



DEBATE PACK

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The Community Renewal Fund and Levelling Up Fund in Wales

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Summary

There will be a Westminster Hall debate on the Community Renewal Fund and the Levelling Up Fund in Wales on Tuesday 8th June at 2:30pm.

The debate will be opened by Gerald Jones MP.

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

1. Background

1.1 The Levelling Up Fund

The Levelling Up Fund was announced in the [2020 Spending Review](#) last November. 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 thus:

This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. It will be open to all local areas in England and 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](#) alongside the March 2021 Budget - 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 states funding will focus on those areas “most in need of levelling up” – those areas are determined by an index published alongside the prospectus that ranks local authorities on a scale of 1 to 3, with those ranked 1 considered most in need and those ranked 3 least in need. These ranking are 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.

The ranking system is based on three criteria:

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

The table below shows the 22 local authorities in Wales and their priority rank – 17 were placed in priority category 1 (i.e. most in need), 3 were placed in priority category 2 and 2 were placed in priority category 3.

In Wales (as well as Scotland), all places are eligible to receive £125,000 of capacity funding, to support them in preparing high-quality bids, independent of their place in the index; in England, only Category 1 places will be eligible to receive this funding.

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

Levelling Up Fund - priority categories for Welsh Local Authorities

Local Authority	Priority category
Blaenau Gwent	1
Bridgend	1
Caerphilly	1
Cardiff	1
Carmarthenshire	1
Ceredigion	1
Conwy	1
Denbighshire	1
Merthyr Tydfil	1
Neath Port Talbot	1
Newport	1
Pembrokeshire	1
Powys	1
Rhondda Cynon Taff	1
Swansea	1
Torfaen	1
Wrexham	1
Flintshire	2
Isle of Anglesey	2
Vale of Glamorgan	2
Gwynedd	3
Monmouthshire	3

Source: HM Treasury, [Levelling Up Fund Prospectus](#)

The [methodology](#) lists the factors used to categorise places by rank. Three metrics were used to align with the Fund's aim to bring investment to areas of low productivity and those lacking in labour market opportunities and economic resilience:

- Productivity, measured using gross value added (GVA) per hour
- 16+ Unemployment rate
- Skills, measured using the proportion of the working-age population without a national vocational qualification (NVQ).

Other metrics were used to align with the Fund's aim of addressing the need for regeneration – in Wales, this was the commercial property and private dwelling vacancy rates.

Aspects of the methodology have been criticised for perceived bias toward areas in Conservative held constituencies;² in response of these criticisms, a spokesperson for the Ministry of Housing, Communities and Local Government said “the £4.8bn Levelling Up Fund is open to all places in Great Britain and will play a vital role in helping to support and

² For example, see [Levelling Up Fund bias in favour of Tory seats 'pretty blatant': FT analysis shows there is substance to Labour's accusations of 'pork barrel politics'](#), Financial Times, 5 March 2021

regenerate communities. The published methodology makes clear the metrics used to identify places judged to be most in need.”³

Every local authority is 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 will be accepted for transport projects. County councils with transport powers, combined authorities, mayoral combined authorities and the Greater London Authority are eligible to submit one transport bid.

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

Details on how to apply are shown in [chapter 6 of the prospectus](#) - bids must be submitted by noon on Friday 18 June 2021.

1.2 Community Renewal Fund

The Community Renewal Fund is designed to “support our communities to pilot programmes and new approaches ahead” in preparation for the introduction of the UK Shared Prosperity Fund in 2022, which is designed to replace the EU structural funds.

The Community Renewal Fund will operate in 2021/22, is worth £220 million and is based around 4 investment priorities:

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

Some of this money has been earmarked for specific purposes - £11 million will go to Northern Ireland (for its separate system), up to £500,000 will go to Gibraltar, and up to £14 million will be available to help places prepare for the introduction of the UK Shared Prosperity Fund, leaving around £194.5 million to be distributed across England, Wales and Scotland.

Funding will be allocated competitively. Lead authorities are asked to invite bids from a range of project applicants, appraise and prioritise a shortlist of projects up to a maximum of £3 million per place and submit shortlists by 18th June.

