strategy&
Part of the PwC network



THE FUTURE OF GOVERNMENT

Making the UK fairer: Where we live

Contents

Making the UK fairer: Where we live 03

Why ‘place’ matters 04

Closing the opportunity gap 07

Delivering a framework for fairness 12

Who is responsible for closing the opportunity gap? 19

Making the UK fairer: Where we live

"The UK's left behind areas have become a priority for the new Government – the Prime Minister has pledged to 'level up' resources across the country. Towns, coastal and rural areas and post-industrial communities have been promised improved infrastructure and connectivity to help close the opportunity gap. The Government has also committed to the further devolution of powers to give people more control over the issues affecting their local area.

At PwC, we have been investigating the topic of fairness in UK society in our Future of Government programme, which is based on a major national survey conducted during the summer 2019. We published our first report in September 2019, Making the UK Fairer[1], setting out how only 30% of people agree that "British society as a whole is fair". In our follow up report, How We Work[2], we described the strong correlation between how people feel about fairness and how prepared they are for the major changes impacting work and jobs.

This report builds on these themes, providing further insight on the disparities that exist between people living in different places. Our research shows that where people live has a big impact on their view of fairness in UK society. Everyone wants to live in a place they're proud of, be part of a community they feel connected to, and feel that their voice is heard.

What's clear is that the Government can't close the opportunity gap by itself. Local public services leaders, business and community groups need to help to bring people together and create liveable places where everyone has the opportunity to thrive."



Quentin Cole
Partner, UK Leader for Government & Health Industries, PwC
+44 (0)7770 303 846
quentin.r.cole@pwc.com

1 Making the UK Fairer (Strategy&, September 2019), www.pwc.co.uk/futureofgovernment
2 How we work (Strategy&, December 2019) www.pwc.co.uk/industries/government-public-sector/insights/the-future-of-government/how-we-work.html

Why ‘place’ matters

The new government is committed to ‘levelling up’ the UK to reduce variations in income, connectivity, skills and wellbeing across the country. The general election campaign demonstrated a clear cross-party consensus that tackling this issue should be a priority.

We know that many parts of the UK lag behind others against key indicators. For example, government data shows that life expectancy in the North East is almost three years lower than in London[3]. Our Good Growth research[4], which measures the performance of places across the UK against 10 factors the public say are most important for economic wellbeing, shows that cities and towns in less affluent areas typically have lower scores than their more affluent peers. This is being driven primarily by weaker performance in areas such as jobs, income and skills.

In addition, we know there are regional disparities in how people feel about whether society is fair. Our Future of Government research, which surveyed 4,000 UK respondents in summer 2019, revealed that Londoners are twice as likely to say society is fair than those in the South West, North West or East of England.



3 Health state life expectancies, UK: 2016 to 2018 (ONS, December 2019) https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/2016to2018

4 Good Growth for Cities (Demos-PwC, November 2019), www.pwc.co.uk/goodgrowth

However, the regional picture isn't the whole story. There are significant variations within regions too, in particular between major cities and peripheral towns and rural areas. Though detailed analysis of this issue is complicated by the way in which cities, towns and other areas are classified, the Government's own data and analysis reveals a clear picture[5]:



London and the UK's core cities experienced higher rates of population growth than towns, villages and small communities between 2006 and 2016 (towns, villages and small communities have also seen their populations ageing more rapidly).



Historically, towns and villages have experienced higher percentages of 18-year-olds entering higher education than cities (other than London). However, cities outside of London saw some of the highest growth in entry rates between 2006 and 2017.



While superfast broadband availability is similar in cities and towns, availability of ultrafast speeds (300 Mbps or above) varies – availability is 66%-67% in the core cities, but 29% in small towns.

The Social Mobility Commission has also examined this issue. Its analysis of all 324 local authorities in England, in which each area was ranked in terms of the life chances of someone born into a disadvantaged background, highlighted stark contrasts between coastal and rural towns and more affluent urban areas. In addition to the old industrial towns (particularly in the North West and the Midlands), towns such as Blackpool, Lowestoft, Scarborough, Great Yarmouth, Hunstanton and Minehead were among the lowest performing 10 percent of areas against the social mobility index[6].

These trends are reflected in our public research too. The responses to our survey show that people living in urban areas are 48% more likely to feel Britain treats them fairly than those in rural areas, and 37% more likely than those living in suburban areas. The policy attention that has traditionally focused on major cities and regions needs to be supplemented by a place-based agenda that encompasses towns and the countryside too.

5 Cities, towns and villages: Trends and inequalities (House of Commons Library, June 2018) https://commonslibrary.parliament.uk/insights/trends-and-inequalities-in-cities-towns-and-villages/

6 Social Mobility Index (Social Mobility Commission, 2016) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/496103/Social_Mobility_Index.pdf



"At times the area feels a bit forgotten in terms of infrastructure and national inclusion. National chains are closing stores and small businesses are struggling to replace them with high rents. I worry about the future of facilities such as the library, sports facilities, youth facilities."

Woman living in a village in the East Midlands



"Owing to my inability to use trains etc, I have to stick to my local area. Mind you it is comfortable enough in my local area and most of the facilities I want are available."

Man living in East London

The challenge of addressing this new geography of disparity should not be underestimated. This is not a situation that is unique to the UK. The story of a widening gap between major cities and just about everywhere else is being played out in countries all over the world.

However, the potential rewards are significant. Countries that work out how to harness the power of place in all its forms will be able to shift the dial on productivity and wellbeing, achieve sustainable growth across their regions, attract high-value investment and genuinely compete on the global stage. The three pillars of education, infrastructure and technology will be key to creating successful local economies.

