City Regions Board

Agenda

Tuesday, 22 March 2022
3.00 pm

Hybrid meeting (via Microsoft Teams & Victoria Room, 18 Smith Square, London, SW1P 3HZ)

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Local Government Association

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City Regions Board
22 March 2022

There will be a meeting of the City Regions Board at **3.00 pm on Tuesday, 22 March 2022** Hybrid meeting (via Microsoft Teams & Victoria Room, 18 Smith Square, London, SW1P 3HZ).

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Conservative:	Group Office:	020 7664 3223	email:	lgaconservatives@local.gov.uk
Labour:	Group Office:	020 7664 3263	email:	labgp@lga.gov.uk
Independent:	Group Office:	020 7664 3224	email:	independent.grouplga@local.gov.uk
Liberal Democrat:	Group Office:	020 7664 3235	email:	libdem@local.gov.uk

Attendance:
Your attendance, whether it be in person or virtual, will be noted by the clerk at the meeting.

LGA Contact:
Emma West

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City Regions Board – Membership 2021/2022

Councillor	Authority
Conservative (5)	
Cllr. Abi Brown (Vice-Chair)	Stoke-on-Trent City Council
Cllr. Robert Alden	Birmingham City Council
Cllr. Barry Anderson	Leeds City Council
Cllr. Joanne Laban	Enfield Council
Cllr. Toby Savage	West of England Combined Authority
Substitutes	
Cllr. Matthew Atkins	Portsmouth City Council
Cllr. Liam Billington	Tameside Metropolitan Borough Council
Cllr. Adam Marsh	Wigan Metropolitan Borough Council
Labour (13)	
Mayor Marvin Rees (Chair)	Bristol City Council
Cllr. Susan Hinchcliffe (Vice-Chair)	Bradford Metropolitan District Council
Cllr. Samantha Dixon	Cheshire West and Chester Council
Cllr. Graeme Miller	Sunderland City Council
Cllr. Elise Wilson	Stockport Metropolitan Borough Council
Cllr. Jason Brock	Reading Borough Council
Cllr. John Merry	Salford City Council
Cllr. Anthony Hunt	Torfaen County Borough Council
Cllr Shama Tatler	Brent Council
Cllr. Danny Thorpe	Royal Borough of Greenwich
Cllr. David Mellen	Nottingham City Council
Cllr. Arooj Shah	Oldham Metropolitan Borough Council
Cllr. Bev Craig	Manchester City Council
Substitutes	
Cllr. Bob Cook	
Cllr. Nazia Rehman	Wigan Metropolitan Borough Council
Cllr. James Swindlehurst	Slough Borough Council
Cllr. Daniel Francis	Bexley Council
Liberal Democrat (2)	
Cllr. Gareth Roberts (Deputy Chair)	Richmond upon Thames London Borough Council
Cllr. Carl Cashman	Knowsley Metropolitan Borough Council
Substitutes	
Independent (2)	
Cllr. Gillian Ford (Deputy Chair)	Havering London Borough Council
Cllr. Martin Fodor	Bristol City Council
Substitutes	
Cllr Phelim Mac Cafferty	Brighton & Hove City Council

Agenda

City Regions Board

Tuesday 22 March 2022

3.00 pm

Hybrid meeting (via Microsoft Teams & Victoria Room, 18 Smith Square, London, SW1P 3HZ)

Date of Next Meeting: Wednesday, 15 June 2022, 3.00 pm, Hybrid meeting (via Microsoft Teams OR Victoria Room, 18 Smith Square, London, SW1P 3HZ)

Document is Restricted

City Regions Board

22 March 2022

UK Cities Climate Investment Commission (UKCCIC)

Purpose of report

For information.

Summary

This paper provides members with a brief overview of the UK Cities Climate Investment Commission (UKCCIC) ahead of a discussion at the board with the Director of UKCCIC, Steve Turner (Appendix A).

Is this report confidential? Yes ☐ No ☒

Recommendation/s

1. Board members are asked to consider this short background briefing ahead of a further discussion with Steve Turner, Director of UKCCIC.

Action/s

1. Officers will use the meeting to shape our future work with UKCCIC.

Contact officer:	Esther Barrott
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UK Cities Climate Investment Commission

Background

1. The investment case for local net zero programmes has historically been undermined by the difficulty of creating robust businesses cases that address issues of scale, longevity, and confidence.

2. Connected Places Catapult, the UK's 'innovation accelerator' for cities, transport, and places found that, through dialogue with the investment community, local business cases could be strengthened if the plans of cities were brought together generating greater scale, volume, and predictability, creating a more attractive and substantial proposition for investors.

3. In response to these findings, Core Cities, London Councils and the Connected Places Catapult jointly established the UK Cities Climate Investment Commission on 1 July 2021, during Climate Action Week, to tackle this challenge head-on. Using collective networks and capabilities, the Commission seeks to leverage the combined scale of cities to mobilise finance and drive investment into low and net zero carbon projects across all the UK's cities.

4. Ahead of COP26 in November 2021, the Commission conducted research to assess and analyse the low carbon investment that cities need, and the associated investment cases. In order to maximise the potential for private investment to support the transition to Net Zero the final report recommended: place-based investment demonstrators; incentivising public-private partnerships by building on existing structures; supporting advanced planning and the creation of investable propositions; and, accelerating specific policies to support delivery such as attaching financial disincentives to activities associated with higher greenhouse gas emissions.