Project applicants can include (but are not limited to) universities, voluntary and community sector organisations, and umbrella business groups.

100 “priority places” have been identified based on “an index of economic resilience” – this includes 14 places in Wales – see table below. The Fund will prioritise bids from these places and the lead

³ See Andy Bounds and Jim Pickard, [Levelling Up Fund design is unlawful, says UK campaign group: Good Law Project claims ranking system favours seats with Conservative MPs or targets](#), Financial Times, 5 April 2021

authority of each of these areas will receive capacity funding to help with bid co-ordination and appraisal – this is worth £20,000 per priority place.

A [methodology](#) on how this index was developed has been published, including the statistical measures used, and emphasised that the priority places were selected using only these measures rather than by ministers.

Community Renewal Fund - priority palces in Wales	
Place	Local Authority
Blaenau Gwent	Blaenau Gwent County Borough Council
Carmarthenshire	Carmarthenshire County Council
Ceredigion	Ceredigion County Council
Conwy Conwy	County Borough Council
Denbighshire	Denbighshire County Council
Gwynedd	Gwynedd Council
Isle of Anglesey	Isle of Anglesey County Council
Merthyr Tydfil	Merthyr Tydfil County Borough Council
Neath Port Talbot	Neath Port Talbot Council
Pembrokeshire	Pembrokeshire County Council
Powys	Powys County Council
Rhondda Cynon Taf	Rhondda Cynon Taf County Borough Council
Swansea	Swansea Council
Torfaen	Torfaen County Borough Council

Source: [Ministry of Housing, Communities and Local Government](#)

90% of funding available through the UK Community Renewal Fund is revenue funding, with a small amount of capital funding.

A [full timeline](#) of the bidding and funding allocation process has been published by the Ministry of Housing, Communities and Local Government.

The final decision on each funding bid will be made by MHCLG. There is no formal role for the devolved administrations, although the fund's prospectus states [they may be consulted for advice](#) at the shortlisting stage.

For more information, see the Library article [EU structural funding: Will the UK Community Renewal Fund bridge the gap?](#)

2. Press Articles

[Levelling-up fund influenced by ministers, claims Blunkett: Labour peer questions claims by Tories that they did not interfere with selection of regions eligible for assistance](#)

Michael Savage

The Observer, 30 May 2021

[Governments have been promising to 'level up' the UK for 80 years: Solving Britain's vast regional inequalities will require significant constitutional change, not top-down tinkering](#)

Neil McNroy

The Guardian, 25 May 2021

[Confusion over UK 'levelling-up' plan prompts Boris Johnson to hire new adviser: Tories have pledged to tackle regional inequality but critics say policy lacks clarity](#)

Sebastian Payne and Chris Giles

Financial Times, 3 May 2021

[Government criticised over design of levelling up fund: Methodology published on Thursday fails to include accepted measures for deprivation](#)

Andy Bounds

Financial Times, 11 March 2021

[Levelling Up Fund bias in favour of Tory seats 'pretty blatant': FT analysis shows there is substance to Labour's accusations of 'pork barrel politics'](#)

Andy Bounds and Alan Smith

Financial Times, 5 March 2021

[Levelling up fund fails to tackle legacy of austerity, says Labour: Shadow communities secretary accuses Tories of using taxpayers' money to 'shore up' votes](#)

Heather Stewart

The Guardian, 4 March 2021

[Row after Gwynedd placed in lowest priority group for Levelling Up Fund](#)

BBC, 4 March 2021

[Levelling up aid scheme an assault on devolution, says minister](#)

BBC, 3 March 2021

3. Parliamentary material

3.1 Oral questions

Levelling-Up Fund

[HC Deb 27 April 2021, c 215](#)

Levelling-up Fund

[HC Deb 17 March 2021, c 309-10](#)

3.2 Written questions

[Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund: UIN 3141](#)

Asked by Damien Moore

Asked on 18 May 2021

To ask the Secretary of State for Housing, Communities and Local Government, what mechanisms are in place to ensure that local authorities in priority category 3 without capacity funding apply for the Levelling Up Fund.

Answered by Luke Hall

Answered on 24 May 2021

The £4.8 billion Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets.