There is another important aspect of place revealed by our research. People's experience of where they live is almost as important to their perception of fairness as factors like employment, income and access to services. For example, the qualitative responses from our survey underlined the way the visual appearance of an area can have a huge effect on how its residents feel – being in a run-down area can make people feel unsafe and depressed even if their basic human needs are being met. Notions of 'liveability', therefore, also need to be taken into account by policymakers.

This report examines what is required to close the opportunity gap across the UK. We explore the public's views on the places in which they live, as well as their willingness to engage and help shape the communities around them. We also explore how empowering local people and communities could help make their places more successful. We provide recommendations for local leaders, businesses, community groups and government, highlighting the importance of smarter, civic engagement to create more liveable and fairer places.

Closing the opportunity gap

The new government has already demonstrated its determination to address the longstanding challenges associated with geographical inequality. The Queen's Speech in December included a commitment to "levelling up powers and investment in the regions" and "allowing each part of the country to decide its own destiny".

Some of the early policy initiatives include:



Spending more on infrastructure in transport, education and 5G technology, in a way which boosts opportunities in the regions.



Focusing on investment in civic infrastructure, high streets and skills.



Rewriting the Treasury's Green Book to regulate more equitable investment of this type.



Developing new proposals to devolve powers and responsibilities across England, including increasing the number of mayors and negotiating more devolution deals.

Though these reforms are essential, we believe they do not go far enough. Further action is needed if success is to be judged by improvements to the way people feel about where they live, rather than just measuring the investment made.

We believe there are three additional factors policymakers need to consider.

Liveability

How people feel about the place in which they live – the liveability of their place – has a significant impact on whether they consider society to be fair. Our research indicates there is only a relatively weak relationship between public perceptions of fairness and money – measured either by government spending per head or gross value added (GVA). Liveability is considered to be more important.

In our quantitative research we found that feeling safe and welcome in your area was in the top five responses to a range of statements on fairness. Grouping these sorts of statements into themes (using factor analysis) we found that inclusive and healthy local areas are seen by the public as an important aspect of fairness.

The focus on health aligns with our Good Growth research, in which health is consistently identified as one of the key concerns for people. Our global research on the social determinants of health[7] highlights how wider social, economic and environmental factors in a place can influence an individual's health, and as a result, their ability to work and participate in the community.



7 Action required: Addressing the social determinants of health (PwC, 2019) www.pwc.to/SDOH-2019

What makes a liveable place?

The place in which people live strongly shapes how they feel about whether society is fair. As part of our research, we hosted an online pop-up community event where people from across the UK took part in deliberative discussion on how they feel about the UK.

Our pop-up community emphasised the importance of the visual appearance and experience of local areas, and this was reinforced by our quantitative research, with feeling safe and welcome in your area in the top five responses to a range of statements on fairness.

Pop-up community responses:



"I love the local parks, they are just beautiful. So proud we have such wonderful places to savour nature and enjoy some fresh air."

Man living in a town in the South East of England



"My road looks neat, tidy and welcoming. It makes me feel like I am part of a residential community and I feel proud and included."

Woman living in a town in the South East of England



"I don't like the culture that often comes from living in a deprived area. It causes crime and a feeling of lack of safety when out alone in my wheelchair."

Woman living in a city in the West Midlands

The recent policy focus on town centres and the high street has reflected some of these concerns, but more needs to be done to close the gap experienced by left behind places and certain societal groups. For example, there is still a wide variation in educational attainment between disabled people and non-disabled people caused by a lack of public transport and infrastructure accessibility for wheelchair users and others.

Across cities, towns and rural areas, local leaders need to renew their efforts on creating vibrant, connected and accessible places, with attractive town centres, open green spaces and community facilities. This will attract people to live, work and thrive, as well as improving economic wellbeing.

It is clear it will take more to change perceptions about whether society is fair than redirecting public spending or improving economic output in particular places. What will matter more is how these investments are used.

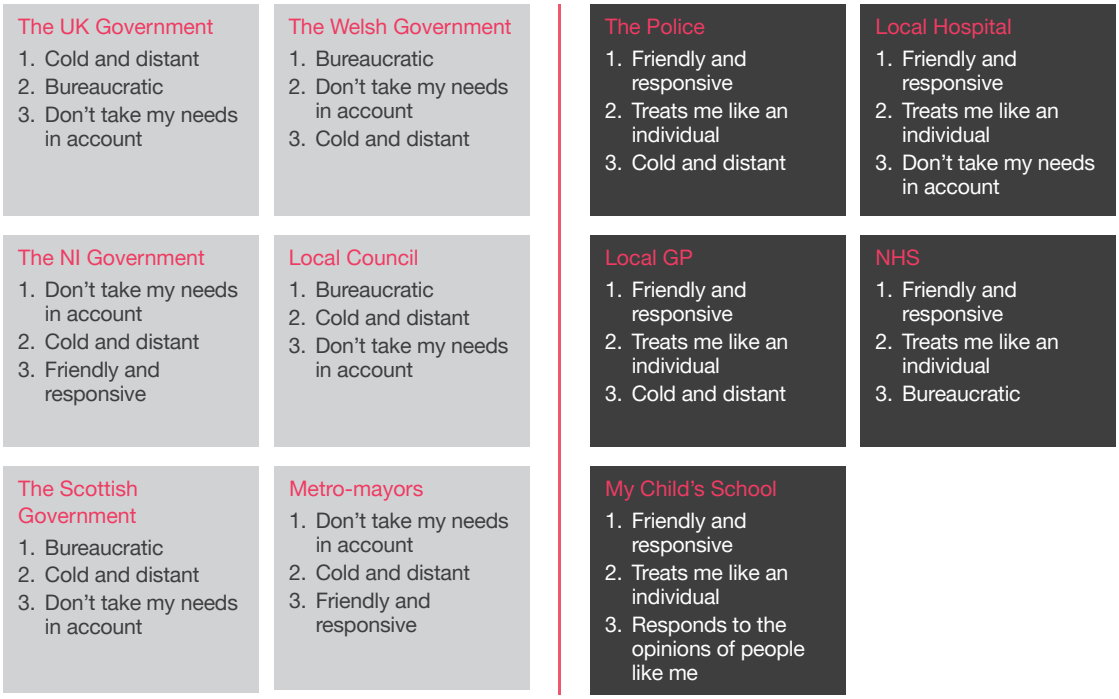
Improvements to communal spaces, the cultural offer and cohesion of local communities, as well as addressing issues such as the social determinants of health, could play a critical role in improving people's experience of the place in which they live.