5. The UKCCIC advisory board is chaired by Professor Greg Clark. Mayor Rees sits on the advisory board alongside Cllr Susan Aitken (Glasgow City Council), Mayor Philip Glanville (London Council's Transport and Environment Advisory Committee) and Keith Bottomley (Vice Chair, City of London Corporation Policy Committee). Cllr Kevin Bentley, the Leader of Essex and the Chairman of the LGA's People and Places Board has also been invited to join the board.

6. Steve Turner, UKCCIC Director was a key speaker at the LGA's Urban Summit on 9 March 2022 and discussed the role of the Commission in decarbonising cities. While the LGA's Environment, Economy, Housing and Transport Board leads on climate change issues, given that the challenges of climate change will primarily be met in cities and urban areas, Steve has agreed to attend the City Regions Board and provide an overview of the Commission's work.

Next Steps

7. The Board meeting is an opportunity for members to hear about the work of UKCCIC in greater detail from its director, Steve Turner. Steve will discuss the work of UKCCIC, including engagement with the sector to date, and comment on future opportunities for collaboration with the Board.

8. Members are invited to comment on the work of UKCCIC, noting the Environment, Economy, Housing and Transport Board's role in leading the LGA's wider work on climate change and net zero.

Implications for Wales

9. While many of the policy levers associated with addressing climate change are devolved, the exchange of knowledge between cities and urban areas across the UK can only benefit local leaders looking to transition to a more sustainable economy and build the case for local investment. The LGA will therefore continue to work with the Welsh LGA and other partners in Wales to share expertise in this area.

Financial Implications

10. Any financial commitments made as part of the actions identified in this report will be met from the Board's existing policy budget.

Appendix A

Steve Turner, Director of UK Cities Climate Investment Commission

Steve is a Director for the UK Cities Climate Investment Commission (UKCCIC). The UKCCIC seeks to convene local authorities and financial institutions to drive Net Zero investment. As a recognised leader in innovation and sustainability Steve has over 25 years of experience working in both the public and private sector. Prior to joining the Connected Places Catapult he was Digital Cities Leader for Arup where he delivered Smart City strategies for some of the largest developments in the UK, Europe and the Middle East, representing £billions of investment. As Head of Future Cities at Manchester City Council he set up Manchester's widely admired Smart City innovation programmes, Triangulum and CityVerve securing over £50m of inward investment for the city, as well as establishing it as the UK's first Low Carbon Economic Area.

City Regions Board

22 March 2022

Levelling Up and Devolution

Purpose of report

For direction.

Summary

Following the recent publication of the Levelling Up White Paper this paper proposes three issues for the City Regions Board to consider as part its work programme over the remaining political cycle: further devolution deals and the devolution framework; the UK Shared Prosperity Fund; and, the expected levelling up and devolution bill. It also asks for members' views on the emerging work related to the government's commitment to streamline growth funding.

Is this report confidential? Yes ☐ No ☒

Recommendation/s

Members are asked to provide a steer on the following issues:

1. To agree next steps in relation to the devolution framework; the UK Shared Prosperity Fund; and, the levelling up and devolution bill.
2. To consider whether to receive a future report on streamlining growth funding.

Action/s

1. Specific actions relating to the recommendations above are set out at paragraph 33.

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Position: Senior Adviser

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Levelling Up and Devolution

Background

1. The Government's long-awaited Levelling Up White Paper was published on 2 February 2022.

2. As detailed in the LGA's briefing note the White Paper details the Government's ambition to pursue 12 national missions across four broad areas: boosting productivity and living standards by growing the private sector; spreading opportunities and improving public services; restoring a sense of community, local pride and belonging; and, empowering local leaders and communities.

3. It also sets out proposals relating to a new devolution framework, a plan to streamline growth funding, a new independent data body, the establishment of a new levelling up advisory council and the prospect of a new Bill on levelling up and devolution.

4. On 10 March the LGA Executive Advisory Board considered a report setting out the Implications of the Levelling Up White Paper for local government. This recognised the City Regions Board's key role in shaping the course of devolution to date and the board's strong interest in the extension of devolution to all areas of England and the deepening of devolution in places that have already secured a devolution deal.

5. Within this context this paper sets out three issues for the City Regions Board to consider as part its work programme over the remaining political cycle: the devolution framework; the UK Shared Prosperity Fund; and, the expected levelling up and devolution bill.

6. Board members' views are also sought on the other issues mentioned in paragraph 3 as part of the LGA's wider work on devolution, particularly, plans to streamline growth funding. Officers are part of early conversations with DLUHC officials and will keep members updated on progress; at this stage we are able to work from our well-established policy lines and evidence base. Following the Urban Summit a separate agenda item discusses the boards work in relation to the Government's ambition to create a globally competitive city in each region.

Issues

The Devolution Framework

7. The White Paper outlines a new devolution framework for England. This seeks to extend devolution beyond the metropolitan centres by setting out pathways to a devolution deal for every area that wants one by 2030. It also states that devolution will be deepened, starting with trailblazer deals to be negotiated with the West Midlands and the Greater

Manchester Combined Authorities and inviting the other mayoral combined authorities and the Greater London Authority to bid for further powers through the framework.

