



Department for Levelling Up,
Housing & Communities

Dehenna Davison MP
Minister for Levelling Up
2 Marsham Street
London
SW1P 4DF

Our reference: 24495816

Cllr Keith Cunliffe
Industrial Communities Alliance
National Secretariat
Regent Street
Barnsley
South Yorkshire
S70 2EG

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Dear Cllr Cunliffe,

Thank you for your letter of 31st January to Rt Hon Michael Gove MP about the second round of the Levelling Up Fund. I have been asked to reply as this matter falls within my ministerial responsibilities.

Firstly, let me offer my thanks for your valuable feedback on the second round of the Levelling Up Fund. I think it's important to start by recognising the transformative investment that we are making across the UK through the first and second rounds which will see £3.8 billion allocated to over 200 bids: from a higher education skills campus in Blackpool to ferry infrastructure in Shetland. Through the first round we are seeing positive progress on delivery of projects with almost £400 million spent against the £1.7 billion awarded, and 173 out of 179 projects already underway.

Taking your points in turn, the published prospectus and technical note together set out the robust approach to assessment and decision-making for the second round of the Levelling Up Fund. Both documents were published before the application window for the second round opened and clearly list the five additional considerations that ministers could take account of in decision-making.

As set out in the published explanatory note, ministers agreed to apply the additional considerations of 'ensuring a fair spread of approved projects across Great Britain' and 'taking account of past investment in a local area' (including investment made from the first round the Fund) to the shortlist during their decision-making meeting. This decision was taken to ensure that the Fund reached as many local authorities as possible across both rounds of the Fund, maximising the spread of investment across the country.

I recognise that all applicants worked hard to develop their bids and I understand the disappointment that unsuccessful bidders will feel. Feedback will be given to unsuccessful applicants and MPs who offered priority support to bids, to support applications to future funding opportunities. Recognising the potential burden involved with developing a bid, the department has already paid out £125k of capacity funding to all category one local authorities in England.

Secondly, economic differences do remain between different parts of the UK, and they have real implications: they affect people's lives through their pay, work opportunities, health, and life chances. It is important to remember that the Levelling Up Fund is just one part of our overall response to the agenda we have set out in the Levelling Up White Paper. That said, all regions of England, as well as Scotland, Wales and Northern Ireland, received more funding per capita from both rounds of the Levelling Up Fund than London, the South East, or the East of England. You can find more information on the geographical spread of investment from the Fund in our published [thematic and geographic analysis](#). What is clear from that analysis is that over both rounds of the Fund, 69% of funding has gone to category one places (those in greatest need of this type of investment).

Finally, and turning to your point on delivery, I recognise that the economic context makes delivery particularly challenging. That is why we are working closely with places to carefully monitor the situation on the ground. We have introduced a proportionate project adjustment process, so that we can make sensible adjustments to the scope and phasing of projects to mitigate delivery challenges, including cost inflation, whilst also maintaining value for money. We are also making up to £65 million of support available to successful applicants to the Fund in the form of commercial advisors, grants to buy in local support, and a training package to upskill staff at local authorities to deliver projects of this nature.

Thank you again for sharing your thoughts.

With every good wish,



DEHENNA DAVISON MP