



# LONDON RESEARCH & POLICY PARTNERSHIP



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## **‘Levelling up and London’ papers and high-level policy discussions – events summary**

**October 2021**

### **About this briefing**

This paper provides a short overview of eight expert presentations on London’s pivotal role in levelling-up the UK at two afternoon events (17 September and 8 October 2021) organised by the London Research and Policy Partnership (LRaPP).

We intend to publish papers based on the presentations later this year. We wanted to provide this summary as quickly as possible, to ensure that politicians, policymakers and front line practitioners working on the government’s levelling-up agenda can benefit from the breadth and depth of research and insights in real time as the White Paper is drafted.

### **About the Levelling-up and London Project**

‘Levelling-up is arguably the biggest domestic policy of the Government’s agenda. The forthcoming White Paper expected this autumn seeks to improve ‘livelihoods and opportunity in all parts of the UK’, a newly branded Department for Levelling Up, Housing and Communities and a new ministerial team, alongside a dedicated levelling-up team in the Cabinet Office, all point to the importance that the Government attaches to this agenda.

Against this background, the newly formed London Research and Policy Partnership (a partnership that promotes joint working between the academic research community and London policy makers) launched a project to explore how London could contribute to the levelling-up agenda and what levelling-up should mean for London.

The Partnership invited Higher Education Institutions from across the country to submit proposals for short papers or presentations and arranged for eight of these to be presented at two afternoon events held at Senate House, University of London, and virtually to maximise accessibility, inclusivity and to move with the new hybrid environments. Academics, policy makers and other experts were invited to respond critically and constructively to the papers.

The events brought together a diverse mix of researchers, policymakers, politicians and practitioners including from (full list of speakers and respondents in the appendix):

- Councillor Elizabeth Campbell, Leader of The Royal London Borough of Kensington and Chelsea
- Paul Scully MP, Minister for London
- Councillor Darren Rodwell, Leader of the London Borough of Barking and Dagenham
- Debbie Weekes-Bernard, Deputy Mayor for Communities and Social Justice
- Tom Copley, Deputy Mayor for Housing and Residential Development
- Professor Tony Travers, Chair of the London Finance Commission and Director of LSE London

Here are just some of the insightful reflections from politicians, provided over the course of the two days:

***“London is a vital part of the UK economy and it will play a crucial role in any levelling up [...] London is not apart from, nor in competition with, the rest of the UK economy, it is an extricable part of it.”*** - Councillor Elizabeth Campbell, Leader of The Royal London Borough of Kensington and Chelsea as part of opening reflections.

***“Three quarters of Londoners are earning below the London Living Wage. The ethnicity pay gap in London is really high. In 2019, the pay gap was around 28%, for the rest of the country it was only 6%”.*** - Debbie Weekes-Bernard, Deputy Mayor for Communities and Social Justice responding to session 2.

***“Levelling up across the UK does not mean levelling down for London. It is about disparities both between and within regions [...] Looking at health inequality in London if you start in Westminster and you travel east on the jubilee line you lose a year’s life expectancy for every station [...] For every £1 consumed in London, 24 pence of production is generated elsewhere. This is the symbiotic relationship London has with the country and the rest of the country has with London”*** - Minister for London, Paul Scully MP as part of opening reflections.

***“You can talk about Universal Credit [...] for Barking and Dagenham as one of the 33 villages in London 14,000 families were on UC last year in April, 35,000 were on UC this year in April and we are waiting for the figures of what happened after furlough but we perceive it to be over 50,000 families on UC. To put that in context, that is the city of York [...] Levelling up can not be a political rhetoric. It has to be something that is borne out of the struggle that people are seeing today”*** - Councillor Darren Rodwell, Leader of the London Borough of Barking and Dagenham responding to session 5.

