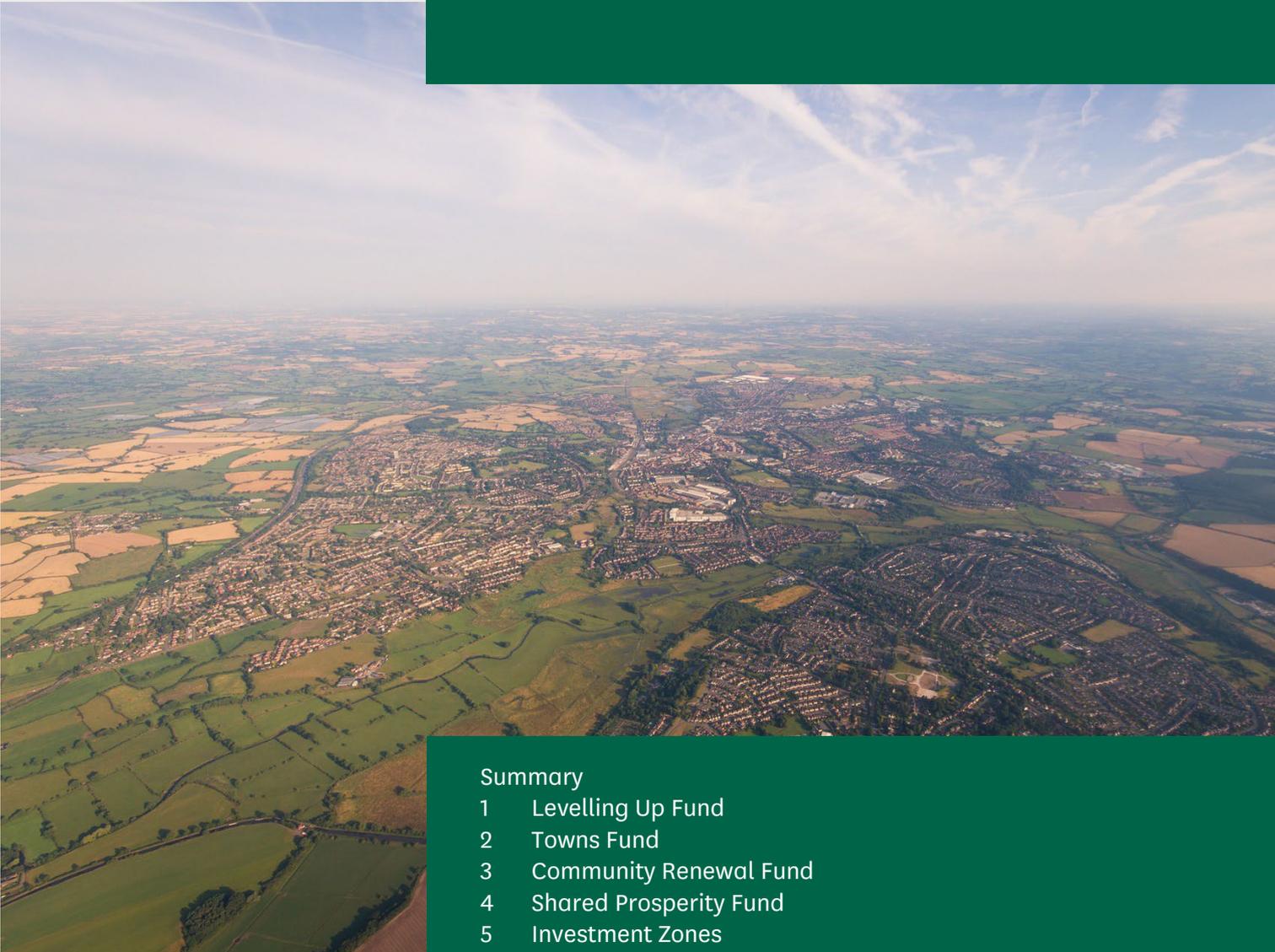


Research Briefing

23 May 2024

By Matthew Ward

Local growth funds



Summary

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- 2 Towns Fund
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Summary

This briefing is a summary of current government administered funds and initiatives designed to support local economic growth.

It includes descriptions of, and where applicable, funding awarded from the following funds and initiatives:

- The Levelling Up Fund
- The Towns Fund
- The Community Renewal Fund
- The Shared Prosperity Fund
- Investment Zones
- The Long-Term Plan for Towns

It also includes a summary of the assessment of the effectiveness of these funds published by the National Audit Office and a summary of government plans for these funds described in the Levelling Up White Paper.

For more information on the Levelling Up White Paper and the levelling up agenda in general, see the [Library briefing on the subject](#).

The Levelling Up Fund

The [Levelling Up Fund](#) was announced in the [2020 Spending Review](#) and ran for three funding rounds, awarding total funding of £4.8 billion. The Fund focused on capital investment in local infrastructure and was aimed at those areas “most in need of levelling up.”

The Towns Fund

In 2019, 101 towns in England were selected to develop “[Town Deals](#)” and bid for up to £25 million (or up to £50 million in exceptional circumstances), with funding designed to address issues such as ageing populations, limited regional economic opportunities and lack of investment.

The Community Renewal Fund

The [Community Renewal Fund](#) was designed as a pilot funding programme in preparation for the introduction of the UK Shared Prosperity Fund, which is designed to replace the EU structural funds.

The UK Shared Prosperity Fund

The [UK Shared Prosperity Fund](#) (UKSPF) is intended to reduce inequalities between communities, as part of the Government’s wider “levelling up”

agenda and designed to replace funding received from the EU Structural Funds.

Investment Zones

[Investment Zones](#) are geographically concentrated areas in which government funding and tax incentives are available for businesses. Investment Zones offer similar incentives to [Freeports](#) and [Enterprise Zones](#).

The Long-Term Plan for Towns

Under [the Long-Term Plan for Towns](#), 75 towns are scheduled to receive £20 million in the form of a “ten-year endowment style fund.” Selected towns are required to develop a ten-year Long-Term Plan for their town.

1 Levelling Up Fund

The Levelling Up Fund was announced in November 2020 as part of the [2020 Spending Review](#). This stated the Fund would be worth £4.8 billion, with £4 billion of this to be spent in England and £0.8 billion to be spent in Scotland, Wales and Northern Ireland.

The Spending Review described the purpose of the Fund as investing in

local infrastructure that has a visible impact on people and their communities and will support economic recovery... prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years.¹

The government published a [prospectus](#)² alongside the [March 2021 Budget](#)³ - this stated that the Fund would focus on capital investment in local infrastructure and would be delivered through local authorities in England, Scotland and Wales.

The prospectus stated funding will focus on those areas “most in need of levelling up”, with those areas determined by an index published alongside the prospectus ranking local authorities by on a scale of 1 to 3, with those ranked 1 considered most in need and those ranked 3 least in need.

These ranking were split evenly between all local authorities in England, Scotland and Wales – a third are ranked 1, a third ranked 2 and a third ranked 3.⁴

The ranking system is based on three criteria:

- need for economic recovery and growth;
- need for improved transport connectivity;
- need for regeneration.

In England, Category 1 places were eligible to receive targeted capacity funding, to support them in preparing high-quality bids, though all places in Scotland and Wales were eligible for this capacity funding, independent of their place in the index.

