

FUND DEVOLVE BUILD

WHAT



Devolution, far from being a “disaster” as Boris Johnson recently suggested, it has proved to be a powerful tool in tackling the Covid-19 pandemic and unites our people when disunity could easily be more apparent.

Contrary to what the Prime Minister said, devolution is one of the best decisions Tony Blair made, not “one of the biggest mistakes.” Given additional powers and fiscal freedoms, Mayors and strategic Combined Authorities will be the engines of growth for our towns and cities.

Whatever your definition of a White Paper, it must be agreed that we now need a roadmap of where we go next. We cannot keep waiting for this Government. That is why here at Downtown in Business we have produced a White Paper, proposing a route to more equality and greater prosperity.

The Government were supposed to publish their National Infrastructure Strategy alongside their Autumn Spending Review in 2019 – we are still waiting. They have also conducted an Infrastructure Finance Review – but we are still waiting for the results. The Government were supposed to have published their Devolution and Local Recovery White Paper by now, but it has still not come out.

“White papers are policy documents produced by the Government that set out their proposals for future legislation. White Papers are often published as Command Papers and may include a draft version of a Bill that is being planned. This provides a basis for further consultation and discussion with interested or affected groups and allows final changes to be made before a Bill is formally presented to Parliament.”

- UK Parliament

These three policy areas are critical to our country's success and are inextricably linked, though we suspect the Government will treat them in silos, as Government often does.

This White Paper maps out how funding, fiscal freedoms, and investment must be linked to further devolution powers, which must also then be aligned with major infrastructure programmes in the regions.

To help us move on from the pandemic, to create a more equal society, to dramatically lift our economy post-Brexit the Government need to follow three watch words: Fund; Devolve; Build.

Whilst we do not believe what we have proposed is a panacea, we do believe it provides important steps in the right direction. Please do let us know what you think.

Frank McKenna
Group Chairman & CEO
Downtown in Business

“A white paper is an authoritative report or guide that often addresses issues and how to solve them. The term originated when government papers were coded by color to indicate distribution, with white designated for public access. Thus, white papers are used in politics and business, as well as in technical fields, to educate readers and help people make decisions.”

- Stanford Law School

ACTION

FUND

1. Publish the Infrastructure Finance Review as soon as possible.
2. Establish a UK infrastructure finance institution to take over from the European Investment Bank.
3. This new institution should attract and stimulate private finance into infrastructure projects.
4. Reform the Treasury 'Green Book' rules to create a level playing field amongst regions.
5. Continue the UK Guarantees Scheme (UKGS).
6. Use the Infrastructure and Projects Authority to deliver more.
7. Introduce a 'windfall tax' and devolve income to Combined Authorities and Metro Mayors.
8. Triple funding the UK Shared Prosperity Fund to £15 billion a year for 20 years.
9. Give strategic and unitary authorities greater devolved budgets and fiscal freedoms with less regulation from the Treasury.
10. Cull the number of funding schemes, rationalise process and enable devolved administrations more freedoms to allocate spending.

DEVOLVE

1. Publish the Devolution and Local Recovery White Paper as soon as possible.
2. Be more strident in increasing the number of Combined Authorities.
3. Create unitary councils as the next tier under strategic Combined Authorities.
4. There must be double devolution, with mechanisms for towns, parishes, and communities to genuinely engage in decision-making.
5. Use Growth Deal funding to stimulate the devolution agenda.
6. Give more responsibility and powers to regional transport authorities.
7. Greater devolution of powers and funds for skills, apprenticeships, training, decarbonisation, and infrastructure.
8. Empower unitary authorities so that they can use their preferential borrowing powers, to invest in key local SMEs.
9. Strategic authorities to use the 'windfall tax' to create training and employment schemes especially focused on infrastructure.
10. Relocate parts of Whitehall on a significant scale to the regions.

BUILD

1. Publish the National Infrastructure Strategy as soon as possible.
2. Regional investment should be primarily focused in areas where growth is fastest, congestion is highest, and also where there are key international gateways.
3. The strategic importance of Heathrow is recognised, build the third runway.
4. Do not delay further legs of HS2, accelerate the construction.
5. Show a stronger commitment to making Northern Powerhouse Rail happen.
6. Especially following the pandemic, support regional ports and airports.
7. Support the main road network as well as the strategic road network has been.
8. Support major decarbonisation infrastructure initiatives.
9. Broadband connectivity, digital technology and 5G roll out must be a priority in the regions.
10. Use the 'windfall tax' to support training and skills related to infrastructure.

DEBATE

1. Let us know what you think.
2. Share your thoughts and ideas.
- 3. Join our network.**

FUND

We, the taxpayers, have spent a lot propping up the economy, supporting individuals and businesses throughout the pandemic. Whilst we will need to curb spending in some areas, and raise taxes in others, there are some key funding principles and financial actions that are critical to levelling up our economy.