8. In essence, despite the Prime Minister's commitment to 're-write the rulebook', this approach clarifies the rules of the game without fundamentally altering the deal-based model employed by the Government since 2014. It validates the hard work and effective leadership of existing devolution deal areas, but it retains several aspects of a process led by the centre. This can be seen in the table below, taken from the White Paper:

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt local innovative local proposals to deliver on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions		✓	✓
	Defined key route network			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding into a multi-year integrated settlement			✓
Investment Spending	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an annual allocation			✓
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input in Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme			✓
	Homes England compulsory purchase powers		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner functions where boundaries align			✓
	Clearly defined role in local resilience		✓	✓

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	Where desired offer MCAs a duty for improving the public's health			✓
Financing local initiatives	Ability to introduce mayoral precepting on council tax			✓
	Ability to introduce supplement on business rates			✓

9. Each of the powers and functions listed in the table above is assigned to a particular level of governance:

   9.1. Level 1: Local authorities working together across a functional economic area or whole county area e.g. through a joint committee

   9.2. Level 2: A single institution or county council without a directly elected mayor, across a functional economic area or whole county area

   9.3. Level 3: A single institution or county council with a directly elected mayor, across a functional economic area or whole county area

10. The powers listed contain some noticeable gaps, both in terms of existing LGA asks in areas such as housing, skills and employment, health and fiscal decentralisation and also when set against the scope of the 12 Missions, which go far beyond the emphasis on economic development that has characterised devolution to date.

11. The framework is therefore something to be welcomed, but it is not the end of the story. Not least because areas not included on the initial list of nine places invited to negotiate with Government (Cornwall; Derbyshire and Derby; Devon, Plymouth and Torbay; Durham; Hull and East Yorkshire; Leicestershire; Norfolk; Nottinghamshire and Nottingham; and Suffolk) will have to wait for capacity to be made available at the centre to begin their discussions.

12. During the previous round of devolution, negotiations between individual areas and national Government led to something of a patchwork of powers being passed down to mayoral combined authorities. As set out in the LGA's report published last year, while some of this variation was a product of different areas seeking different powers there is also a strong sense that over time the process of negotiating devolution agreements became more difficult and less innovative as the Government lost enthusiasm and capacity became constrained.

13. There are two broad areas of activity that arise from this context. First, we need to work with Government and devolution deal areas to expand the Devolution Framework. Immediately after the publication of the White Paper, the Secretary of State expressed his interest in deepening the devolution framework, for example looking at skills, further education, careers; policing, and powers over business rates. We can support this

interest by identifying powers areas have asked for that aren't currently on the table and looking in more detail at the 12 Missions to understand where new functions and resources are going to be needed for these to be successfully delivered. Related to this and reflecting the Board's composition, we will also need to make sure that the Government delivers on its existing commitments to devolution deal areas.

14. Second, we will need to support local areas to make the best possible success in their negotiations with Government and, in so far as possible, optimise the process of devolution so that deals are agreed quickly and without 'departmental burnout' impeding the ambitions of local areas looking secure devolution as part of future waves. The LGA currently has an extensive range of tools and resources made available as part of our devolution hub and supported by Government. Over the next year we will need to work to enhance and expand this programme, both to strengthen local capacity and increase the opportunities for policy development and knowledge transfer.

15. Throughout both pieces of work we will explore the implications for equalities, diversity and inclusion arising from the Government's approach to questions of governance and deal making and reflecting the high-level commitment of the broader levelling up agenda to provide power, resources and opportunities to those people and places that have 'fallen behind' over the last few decades.

Levelling up and Devolution Bill

16. The White Paper sets out a commitment to strengthen devolution legislation in England: to expand devolution to more places, deepen current devolution deals and enable the devolution process to be simpler and more transparent.

17. As part of this ambition the White Paper states that the Government is seeking to legislate to establish a new form of combined authority model to be made up of upper-tier local authorities only (e.g. a county council and its associated unitary councils), providing a single, accountable institution across a functional economic area or whole county geography.

18. At a recent session of the levelling up select committee, the Minister of State, Neil O'Brien indicated that the Government also plans to prevent district councils from vetoing the establishment of a combined authority, citing "deficiencies" in the Local Democracy, Economic Development and Construction Act 2009, the legislation that currently underpins the creation of combined authorities.

19. As it stands, Section 110(1) of the 2009 Act states: *The Secretary of State may make an order establishing a combined authority for an area only if— ... (b) the constituent councils consent*.

20. This is further defined at Section 110(3) which states: *In this section "constituent council" means— (a) a county council the whole or any part of whose area is within the area for*

which the combined authority is to be established, or (b) a district council whose area is within the area for which the combined authority is to be established.

21. While we will have to wait for the publication of the draft Bill to understand the precise changes the Government wishes to make it seems clear that the Board will have an interest in any legislative changes the Government seeks to make and, potentially, ideas to further strengthen and the expand the devolution of powers and resources to the local level. LGA policy and public affairs teams will maintain a watching brief on this issue and report back to the Board once a firmer sense of timelines and legislative scope has emerged.

UK Shared Prosperity Fund

22. The pre-launch guidance for the UK Shared Prosperity Fund (UKSPF) was published at the same time as the Levelling Up White Paper. The funding will be allocated and will deliver three priorities: Communities and Places; Local Business Support; and People & Skills. The first two priorities will commence from 2022/23, but the People & Skills priority will commence in 2024/25, leaving a potential gap as the European Structural and Investment Programme (ESIF) finishes in 2023. The LGA will continue to lobby to ensure there is not a gap in funding of employment and skills provision and that the UKSPF will meet the longevity and quantum of funding it is replacing.

23. Councils and combined authorities have been given a leading role to develop local investment plans as outlined in the Government's delivery geography. This means lead authorities will be mayoral combined authorities, the Greater London Authority and lower-tier or unitary councils. Local UKSPF allocations are expected to be aligned with any future devolution deals with local areas and lead authorities will be encouraged to collaborate with counties for the People & Skills priority. However, there is not yet detail of how this will operate in practice.