¹ HM Treasury, [Spending Review 2020](#), CP 330, November 2020, pg. 4

² HM Treasury, Ministry of Housing, Communities and Local Government, Department for Transport, [Levelling Up Fund Prospectus](#), March 2021

³ HM Treasury, [Budget 2021](#), HC 1226, March 2021

⁴ See HM Treasury, [Levelling Up Fund – list of local authorities by priority category](#)

Local authorities in Northern Ireland were not included in the index, owing to “the different local government landscape compared to England, Scotland and Wales”; capacity funding was also made available to local authorities in Northern Ireland.⁵

Local authorities were able to submit one bid for “every Parliamentary constituency within the local authority boundary, with all local authorities eligible to submit at least one bid.”

The Fund focuses on investment in projects that require up to £20 million of funding, though bids of between £20 million and £50 million were accepted for transport projects.

County councils with transport powers, combined authorities, mayoral combined authorities and the Greater London Authority were eligible to submit one transport bid; unitary authorities in England with transport powers were able to submit one bid, restricted to transport projects, in addition to 1 bid for each Parliamentary constituency within the local authority boundaries.

The first round of the Fund focused on three themes - transport projects, town centre and high street regeneration and cultural investment.

1.1

Round 1

Results of the first round of the Levelling Up Fund were published by the Department for Levelling Up, Housing and Communities on 27 October 2021.⁶ 305 bids were received, of which 105 received funding. The table below shows funding awards made by UK region and country.

⁵ HM Treasury, MHCLG, [Department for Transport, Levelling Up Fund: Prospectus](#), March 2021, pg. 5

⁶ For a full list of results, see Department for Levelling Up, Housing and Communities, [Levelling Up Fund, first round successful bidders](#), 27 October 2021

Levelling Up Fund, round 1 awards by area

	Awards	% total	Value (£m)	% total
North West	12	11%	232	14%
East Midlands	10	10%	203	12%
West Midlands	11	10%	196	12%
Yorkshire and Humber	10	10%	187	11%
Scotland	8	8%	172	10%
South East	11	10%	151	9%
South West	6	6%	131	8%
Wales	10	10%	121	7%
North East	5	5%	100	6%
East	5	5%	87	5%
London	6	6%	65	4%
Northern Ireland	11	10%	49	3%
Total	105	100%	1,693	100%

Source: [Department for Levelling Up, Housing and Communities](#).

76 awards were made to local authorities in England, worth £1.4 billion, 80% of all funding awarded. The [first round prospectus](#) stated that for the funding round, at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland. Scotland and Wales both received funding in excess of these allocations.

The table below shows awards made by priority index categories published alongside the prospectus. 62 awards were made to local authorities in priority category 1 (i.e., those considered most in need), with a total value of £1.1 billion, 67% of funding awarded.

Levelling Up Fund, round 1 awards by priority category

	Awards	% total	Value (£m)	% total
Priority category 1	62	59%	1,133	67%
Priority category 2	18	17%	271	16%
Priority category 3	8	8%	103	6%
Northern Ireland*	11	10%	49	3%
Other**	6	6%	138	8%
Total	105	100%	1,693	100%

Source: Department for Levelling Up, Housing and Communities, [Levelling Up Fund: first round successful bidders](#), 27 October 2021

* Local authorities in Northern Ireland were not included in the priority index

** 5 awards were made to county councils and 1 to a combined authority. County councils with transport powers, combined authorities and the Greater London Authority were not listed in the index, but were eligible to submit a transport bid.

1.2

Round 2

The opening of the second round of the Levelling Up Fund was announced in the [2022 Spring Statement](#).⁷

An [updated prospectus](#)⁸ was published on 22 March 2022. This stated that the second round would focus on the same three themes as the first round - transport projects, town centre and high street regeneration and cultural investment and would offer funding of up to £20 million, with the exception of transport projects, for which bids of up to £50 million would be accepted and large culture bids, for which bids of up to £50 million would be accepted.

The prospectus states large culture bids must be for “flagship projects and be in line with the Fund’s focus on highly visible interventions that boost local pride in place”, with funding available for two such bids.⁹

The prospectus placed restrictions on the number of bids local authorities could submit, based on the results of the first round, stating “successful bids a place has had in the first round will be subtracted from their allowance in the second round... Local authorities can only have one successful bid for each of their allocated number of bids over the lifecycle of the Fund.”¹⁰

[Annex F of the technical note accompanying the second round prospectus](#) lists the number of constituency-based and transport-only bids each eligible local authority in England, Scotland, and Wales was able to submit in the second round, taking into account successful bids in the first round.

An updated version of the [priority index](#)¹¹ was also published – places were able to move up to a higher priority category, or remain in their existing one, but could not move down to a lower priority category. The number of priority category one places was expanded, with 139 category 1 areas, 117 category 2 areas and 107 category 3 areas – this expansion intended to capture local areas whose levels of need increased since the Fund was launched, for example due to impacts of the COVID-19 pandemic, without “disadvantaging those areas that remain in longer-term need.”¹²

Local authorities that moved up to priority category 1 received £125,000 of capacity funding to support the preparation and submission of bids for the

⁷ HM Treasury, [Spring Statement 2022](#), CP 653, 23 March 2022

⁸ Department for Levelling Up, Housing and Communities, HM Treasury, and Department for Transport, [Levelling Up Fund Round 2: prospectus](#), 23 March 2022

⁹ Department for Levelling Up, Housing and Communities, HM Treasury, and Department for Transport, [Levelling Up Fund Round 2: prospectus](#), 23 March 2022

¹⁰ Department for Levelling Up, Housing and Communities, HM Treasury, and Department for Transport, [Levelling Up Fund Round 2: prospectus](#), 23 March 2022

¹¹ Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 2: updates to the Index of Priority Places](#), 23 March 2022

¹² Department for Levelling Up, Housing and Communities, HM Treasury, and Department for Transport, [Levelling Up Fund Round 2: prospectus](#), 23 March 2022

second round of the Fund, though places that already received this funding in the first round will not receive this funding.

Originally, the deadline for second round applications was set for 6th July 2022, though owing to problems with the online application system, it was announced on 30 June that this has been extended.¹³ In a Written Statement on 15 July 2022, the Secretary of State for Levelling Up, Housing and Communities confirmed the new deadline for applications would be midday on 2 August 2022.¹⁴

The [2022 Autumn Statement](#) said £1.7 billion of funding would be allocated and successful bids would be announced “before the end of the year.”¹⁵

In December 2022, it was reported that results would not be announced until the end of January 2023.¹⁶

Round 2 results

Results of the second round of the Levelling Up Fund were published by the Department for Levelling Up, Housing and Communities on 19 January 2023.¹⁷

529 applications were submitted, with a combined value of £8.8 billion. 111 bids were received funding, with a combined value of £2.1 billion.

The two largest successful bids were worth £50 million each, while a further two bids worth just under £50 million also received funding. Three of these awards were for transport projects and were made to Cardiff Council, Cornwall Council and Lancashire County Council.

One large culture bid received funding, with £50 million awarded to Lancaster City Council for the [Eden Project North](#).

The table below shows funding awards made by region and country.