1. The Government published a consultation on how best to support private investment in infrastructure, their Infrastructure Finance Review. Whilst the consultation closed on the 5th June 2019 we are still waiting for Minister's proposals. Publish these as soon as possible.
2. Set up a new, operationally independent, UK infrastructure finance institution to take over from the European Investment Bank (EIB), if terms for continued involvement with that bank cannot be agreed post-Brexit, and ensure this UK version of the EIB is primarily focused on infrastructure projects, particularly in the regions.
3. Nobody is calling for more, or new versions of, the Public Finance Initiative (PFI), but this new institution should be used to attract and stimulate private finance into infrastructure projects, so that the taxpayer does not carry all the risk of investment.
4. Measuring and quantifying infrastructure value is difficult but must go beyond 'construction jobs created' and benefits to the end-user. There are many benefits to the wider community and non-user. Publicly invested infrastructure projects need to be assessed on both economic value and social welfare as opposed to looking at just costs and economic benefits in isolation. And this means that the Treasury 'Green Book' rules should be radically revised to stop self-reinforcing infrastructure funding to the South East.
5. Particularly in the current climate, we see a need for the Government to continue the UK Guarantees Scheme (UKGS), which underpins a whole range of infrastructure projects.
6. The existing Infrastructure and Projects Authority should be utilised to deliver some of the proposals set out here – there is not time to invent new institutions.
7. To retrieve some of the expenditure lost to the pandemic, introduce a 'windfall tax', as Gordon Brown did in 1997, on companies in particular sectors, such as utilities, big tech, and mobile communications. Devolve this income to Combined Authorities and Metro Mayors.
8. The Government created the UK Shared Prosperity Fund to replace the European Structural Funds lost because of Brexit. The Government should now support the UK2070 Commission's recommendation to triple the fund to £15 billion a year for 20 years, which would be a total of £200 billion of new funding – having a major positive impact on the regions.
9. Combined, strategic and unitary authorities should be given the devolved budgets and fiscal freedoms that they have been calling for, without overburdensome regulation from the Treasury.
10. There are far too many funds and schemes which can relate to infrastructure, causing complexity and waste. Much of it is about Whitehall creating initiatives and pots of money for Ministers to announce and skew to their preferred targets. We propose a cull of schemes, a rationalisation and better targeting of funds which is done by devolved administrations.

“Invigorating growth as the pandemic subsides will require an additional fiscal policy push, and this should take advantage of opportunities to ‘build forward better’.”

International Monetary Fund
5th October 2020

DEVOLVE

A comprehensive transformation of the regional agenda is required by Government. The UK has the worst regional inequality of any comparable nation. Greater devolution will create a better economy, not just for the regions but for the whole United Kingdom. Helping rebalance national investment could add £97 billion to the economy by 2050.

1. Publish the Devolution and Local Recovery White Paper as soon as possible.
2. Once the new Mayor is elected in West Yorkshire, on the 6th May 2021, 41% of residents in England will be served by directly elected city region mayors. The Government should now be more strident in increasing that percentage and increasing the number of Combined Authorities.
3. Under Combined Authorities the next tier has to be unitary councils so that the complexity of governance can be removed and costs to the taxpayer can be reduced, making space for town and parish councils to be genuinely empowered – this must be the Government's endgame.
4. There have been various attempts over the years to engage and interest local people in their communities. The forthcoming white paper is an opportunity for double devolution. Mechanisms must be provided for towns, parishes, and communities to genuinely engage in decision-making.
5. Growth Deals have been successful in getting local authorities and business, through LEPs, to work better together and prioritise what is best for the local economy. Such further funding must be used more to stimulate the devolution agenda and transition to Combined Authorities and Metro Mayors.
6. Regional transport authorities have a critical role to play in reducing carbon emissions, improving the various modes of transport and in making public transport safer and more appealing. The Government is called upon to extend their remit, devolving powers from the centre, so that they have greater responsibilities in their localities.
7. Devolution has to see much greater proportions of funding permanently devolved to strategic tiers, particularly in terms of skills, apprenticeships, training, decarbonisation, and

infrastructure. These are best placed to roll out the Kickstart programme, coordinate active travel across sub-regional areas, and determine transport priorities at a regional level.

8. Unitary authorities should be empowered to invest in local businesses, using their preferential lending powers, so that they can support those companies that are important to their economy.
9. Combined Authorities and Metro Mayors should work with infrastructure providers to create training and employment schemes bespoke to their locality, utilising the funding generated by the 'windfall tax' described above.
10. The Government has talked much about relocating parts of Whitehall to the regions, now is the time for them to come good on that promise and make take the steps which will make it a reality. Not only will it be good for regional economies, but it will also be good for better decision-making.