24. To support councils with their work in this area the LGA has recently launched a UK Shared Prosperity Fund Hub.

Implications for Wales

25. Wales has long been on its own devolution journey and the proposals for further devolution in the White Paper are primarily focused on English devolution. However, as work to detail the scope and scale of powers needed to deliver the 12 Missions at a UK level unfolds the LGA will continue to look for opportunities to work with Welsh local government.

Financial Implications

26. Devolution is a business plan priority for the LGA and any policy and improvement work relating to proposals contained in this paper will be met from core budgets and supported by the communications and public affairs teams.

Next steps

27. Members are of the City Regions Board are asked to consider this report and comment on the proposed next steps:

    27.1. Review the devolution framework contained within the white paper and expand the list of powers that might be devolved, drawing on existing LGA policy asks, existing and emerging devolution deals and the wider scope of the 12 Missions, specifically the metrics underpinning Mission 1, through the future of cities work.

    27.2. Develop and circulate an improvement and support offer for existing and emerging devolution deal areas, drawing on the expertise and experience of the Board to ensure this offer meets the needs of all areas

    27.3. Work with the LGA's public affairs team to maintain a watching brief on activity relating to the 'levelling up and devolution bill'

    27.4. Continue to engage on arrangements relating to the UK Shared Prosperity Fund

    27.5. If the Board agrees, bring a paper back to a future meeting with policy proposals in relation to commitments to streamline growth funding.

City Regions Board

22 March 2022

Demography and Levelling Up

Purpose of report

For discussion.

Summary

This paper provides an update on the findings of LGA officer research into demographic changes resulting from the Covid-19 pandemic and sets out the implications of these findings for the levelling up agenda.

Is this report confidential? Yes ☐ No ☒

Recommendation/s

That Members:

1. **Comment** on the findings presented by officers and **discuss** whether they resonate with their personal experiences of demographic change within their local areas and subsequent service pressures.

Action/s

1. Officers to use these findings and the comments arising from the wider discussion with Board Members to inform the Levelling Up Locally Inquiry.

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Position: Policy Advisors

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Demography and Levelling Up

Background

1. Following the agreement of the People and Places and City Regions Boards, we have initiated a Levelling Up Locally Inquiry. This inquiry will look at how the Government's levelling up agenda might better strengthen local communities and look beyond the Levelling Up White Paper to investigate the role of local leadership in shaping a recovery that works for all.

2. To complement the work of the inquiry, LGA officers have been looking at demographic changes that may have arisen from the pandemic, and whether these changes represent a continuation or departure from pre-pandemic trends.

3. In the early stages of the pandemic, a number of narratives emerged in the media around the potential impact of Covid-19 on demographic changes. These included an assumption that the rise in home working would lead to people leaving urban areas, as people prioritised home offices and gardens over short commutes, and that there would be a 'baby boom' as more people stayed at home during lockdown.

4. To do this, we have carried out a literature review, drawing on the International Public Policy Observatory's global policy scans and topic snapshots and a range of other sources to look at different aspects of demographic changes. This included looking at rural-urban changes, trends in migration in and out of the UK, and natural demographic changes.

5. We have also carried out a review of data. We mapped metrics to six principal services including cultural services, adult services and housing and identified the relevant datasets for each of the metrics using LG Inform, the LGA's online tool bringing together a range of key performance contextual and financial data for authorities.

6. The following metrics and datasets were used:

   a. Total resident population
   b. Average time to get to 8 key services by car
   c. Proportion of gigabit availability
   d. Proportion of working age population with no qualifications
   e. Proportion of population worried about food security
   f. Proportion of population on universal credit
   g. Average house price
   h. Spend on culture and heritage
   i. Number of recorded offences
   j. Life satisfaction ratings

7. The percentage change was calculated for each of the metrics for the years prior to and including the coronavirus pandemic. Following this, the data was analysed by authority type, region and area classification [1]so conclusions around demographic changes could be drawn.

8. While lags in the data collection mean data is not always available for the most recent months, all data used in this research was the most up to date at the time of analysis. Officers will cross-check assumptions against the 2021 Census findings when the data is made publicly available in late May 2022.

Issues

Findings from literature review

9. Throughout the pandemic, there was reduced internal migration within the UK. Based on our initial findings we believe this is likely to have primarily affected people between ages 16 to 30, who made up over half of internal migrants in England from 2009 to 2015.

10. As a result of pandemic restrictions, only two fifths of buyers visited their property in person before choosing to buy it. This may be linked to higher levels of 'post-purchase regret,' with half of UK home buyers who bought during the pandemic regretting how much they paid. Other potential buyers may have been put off by the lack of opportunity to visit their potential new home in person before purchasing.

11. Although much of the headline media attention around demographic changes has focused on people moving from urban to rural areas, research from Demos showed that the bigger relocation has been among low-paid, younger workers moving within densely built-up areas. This was particularly true of those with incomes below £20,000. 9.5 per cent of people from an ethnic minority background moved due to the pandemic against 4.2 per cent that stated their ethnicity as white.

12. Similarly, although the London Assembly Housing Committee found that 43 per cent of Londoners surveyed wanted to move to a new home, 34 per cent of those wanted to move out of London and 54 per cent wanted to remain in the city. The survey also found that having private outdoor space (such as a garden or balcony), a more spacious home, and living near public green space have become important factors for Londoners thinking about their living situation as a result of the pandemic.

