

ONE-PAGE EXECUTIVE SUMMARY

The UK's [Levelling Up White Paper](#) aims to address the country's regional-national productivity issues, but the current institutional and governance set-up is insufficient to achieve this. A new statutory and independent organisation, similar to those in other OECD countries, is needed to address productivity and economic development.

The UK's economic policy has ignored regional and spatial considerations for over four decades and the unbalanced power relations between central and sub-central government prevent devolved decision-making. The recent White Paper recognises the role of regional productivity in national productivity growth, but it does not provide the necessary governance reforms to achieve the Levelling Up agenda, such as addressing the hyper-centralised governance system and the lack of intermediate-level government. A new government-backed UK Productivity Commission is needed to facilitate this spatial and economic transformation over the long-term, and there are templates for this in many countries, of which six are especially appropriate – in Australia, The Netherlands, New Zealand and the USA.

The new organisation could be built upon the experiences from the current UK Productivity Commission, which was established by The Productivity Institute and the National Institute of Economic and Social Research (NIESR) in 2021.¹ This commission has no statutory affiliation with government and is a body which is primarily focused on pro-productivity policy recommendations at the national level. The scope of the work of the proposed institution would be much wider, and would also include deep engagement at the regional level, but the NIESR body provides a potential template for how to move forward.

¹ <https://www.niesr.ac.uk/partner/productivity-commission>
<https://www.niesr.ac.uk/wp-content/uploads/2022/06/Productivity-in-the-UK-Evidence-Review.pdf>

The Five Essential Features of a Productivity Commission

- 1. Independence:** Many national productivity commissions are publicly funded but are not subject to political influence. The original terms of reference for inquiries requested by government should not specify desired answers.
- 2. Legitimacy:** Commissions are mandated to engage with all stakeholders and give voice to marginalised groups to achieve progress that benefits all parties. They are not aligned with any particular interest group.
- 3. Expertise:** Commissions have dedicated analytical teams composed of economists and other specialists, and sometimes include appointed crown commissioners who are independent experts. The enquiry topics should be those where the commission has distinct insights, while also being tractable.
- 4. Transparency:** The enquiry process should be transparent, with well-publicised calls for evidence, consultation processes and publicly available documentation, while the recommendations should be addressed in parliamentary debates.
- 5. Longevity:** The commission's longevity is crucial for monitoring the implementation of recommendations, promoting long-term outlooks, and building confidence among stakeholders. This is necessary for policy change to occur over time.