

Debate Pack

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By Matthew Ward
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Levelling Up in the East of England

Summary

There will be a Westminster Hall debate on Levelling Up in the East of England at 9:30am on Tuesday 18th January 2022. 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.

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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

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

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

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

A White Paper on levelling up was initially due to be published in 2021, though this has been delayed. A recent PQ states “a landmark Levelling Up White Paper, which will set out Government’s vision for empowering local leaders and institutions... will be published in 2022.”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 an 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

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.

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 [Question for Department for Business, Energy and Industrial Strategy: Local Enterprise Partnerships: UIN 93906](#), 12 January 2022

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

⁸ BEIS Committee, [Ibid](#), para 15.

⁹ BEIS Committee, [Ibid](#), para 39.

¹⁰ BEIS Committee, [Ibid](#), para 30, 45.

¹¹ BEIS Committee, [Ibid](#), para 30.

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 this report was published in December 2021. This stated that the government is “committed to publishing the Levelling Up White Paper to articulate how we will improve livelihoods across the country as we recover from the pandemic.”¹⁴

In response to specific recommendations made by the Committee, the [Government Response](#) states the government recognises:

- the importance “of taking a joined-up approach in helping places realise their potential. That is why the development of the Levelling Up White Paper has been a whole of Government effort and will assist in setting out how the work of different Departments fits into a wider Levelling Up strategy”
- “the importance of factoring analysis of the impact of covid-19 into the planning for, and delivery of, the levelling up agenda”
- “the need for ensuring that it is not only the most well-resourced authorities who are successful in securing funding.”

1.3

The East of England – economic performance

The table below shows the East of England region’s performance in a range of economic indicators measured against the UK national average. For further information see the House of Commons Library briefing paper [Regional and National Economic Indicators](#).

- In 2019, the East of England accounted for 9% of UK GDP, though had a GDP per head below the UK as a whole.
- GDP growth in the East of England over the period 2010-19 (based on an annual average real terms percentage change) was 2.1%, higher than the growth rate for the UK as a whole.

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 House of Commons Business, Energy and Industrial Strategy Committee, [Post-pandemic economic growth: Levelling up: Government Response to the Committee’s Third Report](#), HC 924, 9 December 2021, pg. 4

- The East of England had the highest employment rate (the proportion of the population aged 16-64 in work) of all regions and nations of the UK in the most recent quarter for which data is available. In August-October 2021, the East of England's employment rate was 79.2%, compared to 75.5% for the UK as a whole.
- The East of England had the second lowest unemployment rate of all regions and nations of the UK in August-October 2021, at 3.1%, compared to 4.2% for the UK as a whole.

Summary of economic indicators		East of England	UK
Population			
2020 mid-year estimates	Millions	6.3	67.1
Economy			
Total output (GDP), 2019	£ billions	191	2,214
Total output (GDP) per head, 2019	£	30,622	33,151
Economic Growth (GDP), 2010-19**	Annual ave real terms % ch.	2.1%	1.8%
Forecast economic growth (GVA, real terms)*			
2021	% change on year	7.9%	7.3%
2020-30**	Average annual % change	1.4%	1.4%
Labour market, August - October 2021			
Employment level	Thousands	3,138	32,506
Employment rate	% of population aged 16-64	79.2%	75.5%
Unemployment level	Thousands	101	1,423
Unemployment rate	% of economically active	3.1%	4.2%
Median weekly earnings, 2020	£, full time employees	605	586
Industries - employment, April - June 2021			
Manufacturing	% of total jobs	6.7%	7.3%
Public sector	% of total employment	15.5%	17.6%
House prices, October 2021			
Average	£	332,000	268,000
Annual change	% change on year	11.2%	10.2%
Fiscal indicators, 2019/20			
Public sector revenue per head	£	12,454	12,400
Public sector expenditure per head	£	11,874	13,263
Net fiscal balance per head	£ ('+' is surplus; '-' is deficit)	580	-863
Businesses			
Number of businesses, 2021	Thousands	568	5,591
Annual % change in businesses, 2021	% change on year	-5.1%	-6.5%
* Forecasts from Oxford Economics (Oct 2021); ** Annual ave growth is a compound average			

Sources: ONS, various, BEIS and Oxford Economics. For more detail on sources used, see the Library briefing [Regional and National Economic Indicators](#)

1.4 The Levelling Up Fund

The Levelling Up Fund was announced in 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 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.¹⁵

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 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 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.