13. Overall, there is little evidence that the pandemic has driven those in urban areas to move to rural areas. This may be partly because despite the percentage of people

[1] All classifications e.g. 'thriving rural' and 'ethnically diverse metropolitan' are the ONS' residential-based area classifications which, using socio-economic and demographic data, aim to identify areas of the country with similar characteristics

working from home doubling, this accounted for less than half of all UK workers and was distributed unevenly across the country. 70 per cent of residents in the London Borough of Richmond upon Thames stated they had worked from home at some point during the pandemic, compared to 13 per cent in Burnley. Disparities in home working were also reflected across ethnicity and education, with Black, Asian and ethnic minority workers being more likely to work in London's key worker roles. Roles requiring higher qualifications provided greater home working opportunities than manual roles.

14. The pandemic has exacerbated some pressures particularly found in rural areas, with the pandemic having a more detrimental effect on hospital waiting times in rural and remote trusts than in for trusts in urban areas. Rural areas generally have poorer superfast broadband and mobile internet coverage, impacting on effective home working possibilities, and potentially acting as a deterrent to those considering a move from urban to rural areas.

15. Although there is evidence that demand for homes in some rural areas grew during the pandemic, some of this was driven by the purchase of second homes rather than permanent relocation. In 2020, the number of London-based buyers who purchased a second home outside the capital increased by 309 per cent from 2019.

16. The pandemic also had an impact on natural demographic changes. As a result of the high level of excess deaths caused by the Covid-19 pandemic, there was a reduction in life expectancy England of 1.3 years for men and 0.9 years for women, the lowest life expectancy in England since 2011. Similarly, declines in fertility rates were seen, with a decrease to 1.58 children per woman in 2020 and drop of 4.1 per cent in the number of live births compared to 2019.

17. These findings suggest the Covid-19 pandemic has resulted in a lower birth rate, and although evidence from previous epidemics and pandemics have shown a later baby boom, there may be less of a bounce back in this case. This is likely to be for several reasons, including lower child mortality in comparison to previous pandemics. The economic impact of the pandemic on women is also likely to have an impact, as the post 2008 banking crisis recession showed that female unemployment significantly reduced fertility rates.

18. Women had a greater likelihood of being furloughed through the Coronavirus Job Retention Scheme and employed in shut-down sectors from the first lockdown, as well as being disproportionately likely to work in less secure, part time employment, both before and during the pandemic. People working in insecure roles saw greater falls in earnings during the pandemic, suggesting we could see a repeat of the reduced birth rates because of female unemployment seen in the recession. Long term, this reduced birth rate could result in profound implications for health, tax revenues and wider government spending. An ageing population will require increased spending on pensions, health and social care, but with a smaller workforce to pay income tax and into

pension funds. Although fewer workers could result in higher wages, this positive impact could be offset by the larger tax burden required to maintain public services.

19. In conclusion, many of the common assumptions made about demographic changes during the pandemic are not reflected in the literature.

20. First, the assumption that there would be a large-scale shift of people moving from urban to rural areas overestimates the number of people who are able to shift to homeworking, with less than half of workers in the UK working from home during the pandemic.

21. Second, desire for homes with more space and a garden is a trend that pre-dates the pandemic, and house price increases for detached and semi-detached houses were much stronger close to the centre of London.

22. Third, the growth in house prices in rural properties is at least partly due to an explosion in the number of second home purchases, rather than people relocating permanently out of cities. There had also been speculation that the pandemic would result in a higher birth rate, but early data combined with evidence from previous epidemics and pandemics suggests this is not the case.

Findings from the data analysis

23. The findings from the quantitative research are broadly consistent with those in the literature review.

<u>Overall population change</u>

24. The population change in all areas saw trends continued, rather than reversed as a result of the pandemic. Overall, between 2018 and 2020 the percentage resident population change remained consistent in urban areas. Ethnically diverse metropolitan areas across the country saw almost no change in population with only a small increase in Greater London at 0.6 per cent. Similarly, urban communities with services, manufacturing and mining legacies saw small almost no change in population size (between -0.5 per cent and 0.8 per cent) between 2018 and 2020.

<u>Connectivity</u>

25. The literature review suggests there is little evidence that the pandemic has driven those in urban areas to move to rural areas. Mobile and internet connectivity might play an important part. The percentage of addresses with gigabit availability is consistently higher in Greater London compared with any other region (except for ethnically diverse metropolitan boroughs where the West Midlands is 8.4 per cent higher compared with London). By comparison less than 25 per cent of all remoter coastal and country living addresses had gigabit availability in 2021.

Financial hardship

26. While the analysis does not include a breakdown by gender, if, as the literature review suggests areas where people experience insecure work and falling incomes might experience lower birth-rates, the quantitative analysis helps understand where these changes might occur.

27. The percentage change of the working age population with no qualifications between 2019 and 2021 varies dramatically between region and area classification. The proportion of the working age population with no qualifications decreased across all ethnically diverse metropolitan regions and London cosmopolitan boroughs. By contrast, the largest increase in the proportion of the working age population with no qualifications in urban areas was seen in large towns and cities in the East at 50 per cent.

28. The percentage number of households worried about food security in 2021 was higher in urban compared with rural areas, with people most worried about food security (17 per cent) living in university towns and cities in the East Midlands and in areas with manufacturing traits in the North East. By contrast 7 per cent of the population living in thriving rural parts of the East Midlands were worried about food security.