“This autumn ought to bring more details on how the Government will work with local leaders to ‘level up’ our economic geography... But those in power also need to devolve multi-year budgets to more local leaders to improve transport, and work with cities to identify major projects to alleviate congestion in our fastest growing places. While the pandemic may change some transport patterns, our largest towns and cities still need the resources to help unlock jobs and promote economic growth.”

**Sir John Armitt, Chairman,
National Infrastructure Commission**
3rd October 2020

BUILD

We remain the most centralised large, developed country in the world and our infrastructure remains focused, targeted at London and the South East. Devolution will be for nothing if it is not accompanied by a broader distribution of infrastructure development.

1. Publish the National Infrastructure Strategy as soon as possible.
2. As the National Infrastructure Commission makes clear: "There are fast growing, infrastructure constrained cities spread across the regions of the UK, and addressing these constraints is the greatest opportunity for infrastructure to help each region to do better... The priorities for transport investment should be growing and congested urban areas and their catchments, the key interurban corridors, and the key international gateways." These areas should be the primary focus.
3. It is recognised how important Heathrow airport is to the country and building the third runway should now be an even greater priority.
4. As Liam Byrne MP, Dan Jarvis MP, and others have stated, instead of delaying further legs of HS2 the Government should bring them forward as part of a decarbonisation and job creation agenda.
5. Northern Powerhouse Rail must be a commitment fulfilled by Government; it is crucial to increasing productivity and regenerating major parts of our region.
6. The National Infrastructure Commission noted the importance of international ports and airports in the regions. Following the pandemic these now need Government attention and support if they are to play their part in levelling up our economy.
7. In the last budget, the Government announced more than £27 billion – record investment – for the strategic roads network over the next five years which is welcomed. But it must now ensure good proportions of that are weighted to the regions and that adequate funding is also made available for major roads network.
8. Support those areas where major decarbonisation infrastructure can be achieved, whether it be wind farms, tidal energy, or regions like North Yorkshire with BioYorkshire, and the West Midlands working to become an exemplar in electric vehicles and hydrogen transport technology.
9. Broadband connectivity, digital technology and 5G roll out must have a strong regional dimension to them and it is essential the Government ensure this.
10. The proposed 'windfall tax' (described above) should be utilised to create training and employment programmes, particularly aimed at younger people, in sectors which support infrastructure.

"We will be using the spending review to drive forward the vital infrastructure projects that will aid our economic recovery from the crisis and level up the whole UK."

Kemi Badenoch MP
The Exchequer Secretary
11th November 2020

DEBATE

We want to know what you think of our proposals. We want you to engage with us in pressing the Government to do more. We want you to share your ideas.

ENGAGE

- Want to join our network and be part of what we're doing, become a member [here](#).
- Want to get involved in our first national conference, sign-up [here](#).
- Want to be kept informed of what we're up to, join our mailing list [here](#).

SHARE

- Want to be a guest speaker or panellist at one of our events or write a guest blog. Contact us [here](#).
- If you agree with us, share this White Paper with your MP. You can find their details [here](#).

COMMENT

We're all over social media, want to share your views, find us here:

- [Twitter](#).
- [LinkedIn](#).
- [Instagram](#).
- [Facebook](#).
- [Website](#).

LEARN

- Want to read our Manifesto for Unlocking Enterprise and Entrepreneurship in the UK, read it [here](#).
- Read our monthly magazine [here](#).

Downtown In Business



WATCH WHAT WE DO

Launched in Liverpool in 2003, Downtown in Business has now established its brand in Manchester, Leeds, Lancashire, Cheshire, Birmingham, and London.

DIBs key objective is to make a positive difference to the cities and places where we work and to the companies and entrepreneurs we work with. Our mission is:

- To make the cities and places where we work business-friendly, enterprising, and successful.
- To work with high growth companies, entrepreneurs and business leaders and help them meet their ambitions.
- To give our members a strong and distinctive voice in the corridors of power.

Named by the Sunday Times business team as one of the most influential business organisations in the north, Downtown in Business represents large companies and SMEs from a diverse range of sectors across the country.

A strong advocate of devolution, DIB led campaigns to establish elected mayors and strongly supports the Northern Powerhouse, the Midlands Engine and the 'levelling up' agenda.

CONTACT.

Frank McKenna
Group Chairman and Chief Executive

Email: frank.mckenna@downtowninbusiness.com

Phone: 0844 755 0127

Mobile: 0791 959 2218

LinkedIn: [/frankmckenna](https://www.linkedin.com/company/frankmckenna)

Twitter: [@downtownfrank](https://twitter.com/downtownfrank)

www.downtowninbusiness.com

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