

Debate Pack

Number CDP 2021/0086

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10 September 2021

The Government's Levelling Up Agenda

Summary

There will be a Westminster Hall debate on the Government's Levelling Up Agenda at 4:30pm on Wednesday 15th September 2021.

This briefing contains background information, parliamentary and press material, as well as suggested further reading which Members may find useful when preparing for this debate.

1	Background	3
1.1	What is meant by Levelling Up?	3
1.2	BEIS Committee levelling up report	4
2	Regional/local economic inequalities	6
2.1	GDP and GDP per head	6
2.2	Productivity	7
2.3	Household incomes	10
2.4	Labour market and qualifications	12
2.5	Infrastructure	13
	Strategy and policy	15

	Public sector capital spending in UK countries and regions	17
3	Plan for Growth	20
4	Funding	22
4.1	The Levelling Up Fund	22
4.2	The Community Renewal Fund	23
4.3	Towns Fund	24
5	Press articles	25
6	Parliamentary material	28
6.1	Written questions	28
6.2	Oral questions	33
6.3	Debates	34
6.4	Select Committee	35
7	Further reading	36
7.1	Library briefings	36
7.2	Other	36

1 Background

1.1 What is meant by Levelling Up?

In his first speech as Prime Minister, Boris Johnson spoke of a need to “level up across Britain” and “answer the plea of the forgotten people and the left-behind towns”, unleashing the “the productive power” of every corner of the country.”¹

The theme of levelling up was also addressed in the [Conservative Party's 2019 election manifesto](#) – this pledged to “to use our post-Brexit freedoms to build prosperity and strengthen and level up every part of the country”, through specific measures such as:

- Investing in towns, cities, and rural and coastal areas
- Giving those areas more control of how investment is made
- Levelling up skills using apprenticeships and a £3bn National Skills Fund
- Creating up to 10 freeports to help deprived communities.

Similarly, the 2021 Queen's Speech stated the Government will “level up opportunities across all parts of the United Kingdom, supporting jobs, businesses and economic growth and addressing the impact of the pandemic on public services.”²

Levelling up is designed to address the longstanding problem of the UK's regional economic disparities - the 2020 Institute for Fiscal Studies (IFS) Green Budget included a chapter on levelling up, which identified the following characteristics of areas most in need of levelling up:

A ‘left-behind’ area, in need of ‘levelling up’, is characterised by broad economic underperformance, which manifests itself in low pay and employment, leading to lower living standards in that area. Behind these factors lie other considerations such as poor productivity, which in turn may be associated with a low skill base. The health of the population may also be relatively poor: in some cases, this could be a legacy of deindustrialisation or long-term unemployment, as well as deep-rooted socio-economic issues.³

¹ Prime Minister's Office, [Boris Johnson's first speech as Prime Minister](#), 24 July 2019

² Prime Minister's Office, [Queen's Speech 2021](#), 11 May 2021

³ IFS, [Levelling up: where and how?](#), IFS Green Budget 2020, chapter 7, October 2020, pg. 325

On 15 July, the Prime Minister delivered a speech on the subject of levelling up in Coventry, in which he spoke of levelling up being achieved through “a strong and dynamic wealth creating economy” accompanied by a “a catalytic role for government, and government is there to provide a strategic lead but that requires consistency from government.”⁴ Specific policy measures announced in the speech included County Deals – devolved deals outside of cities, 15 additional Town Deals and the City Region Sustainable Transport Fund.⁵

The Government is due to publish a White Paper on levelling up later this year; a response to a PQ on the subject stated this would “set out bold new policy interventions to improve livelihoods and opportunity in every part of the United Kingdom.”⁶

1.2 BEIS Committee levelling up report

In July 2021 the House of Commons Business Energy and Industrial Strategy Committee published their report, [Post-pandemic economic growth: Levelling-up](#).⁷ The Committee was particularly critical on the lack of an overarching strategy underpinning the Government's levelling up agenda and criteria for measuring success.

The Committee described a “lack of clarity” from the Government about what levelling up means, stating that levelling up “risks becoming and everything and nothing policy”.⁸ The Committee also questioned how levelling up differed from past regional policy and therefore how it would succeed “in areas where previous regional policy has failed”.⁹

The Committee described the policy initiatives and funding announced to date on levelling up as “disjointed” and “lacking in any overall coherent strategic purpose”.¹⁰ The Committee called on the Government to publish a detailed strategy for levelling up, stating:

If the Government is serious about levelling up and for it to be a substantive strategy rather than merely a slogan, it must spell out a coherent ‘plan’ as a matter of urgency.¹¹

⁴ Prime Minister's Office, [The Prime Minister's Levelling Up speech](#), 15 July 2021

⁵ Prime Minister's Office, [PM sets out new 'County Deals' to devolve power to local communities in Levelling Up speech](#), 15 July 2021

⁶ [Levelling-up Agenda](#), HC Deb 27 May 2021, c 523

⁷ BEIS Committee, [Post-pandemic economic growth: Levelling-up](#), HC 556, 22 July 2021.

⁸ BEIS Committee, [Post-pandemic economic growth: Levelling-up](#), HC 556, 22 July 2021, para 15.

⁹ BEIS Committee, [Post-pandemic economic growth: Levelling-up](#), HC 556, 22 July 2021, para 39.

¹⁰ BEIS Committee, [Post-pandemic economic growth: Levelling-up](#), HC 556, 22 July 2021, para 30, 45.

¹¹ BEIS Committee, [Post-pandemic economic growth: Levelling-up](#), HC 556, 22 July 2021, para 30.

The Committee stressed that a strategy on levelling up must come with clear priorities, a roadmap and timeline for delivery as well as robust metrics for measuring success with routine reporting on progress.

The Committee also concluded that there was confusion on which Department was responsible for delivering which levelling up outcomes.¹² It recommended that the Government establish a Cabinet Committee to lead on coordination across Whitehall, local government and devolved administrations.¹³

Other areas highlighted by the Committee as important for any levelling up strategy included, for example, the role of local industrial policy and insights, imbalances between local authority capacity to bid for funding, and that levelling up should also address inequalities within as well as between regions.

The Government response to the Committee's report has not yet been published. A Levelling Up White paper is [promised for the autumn](#), which the Government says will set out their plan in detail including "[mechanisms for measuring progress](#)".¹⁴

¹² BEIS Committee press release, [Government's levelling up agenda risks becoming an 'everything and nothing policy', say Business Committee](#), 22 July 2021.

¹³ BEIS Committee, [Post-pandemic economic growth: Levelling-up](#), HC 556, 22 July 2021, para 66.

¹⁴ [PQ 8577, 7 June 2021](#).

2 Regional/local economic inequalities

This section provides some background information on the economic inequalities that the Government's "levelling up" agenda is seeking to address.

There are several different economic statistics one can use to compare the performance of regional economies across the UK. The focus here is on GDP, productivity, the labour market, household incomes and infrastructure spending. More economic data can be found in the Library briefing, [Regional and national economic indicators](#).

2.1 GDP and GDP per head

The most prominent measure of economic performance, Gross Domestic Product (GDP), shows the disproportionate contribution of London and the South East to UK GDP.