The Fund will be allocated competitively. Funding will be delivered through local authorities in England, Scotland and Wales, and through local delivery partners and public sector bodies in Northern Ireland.

The index places areas into category 1,2 or 3 based on the local area's need for economic recovery and growth, improved transport connectivity, and regeneration.

These bandings will form part of our criteria for assessing bids. The bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit.

Following the launch of the Fund, Ministers and officials held webinar events open to all local authorities to provide details on the design of the new Fund, including how to apply.

[Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund: UIN 1203](#)

Asked by Sarah Owen

Asked on 13 May 2021

To ask the Secretary of State for Housing, Communities and Local Government, what steps his Department is taking to support local councils with adequate staffing resources to formulate bids to the Levelling Up Fund.

Answered by Luke Hall

Answered on 18 May 2021

The £4.8 billion Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets.

The Fund will operate UK-wide, extending the benefits of funding for priority local infrastructure across all regions and nations.

The prospectus published at Budget provides guidance for local areas on how to submit bids for the first round of funding for projects starting in 2021-22. This includes guidance on the process for submitting bids, the types of projects eligible for funding, and how bids will be assessed.

Capacity funding will also be allocated to the local authorities measured as highest need in England, and all local authorities in Scotland and Wales to build a new relationship with the UK Government. This will support the relevant local authorities develop bids and ensure that investment is targeted where it is needed most.

[Question for Ministry of Housing, Communities and Local Government: UK Community Renewal Fund: Wales: UIN 183234](#)

Asked by Chris Elmore

Asked on 19 April 2021

To ask the Secretary of State for Housing, Communities and Local Government, what recent discussions he has had with the Secretary of State for Wales regarding the UK Community Renewal Fund.

Answered by Luke Hall

Answered on 27 April 2021

The Ministry of Housing, Communities and Local Government has worked collaboratively with multiple departments on the UK Community Renewal Fund, the Secretary of State and his Ministerial team have met with counterparts from other government departments including the Secretary of State for Wales. Departmental officials have also regularly met with colleagues from other government departments.

[Question for Ministry of Housing, Communities and Local Government: UK Community Renewal Fund: UIN 183233](#)

Asked by Chris Elmore

Asked on 19 April 2021

To ask the Secretary of State for Housing, Communities and Local Government, what discussions he has had with local authorities in Wales on the UK Community Renewal Fund.

Answered by Luke Hall

Answered on 27 April 2021

As set out in the UK Community Renewal Fund prospectus, the UK Government will work directly with local partners and communities across England, Wales, Scotland and Northern Ireland, who are best placed to understand the needs of their local areas and more closely aligned to the local economic geographies to deliver quickly on the ground.

Following the launch of the Fund, the Secretary of State for Housing, Communities and Local Government and officials held webinar events with all local authorities, including those in Wales, to provide details on the design of the new fund.

UK Government officials have been in touch with local authorities in Wales to assist them further in their understanding of the UK Community Renewal Fund, including how to apply.

[Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund: Wales: UIN 179706](#)

Asked by Virginia Crosbie

Asked on 12 April 2021

To ask the Secretary of State for Housing, Communities and Local Government, with reference to £125,000 of capacity funding for Welsh local authorities in the Levelling Up Fund, how the Government plans to allocate that funding; what the timeframe is for allocating that funding; whether the Government plans to undertake an assessment of the effort made by each local authority in respect of the awarding of that funding; and whether the Government plans to award that funding in the event that a local authority does not make a bid.

Answered by Luke Hall

Answered on 20 April 2021

The Levelling Up Fund will invest in local infrastructure that will have a visible impact on people and their communities.

For the first round of funding, capacity funding of £125,000 will be provided to the 93 local authorities in England that fall into category 1

on the index of priority places published alongside the prospectus; and all local authorities in Scotland and Wales to help build their relationship with UK Government for the purpose of the Fund.

[Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund: UIN 179705](#)

Asked by Virginia Crosbie

Asked on 12 April 2021

To ask the Secretary of State for Housing, Communities and Local Government, whether his Department has issued guidance on the likelihood of success for a second category submission to the Levelling Up Fund; and whether his Department has targets for the proportion of successful bids in the (a) first, (b) second and (c) third category.