## Session 1: The Cost of Moving to London

Presented by:

**Dr Justin Van Dijk**, Research Associate, Urban Dynamics Lab, Department of Geography, University College London

**Dr Tian Lan**, Research Associate, UCL

**Professor Paul Longley**, Professor of Geographic Information Science, Department of Geography, University College London

Moving to London is expensive – but how does this compare to the rest of the UK? Using the London Borough of Barking and Dagenham as a case study, UCL academics demonstrated how consumer and administrative data provides insights into the outcomes of residential moves, as well as how this enables improved baseline mapping of social conditions.

### Key takeaways:

- People moving into London are generally moving from less deprived areas to more deprived ones. People moving out of London are generally moving from more deprived areas to less deprived ones. Both of these patterns are most pronounced for inner London boroughs and less pronounced for East and South East boroughs.
- London still functions, as it has always done, as a place where many people choose to reside for a certain part of their lives, particularly when they are young, perhaps trading off some of the advantages of living in the capital – its labour market, social and cultural opportunities – with its drawbacks.

## Session 2: Levelling Up and Productive Employment

Presented by:

**Professor Olmo Silva** Professor of Economics, Department of Geography and Environment, LSE

Entrepreneurship is geographically clustered – but are entrepreneurs a moveable factor of production? In this session, we reviewed available evidence on a local bias in entrepreneurship as well as research on the determinants of agglomeration and co-agglomeration patterns of productive activities. Particular attention was paid to heterogeneity in agglomeration forces and to possible economic ‘levers’ available to policy makers who want to stimulate local entrepreneurship.

### Key takeaways:

- Entrepreneurship is crucial for the economic development of countries and regions
- Entrepreneurship is disproportionately concentrated in the South East
- Entrepreneurs tend to set up businesses close to where they grew up – they are much less mobile than employers and can’t easily be tempted to move by standard incentives
- It’s not the case, as was once commonly believed, that home ownership encourages entrepreneurship. In fact, there is some evidence that it stifles it, at least where people are heavily mortgaged. And home ownership makes entrepreneurship less mobile.

- Entrepreneurship is self-perpetuating – a small cluster can be well positioned to develop into a bigger cluster. But it is very hard to create economic clusters or move them around – there is no recipe that we know for creating entrepreneurial or start up clusters.
- Micro evidence, however, does suggest some levers that could be used locally, to facilitate the emergence of clusters – but you have to begin with understanding your local area, potential clusters and the needs of that particular cluster.
- While London is a global entrepreneurship capital, there is a strong social, class, race and ethnic profile to entrepreneurship in the city – we need to do more to support black and ethnic minority entrepreneurs.

### **Session 3: What Do I Get? Levelling Up, London and the UK**

Presented by:

**Dr Jack Brown**, Lecturer in London Studies, King's College London and **Joe Fyans**, Head of Research, Localis.

This presentation builds on existing work conducted by both presenters into regional and inter-regional inequalities. It addresses London's role in both, and seeking to add nuance to what has become an increasingly polarised debate by challenging the idea that Londoners are inherently different. The academics also underline the interconnected nature of London's economic future with the rest of the country. It looks at differences and similarities between London and the rest of the UK on 5 metrics

- Standard of living
- Future opportunity (education and outcomes)
- Productivity
- Civic pride
- Devolution and power.

#### **Key takeaways:**

- Standard of living: London has by the greatest variation in standard of living of any region but the capital has the highest rates of poverty of any region after housing costs.
- Future outcomes – education: London's school children have high levels of attainment and are more likely to go on to higher education than children from other regions. On education London is very much ahead
- Future outcomes – health: life expectancy in London's poorer boroughs is similar to life expectancy in poor areas outside London. On health, London is not ahead.
- Productivity: London is by some way the most productive region in the UK, but that productivity is concentrated in the Central Activity Zone. Many London workers commute from outside the capital. Central government can't simply re-locate productivity, you need to nurture it. London's productivity makes a big contribution to national finances and can help pay for levelling up
- Civic pride: this can be interpreted in many ways – it can be about supporting high streets and town centres, improving education and opportunity or tackling crime. How London compares to other parts of the country will depend on the measure, on some London does well and some less well.