In 2019 (latest available data), London accounted for 22.7% of UK GDP, with the South East adding another 14.8%. Their combined 37.5% of UK GDP compares with these two regions making up 26.8% of the UK population.¹⁵

As a result, GDP per head is much higher in London (£56,200) than the rest of the UK (the UK average is £32,900). Only London and the South East have GDP per capita figures above the UK average, with London significantly pulling up the UK figure.¹⁶

There is much less variation among other regions and nations. In 2019, most had GDP per head between £24,000 and £31,000. The North East (£24,100) and Wales (£24,600) had the lowest GDP per head of the UK's 12 regions and nations.

London saw the fastest GDP per head growth between 2010 and 2019, a cumulative increase of 18.0%, with the West Midlands second fastest at 13.4%. The UK average was 12.2%. The North East was an outlier, with growth per head of only 2.7% in total over the period. The next slowest was the South West at 7.2%.

¹⁵ All figures calculated from ONS, [Regional economic activity by gross domestic product, UK: 1998 to 2019](#), 26 May 2021

¹⁶ The GDP per head figures can be influenced by commuter flows. GDP is based on where people work (and therefore contribute to GDP), whereas population data is based on where people live. If an area, like London, has net commuter inflows then its GDP per head figures will be higher than its 'true' value. The reverse is true for areas where residents commute to work in different areas.

GDP and GDP growth in UK regions/nations

GDP and % change in real* GDP per head over time period shown

	GDP (£bn), 2019	GDP per head (£), 2019	% total change in real* GDP/head over time period	
			1998-2007	2010-2019
North East	64	24,068	29.7	2.7
North West	213	28,993	27.7	10.2
Yorkshire & Humber	147	26,667	25.6	9.8
East Midlands	130	26,852	17.0	8.8
West Midlands	164	27,574	15.2	13.4
East of England	191	30,622	21.9	11.8
London	504	56,199	33.0	18.0
South East	327	35,631	18.8	10.2
South West	164	29,147	18.7	7.2
England	1,903	33,809	24.4	12.5
Wales	78	24,586	20.9	12.2
Scotland	167	30,560	26.7	10.4
Northern Ireland	49	25,656	27.2	9.3
United Kingdom	2,214	32,876 **	24.8	12.2

* Regional GDP data are not deflated using true regional price indices but by using industry deflators for the UK and applying to regional industry-level GDP

**UK GDP per head figure excludes GDP that cannot be assigned to a region, this is mostly North Sea oil and gas extraction

Note: 2008-2009 is excluded from GDP per head data, as this period covers the recession related to the global financial crisis

Source: ONS, [Regional economic activity by GDP, UK: 1998 to 2019](#), May 2021

2.2

Productivity

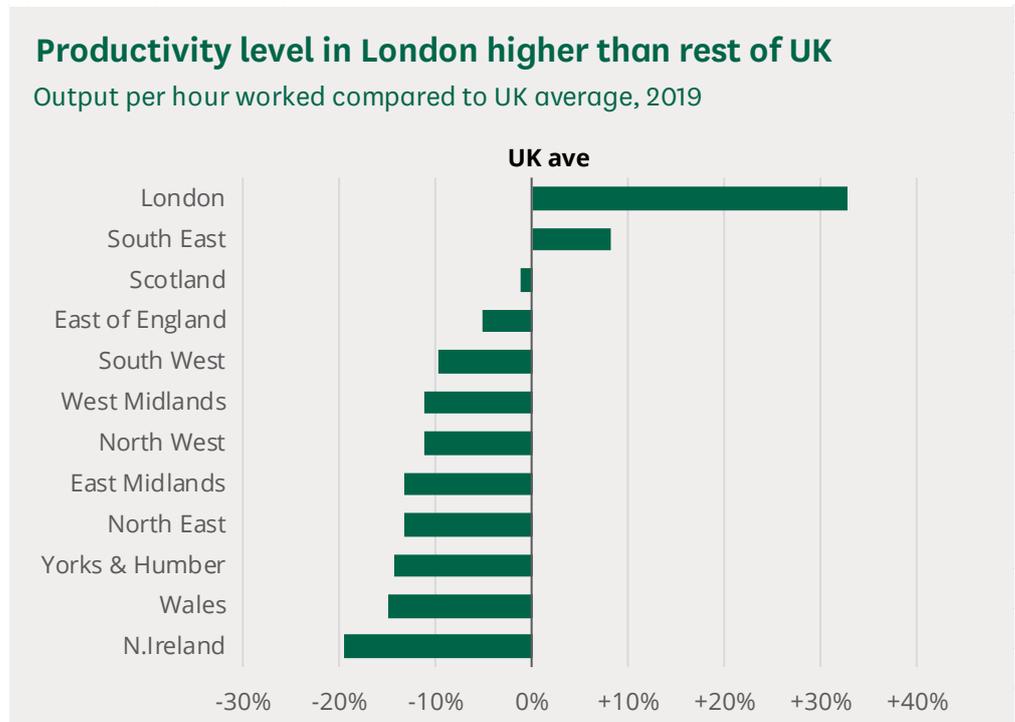
A key economic indicator is productivity. This measures how much is produced (GDP) for every hour worked.

Productivity and living standards are closely linked. If we can produce more in the same amount of time, this frees up resources, such as labour, in the economy to do other things.

Comparing regions and nations of the UK reveals London has the highest productivity level in the UK by some distance. It was 33% above the UK's

average productivity in 2019. However, the gap is not as large as when looking at GDP per head.

The South East is the only other region above the UK average (England is also slightly above the UK average). Northern Ireland had the lowest productivity level in 2019, 20% below the UK average.



Source: ONS, [Annual regional labour productivity dataset](#), Jul 2021

Regional figures such as these, while valuable, can also mask differences within regions, from local area to local area.

