

The Association for Consultancy and Engineering (ACE) is the association for the **UK's professional consultancies and engineering companies** operating in the social and economic infrastructure sectors. Our members employ over 60,000 in UK and 250,000 worldwide, contributing more than £15 billion to the UK economy. However, the buildings they create actively contribute over £570 billion a year of GVA. They have worked on some of our most high-profile infrastructure to date: the Olympic Park, Crossrail, Tideway, HS1 & 2, the Queensferry Crossing and Heathrow.

- ACEs **vision** is for a safe, innovative, resilient, and globally competitive UK built environment sector driving economic growth by delivering well-connected, socially valuable, and environmentally sustainable places.
- ACEs **mission** is to advocate, anticipate, and educate on behalf of our members. That means proactively engaging with government and stakeholders about challenges and opportunities, ensuring members of all sizes have a voice.
- ACE is **driven** to respond to society's priorities around delivering our Net Zero future and regional development, while ensuring our industry's procurement and skills challenges are addressed.

Introduction

Levelling up the United Kingdom's regional disparities of opportunity and quality of life is one of the biggest challenges facing this generation. Huge amounts of political capital and public money look set to be spent over the coming years, including in Wales through the levelling up fund.

International evidence suggests that levelling up is achievable if pursued through consistent, long-term policy that can survive changes of government. There is also a growing consensus, supported by the Association for Consultancy and Engineering (ACE), that regeneration strategies including funding models that are adapted to the characteristics of the locality ('place-based regeneration') is the only way to ensure levelling up investment actually makes a real difference to people's lives.

The ACE has identified five principles for delivering successful place-based regeneration, and how this can be reflected through post EU funding models like the

levelling up fund. The last principle is perhaps our greatest concern. This is one of several recent reports which highlights that public sector capacity and capability is extremely stretched. Unfortunately, smaller local authorities, often in areas with the greatest long-term levelling up needs are amongst the worst affected by a lack of resources, putting them at risk of further decline. The consultancy sector is stepping up to help plug this gap and stands ready to do more.

ACE analysis indicates the potential for mitigating some of this capacity shortfall by facilitating more collaboration between Local and Regional Authorities and their consultancy partners in different parts of the country, where they face similar challenges.

Recommendations

These recommendations target the barriers to making progress with levelling up, and associated funding models such as the levelling up fund.

Send a clear message that levelling up will respect place and reflect need.

Funding models must send a clear message that government will invest in locally led regeneration strategies where they are grounded in evidence-based analysis of each place's opportunities and the needs of its people. Such funding opportunities should also provide an opportunity to reinforce that levelling up applies to rural and urban areas and all four nations of the UK.

Strengthen the link to Net Zero by prioritising leveraging-off the existing Built Environment.

80% or more the buildings and infrastructure of 2050 already exist. Post EU funding models such as the levelling up fund should explicitly explore how it links to the recently published Net Zero Strategy, and criteria for accessing levelling up funding should prioritise the reuse of existing structures over new build. This will make a large contribution to the UK's Net Zero targets. It can also help break the link between a declining built environment, poor mental health, and low productivity.

Consolidate funding and reduce the use of competition and ringfencing.

Post EU funding arrangements should acknowledge the work of ACE and other studies that indicate that creating multiple, ringfenced competitive funding pots distorts place-based regeneration. By shifting an area's focus from its own assessment of its needs and opportunities, it sucks up scarce resources and discourages joined up thinking.

Tackle barriers to small towns and rural areas taking advantage of levelling up.

In addition to post EU funding models, Government should provide resources and incentives to support the consultancy's plug capacity and capability gaps that are

preventing smaller local authorities developing and executing strategies, building business cases, and creating viable regeneration projects. Government should also ensure that administrative process like the calculation of Benefit Cost Ratios do not disadvantage these areas, for example by penalising them for having lower land values (and potential uplift).

I am on hand to discuss any of these issues in more detail and would be pleased to meet with any members interested in discussing our work in this area.

Kind regards,
Guto Davies MCIPR
Head of Policy