



ROSE BRIEFING 46 6 February 2022

The Levelling-Up White Paper

This was published on 2 February: <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>.

As forecast the 'Levelling Up Fund' will be limited to £4.5 billion – although some project heads incorporated in the programme have already been allocated funding and the stated objective is that regional and county authorities, existing and new, will fund investment by leveraging in corporate finance from the private sector. Gove also proposed on 4 February devolving control over business rates and commercial property tax to elected mayors – with Ben Houchen, Tory Teesside mayor, saying that freedom to lower such taxes would draw in more private investment.

The White Paper begins: 'the United Kingdom is an unparalleled success story – a multi-cultural, multi-national, multi-ethnic state with the world's best broadcaster; a vibrantly creative arts sector; a National Health Service which guarantees care for every citizen; charities and voluntary groups which perform a million acts of kindness daily; globally renowned scientists extending the boundaries of knowledge every year; entrepreneurs developing the products and services ... While talent is spread equally across our country, opportunity is not. Levelling up is a mission to challenge, and change, that unfairness. Levelling up means giving everyone the opportunity to flourish... This requires us to end the geographical inequality which is such a striking feature of the UK. It needs to begin by improving economic dynamism and innovation to drive growth across the whole country, unleashing the power of the private sector to unlock jobs and opportunity for all.'

The introduction then lists already existing spending initiatives on top of the £4.5 billion needed to administer the programme itself. These have already been listed in this bulletin but include £5 billion for broadband across the UK, a new lower Universal Credit taper rate and a higher Minimum Wage, £1.4B for City and Growth Deals in Scotland (administered by City Regions), 8 Freeports in England and others in Scotland and Wales, £4.8 Infrastructure investment across the UK, £150m for Community Ownership across the UK and £26B public capital investment in the Green Industrial Revolution across the UK.

White Paper advances a new 'model' for carrying the Levelling Up initiative into practice in way that will transform and regenerate the British economy: the 'Twentieth Century Medici Model' [the Medicis were a family of Italian merchant bankers who managed to seize control of central Italy and the papacy in the 15th century and were notable patrons of the arts and sciences – though this latter was principally for the manufacture of poisons].

The White Paper lists the factors that will drive transformation as 'capital' in six forms: physical, human, intangible, financial, social and institutional. It gives the UK government the overall responsibility driving the policy forward through nine 'missions': education, skills, health, well-being, pride in place, housing, crime, empowering local leaders through a Levelling Up Advisory Council. It then advances targets for establishing local leaders who will mobilise the forces, principally those of business, needed for implementation. These include developing City and Growth deal areas in Scotland and Wales, and supporting private sector clusters of economic activity 'which exist in all parts of the UK'. It sets a target date of 2030 for a series of goals: boosting productivity, pay, jobs

and living standards by growing the private sector, shifting the bulk of private investment out of the south-east, investing £100m in three new Innovation Accelerators (one in Glasgow City Region), £3bn in British Bank Regional Investment Funds targeted at SMEs across the UK and using the £300B annual public procurement expenditure to promote UK companies (this seems to imply ultimate control will be exercised though the centre but jointly with the new local 'leaders'). It sets a goal of having elected 'leaders' in all geographical areas by 2030 (those in counties designated as Governors) as well as new Unitary Authorities. In Scotland the links will be between City Regions [cabinets made up of the leaders of councils within regional groups] and the Westminster government.

EUROPEAN CENTRAL BANK MONETARY POLICY DECISIONS 3 FEBRUARY

The ECB press statement indicated a tightening of credit with a reduction in asset purchases over the next three quarters from 40Beuros, to 30Beuros and then 20B. The interest rate on the ECB's marginal lending facility has been raised to 0.25 percent. Eurozone inflation is currently running at 5.1 percent.