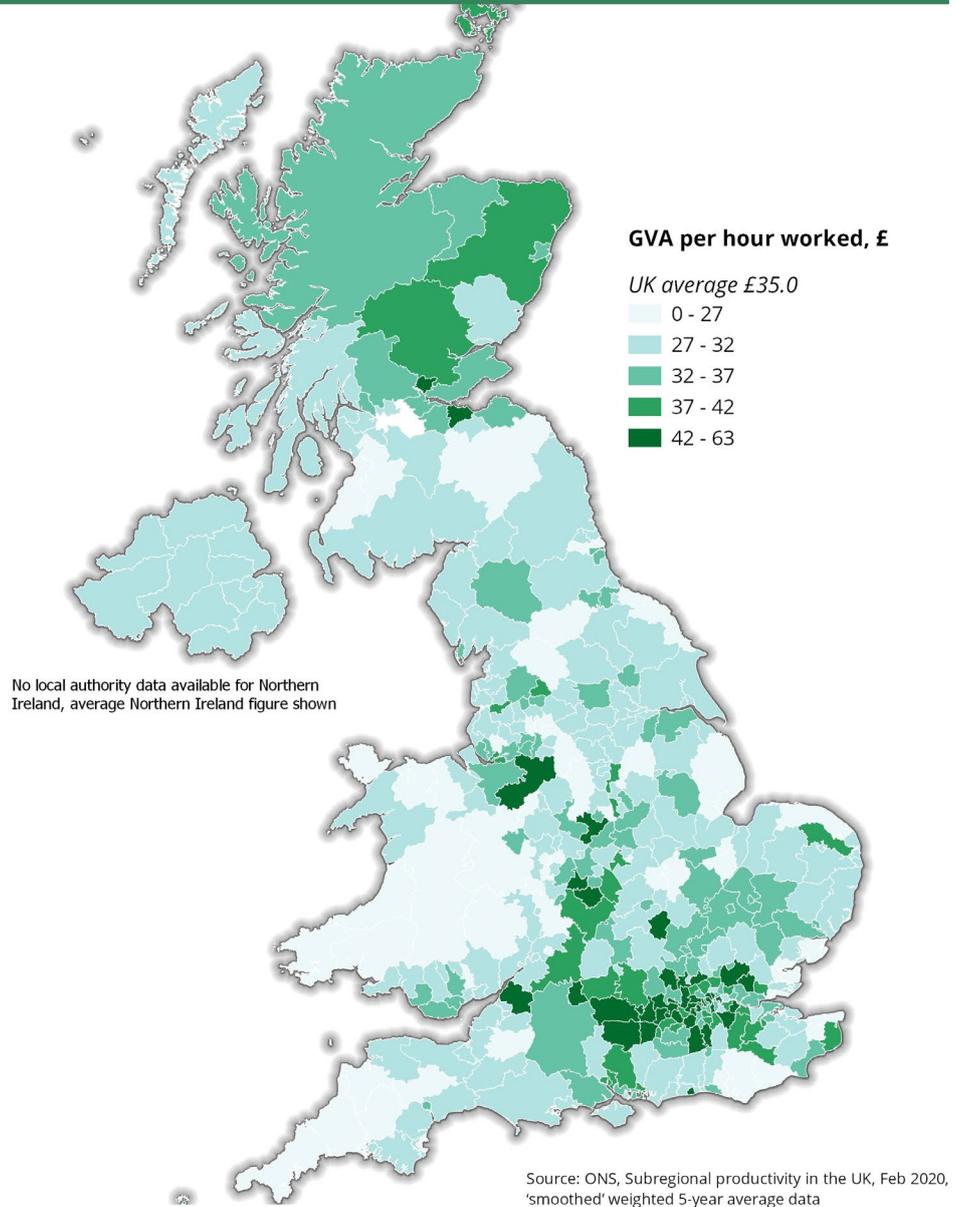
The map on the next page shows the same productivity data but this time for 371 local authorities in Great Britain (plus the overall figure for Northern Ireland).¹⁷ Data are for 2018.

The map illustrates how the **differences within regions can sometimes be as large or larger than across regions**. It highlights that many of the most productive local areas in the UK are in the South, mostly in London and the surrounding area to its west in the 'M4 corridor'. There are also pockets of high productivity areas in other regions, such as around Warwick and Solihull in the West Midlands, and single areas, such as Cheshire East in the North West.

¹⁷ Local authority data for Northern Ireland not available; ONS, [Subregional productivity: labour productivity indices by local authority district dataset](#), 28 February 2020

Productivity levels vary across and within regions and nations of the UK

£ per hour, economic output (GVA) per hour worked by local authority, 2018



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The Office for National Statistics (ONS) who publish the statistics, made the following observations about this local data:

In many cases, local authorities with relatively high labour productivity will be those with either a major manufacturing site (for example, car or aerospace production), a large utilities sector, or a focus on high-skill service sectors, reflecting the high labour productivity in these types of

industries. Meanwhile, local authorities with the lowest productivity are typically in more rural or geographically isolated locations.¹⁸

They go on to say that differences in productivity across the country are not just a result of industry structure but also more wide-ranging factors.

Reasons for regional differences

The now disbanded Industrial Strategy Council¹⁹ pointed to [three “key explanations” for productivity differences](#) in an early 2020 report. These are:

- **Place-based fundamentals:** Geography, local culture, governance and infrastructure are important factors determining the economic activities of a region.
- **Agglomeration:** Places attract clusters of economic activity which become self-sustaining. These agglomeration effects arise because specialised firms benefit from the ability to trade with other firms in their industry and because these firms benefit from sharing the common resources offered by large cities.
- **Sorting:** Workers, especially highly-skilled workers, also choose to cluster. This means small initial differences between places can generate large disparities in the nature and skills of the workforce, which then shape regions' industries, attractiveness and productivity.²⁰

Andy Haldane, chair of the Council and chief economist at the Bank of England, noted in the report's foreword that [regional differences have deep long-lasting roots](#). For example, estimates of [regional GDP per head over a century ago](#) show London well above the UK average.

2.3

Household incomes

As well as productivity, statistics on household incomes provide an insight into regional economic differences. At face value, these also show a similar picture: [median earnings are highest in London](#), well above the UK average.

Digging a little deeper, however, leads to a more nuanced picture. A more [complete evaluation](#) should include other income in addition to wages

¹⁸ ONS, [Subregional productivity in the UK: February 2020](#), 28 February 2020

¹⁹ The body established to assess progress on the Government's 2017 Industrial Strategy, which has now been replaced by the Government's [Plan for Growth](#)

²⁰ Industrial Strategy Council, [UK Regional Productivity Differences: An Evidence Review](#), February 2020

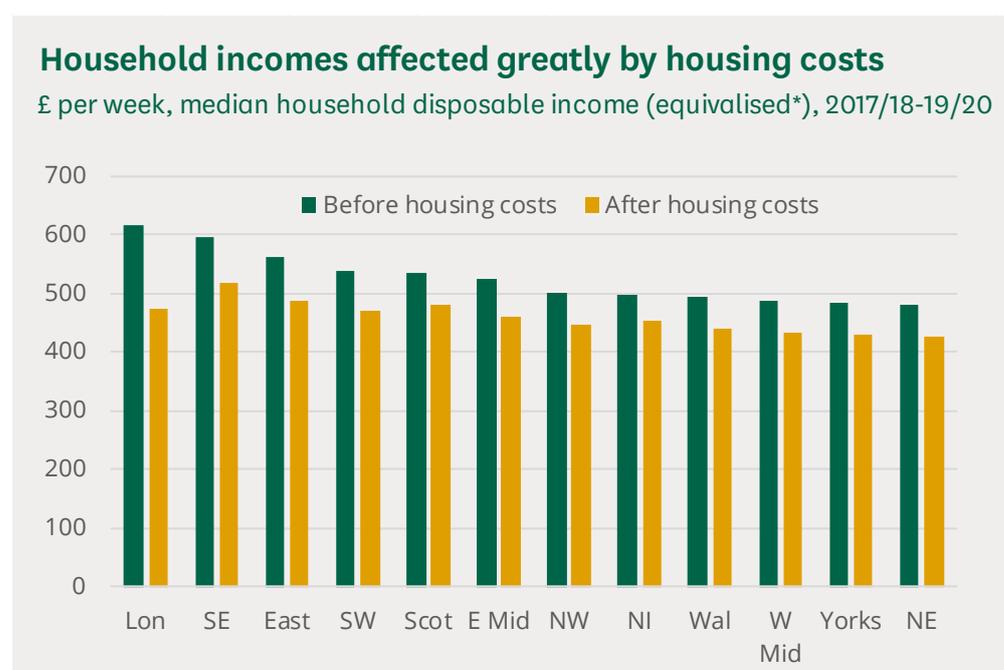
(investment income, welfare payments, pensions etc.) and take account of taxes paid.