29. Between 2019 and 2021 the number of people on universal credit living in rural-urban fringes in the South East increased by 230 per cent, and those living in ethnically diverse metropolitan areas in the East of England saw an increase of 242 per cent - the highest of all areas. Across the country the number of people on universal credit increased at a greater rate at the time of coronavirus pandemic compared with previous years.

Policy implications for levelling up

30. Our interim findings suggest that many of the headline assumptions made about demographic shifts because of the pandemic have not been found to be correct. There has not been a widespread urban-rural change, with younger people moving more within urban areas than leaving them, and birth rates have fallen rather than increased.

31. These findings have implications for the delivery of the Government’s levelling up agenda as set out in the recent White Paper.

32. The Covid-19 pandemic and the resulting restrictions have led to some of the most rapid and drastic changes to the way people live and work. Despite the scale of these changes, the underlying trends have remained similar to those pre-pandemic, with the UK having an ageing population, and urban areas continuing to exert a considerable pull on young people.

33. Some trends have increased at a faster rate during the pandemic, particularly around indicators such as unemployment rate, people on universal credit, and life satisfaction.

34. In summary, this research suggests that the Levelling Up White Paper is in the right territory, but that many of the challenges it seeks to address are even more entrenched than previously thought, and the pandemic may have made these harder to reverse or resolve.

Implications for Wales

35. The literature we have drawn these conclusions from covers different geographical areas. Some literature looked at the picture across the UK, and therefore included Wales, whereas other literature was focussed on one country, region or type of area (such as urban or rural). The data analysis at present is based on English data only.

Financial Implications

36. Any financial commitments made as part of the actions identified in this report will be met from the Board's existing policy budget.

Next steps

37. Officers to use these findings and the comments arising from the wider discussion with Board Members to inform the Levelling Up Locally Inquiry.

City Regions Board

22 March 2022

Retrofit Skills and Employment

Purpose of report

For discussion.

Summary

EEHT, City Regions and People and Places Boards were presented with a Green Skills and Employment report in November 2021, followed by a next steps paper in January 2022. Building upon that work It was agreed that a paper focusing on retrofit should come next.

This paper sets out the current barriers to the retrofit sector, the implications that retrofit will have on the work undertaken by councils, and changes that could be implemented to support retrofit skills and employment to develop effectively and at speed.

In parallel, EEHT officers are looking at approaches to 'whole-place' street /neighbourhood decarbonisation, including buildings and transport. Their work will make recommendations to policy makers, national and local partners, and local authorities across the UK. Both pieces of work will give the LGA a clear policy position and strategy for retrofit. We would then seek the boards' views and agreement on the directions outlined in both papers.

Is this report confidential? Yes ☐ No ☒

Recommendation/s

1. For Members to provide a steer on paragraphs 22-29, 37

Action/s

1. As directed by Members.

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Retrofit Skills and Employment

Purpose

1. The aim of this piece of work is to develop a place-based employment and skills approach to deliver retrofit, in advance of, and to inform, any new Government policy.

2. Local government is ready to bring together key partners such as the private sector, private homeowners, housing associations and local training providers, to design local skills and employment pipelines that deliver on the sector's need and growth.

3. Energy efficiency of buildings / retrofit is a sub sector of construction, aimed at improving the efficiency of the UK's housing stock, supporting the transition to net zero. The work required for this to happen will have clear roles for local government and should be a high priority. This is due to local government having its own housing and office stock which requires retrofitting, as well as their role as place leaders and employers, through their statutory duties and in delivery of provision such as the Social Housing Decarbonisation Fund.

Current barriers to the sector

4. Urban and rural areas and different parts of the country all have diverse housing stock requiring varying retrofit methods. Financial costs and outputs will vary across the country, requiring a localised joined-up approach to avoid extra cost being incurred through delivering more infrastructure than necessary. This makes a one size fits all retrofit package difficult, emphasising the need for a local approach to meet net zero targets, while also ensuring the packages delivered and jobs created are the most cost effective for the resident and the supplier.

5. The current funding available has created a complex range of provision that makes it difficult for local government to plan how they can effectively support the development of the retrofit sector. Especially as local government must bid for funding, leaving them unclear on what elements they will be successful in securing. This makes it challenging to plan how to resource and successfully support both the short- and long-term development of the sector in their region.

6. Retrofit is a large sector that includes many different pieces of work. While we are using it here for brevity, we acknowledge that to make the most of these opportunities there is a need to consider taking a more nuanced approach to growing the sector. This would allow each sub sector to have more chance to develop, by making the private sector and people aware of the business opportunities and the employment and skills needed.

7. Businesses have expressed hesitancy at moving into the market, due to fears that the current technology and methods will be short lived. An example being, that heat pumps will not work in some old housing stock, with hydrogen heating being suggested as a solution. Businesses require a clear commitment before they will agree to spend money on training staff and reducing delivery when there is not a clear business case to do so.

8. The underwhelming impact of the Green Homes Grant Voucher Scheme has shown that the sector does not yet have the training and qualifications in place, or the companies with large enough work forces to meet the increase in demand. We are also yet to fully understand all the jobs that will be created by the sector, as these have not been fully mapped out in their entirety and tested.

9. A national approach will make it difficult for local government to work with the private sector to ensure long term work and employment pipelines are created in their area. This is due to national contracts tending to work across multiple regions, making them only viable for large national companies with a workforce capable of delivering across large geographies.