Devolution

Government and its partners need to be more ambitious about devolution. Successive governments have sought to deliver on this agenda and while there has been some progress, there is also a sense of potential going unfulfilled. Our research suggests that devolution has not made a difference to the way people feel about government — people still consider the various arms of the state to be remote and unresponsive. The three most-cited descriptions provided by respondents to our survey of the UK, Scottish, Welsh and Northern Irish governments and local councils were: "bureaucratic", "cold and distant" and "does not take my needs into account when making decisions".

Figure 1: Is the state too distant?

Top three phrases associated with various levels of government authority



The focus of this report is on subnational devolution. This policy agenda is most advanced in England but the devolved governments in Scotland, Wales and Northern Ireland should also be reflecting on the significance of place and what this means for their people and future prospects. Consideration should also be given to what these issues might mean in terms of the broader relationship between the UK Government and the devolved nations.

In England, the Government intends to publish a White Paper on devolution later this year. The early indications are it will encourage more areas to consider adopting a mayoral model and invite councils to submit proposals for local government reorganisation. For devolution to make a meaningful contribution to making the country fairer, consideration will need to be given to the offers which might be made to towns and rural areas, as well as how a new model of devolution could create a better sense of local connection and ownership among citizens.

Almost half of the respondents to our survey want to get involved in decisions about their local place.



Engagement

Finally, policymakers should reflect on why society feels unfair to a significant proportion of the population. Our research suggests many people who think society is unfair feel they are not being listened to. This is not a problem of appetite on the part of the public, but the result of a lack of genuine engagement with these groups by government and its partners.

The qualitative responses to our survey reveal some stark sentiments about how people feel about the state.

"Personally I don't think my voice is heard. My vote is meaningless in a safe seat constituency."

Woman living in a town in the East Midlands

"The government has become so separated from the common person they only listen to themselves or the greater few in their eyes."

Man living in a town in the South East

And yet it is clear many have a strong appetite to engage in the decisions that affect them. Almost half (48%) of the respondents to our survey want to get involved in decisions about their local place, with the young particularly wanting to do so (66% of 16-24 year olds compared to 31% of 65+). There is also a preference for engaging via new forms of technology. For example, 76% of our respondents indicated they would be willing to take part in an online survey of residents, 74% supported signing an online petition and 69% suggested they would respond to an online consultation on a change to a service (e.g. a hospital closure).

If the Government wants to see real change in perceptions of fairness, a new approach to engaging the public is needed.

Delivering a framework for fairness

Taking these three challenges of liveability, devolution and engagement into consideration, in this section we analyse these issues against the five tests of fairness from our first Future of Government report.

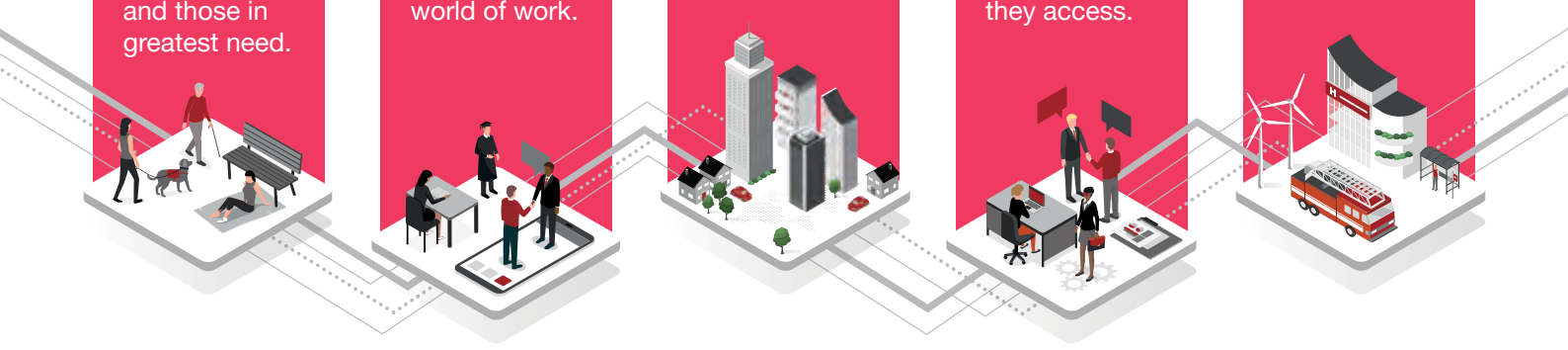
1
Provide for fundamental needs, prioritising the vulnerable and those in greatest need.

2
Help people earn a decent living and prepare for the future world of work.

3
Close the opportunity gap that exists between places.

4
Give individuals more control over the services they access.

5
Empower communities to shape the places they live.



1. Provide for fundamental needs, prioritising the vulnerable and those in greatest need

Our research highlights the importance for UK citizens of a long-established principle: that a fair society is one which helps those in greatest need. Translating this simple principle into policy and funding decisions is complex.

At a national level, we believe there is an opportunity to reappraise public spending funding models and formulas to meet the needs of those who feel left behind more explicitly.