The Department of Work and Pensions conducts a [detailed survey of household disposable income](#), adjusted for the number of people living in each household (so-called 'equivalisation'). This provides arguably the most rigorous data on incomes.

These figures, detailed in the chart below, show disposable income before and after housing costs, in the regions and countries of the UK. Data are for a three year average from 2017/18 to 2019/20.

Before housing costs are factored in, London has the highest median disposable income, although the difference is not as large as for productivity. This is partly due to redistribution through the tax and welfare system.

After housing costs, however, London drops to fourth highest, reflecting the sharply higher housing costs in the capital.



Source: * Household incomes adjusted for number and age of people in household - data based on couple with no kids

Source: DWP, [Households below average income](#), March 2021, table 2.5ts

Poverty

The Library briefing [Poverty in the UK: statistics](#) provides data on poverty in the regions and nations of the UK.

The Library's interactive dashboard provides data on [children poverty for parliamentary constituencies](#).

2.4

Labour market and qualifications

The table below shows the employment and unemployment rate in each region and nation of the UK, as well as the proportion of people who either have a degree or have no qualifications. Data are for 2020.

The regions with the highest employment rates were also the regions with the highest proportion of people with degrees, and the lowest proportion of people who had no qualifications.

The South East had the highest employment rate, the lowest proportion of people with no qualifications and the second highest proportion of people with degrees or equivalent.

Northern Ireland had the lowest employment rate, the highest proportion of people with no qualifications and the second lowest proportion of people with degrees or equivalent.

Labour Market and Qualification Statistics				
January 2020-December 2020				
	Employment rate (%)	Unemployment rate (%)	% with degree or equivalent	% with no qualifications
North East	71.5	6.4	27.6	8.2
North West	74.2	4.2	31.6	7.6
Yorks and Humber	74.6	4.4	30.4	7.1
East Midlands	75.8	4.7	29.2	6.4
West Midlands	73.7	5.3	30.8	8.4
East of England	77.2	3.8	31.8	5.8
London	75.3	5.9	52.6	5.2
South East	78.3	3.9	37.6	4.9
South West	77.8	3.8	33.1	5.1
Wales	72.8	3.7	31.0	7.7
Scotland	73.5	4.3	34.8	8.2
Northern Ireland	70.6	2.8	29.8	12.7
UK	75.3	4.5	35.4	6.7

Source: ONS [Labour market in the regions of the UK](#)

Apprenticeships

The table below shows the number of apprenticeship starts in each English region in 2018/19 and 2019/20.

Apprenticeship starts by region in England				
2018/19 and 2019/20, Thousands				
	2018/19	2019/20	Change 18/19-19/20	
			Level	%
South East	56.3	47.8	-8.5	-15%
North West	58.3	47.0	-11.3	-19%
Yorkshire & The Humber	47.3	37.7	-9.6	-20%
South West	43.9	37.1	-6.8	-15%
West Midlands	45.7	36.9	-8.8	-19%
London	40.7	33.9	-6.8	-17%
East of England	38.3	32.3	-6.0	-16%
East Midlands	35.9	28.6	-7.3	-20%
North East	23.3	18.0	-5.3	-23%
Other	3.8	3.2	-0.6	-16%
Total	393.4	322.5	-70.9	-18%

Source: [DfE Apprenticeships and traineeships data](#)

All English regions saw a fall in the number of apprenticeship starts between 2018/19 and 2019/20. The North East had the largest proportional fall in apprenticeship starts, with 23% fewer starts. The East Midlands and Yorkshire and the Humber both had 20% fewer starts.

Other regions had smaller decreases in the number of apprenticeship starts. The South East and South West had the smallest proportional fall, with 15% fewer apprenticeship starts in 2019/20 than 2018/19.

Skills and training

The [UK Employer Skills Survey for 2017](#) report was published in August 2018, and provides an outlook on skills and training within UK employers. The report is based on responses from 87,000 employers, and also includes a [Slide Pack](#) that analyses skills gaps for different regions.

2.5

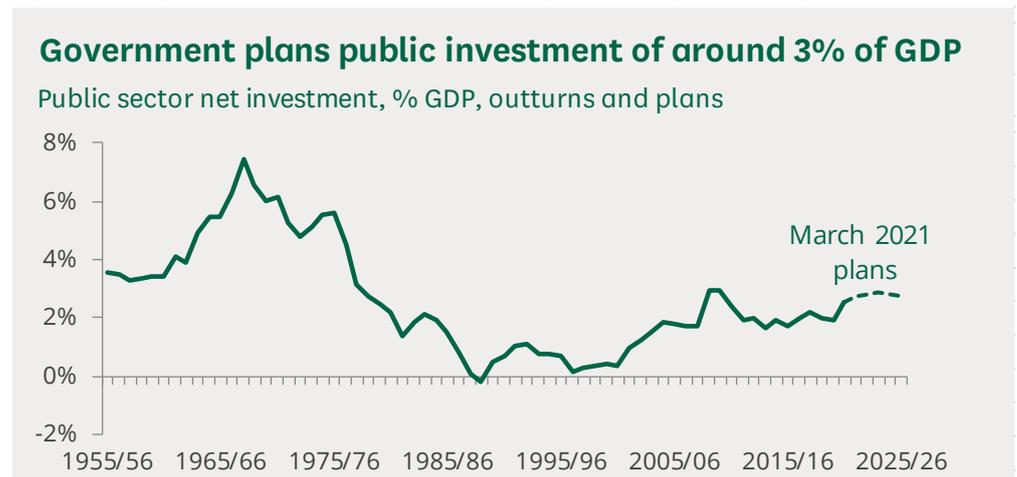
Infrastructure

The 2019 Conservative Manifesto pledged an “infrastructure revolution” in the UK.²¹ The Government plans to invest in infrastructure to “level up” economic growth and prosperity across the country and to address the challenges

²¹ The Conservative and Unionist Party Manifesto 2019, [page 2](#)

posed by climate change.²² The Government is “prioritising those areas that have received less support in the past.”²³

The Chancellor plans relatively large increases in government investment spending, which includes infrastructure. Government investment spending is set to increase to levels last regularly seen in the late 1970s, when more of industry was publicly owned than now. Such industries required investment.



Note: Data for 2020/21 doesn't yet include the cost to the Government of businesses defaulting on coronavirus-related loans. See page 47 of [Coronavirus: Economic impact](#) for more.

Source: OBR. [Public finances databank – May 2021](#)

Government's role in infrastructure isn't limited to providing funding. For instance, it also directs investment towards projects it considers valuable and supports private investment through various mechanisms.

Infrastructure projects can be funded from a range of sources:

- **Public funding:** projects are funded by the government and wider public sector. High Speed 2 railway is funded publicly.
- **Private funding:** projects are funded by private companies who plan to recoup and earn a return on their initial investment via customer bills or charges over several years. Heathrow Terminal 5 was entirely funded by private investment.
- **Mixed public/private funding:** funding is drawn from both the public and private sector. Network Rail maintains and develops the railway infrastructure using Government grants, government backed borrowing and private sector funding drawn from charges levied on train operators. Sources of funding differ from sector to sector.