10. Discussions with the Construction Industry Training Board and the Federation of Master Builders have highlighted that most construction supply chains, direct labour organisations and tradespeople currently have projects in place that mean they are not actively seeking new work. With some notable exceptions, the current construction workforce will require training to be able to decarbonise a building. The sector has also seen the largest rise in salary of any other sector in the UK. This makes the development of new entrants for the retrofit sector important if we are to meet our net zero targets. For this to happen the retrofit sector will need new workers, coming from school leavers and those workers transitioning into a new sector post-pandemic.

11. Though there has been an increase in the number of qualifications available to the retrofit sector, what is currently available will not enable pathways to all the roles required. This is due to the sector still developing, meaning that roles are still being created to meet the sector's need. This will require qualifications to be developed in a timely fashion to meet roles as they come online.

12. The current post 16 funding structure sees funding follow students onto the courses they choose. This creates a challenge for FE colleges, where new subjects and courses take time to gain the attention and applications from young people, required to make them financially viable. This leaves FE colleges having to take educated risks with their finances to deliver courses. Decisions that have been made even harder through funding cuts. An example is Camden council having to explore a sub-regional approach, as colleges cannot justify delivering retrofit training. Without a sub-regional approach there will not be a retrofit offer available to those that live in the region. By working with other London councils, they plan to develop, fund, and deliver a retrofit training programme that can support both businesses and college age students.

Implications for local government

13. Councils have their own housing stock and office buildings that they will need to retrofit. To ensure that this is done effectively there will be a need to develop roles within council

housing departments that specifically focus on retrofit standards and deliver retrofit programmes.

14. To deliver a place-based retrofit model councils and combined authorities will need to employ staff able to deliver the required programmes. This will see councils having to employ maintenance teams, assessors, advisors, and project managers, as well as other relevant delivery roles as required. This is something that London Councils is in the process of undertaking; their current estimates for getting this work in place and delivery starting is between 3 to 5 years.

15. The current funding models require councils to use valuable resources to attempt to secure funding to support the retrofit sector. As an example, Devon County Council are currently working with a range of partners from the private sector, training providers and voluntary and community sector and using 5 different funds to develop the skills and employment pipelines needed to ensure the sector can grow at scale. To put this in place takes a great deal of staff time, focusing on strategic planning and application writing for funds, without any guarantee that these will be successful.

16. If the sector is developed using a place-based approach, economy, skills and employment departments will be able to support businesses to effectively pivot into the market. Retrofit support can be aligned with the work they already undertake in supporting and developing businesses in their region. This work will support people to gain employment in the sector, through targeted employment support; for those who wish to pivot into the sector; or are seeking employment. Supporting two of the levelling up missions through, increasing employment and pay, while supporting the "significant" rise in the number of people completing high-quality skills and training.

Wider benefits of retrofit

17. Retrofit will support councils' health departments with the work they undertake, through creating better insulated houses for the most vulnerable in their communities. This will lead to a reduction in certain health issues, which can be caused from damp and poorly ventilated housing. These living conditions have been proven to cause respiratory related illness and reduced general health. This is reflected in the work delivered by the Carbon Co-op , where customers feedback highlighted their "improved health conditions such as allergies, asthma and eczema, as well as their own mental health and wellbeing." These health improvements can support the governments levelling up ambitions, to narrow healthy life expectancy between the UK areas where it is highest and lowest.

18. The work delivered by children's and young people departments will be supported by the retrofitting of housing stock. Children and young people are far more susceptible to respiratory illnesses and wider mental health issues caused by living in poor accommodation. This can influence their educational attendance and long-term health, reflected in a study by the National Centre for Social Research which found that of those

children persistently living in accommodation in poor state of repair, 25 per cent had a long-standing illness or disability. 29 per cent had been bullied inside or outside of school, while 5 per cent aged 8-18 years had been in trouble with the police in the past. These results all reduced substantially for young people who lived in this type of bad housing on a short-term basis, let alone those who have never lived in bad housing. Though not a silver bullet, retrofit can play a part in ensuring we improve our housing stock by creating better insulated houses, leading to more young people living in accommodation that supports them to meet their potential.

19. The work delivered by children's and young people departments will be supported by the retrofitting of housing stock. Children and young people are far more susceptible to respiratory illnesses and wider mental health issues caused by living in poor accommodation. This can influence their educational attendance and long-term health, reflected in a study by Virginia Community University, which found that children with asthma and other chronic illnesses may experience recurrent absences and difficulty concentrating in class, leading to educational setbacks. Though not a silver bullet, retrofit can play a part in ensuring we improve our housing stock by creating better insulated houses, leading to more young people living in accommodation that supports them to meet their potential.

20. Retrofit will reduce fossil fuel usage, by improving the heat efficiency residential, commercial and industrial buildings, leaving them requiring less energy to heat them. This will be a key step in helping councils' climate change departments to meet their net zero targets and any targets attached to the climate emergencies they have called. This could be further supported with advancements and delivery of solar energy and battery storage, seeing houses create their own energy and reducing their reliance on the national grid.

21. Through improving the efficiency of heat retention in our building stock, residential, commercial and industrial buildings should see their energy bills reduced. Lower energy costs should see a reduced number of people suffering from fuel poverty. It should also lessen the impact of fluctuations in the energy market increasing the number of people in fuel poverty. The Future Generations Commissioner for Wales has called for a £15 billion retrofit investment plan for homes using the retrofitting of houses to eradicate fuel poverty, while also saving a predicted £8.3 billion in energy bills by 2040. Such improvements will support the health, children's and young people, climate change and housing departments in councils towards their net zero targets and in supporting their communities to live healthier happier lives.