¹³ Peter Foster and Jennifer Williams, [Deadline for applications to UK’s flagship levelling-up fund postponed: Month after submission portal was meant to open, local authorities still unable to submit bids for cash](#), Financial Times, 29 June 2022

¹⁴ [Statement UIN HCWS207, Levelling Up Fund Update](#), 15 July 2022

¹⁵ HM Treasury, [Autumn Statement 2022](#), CP 751, November 2022, pg. 33

¹⁶ Jennifer Williams, [Second phase of £4.8bn UK levelling-up fund delayed again](#), Financial Times, 20 December 2022

¹⁷ For a full list of results, see Department for Levelling Up, Housing and Communities, [Landmark Levelling Up Fund to spark transformational change across the UK](#), 18 January 2023

Levelling Up Fund, round 2 awards by area

	Awards	% total	Value (£m)	% total
North West	15	14%	354	17%
South East	10	9%	210	10%
Wales	11	10%	208	10%
South West	9	8%	187	9%
Scotland	10	9%	177	8%
East Midlands	11	10%	177	8%
East	7	6%	166	8%
West Midlands	8	7%	156	7%
London	8	7%	151	7%
Yorkshire and Humber	6	5%	121	6%
North East	6	5%	109	5%
Northern Ireland	10	9%	71	3%
Total	111	100%	2,086	100%

Source: Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 2: successful bidders](#), 18 January 2023

As with the first round, the majority of funding was made to local authorities in England – 80 awards, with a value of £1.6 billion were made to English local authorities, 78% of funding awarded in this round. The North West of England received most funding, with 15 bids worth £354 million, 17% of total funding awarded.

As with the first round, the [second round prospectus](#) stated at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland, subject to “to a suitable number of high-quality bids coming forward.”¹⁸ Northern Ireland and Wales both received in excess of these allocations.

The table below shows awards made by priority index categories published alongside the prospectus. 59 awards were made to local authorities in priority category 1, with a total value of £1.1 billion, 52% of funding awarded.

¹⁸ Department for Housing, Communities and Levelling Up, [Levelling Up Fund Round 2: prospectus](#), 15 July 2022

Levelling Up Fund, round 2 awards by priority category

	Awards	% total	Value (£m)	% total
Priority category 1	59	53%	1,086	52%
Priority category 2	27	24%	502	24%
Priority category 3	4	4%	85	4%
Northern Ireland*	10	9%	71	3%
Other**	11	10%	342	16%
Total	111	100%	2,086	100%

Source: Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 2: successful bidders](#), 18 January 2023

* Local authorities in Northern Ireland were not included in the priority index

** 6 awards were made to county councils, 4 to combined authorities and 1 to the Greater London Authority. County councils, Combined Authorities and the GLA were not listed in the index, but were eligible to submit one transport bid.

Budget 2023

The 2023 Spring Budget announced funding for 19 further projects that had applied to the second round of the Levelling Up Fund.

3 projects with a combined value of £57.7 million were awarded funding – these were drawn from a list of five “high-quality bids” that had “narrowly” missed out on funding as ministers “agreed to de-select a handful of lowest-scoring bids” from areas that had “significantly exceeded their guided allocation.”¹⁹

£211 million in funding was also announced for 16 “regeneration projects” – these projects were drawn from bids from English local authorities that had submitted bids on the regeneration and town centre theme.

These 16 awards were funded from “unallocated departmental funding for use on levelling up” that “must start to be delivered in 2023/24.” These 16 awards were limited to local authorities in England, as this underspend funding was from the Department for Levelling Up, Housing and Communities budget rather than the cross-departmental Levelling Up Fund budget.²⁰

The [2023 Spring Budget](#) also announced that the third round of the Levelling Up Fund would take place in 2023, with £1 billion of funding available.²¹

¹⁹ Department for Levelling Up, Housing and Communities, [Capital levelling up bids: accounting officer assessment](#), 22 March 2023

²⁰ Department for Levelling Up, Housing and Communities, [Capital regeneration projects: accounting officer assessment](#), 22 March 2023

²¹ HM Treasury, [Spring Budget 2023](#), HC 1183, 15 March 2023, pg. 71

1.3

Round 3

On 20 November 2023, the results of the third round of the Levelling Up Fund were announced. Unlike the first two rounds, a competitive funding round was not held. Instead, funding was awarded to “high quality bids” that were submitted in the second funding round that did not receive funding at the 2023 Spring Budget.²²

This approach was set out in the [Funding Simplification Plan](#), published in July 2023, following recommendations in the Levelling Up White Paper to simplify the funding landscape and “use of allocative approaches where they can best achieve specific outcomes while minimising demands on local authorities.”²³

Further details on the selection criteria used for third round allocations have been [published by the Department for Levelling Up, Housing and Communities](#).²⁴

In total, 55 projects were allocated £975 million in funding. A further £100 million has been set aside for culture projects, though these projects have yet to be selected (as of December 2023).

Levelling Up Fund, round 3 awards by area				
	Awards	% total	Value (£m)	% total
Yorkshire and Humber	8	15%	169	17%
North West	8	15%	128	13%
Scotland	6	11%	122	13%
West Midlands	6	11%	118	12%
Wales	7	13%	111	11%
South West	5	9%	91	9%
South East	4	7%	70	7%
North East	3	5%	59	6%
East Midlands	4	7%	53	5%
London	2	4%	30	3%
East	2	4%	24	2%
Northern Ireland	0	0%	0	0%
Total	55	100%	975	100%

Source: Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 3: explanatory and methodology note on the decision-making process: Technical Annex 5: List of Successful Projects](#), 20 November 2023

²² For a full list of funding awards, see Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 3: explanatory and methodology note on the decision-making process](#), 20 November 2023

²³ Department for Levelling Up, Housing and Communities, [Simplifying the funding landscape for local authorities](#), 4 July 2023

²⁴ Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 3: explanatory and methodology note on the decision-making process](#), 20 November 2023

As with the first and second rounds, the majority of funding was made to local authorities in England – 42 awards, with a value of £742 million were made to English local authorities, 76% of funding awarded in this round. Yorkshire and the Humber was the most successful region, with 15 awards worth £169 million, 17% of funding awarded in this round.

Local authorities in Scotland received 13% of funding awarded, while local authorities in Wales were allocated 11%. This was both Scotland and Wales’s largest shares of allocated funding across all three rounds.

Local authorities in Northern Ireland did not receive any funding from the third round, with the Department for Levelling Up, Housing and Communities stating “given the current absence of a working Executive and Assembly, the Government is not proceeding with this round of the Levelling Up Fund at this time.”²⁵ In response to oral questions on the lack of funding to local authorities in Northern Ireland, Jacob Young, Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities stated the government has “set aside what Northern Ireland’s allocation would have been in this round” for “levelling up in Northern Ireland.”²⁶ The government have indicated that £30 million “has been reserved for Northern Ireland” from the third round of the Levelling Up Fund.²⁷

The table below shows funding awarded in round 3 by priority index category – these are the priority index categories assigned to local authorities in the Index of Priority Places used for the second round of the Levelling Up Fund.

The majority of awards were made to local authorities placed in priority category 1 – 78% of funding awarded, with a value of £757 million was made local authorities placed in priority category 1.