²² HM Government, Queen's Speech 2019: background briefing notes, 19 December 2019, [p90](#)

²³ HM Treasury. National Infrastructure Strategy, November 2020, [page 11](#)

Projects in the energy and utilities sectors are almost entirely privately funded (reflecting the ownership and management of assets in these industries). The opposite is true of projects in the transport and social sectors.²⁴

Strategy and policy

The National Infrastructure Strategy

The [National Infrastructure Strategy](#) sets out the Government's plans for UK infrastructure. Levelling up is one of its key objectives. On levelling up, the Strategy aims to:²⁵

- Leave no community or business behind
- Create regional powerhouses, making cities the engines of growth and revitalising towns
- Connect the regions and nations of the UK
- Change how decisions are made, including changing the way that projects are appraised through the Green Book

There is more on the Strategy in section 3.1 of the Library briefing paper [Infrastructure policies and investment](#).

Green Book review

Following [a review](#) in 2020, the Treasury has changed how it will assess major investment programmes to make sure that “government investment spreads opportunity across the UK.” The Treasury's approach to appraising projects is set out in the latest version of [the Green Book](#), published in November 2020.

The [Green Book](#) is Treasury guidance on how to appraise policies, programmes and projects, and on the design and use of monitoring and evaluation. It has existed in one form or another for decades, with periodic updates and revisions.

The review was set up (at Budget 2020) in response to concerns that the Green Book guidance may “mitigate against investment in poorer parts of the UK and undermine the Government's aim to “level up” these areas”.²⁶ The review also looked at other issues; for instance, appraising environmental impacts and the impact of intervention on equalities.

A Government minister summarised the implications of having a new-look Green Book as follows:

²⁴ The Treasury's Infrastructure and Construction Pipeline can be used to analyse what types of funding will be used in upcoming infrastructure projects.

²⁵ HM Treasury. National Infrastructure Strategy, November 2020, [pages 26-45](#)

²⁶ HM Treasury. Green Book Review 2020: Findings and response, November 2020, [para 1.3](#)

The refreshed Green Book will support levelling up by ensuring that projects are being assessed first and foremost on how well they deliver policy objectives rather than focusing on a purely economic assessment. For the first time, business cases for all proposals will have to set out how they will impact different places aligning with relevant local strategies and major interventions in the area.²⁷

There is more on the Green Book in Box 3 of the Library briefing paper [Infrastructure policies and investment](#).

UK Infrastructure bank

The Government has set up the UK Infrastructure Bank to, amongst other things, co-invest alongside the private sector in infrastructure projects.²⁸

The Bank will help the Government deliver the National Infrastructure Strategy. It began operating in an interim form in spring 2021.

The Bank's core objectives will be to help tackle climate change and **support regional and local economic growth**. To do this the Bank will extend loans, equity financing, and guarantees to fund private sector projects that are consistent with these objectives.

The Bank's primary focus will be on the economic infrastructure sectors covered in the National Infrastructure Strategy, including clean energy, transport, digital, water and waste. It will also be able to lend to university projects that generate a return to support regional and local growth.

In the public sector, the Bank will focus on providing loans to local and mayoral authorities for "high value and strategic projects of at least £5 million".

There is more on the UK Infrastructure Bank in section 5.1 of the Library briefing paper [Infrastructure policies and investment](#).

A study on maximising the benefits of infrastructure policy and investment for towns in England

In September 2021, the National Infrastructure Commission – who provide advice to the Government – is set to make recommendations on how to maximise the benefits of infrastructure policy and investment for towns in England. The Commission was asked to [carry out a study](#) into the issue with a focus on transport and digital infrastructure.

²⁷ [HL Deb Transport: Infrastructure 2 December 2020](#)

²⁸ HM Treasury. National Infrastructure Strategy, November 2020, [page 70](#); HM Treasury. [Infrastructure Finance Review: Summary of consultation feedback](#), November 2020; HM Treasury. Response to the National Infrastructure Assessment, November 2020, [paras 1.192-1.195](#)

Public sector capital spending in UK countries and regions

Capital spending is the best measure available of public sector investment spending at the country and regional level. Capital spending is wider than infrastructure spending, for instance it includes spending on assets such as computers and some financial transactions.

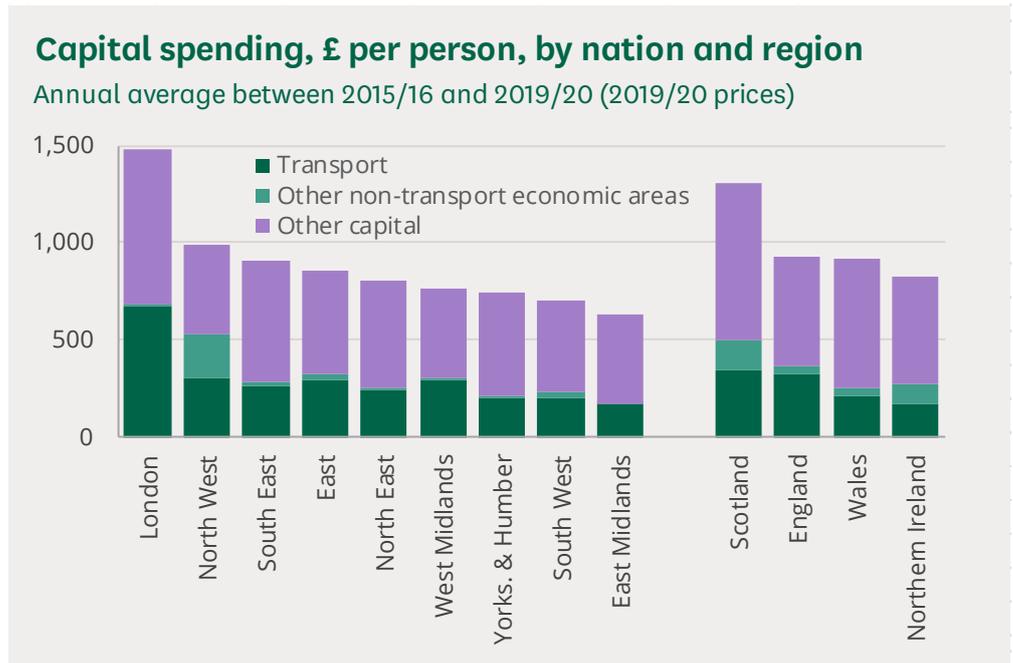
The chart below shows average public sector capital spending, per head, across the latest five-year period. Capital spending is volatile, so using averages helps to smooth out this volatility. The chart separates capital spending on areas that could be considered economic infrastructure (transport and other economic areas) and other capital spending.²⁹

Capital spending per head is highest in London, at an average of £1,475 a year over the period. Transport spending per head is twice as high in London as the North West, which is the English region with the second highest level of spending. The Institute for Fiscal Studies have raised some points that are necessary to interpret London's data. First, some of the transport spending in London is financed through locally raised taxes and fares. Second, some transport spending in London will benefit individuals living outside of the capital.³⁰

Spending on nuclear decommissioning in the North West means that it has higher per head spending on non-transport economic areas than other English regions. The water industry is publicly owned in Scotland and Northern Ireland, which largely explains why these nations have relatively higher spending on non-transport economic areas.

