

LEVELLING UP FUNDING: WHERE DID THE MONEY GO?

Since 2019 the UK government has implemented a number of funding programmes intended to promote levelling up. Details of the allocation by local authority have been published by the Department for Levelling Up, initially in response to a Select Committee request in 2022 and latterly alongside policy announcements. The present note uses this data to take an overview of the resulting financial allocations by region and nation across the UK.

The full figures are presented in two tables (attached). Table 1 looks at the sums allocated to each region and nation under each of the main levelling up programmes. In this table the regions/nations are ranked from highest to lowest in terms of total receipts.

Table 2 looks at the allocation per head. This is a better guide to the intensity of financial support because the regions and nations differ in the size of their population – from 9.3m in South East England and 8.8m in London to 2.6m in the North East and 1.9m in Northern Ireland¹. In this second table the regions and nations are ranked from highest to lowest in terms of per capita funding.

The sums involved in each programme differ considerably:

Levelling Up Fund (three rounds)	£ 4,756m
UK Shared Prosperity Fund	£ 2,512m
Towns Fund	£ 2,350m
Town endowments	£ 1,100m
Future High Streets Fund	£ 831m
Levelling Up Partnerships	£ 400m
Community Renewal Fund	£ 203m

In total, the seven funding programmes have allocated £12,152m. The majority of this money has to be spent before the end of March 2025.

The figures here exclude the funding from the EU to regions and local areas that rolled on until the end of 2023 (approx. £3bn). This has boosted overall spending on levelling up to in excess of £15bn. Also, the figures exclude the sums the devolved administrations will have received via the Barnett formula because a number of the programmes (e.g. Towns Fund, Future High Streets Fund) did not operate in Scotland, Wales and Northern Ireland. The 'Town endowments' in this list are the financial allocations in the UK government's October 2023 *Long Term Plan for Towns*.

¹ 2021 data. Source: Office for National Statistics.

The overall allocation by region and nation is influenced by size of population:

North West	£ 1,909m
Yorkshire & the Humber	£ 1,437m
West Midlands	£ 1,298m
East Midlands	£ 1,236m
Wales	£ 1,152m
South West	£ 1,041m
North East	£ 896m
Scotland	£ 841m
South East	£ 811m
East	£ 779m
London	£ 492m
Northern Ireland	£ 259m

The more revealing figure, reflecting the intensity of support, is the financial allocation per head. It is also useful to compare these figures with data on GVA per head in each region and nation² – arguably the single best indicator of regional inequality:

	<i>Levelling up funding £ per head</i>	<i>GVA per head 2021 (UK=100)</i>
Wales	371	74.1
North East	339	70.6
Yorkshire & the Humber	262	80.5
North West	257	87.4
East Midlands	253	80.3
West Midlands	218	81.2
South West	182	89.8
Scotland	154	90.5
Northern Ireland	136	79.4
East	123	89.3*
South East	87	107.4*
London	56	183.4*

Broadly, the least prosperous regions (such as Wales and the North East) have received more levelling up funding per head than the most prosperous parts of the country. This is to be expected and is no doubt welcome. Nevertheless, in total a little over £2bn in levelling up funding has still found its way to London, the South East and the East of England, where the regional economy has consistently been strong.

Overall, the North, Midlands, Scotland, Wales and Northern Ireland, with 55 per cent of the UK population, have received just under 75 per cent of all levelling up funding.

² Source: Office for National Statistics. The figures measure production in each region in relation to the resident population and in the regions starred (*) are distorted by net commuting – this boosts London's figure at the expense of the East and South East.

Fund by fund the picture is more complex:

Future High Streets Fund – mainly targets the North, Midlands and South West, and by-passes the devolved nations. This was allocated by competitive bidding.

Towns Fund – also targets the North, Midlands and South West but the East of England too picks up a reasonable share. Ministers decided on the list of towns from which to invite bids.

Levelling Up Fund – spread funding fairly evenly across the North and Midlands. Wales has done particularly well; Scotland's funding is more in line with northern England. The rest of the country (notably London) is receiving smaller per capita funding. This was allocated by competitive bidding (including round 3, which used earlier failed bids).

Community Renewal Fund – allocations to the four nations were driven by their share of former EU funding. Within each nation the Community Renewal Fund was allocated by competitive bidding.