- Devolution: While England remains a very centralised country, London has led the way in being given a Mayoral authority with some devolved powers. Other metro regions, however, have gained more devolved powers and some have powers London lacks. Devolution is not a finite resource – giving more to one area does not mean giving less to others. All regional and local leaders are calling for more devolution.
- Summary:
  - Interdependence: Thriving London good for all
  - London would benefit from most definitions of ‘levelling up’ elsewhere...
  - Parts of London really need levelling up too
- In addition, IPPR North suggested that key metrics to test levelling up might include: access to employment opportunities, a fairer country seeing a rise in living standards, better work, health and pay and empowered country with increased participation, trust and representation at local and national government levels.

## **Session 4: Financing London and levelling-up the UK: does the case for devolution (still) stand up?**

Presented by:

**Professor Tony Travers**, Director, LSE London

It's been almost five years since the concluding report of the London Finance Commission, established by the then Mayor of London Boris Johnson and reconvened by the current Mayor Sadiq Khan. These two commissions recommended devolving power over property taxes to London government and allocating some portion of Income Tax, VAT and other national taxes to London government. In this session, Tony Travers, Chair of the Finance Commission, looked at how the public funding of London has changed since then, what this might mean for its recommendations, evolving policy positions and what role financial devolution could play in the levelling up across Britain.

### **Key Takeaways**

- The UK remains very centralised by international standards, and London government is relatively underpowered, especially when it comes to fiscal matters. The Mayor of New York for instance has powers over a wide range of taxes and charges that the Mayor of London lacks.
- Scotland, Wales and Northern Ireland all have considerably more power than London, though London's population is larger
- Academic evidence doesn't suggest any threat to economic growth from devolution and evidence suggests fiscal devolution has efficiency gains and a broader tax base allows for more stable and fairer local
- The public supports devolution to London and other cities' government
- The Covid-19 pandemic has put a big hole in London government budgets and in particular in TFL fare income, which badly needs to be addressed. With the government eager to minimise additional funding to London, the case for devolving more fiscal powers to London looks even stronger.
- This can be done in a way which does not leave national government finances worse off and could in fact improve them.

## **Session 5: Communities, culture and the local – is London different?**

Presented by:

**Professor Catherine Clarke**, Director, Centre for the History of People, Place and Community,

Institute of Historical Research, School of Advanced Study, University of London

The current AHRC-funded project 'Towns and the Cultural Economies of Recovery' (TCER) is looking at regional development in the context of the Towns Fund and Levelling Up. How can this research into England's towns help us better understand its capital city? How could the hyper-local and micro-places offer productive tools for re-thinking London and its future? Is London different?

### **Key takeaways:**

- Understanding place, community and culture at a hyper-local or micro-place level is crucial for regeneration and sustainable development.
- London town centres and neighbourhoods face many of the same challenges as towns and neighbourhoods elsewhere in the UK, as identified in the TCER project.
- Digital platforms, creative practice, and Arts and Humanities approaches open up new ways of engaging people, exploring a place, and facilitating participation.
- Approaches to regeneration and place making often feel quite formulaic – limited discourses and vocabularies (generic words like 'vibrant' appear repeatedly) reflect constrained vision and imagination.
- We need to move from consultation to co-production when it comes to the role of the public, with richer language and imaginaries, more bottom-up engagement, and local expertise in development of places.
- The centrality of local pride in place as a measure of success in the 2021 Levelling Up Prospectus presents opportunities to develop new affective, qualitative metrics and approaches to emotional governance.

## **Session 6: Housing, Planning Policy and Inequality**

Presented by:

**Professor Christian Hilber**, Professor of Economic Geography, LSE

House prices and rents – and thus housing affordability – are both a market outcome (the result of demand and supply) and influenced by policy. Housing costs compensate for spatial differences in economic conditions and quality of life. Housing and planning policies often have unintended and undesirable consequences and increase rather than reduce inequality, hurting rather than helping younger and lower income households in productive places like London.