²⁹ The spending areas used here include fuel and energy, transport, communications, wastewater management and water supply. They are broadly based on the definition of economic infrastructure set out in the National Infrastructure Commission's remit, which includes: energy, transport, water and waste water, waste, flood risk management and digital communications.

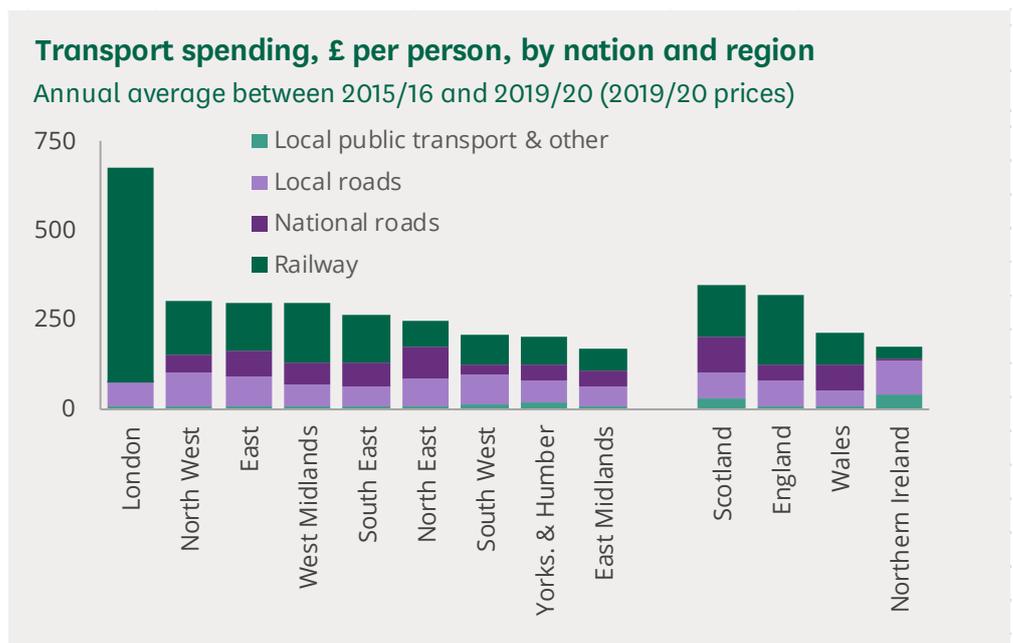
³⁰ IFS. [Levelling up: where and how?](#), October 2020, [page 349](#)



Notes: Other non-transport economic areas include fuel and energy, communications, wastewater management and water supply. They have been chosen as the closest match to economic infrastructure as defined in the National Infrastructure Commission's remit.

Sources: HM Treasury. [Country and regional analysis: 2020](#), November 2020. ONS. Mid-year population estimates [accessed from [nomisweb.co.uk](#)]; HM Treasury. [GDP deflators at market prices, and money GDP March 2021](#), March 2021

As the chart below shows, London's transport spending was largely driven by investment in railways, including London Underground, Crossrail and High Speed 2 (HS2). The West Midlands has the second highest capital spending per head on railways amongst UK nations and regions.



Sources: as in previous chart

Further information

The Library briefing paper [Infrastructure policies and investment](#) examines the current state of infrastructure in the UK, recent Government policies and levels and sources of investment.

The Institute for Fiscal Studies (IFS) report [Levelling Up: where and how?](#) includes analysis similar to the above. The Resolution Foundation report [Euston, we have a problem: Is Britain ready for an infrastructure revolution?](#) draws conclusions similar to the IFS from the data, but also considers how much the Government should invest, what it should invest on and where.

3

Plan for Growth

In March 2021 the Treasury published its [Plan for Growth](#). The Plan sets out the Government's strategy to support economic growth and "build back better" following the coronavirus pandemic. The Plan is centred around "three pillars of investment": infrastructure, skills and innovation. The Plan for Growth replaces the government's previous [2017 Industrial Strategy](#).³¹

Levelling up is one of three priority areas for growth that the Plan is targeted at, along with reaching net zero greenhouse gas emissions and delivering "Global Britain". The Plan for Growth describes the levelling up agenda as the Government's "most important mission":

Our most important mission is to unite and level up the country: tackling geographic disparities; supporting struggling towns to regenerate; ensuring every region and nation of the UK has at least one globally competitive city; and above all, strengthening the Union.³²

The Plan for Growth summarises the following areas through which the Government aims to deliver on the levelling up agenda:

- Regenerate struggling towns in all parts of the UK via the UK Shared Prosperity Fund and the UK-wide Levelling Up Fund.
- Realise our long-term vision for every region and nation to have at least one globally competitive city at its heart to help drive prosperity. This includes City and Growth Deals, £4.2 billion in intra-city transport settlements from 2022-23, and continued Transforming Cities Fund investment to 2022-23.
- Catalyse centres of excellence, supporting individuals across the country to access jobs and opportunities by ensuring digital and transport connectivity, by establishing a new UK Infrastructure Bank in the North of England and by relocating 22,000 Civil Service roles out of London.
- Strengthen the Union, creating Freeports across the country – including in Scotland, Wales and Northern Ireland – and delivering the Union Connectivity Review, reviewing options to improve our sea, air and land-links across the four nations.³³

The now disbanded [Industrial Strategy Council](#) (the body established to assess progress on the 2017 Industrial Strategy) stated in its last [Annual](#)

³¹ For background information, see our briefing on the 2017 Industrial Strategy: [Industrial strategy \(CBP-7682, 08 August 2019\)](#).

³² HM Treasury, [Build Back Better: our plan for growth](#), 3 March 2021, page 8.

³³ HM Treasury, [Build Back Better: our plan for growth](#), 3 March 2021, page 13.

[Report](#) published in March 2021 that it believed a “comprehensive reorientation” of the Government’s approach to Levelling Up was needed:

The Council believes addressing regional disparities is fundamental to boosting productivity, pay and prosperity. The Plan for Growth highlights Levelling Up as the Government’s most important mission. This is welcome. But the proposed approach appears over-reliant on infrastructure spending and the continued use of centrally controlled funding pots thinly spread across a range of initiatives. Evidence, historical and international, suggests this is unlikely to be a recipe for success. Sustained local growth needs to be rooted in local strategies, covering not only infrastructure but skills, sectors, education and culture. These strategies need to be locally designed and focussed, as with the Local Industrial Strategies drawn up under the 2017 Industrial strategy. There also needs to be investment in the local capacity and capability to then implement these strategies.³⁴

³⁴ Industrial Strategy Council, [Annual Report 2021](#), 23 March 2021, para 8 and page 31-33.

4 Funding

Various funds have been established under umbrella of the levelling up agenda.

4.1 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.³⁵

The Government published a [prospectus](#) alongside the 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 for the first round of funding, “at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland” – this works out as £432 million for Scotland, £240 million for Wales and £144 million for Northern Ireland.

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 by on a scale of 1 to 3, with those ranked 1 considered most in need and those ranked three 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.

³⁵ HM Treasury, [Spending Review 2020](#), CP 330, November 2020, pg. 4

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

The methodology on how areas were ranked was [is available here](#).

