

More work needed to shift the dial on levelling up, according to new research by Legal & General

- The latest edition of the L&G Rebuilding Britain Index has shown that, for the second consecutive quarter; Housing, Jobs & Economic Prosperity continue to be the worst performing measures, with access to quality affordable housing leading the way as the top priority for local communities
- London (50/100), the South East of England (52/100) and the South West of England (52/100) are falling significantly behind the rest of the UK on access to quality affordable housing, whereas Wales (52/100) and the North East of England (54/100) remain behind on Jobs and Economic Prosperity.
- Only a quarter of people across the UK (24%) agree that there is local investment making a discernible impact where it is most needed, underlining the importance of scaling up and speeding up developments across the country.

The latest Legal & General Rebuilding Britain Index (RBI) demonstrates, despite a programme of major investments, that there is a long road to rebuild the UK economy and level up the regionals. In particular, more investment is needed to deliver affordable housing and greater employment opportunities.

The RBI was established to measure the UK's progress in levelling up on a quarterly basis, surveying 20,000 people and tracking social and economic progress across 52 measures, including Health and Social Care, Education, Housing, Jobs & Economic Prosperity, Environment, Energy, Transport and Digital.

In Q2 2021, the index has remained flat at 64/100 despite positive GDP growth over recent months and the announcement of several significant investments which will improve economic growth opportunities. These have included investments such as Legal & General's new £1.5bn new innovation district, ID Manchester, and its major urban regeneration scheme at Bristol Temple Island, together creating 12,000 new jobs [over the next 15 years]. Due to timescales needed to bring significant schemes forward, unemployment and earnings measures remain low with the Jobs and Economic Prosperity score remaining at 60/100.

Elsewhere, the Housing index score (which measures ease of access to quality, affordable housing) has fallen marginally to 59/100 – meaning it is now the poorest performing measure across the index. London (50/100), the South East (52/100) and South West (52/100) of England continue to significantly lag behind the rest of the UK. With latest data from the Land Registry showing house prices remain 8.9% up on 2020 and house building activity remaining depressed, it is house prices (as a proportion of average earnings) and perceived access to affordable quality starter homes that score most poorly on the index.

The RBI has highlighted the urgent need to get impactful infrastructure improvements underway, with only a quarter of people feeling that there is discernible impact from investment within their local areas.

According to Legal & General, the latest data suggests that communities remain economically cautious as the UK exits the COVID-19 pandemic and that it will take time for investments and major new schemes to make their presence felt locally.

Nigel Wilson, CEO at Legal & General: “Building Back Better is not going to happen overnight. And with ongoing restrictions on movement and social distancing it is perhaps no surprise to see the index has remained flat in Q2 2021.

“GDP has improved, and several largescale investments have been announced, including Vauxhall’s announcement to produce electric vans in Ellesmere Port and Nissan committing to battery production in Sunderland. Legal & General has also made significant commitments this year, including a £1.5bn new innovation district in Manchester set to create thousands of jobs and a £1.5bn development in North Horsham, bringing forward thousands of low cost homes, alongside a new school for 1,600 pupils. But despite this we are seeing no change in community sentiment.

“It is clear that the longer we wait in bringing forward further major schemes, the greater the risk of existing inequalities between and within our communities deepening further. As begin the long road to recovery, it is up to all businesses and government to step up and invest in the growth opportunities. As the economy continues to unlock, so will our ability to start to act on these opportunities.”

