



Industrial Communities Alliance

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

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Dehenna Davison MP
Minister for Levelling Up
Department for Levelling Up, Housing and Communities

By email to: correspondence@levellingup.gov.uk

5 June 2023

Dear Dehenna,

Levelling Up Fund round 3

I'm writing with what I trust are helpful proposals about the forthcoming third round of the Levelling Up Fund.

As I think you will be aware from previous correspondence, I chair the Industrial Communities Alliance – the all-party association of local authorities in the industrial areas of England, Scotland and Wales. Our member authorities have a strong interest in the Levelling Up Fund.

We noted that the *Spring Budget* confirmed that there would be third round of the Fund later in 2023. This is welcome news. At our most recent national meeting we therefore took the opportunity to consider the issues arising from the proposed third round.

In particular, although no decision has yet been taken we are aware that a third round might not be allocated by competitive bidding. This would be a welcome development from the point of view of our authorities, who feel that the bidding process has too often involved much wasted effort. Also, even a bidding process that was initiated quite soon would probably not result in decisions until the autumn and push nearly all the spending into a single financial year (2024-25).

Bearing in mind the tight timetable for spending – assuming all expenditure has to be completed within the present Spending Round – it's unlikely that many of the 'failed' bids into rounds 1 and 2 could simply be dusted off for consideration in round 3. Projects would need to be substantially re-worked and re-scheduled.

You will be aware too that the Select Committee report on *Funding for Levelling Up*, published at the end of May, was deeply sceptical of the merits of competitive bidding.

If competitive bidding were not to be the way forward for round 3, our authorities would strongly favour:

- Allocation by a formula based on need.
- Consideration to be given to less prosperous places that have so far missed out. (Though that should not rule out additional places in some of the larger authorities).
- At least some of the round 3 funding to be earmarked for rounds 1 and 2 recipients to offset unexpectedly high inflation.

I'm sure you will agree that an objective and transparent approach of this kind would be preferable and avoid the widespread criticism that marred the selection of places to benefit from the Towns Fund.

Our member authorities would be pleased to receive your response to our proposal, and 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, flowing style.

Cllr Keith Cunliffe