Levelling Up Fund, round 3 awards by priority category				
	Awards	% total	Value (£m)	% total
Priority category 1	41	75%	757	78%
Priority category 2	10	18%	165	17%
Priority category 3	4	7%	53	5%
Total	55	100%	975	100%

Source: Department for Levelling Up, Housing and Communities, [Levelling Up Fund Round 3: explanatory and methodology note on the decision-making process: Technical Annex 5: List of Successful Projects](#), 20 November 2023

²⁵ Department for Housing, Communities and Levelling Up, [Levelling Up Fund Round 3: explanatory and methodology note on the decision-making process](#), 20 November 2023

²⁶ [Levelling Up](#), HC Deb 20 November 2023, c 33-38

²⁷ [UIN HL462](#), Question for Department for Levelling Up, Housing and Communities, answered 4 December 2023

1.4

Results, rounds 1-3

Looking at all three rounds combined, 274 awards have been made, with a total value of £4.8 billion. A total of 830 applications were submitted in rounds 1 and 2.

78% of funding was awarded to local authorities in England. Overall, the North West received most funding, with funding of £772 million, 16% of all funding awards.

These figures include the three awards made following the 2023 Spring Budget. These were all made to local authorities in the North West and had a combined value of £58 million.

Scotland, Wales and Northern Ireland combined received 21% of all funding awarded, with a total value of £1.0 billion, in excess of the £0.8 billion pledged to Scotland Wales and Northern Ireland in the 2020 Autumn Statement.²⁸

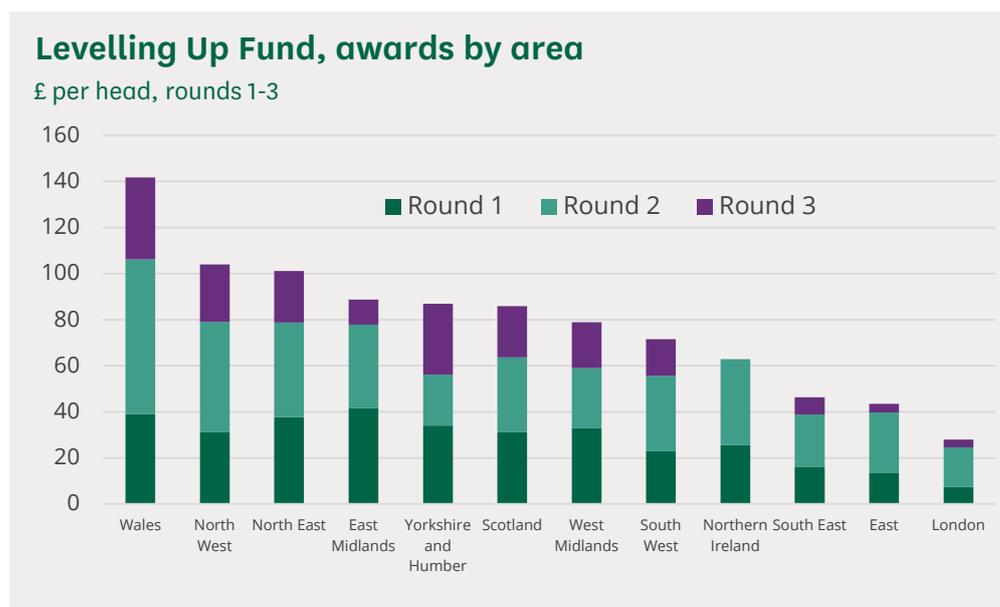
Levelling Up Fund, all funding awards by area				
	Awards	% total	Value (£m)	% total
North West	38	14%	772	16%
Yorkshire and Humber	24	9%	476	10%
Scotland	24	9%	471	10%
West Midlands	25	9%	470	10%
Wales	28	10%	440	9%
East Midlands	25	9%	433	9%
South East	25	9%	431	9%
South West	20	7%	409	8%
East	14	5%	276	6%
North East	14	5%	268	6%
London	16	6%	247	5%
Northern Ireland	21	8%	120	2%
Total	274	100%	4,812	100%

Source: Department for Levelling Up, Housing and Communities, [round 1 results](#), [round 2 results](#) and [round 3 results](#).

Looking at funding awards per head, Wales was the most successful part of the UK, with funding of £142 per head across all three rounds. Despite receiving the most funding overall, the North West received £104 per head.

As below, London received the lowest level of funding per head in all three rounds, at £7 per head in the first round, £17 per head in the second round and £3 per head in the third.

²⁸ HM Treasury, [Spending Review 2020](#), CP 330, 25 November 2020, pg. 4



Source: Department for Levelling Up, Housing and Communities, [round 1 results](#), [round 2 results](#) and [round 3 results](#).

Across all three rounds, 164 of 216 awards were made to priority 1 areas. These awards had a combined value of £3.0 billion, 63% of all funding awarded. The North West had the highest number of successful category 1 awards, with 27, while London had the lowest, with 5.

Levelling Up Fund, all awards by priority category

	Awards	% total	Value (£m)	% total
Priority category 1	164	60%	3,014	63%
Priority category 2	55	20%	939	20%
Priority category 3	17	6%	260	5%
Northern Ireland*	21	8%	120	2%
Other**	17	6%	479	10%
Total	274	100%	4,812	100%

Source: Department for Levelling Up, Housing and Communities, [round 1 results](#), [round 2 results](#) and [round 3 results](#).

* Local authorities in Northern Ireland were not included in the priority index

** This counts awards made to county councils, combined authorities and the Greater London Authority. These were not included in the priority index, but were eligible to submit transport bids

2

Towns Fund

In a speech in July 2019, the then Prime Minister Boris Johnson announced a “£3.6 billion Towns Fund.”²⁹

This is composed of three separate stands:

- The Towns Fund – 101 of 541 eligible towns in England were selected to develop “Town Deals” and bid for up to £25 million (or up to £50 million in exceptional circumstances) following a bidding process, with funding designed to address issues such as “ageing populations, limited regional economic opportunities and lack of investment.”
- A further bidding round for towns not selected as one the initial 101 towns invited to develop Town Deals.
- The Future High Streets Fund – funding is distributed to towns in England, allocated following a bidding process, with the aim of renewing town centres and high streets.

In September 2019, the government announced a list 100 towns in England (later expanded to 101) that been invited to develop Town Deals.³⁰ Awards by region are shown in the table below; a full list of awards is published on the [Department for Levelling Up, Housing and Communities website](#).³¹

Towns Fund awards by region				
	Awards	% total	£ millions	% total
North West	20	20%	486	21%
Yorkshire and Humber	18	18%	422	18%
East Midlands	14	14%	346	15%
West Midlands	15	15%	328	14%
East of England	12	12%	288	12%
South West	9	9%	199	8%
North East	7	7%	172	7%
South East	5	5%	110	5%
UK	100*	100%	2,350	100%

²⁹ Prime Minister's Office, 10 Downing Street and The Rt Hon Boris Johnson, [PM speech at Manchester Science and Industry Museum](#), 27 July 2019

³⁰ For a full list see Ministry of Housing, Communities and Local Government, [100 places to benefit from new Towns Fund](#), 6 September 2019

³¹ Department for Levelling Up, Housing and Communities, [Town Deals: full list of 101 offers](#), 15 July 2021

Source: Department for Levelling Up, Housing and Communities, [Town Deals: full list of 101 offers](#), 15 July 2021

* 101 towns were invited to develop town deals, though one award was made jointly to two different towns

2.1

Eligibility and Selection Process

The process for selecting towns that were eligible to apply for the Towns Fund and the criteria used to select the 101 towns invited to develop Towns Deals are described in the National Audit Office report [Review of the Town Deals selection process](#) published in July 2020.³²

541 towns across England were designated by the then Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities) as being potentially eligible for Town Deals – these were the 541 towns of the 1,082 towns in England (as designated by the Office for National Statistics) with an income deprivation above the median value (i.e., the more deprived half of towns based on income deprivation).³³

These 541 towns were scored and ranked based on a formula that combined scores against seven criteria to reflect local need and growth potential.