Fig 1. Overall UK RBI score

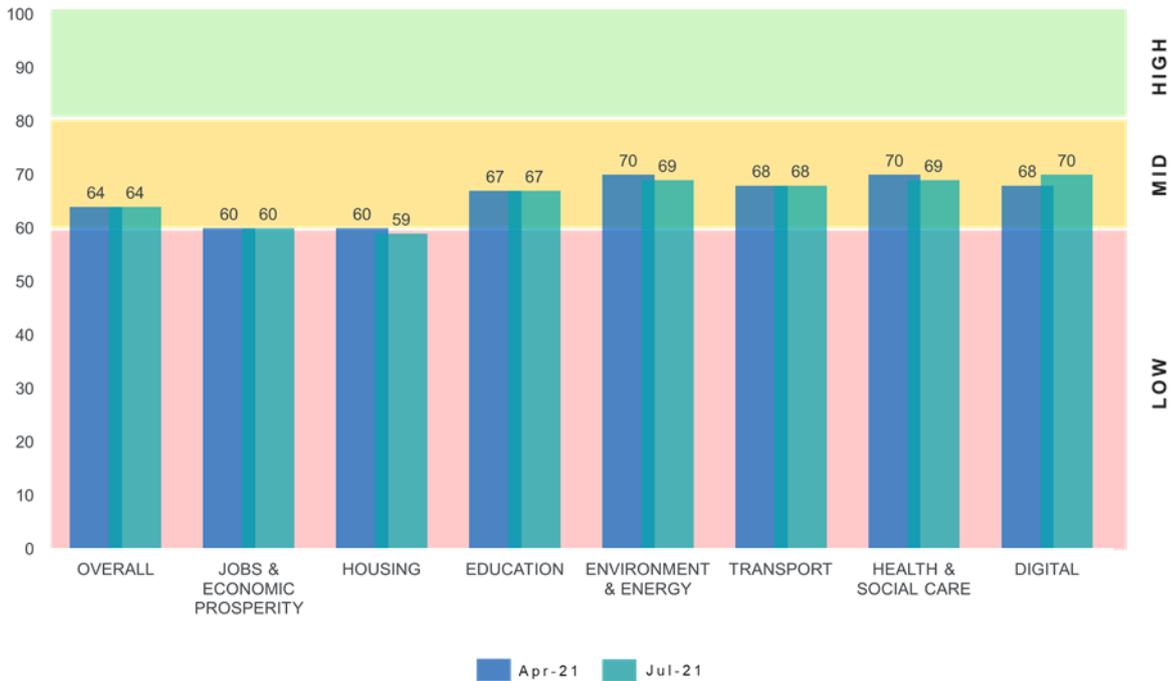
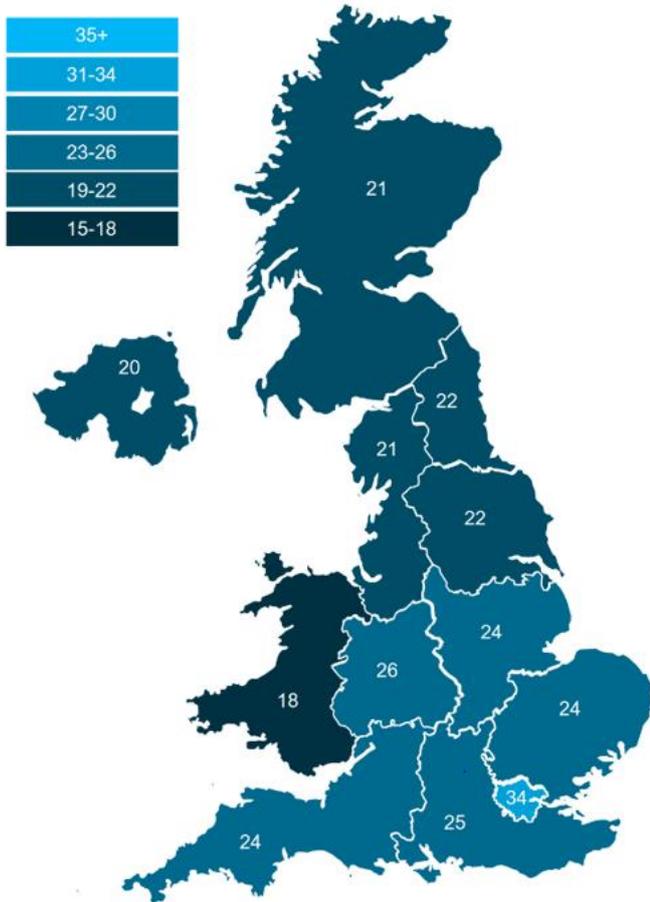


Fig 2. % of people agreeing that there is investment making a discernible impact where most needed locally



Further information

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Notes to editors

Legal & General Capital

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LGC has built its market leading capabilities in a range of alternative assets, delivering depth of resource, track record and intellectual property. Investing in the real economy and creating alternative assets that deliver a tangible societal impact, its purpose is to invest society's capital for society's benefit. LGC's investments have been vertically integrated and include: residential property; specialist commercial real estate; clean energy; alternative credit; and venture capital.

As LGC's capability to create alternative assets continues to grow, it will not only continue to grow its balance sheet alternative assets but also create alternative assets for third party investors. Many of these investors have the same aims, namely to create assets to back pensions with an improved yield or to create assets with strong growth prospects but with low correlation to equities.

L&G has invested over £29bn in levelling-up regional economies, including through major regeneration schemes in Cardiff, Newcastle and Salford. Legal & General recently made a commitment to enable all new homes across its portfolio to operate at net zero carbon emissions by 2030, including Legal & General Modular Homes, CALA Group, Legal & General Affordable Homes, Build to Rent and Later Living.

Legal & General Group

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