



Response to the Cities Outlook 2021 report

Dr Nick Gray

The annual [Cities Outlook](#) report from Centre for Cities is out this week and as usual it's excellent work that has generated plenty of discussion. There is substantial local and regional interest with the report suggesting that the Covid-19 crisis is likely to [make levelling up the North East region three times more difficult](#).

While the think tank argues that Middlesbrough* has not been among the hardest hit *economically*, with our export based being relatively sheltered, the interaction between existing need and the economic effect of the crisis means that for areas like ours, [in urgent need of levelling up before the pandemic](#), the challenge is much bigger. Importantly, while many areas in the more prosperous parts of the country are facing new economic challenges in the pandemic, evidence suggests that they are more likely to rebound strongly while Middlesbrough and the wider region have [tended to be less resilient](#), emerging late from downturns and growing more slowly afterwards. In this context, we echo calls for government to strengthen its commitment to level up cities and regions like ours and prioritise, as Sir Michael Marmot is urging, [building back fairer](#).

Cities Outlook makes several headline recommendations and it's worth considering them in the context of Middlesbrough and Tees Valley. First, we've no hesitation in backing the call to retain the emergency support measures including the **£20 universal credit uplift** and **furlough scheme**.

We'd agree that **Investing in skills** is clearly essential to levelling up and it's worth noting that this week the government released a very short [interim conclusion](#) on its response to the [Auger](#) review of post-18 education. Disappointingly, [a sense of place and the needs of different regions remains largely absent](#) from a fairly insubstantial document. More positively, the recent [Skills for Jobs](#) white paper proposes building on the work of Mayoral Combined Authorities (and LEPs) with local actors working together on skills improvement plans. From our perspective, we want FE and universities to work closely together to develop routes into higher education for people of all ages and backgrounds in our region.

Everyone here at PACE is in favour of **creating jobs** and it is positive to read our friends at Centre for Cities emphasise the importance of employment in [foundational economy](#) sectors such as social care and education that are vital in lagging regions like ours. In addition, Tees Valley Mayor and Combined Authority have set out an ambitious plan for long term growth and if the region is to grow its export base as we emerge from the Covid-19 crisis then the region will need the continued backing of national government in longer-term ambitions to nurture endogenous development set out in the [Local Industrial Strategy](#) and avoid the repetition of policies that have locked the region into its current economic path.

Investing in transport would be welcome, and not only capital investment. Public transport in our region is widely seen to be expensive and complicated, a problem that requires ongoing financial support and a change in the way transport is managed, ideally regulation

by local and regional government. This is an important broader point. Levelling up rhetoric has tended to emphasise (currently relatively cheap) capital investment, but any serious attempt to reduce spatial disparities will need increased-day-to-day spending on the services to address long term socio-economic challenges, most obviously education and health. This too has implications for future pandemic preparedness. As has been all too plain, unhealthy societies are ill prepared for such catastrophic events and there is now indisputable evidence that socio-economic inequalities and resulting health disparities have exacerbated the impact of Covid -19 on populations.

[We've argued before](#) for **investing in innovation**. Previous attempts to change the way government distributes R&D money have met resistance within government, sometimes woolly compromises, and limited success. Consequently, it is essential that Tees Valley helps keep this discussion alive in the face of competing political priorities and inevitable counter lobbying. When new funding becomes available, local institutions working together, are best placed to identify local specialisms and areas of potential. This is likely to mean devolving funding to local institutions where there is capacity, with central government helping places build that capacity where it is not. There is evidence of this process working well in the Tees Valley, where the Combined Authority and regional anchor institutions such as Teesside University work collaboratively and with a shared agenda.

Pressing ahead with devolution will be vital but the status of devolution within levelling up is unclear, with the much-trailed devolution and recovery white paper delayed and possibly reduced in ambition. Building local and regional state capacity in the face of fiscal pressures will be essential to any real attempt to level up. Local authorities are at the heart of providing the services that underpin the broader determinants of wellbeing and growth that underpin the economy, such as health and education that are key to efforts to [address long-term socio-economic challenges](#). Local government is already struggling financially and without properly funded public service, discrete economic development policies are tinkering around the edges. On this theme we'd argue that the best way to achieve another recommendation to **improve city and town centres, making them more attractive to business** is to properly fund local government rather than have councils enter endless [competitions](#) for [ring fenced funds](#), adjudicated and managed from Whitehall.

*Centre for Cities define Middlesbrough as the "Primary Urban Area" incorporating three Tees Valley local authorities: Middlesbrough, Redcar and Cleveland, and Stockton.

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