### **Key takeaways:**

- House prices to earnings ratio has increased by over 350% in London since 1995 – much more than for any other region. Ratios of private rent and social rent to earnings have also increased markedly. Based on these ratios, housing is today most unaffordable for private renters.
- London's policy makers and/or Londoners? saying housing, by which they mean housing costs, are the most important issue facing the capital.
- The growing cost of housing is caused by the failure of supply to keep up with demand, due to a very restrictive planning regime and lack of fiscal incentives by local authorities to permit residential development.
- In theory, we could expect laws of supply and demand would result in poorer households moving to places with lower house prices and other way around. But world does not work like that, and poorer houses tend to be fairly immobile and increasingly they can no longer get on owner-occupied housing ladders. The result is that rising house prices and rents lead to growing inequality, especially for renters. The problem is particularly acute in London.
- Many government housing policies worsen the problem, e.g. evidence shows that Help to Buy significantly increased house prices of newly built units in London but had no discernible effect on supply. This tends to amplify rather than reduce inequality.
- Conclusion – focus reform on incentivizing new residential development rather than further stimulating demand. To address issue of inequality, focus on people rather than people.

## **Session 7: 'Levelling up': An opportunity to rethink urban and regional policy**

Presented by: **Professor Andy Pike**, Sir Henry Daysh Chair of Regional Development Studies, University of Newcastle

The government's declared ambition to tackle geographical inequalities could provide an opportunity to rethink approaches to urban and regional policy. Yet, there is a danger that the causes of geographical inequalities and potential responses are misdiagnosed, leading to short-term interventions driven by electoral calculation that fail to ameliorate the problem.

### **Key takeaways**

- Though successive governments have committed to doing more for poorer regions and communities, we could well be at a turning point. But levelling-up will only be successful if we grasp the transformative moment – learning from the under-sized and insufficiently bold response to the 2008 crash that hindered recovery.
- 6 things government must do:
  - Be clear about objectives
  - Be long term and strategic – avoid a blizzard of initiatives. Levelling up Eastern Germany seen as a 40+ year project
  - Work in joined-up way across different spatial scales
  - Take non-economic dimensions of development seriously (social capital, health, etc)
  - Commit to meaningful devolution - 'levelling up' unlikely to work by pulling levers in Whitehall
  - Mainstream levelling up – bend all policy towards it, and make it cross departmental, (education, health, welfare, etc)

- Remember that post war ‘levelling up’ industrial policy resulted in sustained decline for London without corresponding rejuvenation elsewhere – whole country lost. We must not repeat that mistake.

## **Session 8: Levelling Up and Public Sector Relocation: Lessons from Manchester**

Presented by:

**Dr Max Nathan**, Associate Professor in Applied Urban Science, UCL

Public sector relocation is a prominent part of the levelling-up agenda. What might such relocations actually achieve for local economic development? We explore these issues through a recent case study: the BBC’s relocation to Salford in 2011. We use a synthetic control design to test causal impacts on jobs and firms in the creative industries, in the wider Greater Manchester economy, and in London.

### **Key takeaways:**

- Evidence that public sector relocations can have positive impacts, in this case, each BBC job generated an additional creative industries job in Salford.
- No evidence of corresponding job losses in London, though this is hard to test robustly.
- Though gains are not dramatic they seem real.
- And could also be gains, harder to trace, in a more diverse culture or mindset in BBC and creative industries economy generally.
- Potential lessons around relocating to an area that had underlying strengths in relevant sector, ‘critical mass’ and building on this.