These were:

- Income deprivation
- Skills deprivation
- Productivity
- EU Exit exposure
- Exposure to economic shocks
- Investment opportunity and
- Alignment to wider government intervention.³⁴

Towns were then categorised as being high, low or medium priority – 40 of 541 towns were classed a high priority, 340 as medium priority and 181 as low priority. Regional allocation formulae were also applied, with the aim of focusing on regions in greater need, using data on productivity, income, skills, deprivation and rural/urban classification (rural areas were assumed to have greater need).³⁵

All 40 high priority towns were invited to bid for Town Deals, as were 49 medium priority towns and 12 low priority towns - the regional distribution

³² NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020

³³ NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020, pg. 7

³⁴ NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020, pg. 8

³⁵ NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020, pg. 9

and priority status of towns invited to bid for Town Deals is shown in the table below.

Successful Town Deals by region				
	Priority category			Total
	High	Medium	Low	
North West	8	9	3	20
East Midlands	6	12	1	19
Yorkshire and Humber	8	4	4	16
West Midlands	7	7	1	15
South West	2	5	2	9
South East	2	5	1	8
North East	4	3	0	7
East of England	3	4	0	7
Total	40	49	12	101

Source: NAO, [Review of the Town Deals selection process](#), HC 576, July 21 2020

2.2

Commentary

Aspects of the selection process were criticised in the Public Accounts Select Committee report [Selecting towns for the Towns Fund](#), published in November 2020.

The Committee concluded that the selection process was “not impartial” as, while officials ranked towns against a set of criteria, the selection process gave Ministers “discretion to choose which individual towns would be eligible to bid” and that pre-selecting towns in this way “benefited towns that lacked the capacity and experience to put together competitive bids and would be disadvantaged by an open bidding process.”³⁶

Additionally, the report found the rationales given for the selection of towns from the medium priority group were “scant and appear based on sweeping assumptions” and in some cases “towns were chosen by ministers despite being identified by officials as the very lowest priority (for example, one town selected ranked 535th out of 541 towns)”.

The report also expresses concern that selected towns “may not have the capacity to deliver their plans and spend the money well” and that it remains

³⁶ House of Commons Public Accounts Committee, [Selecting towns for the Towns Fund](#), HC 651, November 2020, pg. 8

“unclear what impact the Department is expecting from the Towns Fund” and how success of the Fund will be measured.³⁷

The [Towns Fund Prospectus](#), published in November 2019, indicated that another round would be held to allow further towns to “have the opportunity to agree a Town Deal.”³⁸

In June 2023, it was announced that there would not be a second round of the Towns Fund and that remaining funds would be transferred to the Levelling Up Fund.³⁹

³⁷ House of Commons Public Accounts Committee, [Selecting towns for the Towns Fund](#), HC 651, November 2020, pg. 9

³⁸ MHCLG, [Towns Fund Prospectus](#), November 2019, pg. 17

³⁹ Sky News, [Rishi Sunak scraps second round of Boris Johnson's flagship towns fund](#), 14 June 2023

3 Community Renewal Fund

In March 2021, the government announced the Community Renewal Fund would be created. The Fund had one bidding round, which was open for applications between March and June 2021.

The purpose of the Fund was described in the government's prospectus as to "support our communities to pilot programmes and new approaches ahead" in preparation for the introduction of the UK Shared Prosperity Fund, which is designed to replace the EU structural funds.⁴⁰ The prospectus listed four "investment priorities" for the assessment of bids:

- Investment in skills
- Investment for local business
- Investment in communities and place
- Supporting people into employment

100 "priority places" were identified based on "an index of economic resilience." The index measured productivity, household income, unemployment, skills and population density. Details on how priority places were identified is available in a methodology note.⁴¹

Bids from these 100 places were prioritised, with the lead local authority of each of these areas receiving capacity funding to help with bid co-ordination and appraisal – this was worth £20,000 per priority place.

Bids were submitted through local authorities, who were asked to invite bids from local organisations, including local district councils, voluntary and community sector organisations and local education providers including universities. Local authorities would appraise these project submissions and produce a shortlist of projects, up to a maximum of £3 million per place, which were then submitted to the UK government for appraisal.⁴²

The deadline for submission of bids was 18 June 2021; a list of funding awards was published by the Department for Levelling Up, Communities and Housing on 3 November 2021.

⁴⁰ Department for Levelling Up, Housing and Communities, [UK Community Renewal Fund: prospectus 2021-22](#)

⁴¹ See Department for Levelling Up, Housing and Communities, [UK Community Renewal Fund: prioritisation of places methodology note](#), May 2021

⁴² Department for Levelling Up, Housing and Communities, [UK Community Renewal Fund: prospectus 2021-22](#)

The table below shows a list of funding awards by region and country. 477 out of 1,076 bids were successful.

Community Renewal Fund awards by region and country				
	Awards	% total	£ millions	% total
Wales	165	35%	47	23%
Scotland	56	12%	18	9%
South West	37	8%	22	11%
East	37	8%	19	9%
East Midlands	34	7%	19	9%
Northern Ireland	31	6%	12	6%
North West	28	6%	12	6%
South East	25	5%	14	7%
West Midlands	25	5%	16	8%
Yorkshire and Humber	19	4%	12	6%
North East	14	3%	8	4%
London	6	1%	4	2%
UK	477	100%	203	100%

Source: Department for Levelling Up, Housing and Communities, [UK Community Renewal Fund: successful and unsuccessful bids](#), 3 November 2021

While the prospectus stated funding awarded would have to be spent in the 2021/22 financial year, the deadline for spending funding was later extended to 30 June 2022, owing to the assessment process falling behind schedule, as a greater than anticipated number of applications were received, and funds awards being announced three months later than initially planned.⁴³

⁴³ National Audit Office, [Supporting Local Economic Growth, report by the Comptroller and Auditor General](#), HC 957, 2 February 2022, pg. 38

4

Shared Prosperity Fund

The UK Shared Prosperity Fund (UKSPF) is intended to reduce inequalities between communities, as part of the Government's wider "levelling up" agenda and designed to replace funding received from the EU Structural Funds. Pre-Launch Guidance for the Fund was published alongside the government's [Levelling Up White Paper](#) on 2 February 2022.⁴⁴

The UKSPF was launched in April 2022 and is worth £2.6 billion over the period April 2022 to March 2025.