Every local authority was 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 were eligible to submit one transport bid; unitary authorities in England with transport powers were able to submit one additional bid which must be for transport.

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

Bids closed on 18 June 2021; results are due to be announced later in the year.

A PQ indicates “in the region of 300 applications” were received, which were “triaged to ensure compliance with our eligibility requirements.”³⁶

4.2

The 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.

³⁶ [PQ 27216](#), 5 July 2021

Funding is allocated competitively. Lead authorities were 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 2021.

100 “priority places” were identified based on “an index of economic resilience.” The Fund will prioritise bids from these places and the lead 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.

A [full timeline](#) of the bidding and funding allocation process has been published by the MHCLG.

4.3

Towns Fund

In [a speech in July 2019](#), the Prime Minister announced a “£3.6 billion Towns Fund.” 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 of 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 of 100 towns in England (later expanded to 101) that been invited to develop Town Deals – [see here for a full list of these towns](#). In October 2020, the first seven Town Deal funding allocations were announced, worth up to £178.7 million; the next 45 towns to receive funding were announced alongside the Budget, with funding of £1.02 billion.³⁷

³⁷ Ministry of Housing, Communities & Local Government, [First Town Deals worth almost £180 million announced](#), 27 October 2020 and [Towns Fund recipients March 2021](#), 3 March 2021

5

Press articles

[Covid: More deaths and lower wages in north of England, report reveals](#)

BBC, 9 September 2021

[Levelling up Britain 'will cost as much as reuniting Germany'](#)

Emma Yeomans

The Times, 16 August 2021

[Levelling up: what is it and what has Boris Johnson proposed? The PM promised to raise levels of income in 'every part of the UK' – but what have the Tories done so far?](#)

Josh Halliday

The Observer, 15 August 2021

[The cost of Boris Johnson's 'levelling up': £2tn, says UK thinktank: Centre for Cities says closing the north-south divide would take decades and cost hundreds of billions](#)

Josh Halliday

The Observer, 15 August 2021

[Adult skills and training vital to UK 'levelling up', says study: Think-tank shows disparity in qualifications, health and access to finance across regions](#)

Sebastian Payne

Financial Times, 4 August 2021

[Levelling-up project fund 'will undermine the Union'](#)

Kieran Andrews

The Times, 22 July 2021

[Government 'nowhere near' levelling up, says social mobility watchdog: Ministers need to follow good start with 'proper action plans, proper policies and proper funding'](#)

Peter Foster

Financial Times, 20 July 2021

[Whatever levelling up might mean, there's an age-old problem to tackle](#)

Paul Johnson

The Times, 19 July 2021

[Boris Johnson struggles to define 'ambiguous' levelling-up agenda: Prime minister offers few policy details in major speech on his flagship policy](#)

George Parker, Andy Bounds

Financial Times, 15 July 2021

[Health not among UK levelling-up priorities, says charity: Analysis shows many areas with low healthy life expectancy not ranked high for fund allocation](#)

Madhumita Murgia and Andy Bounds

Financial Times, 15 July 2021

[Levelling-up requires trillions not billions, economists warn: Current figures announced by government fall far short of what's required, they claim](#)

Anna Isaac

The Independent, 15 July 2021

[PM must level up the North at pace, say Tory MPs](#)

BBC, 13 July 2021

[England's poorest areas left far behind with lack of social infrastructure: Study finds 10% worst-off wards are also least likely to get government funds to renew their communities](#)

Patrick Butler

The Guardian, 28 June 2021

[The British government's vague "levelling-up" idea gets a champion: Can one of the Conservative Party's cleverest MPs make sense of it?](#)

The Economist, 27 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 McInroy

The Guardian, 25 May 2021

[Levelling up will never succeed if it comes at the expense of London](#)

Simon Nixon

The Times, 20 May 2021

[New index to track progress of UK's 'levelling up' agenda: Legatum Institute hopes measure will help identify priorities to drive improvements](#)

Delphine Strauss

Financial Times, 12 May 2021

[What is levelling up and how is it going?](#)

BBC, 11 May 2021

6 Parliamentary material

6.1 Written questions

[Regional Planning and Development: Question for Treasury: UIN 41258](#)

Asked by Ruth Jones

Asked on 18 August 2021

To ask the Chancellor of the Exchequer, what recent assessment he has made of the implications for his Department's policies of the role of economic policy in regional development.

Answered by Kemi Badenoch

Answered on 9 September 2021

The Government's levelling up agenda aims to spread opportunity and investment across every region and nation of the UK. We are delivering this pledge by boosting jobs, wages and prospects for all communities.

At the Budget, the Government announced additional funding for skills and job support, 8 Freeports that will be national hubs for trade, innovation and commerce and the launch of the first round of the £4.8bn Levelling Up Fund, to invest in local infrastructure and support economic recovery.

Furthermore, in light of Covid-19, the Government has introduced unprecedented support for businesses, households and workers, and local economies across the UK – protecting jobs and livelihoods against the current economic crisis. As of 14 July 2021, there have been 11.6 million unique jobs supported by the Coronavirus Job Retention Scheme (CJRS) since its inception, including 472,800 jobs in Wales. A total of 1.3 million employers have made a claim through the CJRS since it started in March 2020, totalling £67.4 billion in claims.

[Levelling Up Fund: Question for Ministry of Housing, Communities and Local Government: UIN 40994](#)

Asked by Alan Brown

Asked on 18 August 2021

To ask the Secretary of State for Housing, Communities and Local Government, pursuant to the Answer of 12 July 2021 to Question 27216 on

Levelling Up Fund, what the value is of the initial applications received from (a) Scotland, (b) Wales, (c) England and (d) Northern Ireland.

Answered by Luke Hall

Answered on 6 September 2021

The first round of the Levelling Up Fund received significant interest from England, Scotland, Wales and Northern Ireland bidding authorities across the three investment priorities of the Fund. Bids are currently being assessed in line with the published assessment process. Outcomes from the first round of bids for the Levelling Up Fund will be announced later in the year and bidding authorities will be informed in due course.

[Levelling Up Fund: Question for Ministry of Housing, Communities and Local Government: UIN 29807](#)

Asked by Steve Reed

Asked on 8 July 2021

To ask the Secretary of State for Housing, Communities and Local Government, if he will take steps to measure the impact of the projects funded through the Levelling Up Fund on the change in the relative spatial deprivation of the most deprived areas of the relevant local...

Answered by Luke Hall

Answered on 13 July 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 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.

As part of business case development for the Levelling Up Fund, local authorities are asked to set out a proportionate plan for project-level monitoring and evaluation, which forms part of bid assessment. Further details on our approach to monitoring and evaluation are available in the published Levelling Up Fund prospectus on GOV.UK.

[Levelling Up Fund: Question for Cabinet Office: UIN HL1459](#)

Asked by Lord Dodds of Duncairn

Asked on 28 June 2021

To ask Her Majesty's Government which department leads on their Levelling Up strategy; and what consultations they will be undertaking with local government on that strategy.

Answered by Lord True

Answered on 12 July 2021

The Levelling Up unit has been established to produce the Levelling Up White Paper, working closely with Neil O'Brien MP (PM's Levelling Up adviser) and departments.

