

# IS THIS REALLY LEVELLING UP?

## An assessment of the second round of awards from the Levelling Up Fund

On 19 January the UK government announced the second round of successful bids into its Levelling Up Fund – 111 projects across the country with funding worth £2.1bn. It's fair to say that the announcement was greeted with scepticism by some of the media which noted, for example, that Yorkshire is to receive less than the South East of England.

The true picture is complex. In detail, however, it is perhaps even more worrying.

### **Allocation between nations and regions**

Tables 1 and 2 show the financial value by nation and region of the successful bids in the second round of the Levelling Up Fund, alongside equivalent figures from the first round and the allocations from the UK government's other main levelling up funds (Towns Fund, Future High Streets Fund, UK Shared Prosperity Fund and Community Renewal Fund). The first table shows the sums awarded; the second puts the figures on a 'per capita' basis, which is a better measure of targeting. In both tables the regions and nations are ranked from highest to lowest in terms of overall funding.<sup>1</sup>

- Wales, the North West and North East have received the highest per capita funding from Levelling Up Fund round 2
- Yorkshire & the Humber has indeed received less per head from the new round than South East England, or indeed than the East of England or South West
- This means that, taken as a whole, the North of England's share of Levelling Up Funding has slipped from 31% to 28%
- London's per capita funding more than doubled between the two rounds, though it remains less per head than elsewhere

Overall, the allocation of the various Levelling Up funds broadly continues to favour the less prosperous regions and nations of the UK. Given that the 2021 Spending Review allocated £4.8bn in total to the Levelling Up Fund through until March 2025, there should in theory still be £1bn available for a third round.

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<sup>1</sup> Both tables are an update of figures published in September 2022 by the Industrial Communities Alliance on the on the allocation of levelling up funding.

**Table 1: Financial allocations to date, by region and nation, £m**

|                    | <b>Future High Streets Fund</b> | <b>Towns Fund</b> | <b>Levelling Up Fund (Round 1)</b> | <b>Levelling Up Fund (Round 2)</b> | <b>Shared Prosperity Fund*</b> | <b>Community Renewal Fund</b> | <b>TOTAL</b>   |
|--------------------|---------------------------------|-------------------|------------------------------------|------------------------------------|--------------------------------|-------------------------------|----------------|
| North West         | 168.7                           | 486.2             | 232.5                              | 354.0                              | 156.1                          | 7.7                           | <b>1,484.5</b> |
| West Midlands      | 146.1                           | 327.5             | 196.0                              | 155.6                              | 184.5                          | 20.0                          | <b>1,029.6</b> |
| Yorkshire & Humber | 96.2                            | 422.4             | 186.9                              | 120.6                              | 159.2                          | 14.9                          | <b>1,000.2</b> |
| East Midlands      | 63.0                            | 346.2             | 203.0                              | 176.9                              | 113.4                          | 15.8                          | <b>918.2</b>   |
| South West         | 138.4                           | 198.6             | 131.2                              | 186.7                              | 188.1                          | 21.9                          | <b>864.8</b>   |
| Wales              | 0                               | 0                 | 121.4                              | 208.2                              | 484.1                          | 46.9                          | <b>860.5</b>   |
| North East         | 98.5                            | 172.2             | 99.8                               | 108.5                              | 156.1                          | 7.7                           | <b>642.8</b>   |
| East               | 24.0                            | 287.6             | 86.6                               | 165.9                              | 66.3                           | 12.1                          | <b>642.4</b>   |
| South East         | 39.2                            | 109.6             | 150.6                              | 210.5                              | 74.7                           | 17.2                          | <b>601.7</b>   |
| Scotland           | 0                               | 0                 | 171.7                              | 177.0                              | 175.4                          | 18.4                          | <b>542.7</b>   |
| London             | 56.6                            | 0                 | 64.9                               | 151.3                              | 144.4                          | 3.8                           | <b>421.0</b>   |
| Northern Ireland   | 0                               | 0                 | 48.8                               | 71.1                               | 104.9                          | 12.4                          | <b>237.2</b>   |
| <b>UK</b>          | <b>830.6</b>                    | <b>2,350.3</b>    | <b>1,693.3</b>                     | <b>2,086.4</b>                     | <b>2,082.0</b>                 | <b>203.2</b>                  | <b>9,245.9</b> |

\* Core DLUHC (excludes Multiply initiative)