The UK Government has listed three investment priorities for the UKSPF:

- **Communities and place:** this is mostly aimed at improving community infrastructure and investing in neighbourhoods, for example by improving town centres and reducing crime;
- **Local businesses:** improving both the numbers of jobs and the productivity of existing businesses, for example by providing investment in small businesses, creating opportunities for networking and collaboration, or helping to upgrade to energy-efficient technologies;
- **People and skills,** the largest part of which is the Multiply programme to promote adult numeracy. Other aspects could include employment support programmes, adult learning, or other skills provision

Of the UKSPF's £2.6 billion:

- £2.06 billion will be awarded to local places for delivery of the 'core' functions of the UKSPF
- £430 million is for the delivery of the UK-wide Multiply programme, designed to improve adult numeracy
- In addition, £129 million of the UKSPF will be centrally retained for UK-wide Multiply activity.⁴⁵

⁴⁴ For a summary see Commons Library research briefing, [Levelling up: What are the Government's proposals?](#)

⁴⁵ Department for Levelling Up, Housing & Communities, [UK Shared Prosperity Fund allocations: methodology note](#), 10 May 2022

4.1

UKSPF allocations

The table below shows UKSPF allocations by element and – these figures do not include the centrally retained portion of the Multiply programme.⁴⁶

Funding allocations were conditional on local authorities producing an investment plan setting out how they intend to use and deliver the funding – these were submitted for government approval between June and August 2022.

UKSPF allocations by element and area			
£ millions, 2022/23 - 2024/25			
	Core UKSP	Multiply	Total
England	1,296	270	1,566
Scotland	175	37	212
Wales	484	101	585
Northern Ireland	105	22	127
Total	2,060	430	2,490

Source: Department for Levelling Up, Housing and Communities, [UKSPF allocations](#), 1 August 2022

In England, Mayoral Combined Authorities (MCAs), the Greater London Authority (GLA) and unitary councils will receive an allocation of both core UKSPF funding and Multiply. In two tier areas of England, lower tier authorities (districts and boroughs) will receive an allocation of core UKSPF funding only, while upper tier authorities (county councils) will receive an allocation of Multiply funding only.

In Scotland and Wales, funding will be allocated to geographies covered by existing Regional Economic Partnership, City Deal and Growth Deal areas.

Owing to differences in the role of local authorities in Northern Ireland, funding will not be allocated below the Northern Ireland level.⁴⁷

A full list of funding by local authority is [available from the Department for Levelling Up, Housing and Communities](#).⁴⁸

For more information, see the Library briefing [The UK Shared Prosperity Fund](#).

⁴⁶ Department for Education, [Multiply: funding available to improve adult numeracy skills](#), 13 April 2022

⁴⁷ Department for Levelling Up, Housing and Communities, [UKSPF allocations](#), 15 June 2022

⁴⁸ Department for Levelling Up, Housing and Communities, [UKSPF allocations](#), 15 June 2022

5 Investment Zones

Investment Zones are geographically concentrated areas in which government funding and tax incentives are available for businesses.

Investment Zones offer similar incentives to [Freeports](#) and [Enterprise Zones](#).

5.1 Background

Investment Zones were first announced by the then Chancellor Kwasi Kwarteng in his [September 2022 “mini-budget”](#)⁴⁹ and in the accompanying [Growth Plan](#).⁵⁰ This stated that the government was in “early discussions” with 38 local authorities who had “already expressed an initial interest in having a clearly designated, specific site within their locality.”⁵¹

Revised plans for Investment Zones were announced following Kwarteng’s dismissal and the appointment of Jeremy Hunt as Chancellor in October 2022.

In October 2022, Mr Hunt’s [Autumn Statement](#) stated the government would “refocus the Investment Zones programme” on a “limited number of high potential clusters” and that existing expressions of interest would not be taken forward.⁵²

5.2 Locations and incentives

In March 2023, the [2023 Spring Budget](#) announced that there would be 12 Investment Zones: eight in England and four in total in Scotland, Wales and Northern Ireland.

The [Investment Zones prospectus](#), published in March 2023 stated that eight shortlisted areas in England would be invited to “co-develop an Investment Zones proposal” with the government. Each area would develop one proposal, with up to three tax sites and a maximum area of up to 600 hectares.⁵³

⁴⁹ HM Treasury and The Rt Hon Kwasi Kwarteng MP, [The Growth Plan 2022 speech](#), 23 September 2022

⁵⁰ HM Treasury, [The Growth Plan 2022](#), CP 743, September 2022

⁵¹ Department for Business, Energy & Industrial Strategy, [BEIS in the Growth Plan](#), 27 April 2022

⁵² HM Treasury, [Autumn Statement 2022](#), 17 November 2022, CP 751, pg. 34

⁵³ HM Treasury, Department for Housing, Levelling Up and Communities, [Investment Zones policy prospectus](#), 15 March 2023

These eight areas are:

- The proposed East Midlands Mayoral Combined County Authority
- Greater Manchester Mayoral Combined Authority
- Liverpool City Region Mayoral Combined Authority
- the proposed North East Mayoral Combined Authority
- South Yorkshire Mayoral Combined Authority
- Tees Valley Mayoral Combined Authority
- West Midlands Mayoral Combined Authority
- West Yorkshire Mayoral Combined Authority.

On 30 June 2023, it was confirmed that there will be two Investment Zones in Scotland – Glasgow City Region and North East of Scotland.⁵⁴

In November 2023, the [2023 Autumn Statement](#) announced the location of three further Investment Zones in England and announced two further Investment Zones in Wales, stating “the government has now confirmed details of 6 of 13 Investment Zones in the UK” and “will work with local partners with the aim of confirming details of all Investment Zones by summer 2024.”⁵⁵

The Autumn Statement also extended the level of funding and relief tax relief available to £160 million over a period of 10 years to “provide greater certainty to investors” – previously each zone was set to receive £80 million worth of support over a five-year period.⁵⁶

Tax incentives available to Investment Zones include:

- Full stamp duty land tax relief for commercial property
- Full business rates relief for newly occupied and some other business premises
- Enhanced capital allowances offering a full deduction for certain qualifying expenditure on plant and machinery
- Enhanced structures and buildings allowance
- Relief against the cost of Employer’s National Insurance contributions for new employees.

Spending must be split 40:60 between resource spending and capital spending.⁵⁷

Tax incentives can cover areas of up to 600 hectares across up to three sites.