At the local level, councils and their partners are increasingly focused on inclusive growth, pursuing local economic strategies that everyone can access and benefit from, targeting those who are economically and socially disconnected.

However, doing this well is a challenge. Councils and public sector partners don't always have the detailed knowledge of specific local communities to fully understand their needs or root causes of economic and social disconnection. Beyond the geographic and socioeconomic picture, it also needs to be acknowledged that different groups within communities might have a very different experience of an area's liveability.

The challenge is made worse by inequalities in social capital and infrastructure. For example, New Philanthropy Capital's recent report indicates that left behind areas generally have fewer charities, which compounds their lack of social capital[8].

Authorities may need to find new and innovative ways to engage with communities, as well as voluntary and community sector organisations. Giving power and agency to those who feel disenfranchised and disempowered, to co-develop solutions that address their needs, could reconnect them with society and create civic engagement.

"I would say that the ground roots of this will obviously lie at the feet of charities who educate and teach us about how to help and support the vulnerable."

Man living in a village in the North West of England

8 Where are England's Charities? (New Philanthropy Capital, January 2020) https://www.thinknpc.org/resource-hub/where-are-englands-charities/

2. Help people earn a decent living and prepare for the future world of work

Though people's perceptions of fairness are important, jobs, income and skills matter too. The future of successful local economies will rely on the three key pillars of education, infrastructure and technology.

Our UK Economic Outlook 2019[9] analysis suggests that local connectivity and skills are closely associated with higher productivity. This contributes to wide variations in productivity across the UK. Average output per job is around 40% above the UK average in London, but about 16% below the national average in Yorkshire and the Humber. The gap between the best- and worst-performing local enterprise partnerships (LEPs) in England has widened over time, with productivity in the highest-ranking LEP being 2.1 times more than in the least productive LEP in 2017, compared to 1.8 in 2002.

It is not just government that needs to play a part in addressing this issue. While skills programmes are typically driven at a national level, there is an opportunity for local leaders to work with businesses to invest in upskilling and play a brokering role – matching people to employment and learning opportunities.

Local leaders should also look at international markets to explore how they might take advantage of new growth opportunities — for example, by promoting international trade and inward investment and ensuring the local workforce has the right skills. To do so, they will need to work across industry, government, with residents and with international partners to determine what they want to be famous for and identify what type of investments and collaborations would position their local area on the global stage.

For example, in 2018, the UK and India agreed to forge a "tech partnership" to pair universities and businesses from different regions in the UK with states in India. One element of this tech partnership is a link-up between the Midlands Engine and the state of Maharashtra, focused on the future of mobility, including the development of low emission and autonomous vehicles. City-to-city connections are also advancing, with Sheffield City Region recently commissioning the UK India Business Council to conduct a location analysis and produce a strategy for future collaboration[10].



"If local government can start the ball rolling by looking at what steps to take to get people reskilled then individuals can be better prepared for new jobs."

Man living in a village in the North West of England

9 UK Economic Outlook (PwC, 2019) www.pwc.co.uk/services/economics-policy/insights/uk-economic-outlook.html
10 Find out more at www.pwc.co.uk/india



Local development strategies, good jobs and productivity

Our New World, New Skills[11] research explores the relationship between skills and productivity in the UK. At a sub-regional level, we are looking at local enterprise partnerships and other local constituencies, which are increasingly developing a more active role in defining their own skills development strategies.

Many places are facing skills gaps, and skills and training strategies must adapt to the changing needs of the economy in the context of new technologies. According to our research, the impact of automation on employment will be particularly high.

The biggest problem facing the UK is low productivity, but skills are not the whole answer. Our research suggests that though skills levels in some regions are relatively high, the type of employment being created is resulting in weak productivity. We will be exploring this further in a future New World, New Skills report, examining trends in the supply and the utilisation of skills and the potential for local industrial strategies to create high productivity jobs.

11 New World, New Skills, (PwC, 2019) https://www.pwc.com/gx/en/issues/upskilling.html

3. Close the opportunity gap that exists between places

As we have argued elsewhere in this report, tackling disparities in fairness between different places by levelling up investment will only resolve the situation in part. Inequality is present even in the most successful places, with many streets, suburbs and satellite towns not enjoying the benefits of Britain's urban renaissance.

There needs to be a more deliberate focus on the redistribution of power across the country, paying particular attention to the requirements of towns and rural areas and the importance of engagement and liveability.

Government should pay particular attention to how it measures progress. It is clear that traditional measures, such as GVA, only paint a partial picture of how fairness varies across different places. Adopting a more balanced basket of measures[12] would provide a more complete picture of how different parts of the UK are progressing in relation to the challenges set out in this report.

Measuring wellbeing in New Zealand

Countries need to refocus on overall societal well-being and not just GDP growth. A leading example is New Zealand where, in May 2019, the government published the first 'Wellbeing Budget'. Prime Minister Jacinda Ardern states in her foreword to this Budget, "Growth alone does not lead to a great country. So, it's time to focus on those things that do. Our five Wellbeing Budget priorities show how we have broadened our definition of success for our country to one that incorporates not just the health of our finances, but also of our natural resources, people and communities."

