



Industrial Communities Alliance

The all-party association campaigning on behalf of local authorities in the industrial areas of England, Scotland and Wales

National Secretariat, 1 Regent Street, Barnsley S70 2EG

Tel: 01226 200768 www.industrialcommunitiesalliance.org.uk Email: natsec@ccc-alliance.org.uk

Rt Hon Michael Gove MP
Secretary of State
Department for Levelling Up, Housing and Communities
2 Marsham Street
London SW1P 4DF

By email to: correspondence@levellingup.gov.uk

31 January 2023

Dear Michael,

Levelling Up Fund

I wanted offer feedback on the successful bids into round 2 of the Levelling Up Fund.

As you may be aware from previous correspondence, I chair the Industrial Communities Alliance, the all-party association of local authorities in the industrial heartlands of England, Scotland and Wales. Our authorities mostly cover less prosperous parts of the country and, as you might expect, we have always strongly supported Levelling Up.

At our most recent round of regional and national meetings the funding from LUF round 2 was welcomed but concerns were expressed on three points.

First, as you will no doubt be aware, many authorities feel aggrieved that ministers decided that if they had led a successful bid in round 1 they should be automatically disqualified from a successful bid in round 2. Additionally, even if they remained eligible for a successful round 2 bid they were limited to one award per authority, which was not the case in round 1. Neither of these points was made clear in advance in the prospectus, which actually invited multiple bids from many authorities whose bids were then ruled out.

The result has been a great deal of time and effort wasted on bids that were never even considered. Larger authorities with multiple parliamentary constituencies have been especially disadvantaged by this approach. I am sure you will agree that this a profligate way to manage a bidding process and should not be repeated in round 3.

Second, there is unease about the extent to which the Levelling Up Fund has strayed from the objective of narrowing the gaps in prosperity across the country. The projects approved in round 2 are welcome but looking down the list it is disappointing how few focus on employment, output or productivity. The government can argue that the approved bids reflect what local authorities submitted; but equally what local authorities submit is shaped by the government's prospectus. If our older industrial heartlands are to catch up with the more prosperous parts of the country we need a rather different list of priorities.

Third, there are worries about the impact of the current bout of inflation on the ability of authorities to deliver the projects approved in rounds 1 and 2. Many of these were designed and costed before inflation took off, and construction costs in particular have escalated rapidly. The government needs to find a way forward. If no additional funding is available from the Treasury there might be a case for using some of the round 3 funding to help the delivery of projects already in train.

Overall, I have to say our authorities' experience of Levelling Up Fund round 2 does not inspire confidence in competitive bidding. We're aware that the government is looking at streamlining funding and that, beyond round 3, competitive bidding may play a less significant role. This would be welcome.

I would be grateful for reassurance, especially on the first of my points, so that I can report back to our next national meeting.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink that reads "Keith Cunliffe". The signature is written in a cursive, slightly slanted style.

Cllr Keith Cunliffe
National Chair