What changes are needed

22. There is the need for a long-term investment and delivery plan for the retrofit sector. **The LGA would call for this to be developed through a co-design model between government, local government, and the private sector.** This plan would go some way to assuring the private sector that the funding is forthcoming, creating investment in the skills and employment needed.

23. The plan should outline:

23.1. The expected cost of retrofitting both homes and commercial buildings.
23.2. The funding that government will make available to support the sector and the match funding that will be required from the private sector.
23.3. The role that private house owners, private landlords, housing associations and councils will have in retrofitting properties.

Skills and employment policy asks and offers

24. Retrofit offers an opportunity to support people in England to gain well paid stable employment. For this to happen the sector requires relevant qualifications, delivered in a flexible way to ensure they are accessible. Currently local government are having to work within the confines of the national system. Below are suggestions on what could be asked of Government to create flexibility within the current system, or through the introduction of new provision to deliver retrofit and support employment opportunities in other green and net zero sectors as they come online. As this sector develops, it will be important that EDI is factored into the opportunities it creates locally and nationally. As an example, construction which is a key component of net zero efforts has struggled, with the Labour Force Survey showing that just 5.4 percent of construction workers were BAME.

25. The reduction in funding for adult skills to Level 2 (equivalent to GCSE), which has been reduced by 50 per cent over the last decade has reduced the options available to maximise employment opportunities in green and new sectors. To make the most of these opportunities the LGA has already said it would like to see **the adult education budget (AEB) restored to its 2010 levels as a minimum. This should then be fully devolved to LAs and MCAs to target and deliver short courses, enabling people to pivot into the sector, or start on their journey to employment.**

26. Place leaders are currently having to apply for funding and then piece together successful bids to create a retrofit programme. This means that not all parts of the country have had the same ability to plan effectively, which has implications for the national market. This is further compounded by regions only being able to secure short-term funding to deliver their long-term ambitions for the sector. We propose Government work with local government and the private sector on a **co-designed model of funding, aimed at streamlining what is already in place to test different delivery models. This should include longer term funding aimed at supporting the sector to develop, reducing business hesitancy, and increasing private sector funding.**

27. A key element of the co-design should focus on local government and the models they have in place or planned for developing the retrofit sector, specifically the skills and employment pipelines needed. This would allow government to understand what is currently happening across the country, allowing them to **bring forward trailblazers offering areas the funding and timeframes required to enable local government, the private sector and the third sector to deliver retrofit skills and employment provision aimed at stimulating the local market.**

28. To ensure that the learning is maximised, and best practice is disseminated, part of the co-design should look at how **current provision, such as the work already done by**

the LGA's productivity team could be used to capture best practice, learning and support that is happening in the sector, ensuring all areas of the country have the best chance of success. This could be an area of work that is expanded if these are joint priorities for the LGA and DLUHC.

29. The Youth Unemployment Committee has recommended that the Government should consider a new funding model for FE. At present, the caps on student numbers for certain courses remain a significant barrier to addressing regional and sector specific skills gaps. FE colleges require support to enable and deliver training for new sectors. The LGA would make the case for a **green and net zero support fund for FE colleges**, which could be supported by **DfE adopting a multi-year prospectus approach to FE capital funding.** This would enable local government to work with FE providers across a place to assess facilities needed to meet local growth need, creating the basis for a discussion with DfE about funding contributions while reducing the risks to FE colleges. This would ensure young people have the chance to train in subjects and gain employment in sectors that are crucial for England's future economy.

30. Research undertaken through the LGA's Work Local campaign has shown the value in creating single place-based pots for employment and skills that would use funding flexibly to prioritise local need to help people increase their skills and support them into work. This is reflected in our Work Local Cost Benefit Analysis which will be published shortly.

Support for the homeowners and tenants

31. One key issue that needs addressing to get the retrofit market to develop, is the "able to pay" private house owners. Regen and the UK Green Building Council found that, though aware of the need to retrofit their homes, the public have not been given the information and support to enable them to make decisions, leaving them unsure of what is best for their homes and how to help the country to meet our net zero targets. **The LGA would call for funding to enable local government to work with community groups, training providers and other key partners and stakeholders to deliver community education on why and how people can support the transition to net zero.** The funding will enable training and communication plans to be developed to engage the public in the country's transition to net zero, with one of the objectives being to increase retrofit investment from private homeowners.

32. All homeowners and residents should have confidence, that what has been installed in their home is done to a high standard and will work effectively for as long as possible. To ensure this happens we will work with government and the private sector to develop appropriate mechanisms, ensuring that standards and regulations are considered, and where required provision is developed to support.

Equalities Implications

33. In addition to the specific points outlined above, while developing policy work on retrofit employment and skills, we will seek to outline the challenges and opportunities faced by specific communities.

Implications for Wales

34. While employability is a devolved matter, the LGA and WLGA liaise to share approaches on the level of local / national collaboration.

Financial Implications

35. All activity highlighted falls within existing LGA policy budget for 2022-2023.

Next steps

36. The combination of this retrofit skills and employment paper and the complementary work being undertaken through the EEHT board to investigate, capture, and present approaches to ‘whole-place’ street / neighbourhood decarbonisation, including buildings and transport will help develop the LGA’s policy position and strategy for retrofit.

37. The Board may also wish to consider whether the LGA should reach out to the private, public and third sectors to develop potential principles for growing the retrofit sector in a sustainable and inclusive way.

38. Currently there are many strands of strands of work focusing on retrofit, across a range of stakeholders, and work is needed across the LGA to bring these together. At an appropriate time later in the year, the LGA could host a roundtable with the aim of joining together the strands of work and developing key principles.

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