600,000 heat pumps installed a year by 2028, which will require an estimated 35,000 qualified heat pump installers by 2028. This will require significant upskilling within the current heat industry. The Net Zero Strategy sets out the Government's ambition to support up to 2 million "green" jobs by 2030 (across both Net Zero sectors and also wider environmental areas such as climate adaptation and the circular economy). The Green Jobs Taskforce has been set up to deliver this goal and their first report was published in July 2021.

The Taskforce highlighted that there will be benefits from a concentration of Net Zero opportunities in certain areas for example, the growth of carbon capture utilisation and storage and low carbon hydrogen can lead to increased employment within the UK’s established industrial areas such as Merseyside, Humberside, Scotland and Wales. Additionally, as the automotive industry transitions to Net Zero, the demand for roles in the EV supply chain will benefit existing manufacturing hubs within the Midlands and other hubs of automotive manufacturing.

The Taskforce warns however that if improperly managed, the Net Zero transition “could have serious impacts on the broader economy” especially in areas where current jobs are heavily dependent on the oil and gas industry.



Chris Paul

Partner, Projects and Construction
+44 (0)20 7423 8349
cpaul@trowers.com



Rubianka Winspear

Associate, Projects and Construction
+44 (0)20 7423 8078
rwinspear@trowers.com

Opportunities and risks

Net Zero has a role to play in several of the Paper’s other missions - for example investing in research and development, improving public health and well-being across the country and helping increase “pride in place” across the nation.

While the Paper notes that Net Zero could create “huge opportunities” for many of the UK’s left-behind places, it also creates risks that need to be managed carefully (with recognition that more than one in every two jobs in carbon-intensive industries are in the Midlands, the North and Scotland). Net Zero may be the catalyst for a Green Industrial Revolution, but fair treatment is critical. It is important that the regions and workforces that face the most disruption get the necessary investment and support. This needs the Government to shift the focus and start delivering on its Levelling Up agenda.



Key Contacts

Birmingham

10 Colmore Row
Birmingham
B3 2QD

t +44 (0)121 214 8800

f +44 (0)121 214 8801

Exeter

The Senate
Southernhay Gardens
Exeter
EX1 1UG

t +44 (0)1392 612475

f +44 (0)1392 612601

London

3 Bunhill Row
London
EC1Y 8YZ

t +44 (0)20 7423 8000

f +44 (0)20 7423 8001

Manchester

55 Princess Street
Manchester
M2 4EW

t +44 (0)161 838 2000

f +44 (0)161 838 2001

All rights reserved to Trowers & Hamlins LLP. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Trowers & Hamlins LLP is a limited liability partnership registered in England and Wales with registered number OC337852 whose registered office is at 3 Bunhill Row, London EC1Y 8YZ. Trowers & Hamlins LLP is authorised and regulated by the Solicitors Regulation Authority. The word "partner" is used to refer to a member of Trowers & Hamlins LLP or an employee or consultant with equivalent standing and qualifications or an individual with equivalent status in one of Trowers & Hamlins LLP's affiliated undertakings. A list of the members of Trowers & Hamlins LLP together with those non-members who are designated as partners is open to inspection at the registered office.

Trowers & Hamlins LLP has taken all reasonable precautions to ensure that information contained in this document is accurate but stresses that the content is not intended to be legally comprehensive. Trowers & Hamlins LLP recommends that no action be taken on matters covered in this document without taking full legal advice. © Trowers & Hamlins 2022.