⁵⁴ Department for Levelling Up, Housing and Communities, [New UK investment zones announced to grow the economy in Scotland](#), 30 June 2023

⁵⁵ HM Treasury, [Autumn Statement 2023](#), CP 977, November 2023,

⁵⁶ HM Treasury, [Autumn Statement 2023](#), 22 November 2023, CP 977 pg. 75

⁵⁷ See HM Treasury, [How to understand public sector spending](#), for details on the difference between resource and capital spending

5.3 Outside Great Britain

The 2024 Spring Budget confirmed an Investment Zone would be established in Northern Ireland with £150 million in funding, “able to be used flexibly across spending and tax levers,” following the restoration of devolved government in Northern Ireland in February 2024.⁵⁸

5.4 Differences between original Investment Zones

[Original proposals for Investment Zones](#) announced by the then Chancellor Kwasi Kwateng in September 2022 stated Investment Zones would be able to avail of simplified planning regulations, “the need for planning applications will be minimised and where planning applications remain necessary, they will be radically streamlined.”⁵⁹

Environmental and wildlife organisations raised concerns that looser planning regulations could lead to development of Investment Zones in environmentally sensitive areas, including national parks.⁶⁰

The current prospectus states Investment Zones will operate “within current regulatory frameworks and be expected to maintain high environmental standards.”⁶¹

⁵⁸ HM Treasury, [Spring Budget 2024](#), HC 560, 6 March 2024, pg. 62

⁵⁹ HM Treasury, [Autumn Statement 2022](#), 17 November 2022, CP 751, pg. 34

⁶⁰ BBC, [Investment zones an attack on nature](#), say wildlife groups, 28 September 2022

⁶¹ HM Treasury, Department for Levelling Up, Housing and Communities, [Investment Zones Policy Offer](#), 15 March 2023, pg. 8

6 Long Term Plan for Towns

In October 2023, the government announced the Long-Term Plan for Towns, selecting 55 towns to receive £20 million in the form of a “ten-year endowment style fund.” 20 additional towns were added in the 2024 Spring Budget, including two towns in Northern Ireland – no towns in Northern Ireland were included in the original list, owing to the then lack of devolved government.⁶²

Selected towns are required to develop a ten-year “Long Term Plan for their town” to set out “the town’s vision and priorities for investment and regeneration, aligned to themes of safety and security, high streets, heritage and regeneration, and transport and connectivity.” Towns are also required to establish a Town Board, composed of community leaders, employers, local authorities, and local MPs to “develop a shared vision for their town and oversee the funding together.”⁶³

The table below shows selected towns by region and country. 75 towns have been selected, 65 of which (87%) are in England.

Long-Term Plan for towns, selected towns		
	Number	% total
North West	13	17%
East Midlands	10	13%
Scotland	10	13%
Yorkshire and Humber	9	12%
North East	7	9%
East of England	7	9%
West Midlands	6	8%
Wales	5	7%
South East	5	7%
Northern Ireland	2	3%
South West	1	1%
Total	75	100%

Source: Department for Levelling Up, Housing and Communities, [Our Long-Term Plan for Towns](#), October 2023; HM Treasury, [Spring Budget 2024](#)

⁶² Department for Levelling Up, Housing and Communities, [Our Long-Term Plan for Towns](#), October 2023, pg. 14

⁶³ Department for Levelling Up, Housing and Communities, [Our Long-Term Plan for Towns](#), October 2023, pg. 14

7

Assessments

7.1 National Audit Office, February 2022

In February 2022, the National Audit Office published the report [Supporting Local Economic Growth](#), examining how effective local growth policies and funds have been in supporting the regeneration of towns and communities. This is done through an assessment of the Levelling Up Fund, the Towns Fund, the Community Renewal Fund, as well as the [Freeports programme](#).

The report found that the Department for Levelling Up, Housing and Communities, which assessed the bids of the three funds studied has “a poor understanding of what has worked well in its previous local growth programmes” as it has not “systematically assessed whether individual policies have had their intended impact” and as a result cannot say which have been most effective.”⁶⁴

The report also addressed the competitive element to these funds, stating while this is “in line with government guidance on grants and could help to protect some aspects of value for money”, the existence of “multiple funding pots and overlapping timescales” can “create uncertainty for local leaders” and local authorities wishing to make “broad-based investments across skills, infrastructure, business and innovation must submit winning bids across several funds or find alternative sources of funding.”⁶⁵

In November 2023, the National Audit Office published the report [Levelling up funding to local government](#), assessing the Towns Fund, the Levelling Up Fund, and the UK Shared Prosperity Fund and whether they are “likely to deliver value for money.”⁶⁶

The report found that while these three funds have “overlapping objectives” they were “designed and announced at different times” and as a result “local authorities could not align their plans to secure most value” as they “did not

⁶⁴ National Audit Office, [Supporting Local Economic Growth, report by the Comptroller and Auditor General](#), HC 957, 2 February 2022, pg. 8

⁶⁵ National Audit Office, [Supporting Local Economic Growth, report by the Comptroller and Auditor General](#), pg. 10

⁶⁶ National Audit Office, [Levelling up funding to local government](#), HC 191, 17 November 2023

know what funding they may receive from each fund, preventing effective planning.”⁶⁷

The report also found that delivery of projects in all three funds is behind schedule, attributed to “pressure on public finances” as a result of the COVID-19 pandemic, as well as increased energy costs, the cost-of-living crisis and interest rate rises. The report states that Department for Levelling Up, Housing and Communities’ processes were also the cause of some delays, in particular “complex processes involved in securing approval from DLUHC to make changes to projects once they had started”, though the Department was now “taking action to address these problems and further support local delivery.”⁶⁸

The report also found that the Department for Levelling Up, Housing and Communities has “made significant improvements” in fund evaluation following the [NAO’s February 2022 report](#) (covered above) and recommends that the Department works with the Treasury “to ensure that funds for impact evaluation are secured beyond the current spending cycle” and to “explore whether funding deadlines for the current funds can be extended to protect value for money.”⁶⁹

7.2

Levelling Up White Paper, February 2022

The Levelling Up White Paper, published in February 2022, also addressed problems associated with these funds and the bidding processes.

The White Paper states the competitive nature of local growth funds has meant bidding processes require local authorities to “to commit considerable resources for work that may not result in any funding” and short bidding timescales has resulted in challenges in local authorities securing match funding, as well as extra costs associated with the need to commission consultants. These challenges and costs have also meant some local authorities have chosen not to bid for certain funds.⁷⁰

To address these problems, the White Paper states the Government “will set out a plan for streamlining the funding landscape this year” and this plan will include “a commitment to help local stakeholders navigate funding opportunities”, based on four principles:

- Reducing the unnecessary proliferation of individual funding pots with varied delivery approaches
- Streamlining bidding, and supporting greater alignment between revenue and capital sources

⁶⁷ National Audit Office, [Levelling up funding to local government](#), HC 191, 17 November 2023, pg. 7

⁶⁸ National Audit Office, [Levelling up funding to local government](#), pg. 8 and 10

⁶⁹ National Audit Office, [Levelling up funding to local government](#), pg. 13 and 14

⁷⁰ HM Government, [Levelling Up the United Kingdom](#), CP 604, 2 February 2022, pg. 128

- Ensuring places have robust ongoing monitoring and evaluation plans for the impact and delivery of investments and spending; and
- Tailoring investment and delivery to the local institutional landscape of each nation of the UK.⁷¹

This was published as [Simplifying the funding landscape for local authorities](#) in July 2022, with the recommended approach used to allocate funding for the third round of the Levelling Up Fund (see section 1.3).

7.3 Public Accounts Committee, June 2022

In June 2022, the House of Commons Committee of Public Accounts published the report [Local Economic Growth](#), examining how effective government interventions to address regional economic disparities have been and whether funding schemes have been effectively monitored and evaluated.

The report concludes that the Government “still does not have a strong understanding of what works” and that local authorities “have faced a confusion of different funding pots and have had to respond piecemeal to each new announcement over the years.”