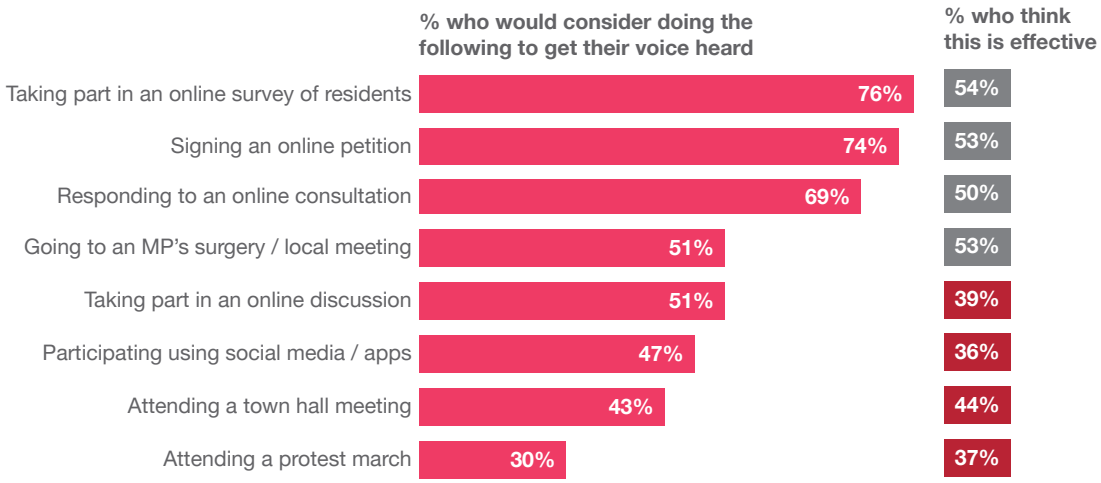


12 For an example of this see the Demos-PwC Good Growth Index www.pwc.co.uk/goodgrowth

4. Give individuals more control over the services they access

Government and its partners must capitalise on the public's appetite to engage in decision making, and take advantage of the role technology can play in supporting this. Our research highlights the public's appetite for engaging in this way.

Figure 2: Popular and effective channels



This could underpin the negotiation of a new contract between the state and its people, creating the opportunities for individuals to have a greater say in their own futures. Not only will this drive up the extent that people feel they are in control of their own lives, it could also create a more dynamic and proactive society – a society in which government focuses on creating the conditions for long-term success.

Digital surveys to measure safety and trust

Elucd[13] is part of our Scale Up programme, which helps fast-growth companies scale by connecting them with key decision makers in public sector organisations. Elucd helps city and police leaders better understand community sentiment using surveys and data analytics. The company works with police forces across the US, including Chicago and New York Police Departments, enabling benchmarking across neighbourhoods and between cities.

Elucd surveys local communities by buying geo-targeted ads on the internet and social media to ask people about neighbourhood safety and their trust in the police. Respondents can also leave comments to provide more detail about their concerns. It lets police see which problems are most affecting local residents and take action accordingly. As the data is tracked over time, the police can also analyse any changes and proactively communicate with the public.

13 https://www.elucd.com/

5. Empower communities to shape the places in which they live

Consideration should be given to the state's role in connecting individuals and communities, and giving them the authority and financial resources to make decisions about the issues that affect them.

While there are numerous examples of local community groups developing independently, the power of what some of these groups have achieved suggests it is worth considering how similar initiatives could be encouraged. These models could result in new peer-to-peer support networks or underpin the informal networks and local knowledge that are important in any community. Again, technology has a critical role to play in enabling this.

Using technology to make engagement meaningful

Taiwan's government has pioneered a new digital platform which uses online debate to identify areas of consensus among the public. The platform, called vTaiwan, is managed by independent volunteers, but the government uses the outcomes to inform new legislation. Since 2014, it has been used to help develop new laws on the punishment of drunk drivers and how Uber operates.

Taiwan not only lets citizens vote in online polls, but also gives them control over what questions are asked in the first place. It works in a similar way to social media, allowing participants to share their feelings and agree or disagree with one another. However, it avoids the negativity that often occurs on social media, by removing the ability to reply to comments. Instead, the platform gives more visibility to the most consensual statements, highlighting those that attract the most support across several groups.

The platform also plots citizens' opinions on an attitude map, so they can see where they are in relation to everyone else. This encourages people to consider the views of others in society and helps the government find consensus in polarised debates.

In addition to the above, many communities have struggled not only with receiving a lack of funding and infrastructure support, but also a palpable lack of national attention. Communities under pressure feel unseen and unheard — greater effort needs to be made via media channels and government to engage and highlight the positive work and successful enterprises pursued by rarely profiled communities. This will help lessen stigma and increase understanding of diverse communities at a time of real societal pressure.

Through our fairness framework, we have highlighted a range of factors that should be taken into account when considering variations in fairness across the UK. Our analysis shows that government cannot create a fairer society on its own.

Who is responsible for closing the opportunity gap?

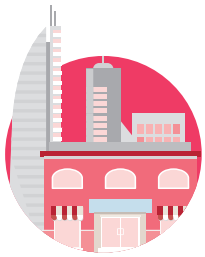
Action will be needed at a number of levels if the UK is to close the opportunity gap between places in a way which has a meaningful and lasting impact. In this report, we have argued the key to closing the gap is to enable individuals and communities to shape their own destinies, harnessing the pride that many people have in the places they live, and the energy that many are prepared to dedicate to improving them.

In the final section of this report, we examine the specific actions:

- local public service leaders;
- businesses;
- community groups;
- government;

could take to ensure there is a collective effort to close the UK's opportunity gap.





Business

Businesses need to take a proactive role in closing the opportunity gap. While businesses have taken steps to address the social mobility challenge, their focus has largely been on attracting a more diverse workforce from across the country to work in London and other major cities. Instead, business needs to reconsider how its geographical footprint and presence outside of the capital could contribute to creating more prosperous places.

- **Recommendation one:** Business needs a renewed strategic focus on helping to close the opportunity gap across the UK. It must accelerate its commitment to delivering inclusive growth by adopting broader, outcome focused frameworks for measuring success and through a continued commitment to diversifying investment across the country.