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.

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 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 additional bid which must be for transport.

¹⁵ HM Treasury, [Spending Review 2020](#), CP 330, November 2020, pg. 4

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

The deadline for applications for bids was Friday 18 June 2021. A PQ indicates “in the region of 300 applications” were received, which were “triaged to ensure compliance with our eligibility requirements.”¹⁶

Results of the first round of the Levelling Up Fund were published by the Department for Levelling Up, Housing and Communities on 27 October. A list of all awards was published by the Department for Levelling Up, Housing and Communities.¹⁷

In total, £1.7 billion of awards were announced, 35% of the £4.8 billion announced in the 2020 Spending Review. 105 awards were made to 83 different local authorities.

Four local authorities in the East of England region were successful in securing funding – these are shown in the table below. Three of these local authorities were in priority category 1 (Luton, Peterborough and Southend-on-Sea), while Central Bedfordshire was in priority category 3.

Levelling Fund round one awards, East of England		
Local authority	Project	Value (£m)
Luton	The Stage (Transforming Luton Town Centre)	20.0
Peterborough	Living Lab	20.0
Central Bedfordshire	Houghton Regis (Community Wellbeing Hub)	19.9
Southend-on-Sea	Infrastructure Upgrades to Coastal Attractions	19.9
Central Bedfordshire	Clophill (Transport Infrastructure Improvement Project)	6.8

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

In total, the East of England received £86.6 million. This was equal to 5% of first round awards and was the third lowest level of funding awarded of all UK regions and nations, after Northern Ireland and London.

Details on applications for future rounds have yet to be published. The prospectus states the Fund will run until 2024/25.

1.5

Community Renewal Fund

The Community Renewal Fund was designed to “support our communities to pilot programmes and new approaches ahead” in preparation for the

¹⁶ [PQ 27216](#), 5 July 2021

¹⁷ See Department for Levelling Up, Housing and Communities, [Levelling Up Fund: first round successful bidders](#), 27 October 2021

introduction of the [UK Shared Prosperity Fund](#) in 2022, which is designed to replace the EU structural funds.

In total, the Fund was worth £220 million and was based around 4 investment priorities:

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

Funding was 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.

100 “priority places” were identified based on “an index of economic resilience.” The Fund prioritised bids from these places and the lead authority of each of these areas received capacity funding to help with bid co-ordination and appraisal. 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.

In total, 32 awards were made to local authorities in the East of England, with a total value of £19.7 million. This was equal to 9.7% of all awards.

Community Renewal Fund awards, East of England		
Lead authority	No. awards	Value (£m)
Norfolk County Council	14	6.6
Essex County Council	7	4.4
Cambridgeshire and Peterborough Combined Authority	2	3.4
Hertfordshire County Council	5	3.3
Southend-on-Sea Borough Council	2	1.1
Suffolk County Council	2	0.9

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

2

Press articles

[Levelling up to wait as No 10 confronts Covid](#)

Henry Zeffman

The Times, 3 January 2022

[Levelling up: a flagship policy adrift and becalmed: More mayors and a shake-up of local government will not be enough to rebalance the economy and heal the north-south divide](#)

The Guardian, 31 December 2021

[Government Levelling Up funds fall short in the region says East of England Local Government Association](#)

Kaia Nicholl

Suffolk News, 14 December 2021

[Ministers examine shake-up of regional development in England: Reform would form part of government's efforts to help 'left behind' areas](#)