In response, the Department for Levelling Up, Housing and Communities said it “recognised the burden that multiple funding pots had on local authorities” and was seeking to consolidate local growth funding, moving towards two significant funds - the UK Shared Prosperity Fund awarded by formula and the Levelling Up Fund, awarded through competition.⁷²

7.4 Levelling Up, Housing and Communities Committee, May 2023

In May 2023, the House of Commons Levelling Up, Housing and Communities Committee published the report [Funding for Levelling Up](#), examining funding for the implementation of the Levelling Up policy outlined in [the Levelling Up White Paper](#).

The report states that the Committee heard evidence that a system of competitive bidding, like the one used for the Levelling Up Fund, is “resource intensive and costly” and can “lead to a cycle of rewarding areas that have

⁷¹ HM Government, [Levelling Up the United Kingdom](#), pg. 128

⁷² House of Commons Committee of Public Accounts, [Local Economic Growth](#), HC 252, 8 June 2022, pg. 9

received funding before” and as a result the “strongest bids do not necessarily come from areas that are most in need of additional support.”⁷³

The report recommends the Department for Levelling Up, Housing and Communities “reduce the number of competitive funding pots” and make application processes more accessible to “avoid unnecessary waste of both local and central Government resources.”⁷⁴

On the UK Shared Prosperity Fund, the report states the Committee heard evidence from the Scottish and Welsh governments, English local authorities and officials from Northern Ireland that the UKSPF “was not a sufficient replacement for previous European funding.” The UKSPF was also criticised by some witnesses who pointed out that funding was allocated over three years rather than EU funding, which was allocated over seven. This caused difficulties for organisations “who require a longer term in which to achieve the interventions for which they are seeking funding.”⁷⁵ The report recommended the Government “find a way to provide certainty of funding for a period of time which is more than the three years under the UKSPF.”⁷⁶

The report goes on to say that:

...it can be argued that levelling up is unlikely to be successful in achieving the objectives it seeks to address” as challenges it seeks to resolve “are complex and cannot be remedied by one-off short-term initiatives”, concluding that solving the problems levelling up seeks to address “requires a long-term and substantive strategy and funding approach, things this policy currently lacks.”⁷⁷

The Department’s response, published in August 2023, refers to the [Department for Levelling Up, Housing and Communities’ funding simplification plan](#), published in July 2023, which commits to the “launching a Funding Simplification Doctrine” in 2024. The response states this will “require any department developing a local authority fund to assess what type of distribution methodology will be most suitable for delivering their funding objectives... Where a competition does take place, there will need to be a clear rationale for why it delivers value for money... competitions, whilst useful in the right circumstances, should not be the default.”⁷⁸

On the UKSPF, the response states the government “is clear that the quantum of funding that has been made available for UKSPF in 2024-25 (when the

⁷³ House of Commons Levelling Up, Housing and Communities Committee, [Funding for Levelling Up](#), HC 744, 26 May 2023, pg. 12

⁷⁴ House of Commons Levelling Up, Housing and Communities Committee, [Funding for Levelling Up](#), pg. 13

⁷⁵ House of Commons Levelling Up, Housing and Communities Committee, [Funding for Levelling Up](#), pg. 28

⁷⁶ House of Commons Levelling Up, Housing and Communities Committee, [Funding for Levelling Up](#), pg. 40

⁷⁷ House of Commons Levelling Up, Housing and Communities Committee, [Funding for Levelling Up](#), pg. 35

⁷⁸ Department for Levelling Up, Housing and Communities, [Government response to the Levelling Up, Housing and Communities Select Committee report on Funding for Levelling Up](#), 29 August 2023

European funds have completed paying out), is sufficient to replace European funds.”

The response also addresses the long-term prospects for the Levelling Up policy, arguing that previous regional growth initiatives “have lacked long-term thinking... and an understanding on which policies work best in different places due to poor data collection”, before stating “Levelling Up is a long-term programme with the mechanisms to address each of these failures.”⁷⁹

In May 2024, the House of Commons Levelling Up, Housing and Communities Committee launched an enquiry to evaluate government progress in delivering past recommendations, selecting recommendations from several previous reports, which were “clearly defined, made long enough ago they can now be evaluated, and likely to remain relevant and ultimately confer significant benefit if implemented” to “inform the work of the current and the next Government.”⁸⁰

This included the recommendation made in the [Funding for Levelling Up report](#) to “simplify funding streams and reduce requirements to access competitive pots” and “reduce the number of competitive funding pots.”

7.5

Public Accounts Committee, March 2024

In March 2024, the House of Commons Committee of Public Accounts published the report [Levelling up funding to local government](#), examining funding allocations and spending of allocations from the Towns Fund (including Town Deals and the Future High Streets Fund), the Levelling Up Fund and the UK Shared Prosperity Fund.

The report found that, of the £10.5 billion allocated from these funds:

- £3.7 billion had been given to local places (as of December 2023)
- £1.2 billion had been spent (as of September 2023).

The report states that the Department for Levelling, Housing and Communities “did not do enough to understand the readiness of project proposals and the challenges facing local authorities before it awarded funds,” finding that many project were behind schedule, with “over 80%” Levelling Up Fund Round 1 projects “already set to miss their March 2024 completion deadline.” The government has also extended the deadline for

⁷⁹ Department for Levelling Up, Housing and Communities, [Government response to the Levelling Up, Housing and Communities Select Committee report on Funding for Levelling Up](#), 29 August 2023

⁸⁰ House of Commons Levelling Up, Housing and Communities Committee, [The Committee’s Past Recommendations & the Work of Successive UK Governments](#), HC 797, 23 May 2024, pg. 4-5

local authorities to spend allocations from the Future High Streets Fund, demonstrating “problems with the original assessments.”⁸¹

The report also found a “worrying lack of transparency” in how the Department for Levelling Up, Housing and Communities awarded funds, stating the Department “[changed] the rules for the Levelling Up Fund as it went along”, such as deciding local authorities successful in the first round would not receive funding from the second round and deciding it would not run a new competition for the third round, restricting the allocation of Round 3 funding to unsuccessful Round 2 bids, “meaning those waiting to bid in Round 3 missed out.”⁸²

The report also raised concerns about the Department for Levelling Up, Housing and Communities apparent lack of “long-term plans to measure the impacts” of the three funds in question.

The report recommends the Department for Levelling Up, Housing and Communities use its Treasury Minute response to:

- Set out the latest position on the amount of money released to and spent by local authorities across the three funds, and provide an update on the progress of projects broken down by fund and project status.
- Set out what it has learnt to ensure proposals have the best chance of timely success, and how it will ensure this learning is applied to future funds.
- Set out the principles it will apply and the decision-making process for awarding future Levelling Up funds for reducing regional inequality.

The report also recommends the Department should “carefully construct the criteria for all funding programmes before launching them” and also do more to implement the [Funding Simplification Plan](#).⁸³

⁸¹ House of Commons Committee of Public Accounts, [Levelling up funding to local government](#), HC 424, 15 March 2024, pg. 3-6

⁸² House of Commons Committee of Public Accounts, [Levelling up funding to local government](#), HC 424, 15 March 2024, pg. 7

⁸³ House of Commons Committee of Public Accounts, [Levelling up funding to local government](#), HC 424, 15 March 2024, pg. 6-8

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