There is an opportunity to work with local authorities to achieve this and ensure different places across the country are 'investor ready'. Indeed, a further recommendation for local public service leaders would be to make sure they develop the capabilities to capitalise on the desire of businesses to relocate outside of London and the South East.

There are business benefits that come from establishing offices outside the capital, not least in that it can provide access to a more diverse pool of talent. At PwC, our strategic commitment to growing our regional offices has seen our teams in Birmingham and Belfast grow by more than 60% since 2016.

Other businesses are already following a similar strategy, notably in the financial sector, which employs 2.2 million people in the UK, with two-thirds of those outside of London. In a report published with TheCityUK[14], we set out a 2025 vision for financial services in the UK which emphasised the importance of regional centres.

Our research demonstrated that the banking and insurance industries could take an increasingly prominent role outside the capital, with an emphasis on continued growth in a number of hubs (e.g. Belfast, Bournemouth, Norwich and Glasgow) and the development of specialist centres in traditional financial sectors (e.g. Edinburgh for asset and wealth management).

- **Recommendation two:** Businesses should take an active role in working with national and local government to close the opportunity gap and take jobs where the talent is. A more coherent approach, which emphasises skills and technology growth within existing hubs and connectivity to peripheral areas could help generate more jobs in the UK's regions.

14 A vision for a transformed, world-leading industry: UK-based financial and related professional services, (PwC and TheCityUK, July 2017) https://www.pwc.co.uk/industries/financial-services/insights/vision-for-transformed-world-leading-industry.html

Investing in Bradford

Over the past two years, PwC teams outside London have increased by almost **30%** to more than 10,000 people. This has included opening a new office in Bradford, which is home to our new Assurance Centre.

Bradford is the sixth largest city in the UK, with a population of half a million people. It is also one of the youngest cities in the country. Bradford has a crucial role to play in the growth of the Northern Powerhouse and the country's economic future. Our investment in the city shows our commitment to supporting skills development and social mobility as part of the Government's Opportunity Areas initiative. It was made possible due to our existing links with local schools and colleges, as well as Leeds University, which last year saw 36 computer science graduates start the first of our fully funded courses.

There were also commercial imperatives behind setting up the new office.
Our people are our biggest strength, and we are committed to developing the way we recruit and train people, regardless of their background or where they live. In a positive sign for the potential to rebalance jobs and growth outside of London, we have found that people are often keen to stay or be based in places with a high quality of life and lower living costs.

In Bradford, we have created opportunities and expectations that didn't exist previously, hiring 80 people and recruiting for a further 60 roles in the local area. We're aiming to employ 225 people at the Centre in the next two years. This commitment to creating skilled roles across the UK is set to continue, with 50% of our graduate opportunities based outside London.





Local public service leaders

Throughout this report, we have argued that perceptions of fairness are influenced by a much broader set of factors than growth alone. This is already understood at a local level – in response to our local government survey, The Local State We're In[15], 94% of council leaders and chief executives agreed that councils have a broader role to play in shaping their places.

For a range of reasons, many councils have struggled to translate that ambition into a comprehensive strategy for improving liveability or inclusive growth in their areas. For example, 81% of respondents to our local government survey said a siloed approach from central government is a barrier to place-based working.

Recommendation one: Each local authority should consider developing a liveability strategy which focuses on enhancing the resilience of their communities and the experience of their residents, as well as on economic growth. Though the primary purpose of these strategies would be to galvanise a response at a local level, consideration should also be given to linking their production to a liveability challenge fund.

> "We need to think about our place – not as a council but as a public leadership system. How can we continuously improve our place for all those who live, work or visit, creating equality of opportunity and outcomes? To do this leaders across the public sector need to come together and humbly lead for a common and not corporate purpose."
>
> **Local authority chief executive**

Turnaround towns: Learning from international examples

The impact of rapid urbanisation is being felt all over the world, and there are numerous examples in other countries of towns which have struggled to attract the attention of policy makers.

However, there are also examples of successes in relation to this agenda – through deliberate efforts to encourage a sense of place, identity and by strengthening social cohesion. The Carnegie UK Trust examines this issue in its analysis of eight international case studies of towns that are widely recognised as having 'turned around'[16].

Though circumstances across the eight towns – Tupelo and Haven Acres, Douglas, Duluth, Paducah, Allentown (all USA), Newcastle (Australia), Oamaru (New Zealand) and Altena and Pori (Germany and Finland) – are unique, the Trust's research demonstrates there are common themes that can inform our strategies for addressing the needs of these types of places.

In all of the examples they found that being able to tell a clear story, improving the experience of living in the town, strong local leadership, cross-sector collaboration, flexibility and a commitment to the long term were important in creating more vibrant, liveable places.

15 The Local State We're In (PwC, June 2019), www.pwc.co.uk/localstate

16 Turnaround Towns: International evidence (Jane-Frances Kelly, Carnegie UK Trust, 2016) https://d1ssu070pg2v9i.cloudfront.net/pex/carnegie_uk_trust/2016/11/LOW-RES-2795-CUKT-Turnaround-Town-Report.pdf

Devolution has made the most progress in places where local authority leaders have had a central role in shaping a partnership with Whitehall. Much of the devolution to date has been driven centrally rather than from the ground up. This has meant there has been a risk of a 'one size fits all' approach, rather than priorities being driven by the needs of different places.

- **Recommendation two:** Local public service leaders should be even more ambitious in working with their partners to develop and test their own ideas about how devolution could work, as well as proposals for new models of local public service delivery and governance.

Our research suggests the public has a real appetite to engage in the decisions that affect them. We also know many individuals want to support others in their communities and ensure everyone's voice is heard. Local government is well placed to harness this desire and untapped potential, by establishing the mechanisms that will connect people to the state and to each other more effectively.