Source: Department for Levelling Up, Housing and Communities

**Table 2: Financial allocations to date, by region and nation, £ per head**

|                    | Future High Streets Fund | Towns Fund | Levelling Up Fund (Round 1) | Levelling Up Fund (Round 2) | Shared Prosperity Fund* | Community Renewal Fund | TOTAL      |
|--------------------|--------------------------|------------|-----------------------------|-----------------------------|-------------------------|------------------------|------------|
| Wales              | 0                        | 0          | 38                          | 66                          | 153                     | 15                     | <b>272</b> |
| North East         | 37                       | 64         | 37                          | 40                          | 58                      | 3                      | <b>240</b> |
| North West         | 23                       | 66         | 32                          | 48                          | 31                      | 2                      | <b>202</b> |
| East Midlands      | 13                       | 71         | 42                          | 36                          | 23                      | 3                      | <b>189</b> |
| Yorkshire & Humber | 17                       | 76         | 34                          | 22                          | 29                      | 3                      | <b>181</b> |
| West Midlands      | 25                       | 55         | 33                          | 26                          | 31                      | 3                      | <b>173</b> |
| South West         | 24                       | 35         | 23                          | 33                          | 33                      | 4                      | <b>153</b> |
| Northern Ireland   | 0                        | 0          | 26                          | 37                          | 55                      | 7                      | <b>125</b> |
| East               | 4                        | 46         | 14                          | 26                          | 11                      | 2                      | <b>102</b> |
| Scotland           | 0                        | 0          | 31                          | 32                          | 32                      | 3                      | <b>99</b>  |
| South East         | 4                        | 12         | 16                          | 23                          | 8                       | 2                      | <b>65</b>  |
| London             | 6                        | 0          | 7                           | 17                          | 16                      | 0.4                    | <b>46</b>  |
| <b>UK</b>          | <b>12</b>                | <b>35</b>  | <b>25</b>                   | <b>31</b>                   | <b>31</b>               | <b>3</b>               | <b>138</b> |

\* Core DLUHC (excludes Multiply initiative)

Sources: Department for Levelling Up, Housing and Communities, ONS population estimates

## The mismanagement of competitive bidding

The closer you look, however, the more disturbing the details. In particular, the UK government has mismanaged the competitive bidding process in a deeply unfair and wasteful way.

In the Levelling Up Fund round 2 prospectus, published on 15 July 2022 when the bidding process opened, each authority across England, Scotland and Wales was given a maximum number of bids they were allowed to submit based on the local number of parliamentary constituencies and deducting for successful bids in round 1. In the explanatory note on the assessment and decision making process, published on 19 January 2023, it is clear that ministers chose to over-ride the prospectus:

*“Ministers took account of which local authorities had received funding in the first round, noting that this would help maximise the geographical spread of investment across rounds one and two.....”*

Additionally:

*“Each local authority was capped at one successful bid (the highest scoring) in round two.....”*

Let’s spell out what this means. It means that if an authority had been successful in round 1 it was automatically disbarred from receiving any round 2 funding, and even if it did not receive round 1 funding it could only at most now be awarded one successful bid (which was not the case in round 1, in which several authorities had more than one successful bid). None of this was conveyed to local authorities during the bidding process. The implications are that:

- **Vast amounts of local authority time and effort have been wasted** on bids that were invited but barred from consideration
- **Larger multi-constituency authorities have been systematically disadvantaged.** These include for example:

County Durham – six constituencies, one successful bid to round 1, six bids to round 2, no successes

Glasgow City – seven constituencies, one successful bid to round 1, seven bids to round 2, no successes

Bradford – five constituencies, one successful bid to round 1, four bids to round 2, no successes

No local authority that was the named lead on a successful round 1 bid received a round 2 award. This was confirmed by DLUHC minister Dehenna Davison when she appeared before the Levelling Up Select Committee on 23 January.

## **Missing the target?**

Then there is the distinctly odd list of projects that have ended up being funded. No doubt they have local value and will be welcomed by residents, but whether many will truly contribute to Levelling Up, at least in terms of narrowing the gaps in prosperity between different parts of the country, is distinctly questionable.

To level up the UK's uneven regional and local economy a focus on projects to raise employment, output and productivity might have been expected. In fact, little of what the UK government has decided to fund has this focus. Just five examples:

*A new museum, library, cultural hub and aquarium*  
(Aberdeenshire £20m)

*A new leisure centre, bowling alley and canal towpath*  
(Bassetlaw £18m)

*New rail link between Newquay and Falmouth*  
(Cornwall £50m)

*Restoration of three historic buildings, including a windmill*  
(East Lindsey £8m)

*New outdoor food market and event space*  
(Rutland £23m)

In fairness, local authorities cannot be blamed for this focus: they have submitted bids that try to meet the objectives and criteria set out by the UK government. In practice, the result seems to be that local authorities have often sought funding for the sorts of schemes that in the absence of the austerity of the last decade or so might normally have been funded anyway.

Levelling Up round 2 seems in reality to have become an opportunity to plug the gaps left by cuts in public spending rather than a genuine attempt to rebalance the UK's regional and local economy.

***National Secretariat  
Industrial Communities Alliance  
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