



LACK OF GOVERNMENT STRATEGY PROVIDING BARRIER TO LEVELLING-UP, CENTRE FOR CITIES REPORT ARGUES

Official public spending rules are not a barrier to levelling up the country, but a lack of direction from Government is, says Centre for Cities in a new report created in partnership with Legal & General. This warning comes ahead of an expected Comprehensive Spending Review this autumn, in which the Chancellor is under pressure to re-write the spending rules – known as the Green Book – to benefit places outside London and the South East.

The report argues that ministers must move beyond vague rhetoric and set out a specific strategy for what they want levelling up to achieve. This lack of political direction is hampering the levelling up agenda not, as some suggest, the Green Book rules.

The current levelling up plans are also too Whitehall-centric, with departments already lacking capacity to deliver new projects now having to manage Covid-19. Because of this, there is a danger that the levelling up agenda will be de-prioritised and the places hit hardest economically by the pandemic will fall further behind.

To avoid this, the report calls for local government to be given more power and responsibility to deliver infrastructure, housing and adult education projects. It calls on the Government to press ahead with the abolition of the complicated system of county and district councils and replace them everywhere with directly-elected political leaders with the same powers as metro-mayors. This would be the largest restructuring of English local government for generations.

The Government should match any additional powers and responsibilities for councils with the fiscal tools that they need to level up their areas. Local government austerity should end and councils should get control over council tax and business rates. In total the Government will need to spend an extra £100 billion over the next ten years to achieve its levelling up ambitions.

Finally, the Government's review of the Green Book should develop a clearer system for deciding how to invest in levelling up. This should either be through a new finance settlement, or a local government funding formula similar to the Barnett Formula that apportions UK government funding to the devolved nations.

“ While the overall principles enshrined in the Green Book are correct, our struggling cities and towns will not be levelled up by directives from Whitehall. This can only be done by democratically accountable local politicians with the knowledge to select the right projects for their area – not by Treasury officials choosing between different parts of the country.”

“The time has now come to confirm exactly what they want levelling up to achieve, and commit the money necessary to achieve it. There are deep economic divides between places in this country and it will take a very significant sum of money to close them.”

Andrew Carter, Chief Executive at Centre for Cities

“ Though the economic and social impacts of Covid-19 are widespread throughout the UK, without proper support some areas may suffer disproportionately in the wake of the virus, particularly those that are already at an economic disadvantage.

“It is essential, therefore, that the government seeks to revise its levelling-up agenda, and this report makes several excellent recommendations, including giving more local authorities greater autonomy to manage their own finances.”

Bill Hughes, Head of Real Assets at LGIM Real Assets

“ Pension companies, too, must play a key role in helping to re-build local and regional economies in the wake of Covid-19. Legal & General has provided over £25bn to support the levelling-up agenda, recycling UK savings and pension funds into towns and cities which have faced significant periods of underinvestment.

“A particular area of Legal & General’s focus is to help level-up regional economies through investing in the health and life sciences sectors, working with local authorities, universities and private businesses on schemes which foster and grow innovation. Our major investment in Newcastle Helix, for instance, is helping to attract leading science and tech businesses to the north east, providing opportunities for businesses to collaborate with leading academics and research institutions. Separately, Legal & General’s landmark regeneration of Cardiff’s Central Square has so far provided over £1.1bn of gross value added (GVA) to the local region and will help to create up to 13,000 new jobs.”

John Cummins, MD of Future Cities at Legal & General Capital

- Ends -

Notes to editors

Legal & General

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.2 trillion in total assets under management, it is UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

Through its investment management and early-stage investor businesses, Legal & General is helping to support the levelling-up of regional economies throughout the UK, providing upwards of £25bn to support major regeneration schemes in towns and cities including Cardiff, Sunderland, Newcastle, Salford and Bracknell.

Legal & General Investment Management (LGIM) Real Assets has over £35.9bn AUM (as at 30 June 2020), managing assets across commercial, operational and residential sectors, as well as a private credit business which invests in large infrastructure projects.

Legal & General Capital is the early-stage investment business and alternative assets originator of Legal & General Group. With a direct investment portfolio of £3bn (as at 30 June 2020), LGC invests shareholder capital to deliver attractive financial returns through the development of real assets and operating businesses.

Further information

Name: Jack Mulligan

Role: PR Manager

Division: LGIM Real Assets and Legal & General Capital

Tel: 07341554465

Email: jack.mulligan@lgim.com