Strengthening the Union is at the heart of this agenda and the White Paper will be informed by engagement across the UK nations, working with departments, including the Territorial Offices. The Unit has and will continue to engage with representatives from the local government sector and with all other relevant stakeholders across the public, private and third sectors.

[Levelling Up Fund: Question for Ministry of Housing, Communities and Local Government: UIN 27216](#)

Asked by Alan Brown

Asked on 5 July 2021

To ask the Secretary of State for Housing, Communities and Local Government, pursuant to the Answer of 1 July 2021 to Question 21267 on Levelling Up Fund, how many applications were received for the first round of funding by the deadline of 12 noon on 18 June 2021.

Answered by Luke Hall

Answered on 12 July 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.

Applications for the first round of the Levelling Up Fund closed at midday on 18 June. We have received in the region of 300 applications, but these are currently being triaged to ensure compliance with our eligibility requirements, and will then be assessed in line with the published assessment process set out in the Levelling Up Fund Prospectus and Technical Note on Gov.uk.

Outcomes from the first round of bids for the Levelling Up Fund will be announced later in the year and bidding authorities will be informed in due course.

[Levelling Up Fund: Question for Ministry of Housing, Communities and Local Government: UIN 6220](#)

Asked by Jessica Morden

Asked on 24 May 2021

To ask the Secretary of State for Housing, Communities and Local Government, if Ministers of his Department will publish (a) written guidance and (b) discussions on the role and rules for hon. Members sponsoring bids in the Levelling Up Fund.

Answered by Luke Hall

Answered on 27 May 2021

The Levelling Up Fund 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. Further detail on this process was made available subsequently via both a technical note and a frequently asked questions document, the former of which specifically discusses the role of MPs in the bidding process.

The Government recognises the important role of MPs in championing the interests of their constituents, and taking on a positive role in prioritising bids and helping broker local consensus within their communities. We expect bidding authorities to consult local MPs as part of submitting bids for the Levelling Up Fund, and support and engagement from local stakeholders and local MPs will be considered as part of the strategic fit assessment; however, such support from local MPs is not a necessary condition for a successful bid.

As part of the bidding process, MPs have the option of providing formal written support for one bid which they see as a priority. The lead authority must submit that letter of priority support along with their application, and a bid may have priority support from multiple MPs and local stakeholders. In addition to formally backing one bid, MPs may also want to support any or all schemes that would have a benefit to their constituencies as part of the wider stakeholder input process. Individual MPs should not provide a letter offering their priority support to more than one bid. Information on the role of MPs in future bidding rounds of the Fund will be confirmed after funding has been announced for bids from the first funding round.

There are no plans to publish further guidance on the role of MPs in supporting Levelling Up Fund bids.

[Levelling Up Fund: Question for Ministry of Housing, Communities and Local Government: 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.

[Regional Planning and Development: Question for Ministry of Housing, Communities and Local Government: UIN 167212](#)

Asked by Steve Reed

Asked on 11 March 2021

To ask the Secretary of State for Housing, Communities and Local Government, whether the Government has developed metrics to assess the progress of its levelling up agenda in each (a) local authority area and (b) region.

Answered by Eddie Hughes

Answered on 16 March 2021

As reaffirmed at the Spending Review, the Government is levelling up opportunity across the UK so that people feel that they can succeed in their local area. The Spending Review established a set of provisional priority outcomes and metrics across all departments and policy areas which have been published here:

<https://www.gov.uk/government/publications/spending-review-2020-documents>

These outcomes are now being embedded by departments into Outcome Delivery Plans, which will set out strategy and planning information for delivering the priority outcomes and for delivering on strategic “enabling” activities that are crucial to successful delivery.

6.2

Oral questions

[The Levelling Up Agenda](#)

HC Deb 19 July 2021, 660-62

[Health Inequalities: Levelling-up Fund](#)

HC Deb 19 July 2021, c 656

[Levelling Up Agenda](#)

HC Deb 8 July 2021, c 1050-51

[Levelling Up Agenda](#)

HC Deb 6 July 2021, c 734-36

[Levelling Up Agenda](#)

HC Deb 28 June 2021, c 11

[Levelling-up and Shared Prosperity Funds](#)

HC Deb 14 June 2021, c 13-14

[The Levelling Up Agenda](#)

HC Deb 27 May 2021, c 523-24

[Levelling Up Agenda](#)

HC Deb 25 May 2021, c 225

[Levelling-Up Fund](#)

HC Deb 27 April 2021, c 215

[Levelling-up Fund](#)

HC Deb 17 March 2021, c 309-10

6.3

Debates

[Levelling Up Agenda](#)

HC Deb 15 June 2021, c 50WH-75WH

[Community Renewal Fund and Levelling Up Fund in Wales](#)

HC Deb, 8 June 2021, c 313WH-338WH

6.4 Select Committee

[Post-pandemic economic growth: Levelling up](#)

House of Commons Business, Energy and Industrial Strategy Committee, HC 566, 22 July 2021

7 Further reading

7.1 Library briefings

[Regional and National Economic Indicators](#)

September 2021

[Coronavirus: Economic impact](#)

June 2021

[Poverty in the UK: statistics](#)

March 2021

[How big are regional economic inequalities in the UK?](#)

March 2021

[Infrastructure policies and investment](#)

March 2021

7.2 Other

[So you want to level up?](#)

Centre for Cities, June 2021

[The Politics of Levelling Up](#)

Will Jennings, Lawrence McKay, Gerry Stoker

Political Quarterly, May 2021

[The Ambiguous Ideology of Levelling Up](#)

Jack Newman

Political Quarterly, May 2021

[A tool for transformation to help 'level-up' the country](#)

Matthew Goodwin

Legatum Institute, May 2021

[What next for the UK industrial strategy?](#)

Professor Richard Jones

Productivity Institute, April 2021

[Levelling up the UK's regional economies](#)

Lord Sainsbury of Turville

Centre for Cities, March 2021

[Budget ditches industrial strategy for centralised levelling up](#)

Diane Coyle, Sam Warner, Dave Richards and Martin Smith

Bennett Institute for Public Policy, March 2021

[Achieving Levelling Up: the structures and processes needed](#)

LIPSIT project, Universities of Birmingham, Cardiff, Surrey and Warwick and Demos

November 2020

[Levelling up: where and how?](#)

Alex Davenport and Ben Zaranko

Institute for Fiscal Studies, October 2020

[Go Big. Go Local: the UK2070 report on a new deal for levelling up the UK](#)

UK2070 Commission, October 2020

[Power down to level up: resilient place-shaping for a post-Covid world](#)

Andrew Walker and Patrick Diamond

Local Government Information Unit, October 2020

[Catching up or falling behind? Geographical inequalities in the UK and how they have changed in recent years](#)

Sarthak Agrawal and David Phillips

Institute for Fiscal Studies, August 2020

[Levelling up: Rebalancing growth-enhancing spending](#)

Neil O'Brien MP and Guy Miscampbell

Onward, March 2020

[People, places and politics: the challenge of 'levelling up' the UK](#)

Henry Overman

LSE, March 2020

[Levelling Up?](#)

John Tomaney, Andy Pike

Political Quarterly, March 2020

[UK Regional Productivity Differences: An Evidence Review](#)

Robert Zymek and Ben Jones

Industrial Strategy Council, February 2020

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