UK Shared Prosperity Fund – Wales is by far and away the biggest winner, sufficient indeed to completely offset the zero funding from the High Streets and Towns funds. Other less prosperous regions (e.g. North East) fare reasonably well and relatively little goes to the most prosperous south eastern corner of the UK. This deliberately replicates former EU funding to the regions, which was formula-driven.

Levelling Up Partnerships – three selected authorities in each of the North West, North East, Yorkshire, and the East and West Midlands. Fewer elsewhere. An England-only initiative.

Town endowments – a selection of towns based on size and disadvantage that has favoured the Midlands, North, Scotland and Wales.

Pointers for the future

- Levelling up funding in total has been substantial. Given the persistence of regional inequalities (see the GVA data for example) there should be no retreat from this volume of expenditure, which should be regarded as a 'base line' and uprated for inflation.
- There should also be no retreat from the skew of levelling up funding to the less prosperous regions and nations of the UK. Indeed, it would probably be desirable and possible to skew the distribution a little further, bearing in mind that £2bn has gone to London and the greater south-east.

- When legacy EU funding finally drops out of the picture in 2024-25, the UK Shared Prosperity Fund ramps up to £1.5bn a year. If that level of spending is uprated for inflation and sustained over the next three-year Spending Round, the UKSPF will need to be worth £5-5.5bn.
- Of all the levelling up funds, the UKSPF is also the one that has most strongly targeted the least prosperous regions and nations of the UK. On a per capita basis Wales receives fifteen times as much, and the North East five times as much, as South East England.
- While there might be a case for merging several of the other levelling up funds, given the similarities of purpose and allocation, the UKSPF's scale and strong distribution in favour of less prosperous regions suggests that it would be best kept separate.

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Table 1: Financial allocations, 2019-2023, £m

	Future High Streets Fund	Towns Fund	Levelling Up Fund	Community Renewal Fund	UK Shared Prosperity Fund*	Levelling Up Partnerships	Town endowments	TOTAL
North West	168.7	486.2	714.5	12.1	267.8	60.0	200.0	1,909.1
Yorks & Humber	96.2	422.4	476.2	14.9	187.4	60.0	180.0	1,437.1
West Midlands	146.1	327.5	449.6	20.0	214.7	60.0	80.0	1,297.9
East Midlands	63.0	346.2	433.1	15.8	137.7	60.0	180.0	1,235.8
Wales	0	0	440.1	46.9	585.1	0	80.0	1,152.1
South West	138.4	198.6	410.7	21.9	211.8	40.0	20.0	1,041.4
North East	98.5	172.2	267.8	7.7	170.2	60.0	120.0	896.4
Scotland	0	0	471.0	18.4	212.0	0	140.0	841.4
South East	39.2	109.6	431.0	17.2	114.4	40.0	60.0	811.4
East	24.0	287.6	296.2	12.1	98.8	20.0	40.0	778.7
London	56.6	0	246.5	3.8	185.3	0	0	492.2
Northern Ireland	0	0	119.8	12.4	126.8	0	0	259.0
UK	830.6	2,350.3	4756.5	203.2	2511.7	400.0	1,100.0	12,152.3

*Includes Multiply programme

Source: Department for Levelling Up, Housing and Communities

Table 2: Financial allocations, 2019-2023, £ per head

	Future High Streets Fund	Towns Fund	Levelling Up Fund	Community Renewal Fund	UK Shared Prosperity Fund*	Levelling Up Partnerships	Town endowments	TOTAL
Wales	0	0	142	15	188	0	25	371
North East	37	64	101	3	64	23	45	339
Yorks & Humber	17	76	87	3	34	11	33	262
North West	23	66	96	2	36	8	27	257
East Midlands	13	71	89	3	28	12	37	253
West Midlands	25	55	75	3	36	10	13	218
South West	24	35	72	4	37	7	4	182
Scotland	0	0	86	3	39	0	25	154
Northern Ireland	0	0	63	7	67	0	0	136
East	4	46	47	2	16	3	6	123
South East	4	12	46	2	12	4	6	87
London	6	0	28	0.4	21	0	0	56
UK	12	35	71	3	37	6	16	181

*Includes Multiply programme

Source: Department for Levelling Up, Housing and Communities