- **Recommendation three:** Local public service leaders should consider the potential of developing a 'people's platform' for their area — a digital portal which would enable residents to engage and transact with a multitude of public and third-party service providers, as well as with community organisations and each other. This would provide opportunities for individuals to engage in decision making, build stronger relationships with others in their communities and collaborate to solve local problems.

Finally, local public service organisations should act as role models both as employers and in how they procure services, including making sure people get paid a fair wage. There are already numerous examples of local councils signing up to pay employees the Living Wage and using fiscal incentives to encourage other employers to do likewise, but this could be much more widespread.

- **Recommendation four:** All local authorities should act as role models as employers and in how they procure services – levelling up commitments to their own workforce and incentivising other employers to do the same.





Communities

Communities have a key role to play in helping to address the opportunity gap. Much has been made in recent years of the potential benefits of handing control back to communities and giving them the power to make decisions. The voluntary and community sector is well placed to bridge the gap in people's sense of connection with local public service leaders.

The strength of the community sector is represented in its diversity and the fact it is predominantly self-organising. However, this dispersed makeup presents a challenge to policymakers, particularly at the national level. The development of alliances between community groups in different places could be beneficial.

- **Recommendation one:** Community groups should reconsider, with a renewed focus on place, how they participate via formal networks or umbrella organisations to present a consistent story to larger entities (local authorities, corporate charities etc.). These channels also have a role to play in helping grassroots organisations speak the same language as more corporate organisations.

While our perceptions of community have changed dramatically in recent years (with many people engaging in global online communities), the connection between communities and place remains important. Technology can be as effective in enhancing place-based connections as it can in developing links between groups and individuals on different sides of the world.

- **Recommendation two:** New technologies are already underpinning initiatives to help individuals help themselves and each other – e.g. peer to peer support platforms and neighbourhood-based digital marketplaces. Those leading such initiatives (possibly working in collaboration with larger businesses and investors) should consider scaling up their innovations to have a far greater impact.

Finally, local authorities, the voluntary and community sector, and communities need to become equal partners in their shared ambition to make a positive impact on the individuals living in their places. Communities need to find novel ways of organising themselves and gathering the right capabilities to engage with the system and establish how to best work together.

- **Recommendation three:** Communities need to be precise in describing and measuring the positive impacts they have and use data to support their case to take on responsibility for certain assets or for running local services. While there are examples of community groups taking on responsibility for leisure facilities, recreational spaces, libraries and efforts to enhance communal spaces, more could be done to adopt this way of working across the country.

Greater insight into the makeup of communities

AKOU[17], part of our Scale Up programme, works with local communities to create datasets that show how businesses, hubs and people contribute to an area both socially and economically. This data can be used to improve redevelopment and regional growth strategies.

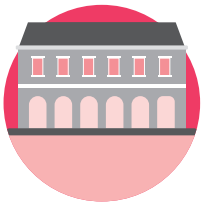
In 2014, AKOU began a two-year project with Westminster City Council to gain greater insight into the Church Street ward, one of London's most deprived communities. The council knew the ward had an active arts and culture sector but lacked the data to factor this into its redevelopment plans.

AKOU developed a digital platform which used geolocation data to let local organisations map and measure the creative and cultural capital they generated, as well as the social impact this had on the community.

AKOU's data was used by Westminster City Council to develop its regeneration plan and helped secure £250,000 of funding in the form of micro grants to support arts and culture activities in the area.



17 http://akoustudios.com/



Government

The Government has, to an extent, recognised the new geography of disparity this report describes. It has made commitments to towns and other left behind places. However, more radical change is needed to the way this issue is reflected in funding formulas and the allocation of investment. Currently, the majority of regional investment decisions are centrally prescribed and do not necessarily reflect the local context. A more sophisticated approach is needed.

- **Recommendation one:** Government should audit the disparities between places against the three key pillars of education and skills, infrastructure and digital connectivity. The results of this work should inform decision making regarding capital and revenue expenditure in the forthcoming Spending Review.

We have already suggested that local public service leaders could be more ambitious in developing devolution proposals for their areas. Government must also play its part in this debate, demonstrating greater flexibility in recognising the unique characteristics and requirements of different types of places.

- **Recommendation two:** Government should develop a more flexible devolution offer and demonstrate its willingness to support different types of arrangements in different parts of the country. This should include flexibility around models of governance and accountability, as well as what is being offered (e.g. investment, responsibilities and potentially additional powers to tax locally[18]. In particular, it must develop a devolution offer that works for towns and rural areas.

Particular attention needs to be paid to the issue of in-region inequality. To address this, government should consider how the architecture of social and economic regeneration needs to take account of the needs of left behind places.

- **Recommendation three:** Government should test the geographical distribution of LEPs in England and reflect on whether current catchments are capable of recognising the particular requirements of in-region inequality, as well as the challenges associated with liveability and inclusive growth.

Devolution in itself is not a panacea for citizen engagement. If devolution is to make a difference to how people feel about fairness and having a voice, communities need to be engaged as part of the process.

- **Recommendation four:** Government should add a duty to engage the public and community groups as a requirement of any further devolution deals. This needs to go beyond traditional approaches to consultation or local referendums — the public needs to be meaningfully engaged in a genuine dialogue about the future of the places in which they live.

To support the shift in focus towards liveability, consideration should be given to how success is measured in different places. Through our work with cities, towns and counties across the UK and globally, as well as the development of our Good Growth Index, we have built up a picture of the characteristics of successful places.

- **Recommendation five:** Government should adopt a new framework for comparing the performance of different parts of the UK against a broad range of 'place characteristics', particularly those associated with liveability. There are several global examples that should be tested to see how they would work in the UK, including New Zealand's Wellbeing Budget. The Government should use this framework to demonstrate how it has closed the opportunity gap by 2030.