**If you want to know more about all of the presentations and discussions, a full recording of the events is available via this [link](#).**



## Appendix

### About LRaPP

Launched in July, the London Research and Policy Partnership (LRaPP), aims to promote greater joint working between the academic research community and London government. The partnership is being led by the University of London and the Intelligence Unit of the Greater London Authority (GLA), with support from the Research England-funded Capabilities in Academic-Policy Engagement (CAPE) programme through CAPE's London lead - UCL.

CAPE will be funding a year-long Policy Fellow, to work with GLA and LRaPP and help bring academic researchers and policy makers together. We are currently in the process of recruiting the Fellow, who will come from UCL or one of the other CAPE university partners and will start in January.

LRaPP is being overseen by a Board, chaired by Wendy Thomson. Other members are:

- Alison Griffin – Chief Executive, London Councils
- Niran Mothada – Executive Director of Strategy and Communications, Mayor of London
- Philippa Lloyd – Vice-Principal, Strategic Partnerships, QMUL; Lead on London Civic University Network
- Richard Watts – Deputy Chief of Staff, Mayor of London
- Sarah Chaytor – Director of Research Strategy & Policy, UCL; Co-Investigator at CAPE

The board is supported by an executive group led by Ben Rogers, Professor of Practice, Michelle Reeves, Senior Policy and Programmes Manager at the GLA and the CAPE Policy Fellow (when appointed).

For more information, please do sign up to our newsletter via [this link](#) and/or get in touch with Ben Rogers, Professor of Practice – London, University of London - [Ben.Rogers@London.ac.uk](mailto:Ben.Rogers@London.ac.uk)

## **Full list of speakers and respondents**

Professor Wendy Thomson CBE, Vice-Chancellor of the University of London

Cllr Elizabeth Campbell, Leader, Kensington & Chelsea RBKC and Chair, Central London Forward

Dr Justin Van Dijk, Research Associate, Urban Dynamics Lab, Department of Geography, University College London

Dr Tian Lan, Research Associate, UCL

Professor Paul Longley, Professor of Geographic Information Science, Department of Geography, University College London

Debbie Weekes-Bernard, Deputy Mayor of London for Communities and Social Justice

Toby Lloyd, Chair of the No Place Left Behind Commission for the Create Streets Foundation and Former Special Advisor for Housing for Number 10

Professor Olmo Silva Professor of Economics, Department of Geography and Environment, LSE

Maggie Rodriguez-Piza, Chief Executive of Funding London

David Barrie, Entrepreneur and Founder of Game Academy

Dr Jack Brown, Lecturer in London Studies, King's College London

Joe Fyans, Head of Research, Localis

Erica Roscoe, Senior Research Fellow at IPPR North

Professor Tony Travers, Director of LSE London

Alan Harding, Chief Economist of the Manchester Combined Authority and Visiting Professor, University of Manchester

Emma Duncan, Deputy Editor, The Economist

Richard Watts, Deputy Chief of Staff for the Mayor of London

Paul Scully MP, Minister for Small Business, Consumers & Labour Markets and Minister for London

Professor Catherine Clarke, Director, Centre for the History of People, Place and Community, Institute of Historical Research, School of Advanced Study, University of London

Cllr Darren Rodwell, Leader of Barking and Dagenham

Vidhya Alakeson, Chief Executive, Power to Change Trust

Professor Christian Hilber, Professor of Economic Geography, LSE

Tom Copley, Deputy Mayor of London for Housing and Residential Development

Andrew Carter, Chief Executive, Centre for Cities

Professor Andy Pike, Sir Henry Daysh Chair of Regional Development Studies, University of Newcastle

Professor John Tomaney, Professor of Urban and Regional Planning, UCL

Will Tanner, Director, Onward

Muniya Barua, Director of Policy and Strategy at London First

Dr Max Nathan, Associate Professor in Applied Urban Science, UCL

Professor Henry Overman, Professor of Economic Geography; Deputy Head of Department, LSE

Capucine Riom, LSE

Maria Sanchez-Vidal (Ksnet)

Gemma Tetlow, Chief Economist, Institute for Government