Answered by Luke Hall

Answered on 15 April 2021

The £4.8 billion Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport and investing in cultural and heritage assets.

The Fund will be allocated competitively, and funding will be targeted towards places in England, Scotland and Wales with the most need, as measured by an index taking into account the following place characteristics: need for economic recovery and growth, need for improved transport connectivity, and need for regeneration. The bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit. Bids from categories 2 and 3 will still be considered for funding on their merits of deliverability, value for money and strategic fit, and could still be successful if they are of exceptionally high quality.

Further detail on how the Levelling Up Fund will operate from 2022-23 onwards will be set out later this year.

[Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund: UIN 172995](#)

Asked by Bill Esterson

Asked on 22 March 2021

To ask the Secretary of State for Housing, Communities and Local Government, for what reason deprivation is not part of the weighting for bids for the Levelling Up Fund.

Answered by Luke Hall

Answered on 30 March 2021

The £4.8 billion Levelling Up Fund will prioritise bids from places in England, Scotland and Wales with the most significant need. This is

measured by an index taking into account the following place characteristics: need for economic recovery and growth; need for improved transport connectivity; and need for regeneration. Using this index, places have been placed into category 1, 2, or 3, with category 1 representing places with the highest levels of identified need. These metrics are focussed on identifying places most in need of the type of investment offered through the Levelling Up Fund – including towns centre and high street regeneration, small scale transport projects, and investment in local culture and heritage assets. A methodology note has been published and can be found at:

<https://www.gov.uk/government/publications/levelling-up-fund-additional-documents/levelling-up-fund-prioritisation-of-places-methodology-note>

[Question for Ministry of Housing, Communities and Local Government: UK Community Renewal Fund: Wales: UIN 172971](#)

Asked by Jonathan Edwards

Asked on 22 March 2021

To ask the Secretary of State for Housing, Communities and Local Government, what discussions he has had with the Welsh Government on the determination of priority places under the Community Renewal Fund.

Answered by Luke Hall

Answered on 25 March 2021

The UK Government is providing an additional £220 million funding through the UK Community Renewal Fund to help local areas prepare for the launch of the UK Shared Prosperity Fund in 2022. The UK Government regularly engages with a wide range of stakeholders as part of its ongoing work, including with our counterparts in the Welsh Government.

[Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund: Wales: UIN 170707](#)

Asked by Ben Lake

Asked on 17 March 2021

To ask the Secretary of State for Housing, Communities and Local Government, pursuant to the Answer of 17 March 2021 to Question 167292 on Levelling Up Fund: Wales, how the Government plans to measure the visible impact of the Levelling Up Fund.

Answered by Luke Hall

Answered on 26 March 2021

The Levelling Up Fund will reflect this Government's greater emphasis on high-quality evaluation, which is critical to understanding what types of interventions work well in addressing levelling up challenges, through

individual projects and across varying spatial scales. The development of a local growth and transport evaluation culture, which promotes sharing learning across the UK, will be an important strand of this work.

Question for Ministry of Housing, Communities and Local Government: Levelling Up Fund and UK Community Renewal Fund: Wales: UIN 167294

Asked by Ben Lake

Asked on 11 March 2021

To ask the Secretary of State for Housing, Communities and Local Government, what discussions he has had with the Welsh Government on the design of the (a) Levelling Up Fund and (b) the Community Renewal Fund.

Answered by Eddie Hughes

Answered on 16 March 2021

The UK Government is providing an additional £220 million funding through the UK Community Renewal Fund to help local areas prepare for the launch of the UK Shared Prosperity Fund in 2022. The Fund aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business, and supporting people into employment.

The £4.8 billion Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets.

The UK Government intends to continue to work with the devolved administrations to ensure that funding is used to best effect and supports citizens across the UK. For both funds, where appropriate, the UK Government will seek advice from the devolved administrations on bids to ensure that they are deliverable and complementary to other provision.

UK Government officials regularly engage their counterparts in the devolved administrations to discuss any updates, concerns or queries. UK Government ministers recently met with ministers in the Welsh Government to discuss the UK Community Renewal Fund, the Levelling Up Fund and the UK Community Ownership Fund.

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