18 For more on this see: https://pwc.blogs.com/publicsectormatters/2019/03/which-taxes-could-be-devolved-to-local-government-in-england.html

There is a pressing need to address the multiple challenges associated with fairness and inclusivity across the country. This report has focused on the practical steps that could be taken to achieve this. Many of the components required to deliver a successful outcome already exist.

What will be critical is that government at all levels and its partners ensure that people are heard, listened to and empowered. More genuine engagement with the public has the potential to support the revitalisation of many of the UK's left behind places and fundamentally make the UK a fairer society.



Read more



Making the UK Fairer explores the importance of fairness to our way of life, policy making and accessing public services. It's the first report from The Future of Government Programme.

www.pwc.co.uk/futureofgovernment



Good Growth for Cities measures the performance of the UK's largest cities against 10 indicators that the public think are most important when it comes to economic wellbeing. Jobs, income, skills and health are the most important factors in the eyes of the public, alongside housing, transport, income distribution, work-life balance, business start-ups and the environment.

www.pwc.co.uk/goodgrowth



How we work explores how government can transform to help people in work prepare for the challenges of automation and globalisation. The public are telling us that a fair society is one where everyone has access to good jobs and are able to earn a decent living. However, many of the skills we use today are at risk of becoming redundant. Without intervention this will severely impact people's ability to access work opportunities as part of a fair society

www.pwc.co.uk/futureofgovernment-work

A steering group oversaw this research and was key to providing critical challenge to the thought process



Rt Hon Alan Milburn
(Chair) Former Secretary of State for Health



Lord Gavin Barwell
Former Number 10 Downing Street Chief of Staff



Nina Bjornstad
North European lead for Google Cloud Consulting



Dr Ruth Owen OBE
Chief Executive, Whizz-Kids



Sir Charles Bowman
PwC Partner and former Lord Mayor of London



Neil Sherlock CBE
Senior Adviser, PwC and former Special Advisor to the Deputy Prime Minister, 2012–2013



Ruth Ibegbuna
Director, The Roots Programme



Anna Wallace
Director of Reputation, PwC

Authors



Dan Burke
Partner, Strategy&

+44(0) 7764 661 609
daniel.burke@pwc.com



Ben Pykett
Director,
PwC United Kingdom

+44(0) 7841 786900
ben.pykett@pwc.com

Contacts



Karen Finlayson
Partner and Regional Lead
for Government, Leeds,
PwC United Kingdom

karen.finlayson@pwc.com



Jonathan House
Devolved and Local
Government Leader, Bristol,
PwC United Kingdom

jonathan.r.house@pwc.com



David Morris
Public Sector Health Leader,
Birmingham, PwC United Kingdom

david.x.morris@pwc.com



Aidan Sutton
Tax Partner and Charities Leader,
PwC United Kingdom

aidan.j.sutton@pwc.com



Ali Breadon
Education Leader, East Midlands,
PwC United Kingdom

alison.breadon@pwc.com



Jamie Houghton
Public Sector Transport Leader,
London, PwC United Kingdom

jamie.n.houghton@pwc.com

We are grateful to everyone we have met and discussed this research programme with – from members of the public, to politicians, senior local and central government officials and our own partners and staff.

We would particularly like to thank all the members of the steering group for their time, energy and advice throughout this process.

We would remind readers that the conclusions reached and views expressed, and of course any errors in the report, are those of the authors alone.

A new partnership for increasing trade and investment

In addition to the recommendations set out in this report, government also needs to work with business and consider the role international trade and investment could play in closing the opportunity gap.

International trade and investment can be a powerful engine for growth by enhancing productivity, increasing investment and tax revenues and creating better jobs. The nation's changing relationship with the EU and other international partners is increasing the urgency of developing growth strategies and partnerships across and within the UK's regions which harness the benefits of trade and investment.

This will require a joint effort – the business sector (large and small businesses) and government (central and local) working together to implement a shared vision to increase exports and attract high-quality investment into the UK's left behind places.

Local industrial strategies will need to be internationalised. Government will need to engage local businesses – including smaller, less productive ones – to understand their priorities and how they can be supported to expand on the international stage. It will need new partnerships and business models, including between large and small firms; between local communities, business, academia and government; and, between the UK and its regions, and new and existing international partners.

This is a huge and potentially transformative agenda. We will be exploring these issues in our forthcoming work on the New UK Narrative.

strategy&

Part of the PwC network

Strategy&

Strategy& is PwC's global strategy house. We transform organisations by developing actionable strategies that deliver results.

Our strategy expertise is uniquely positioned to help deliver your best future: one that is built on differentiation from the inside out and tailored exactly to you. As part of the PwC network, every day we're building the winning systems that are at the heart of growth. We combine our powerful foresight with this tangible know-how, technology, and scale to help you create a better, more transformative strategy from day one.

As the only at-scale strategy business that's part of a global professional services network, we're uniquely placed to combine strategy with technical, industry and execution expertise. We embed our strategy capabilities with frontline teams across PwC to show you where you need to go, the choices you'll need to make to get there, and how to get it right.

The result is an authentic strategy process powerful enough to capture possibility, while pragmatic enough to ensure effective delivery. It's the strategy that gets an organisation through the changes of today and drives results that redefine tomorrow. It's the strategy that turns vision into reality. It's strategy, made real.

www.strategyand.pwc.com/uk

www.pwc.co.uk/futureofgovernment
#FutureOfGov

© 2020 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. Mentions of Strategy& refer to the global team of practical strategists that is integrated within the PwC network of firms. For more about Strategy&, see www.strategyand.pwc.com. No reproduction is permitted in whole or part without written permission of PwC. Disclaimer: This content is for general purposes only, and should not be used as a substitute for consultation with professional advisors.