Financial Times, 7 December 2021

Sebastian Payne and Jasmine Cameron-Chileshe

[Ministers delay release of plan to 'level up' Britain: Flagship policy paper on narrowing regional inequalities not now due until new year](#)

George Parker

Financial Times, 5 December 2021

[The 'levelling up' of England's regions is long overdue: Ministers must commit time and investment if their promise of reducing inequality is to be more than a slogan](#)

Michael Heseltine

Financial Times, 12 November 2021

[Budget 2021: East of England projects get levelling up cash](#)

BBC, 27 October 2021

[Budget: £1.7bn committed to small-scale 'levelling up' projects: First 106 successful bids announced in push to tackle regional inequality](#)

Sebastian Payne and Daniel Thomas

Financial Times, 27 October 2021

[Levelling up isn't about north or south, or city or town. It's about restoring local pride: Parts of the country have suffered for decades, now we have an opportunity to unite the country](#)

Neil O'Brien

The Guardian, 6 October 2021

3 Parliamentary material

3.1 Written questions

[Regional Planning and Development: Question for Department for Levelling Up, Housing and Communities: UIN 96974](#)

Asked by Holly Lynch

Asked on 4 January 2022

To ask the Secretary of State for Levelling Up, Housing and Communities, what plans his Department has to support councils in delivering the levelling up agenda during current levels of material, energy and labour price inflation; and if he will make an assessment of the...

Answered by Kemi Badenoch

Answered on 12 January 2022

The provisional Local Government Finance Settlement, announced in December, makes available an additional £3.5 billion to councils, including funding for adult social care reform. This is an increase in local authority funding for 2022-23 of over 4% in real terms, which will ensure councils across the country have the resources they need to deliver key services.

Local authorities have the flexibility to use funding in a way that responds to local needs, and can prioritise based on their own understanding of the needs of their communities.

[Regional Planning and Development: Question for Department for Levelling Up, Housing and Communities: UIN 92891](#)

Asked by Bob Blackman

Asked on 14 December 2021

To ask the Secretary of State for Levelling Up, Housing and Communities, what steps the Government plans to take to (a) reduce health disparities and (b) improve healthy life expectancy through the levelling up white paper.

Answered by Neil O'Brien

Answered on 21 December 2021

The forthcoming levelling up white paper will set out the UK Government's approach to tackling spatial inequalities across the country in order to

improve outcomes in places where they are weakest. Addressing stark disparities in health outcomes between places is an important part of levelling up, because people should have the opportunity to live long, healthy lives wherever they live.

The Government is already taking action to address disparities in health outcomes, including through a £2.3 billion investment in diagnostics over the Spending Review period, which will increase the number of Community Diagnostic Centres, expanding diagnostic capacity across the country whilst targeting investment at areas of deprivation.

[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.

3.2

Oral questions

[Levelling Up White Paper](#)

[Levelling Up in the East of England](#)

HL Deb, 15 Nov 2021, c 2-4

[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

3.3

Debates

[The Levelling Up Agenda](#)

HC Deb, 15 Sept 2021, c 375WH-392WH

[The Levelling Up Agenda](#)

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

[Levelling Up](#)

HC Deb 16 March 2021, c 180-194

3.4

Other

[Budget Submission, East of England All Parliamentary Group – the East of England: An Engine for Growth](#)

March 2021

4

Press releases

[Government Levelling Up funds fall short in the East of England](#)

East of England Local Government Association, 8 December 2021

The East has been disadvantaged from the very outset of the Government's Levelling Up programme, East of England Local Government Association (EELGA) analysis has found.

The organisation, which represents 50 local authorities across the East, wrote to HM Treasury prior to the Chancellor's Autumn Budget, outlining five key priorities for the region and the case for further investment into the region's diverse communities.

The areas covered Levelling Up, local authority funding, tackling climate change, improved connectivity and decarbonisation and integrated health and care services.

Now the spending review has been published, EELGA has analysed whether the Chancellor's announcements have addressed these issues.

EELGA's report analysing the outcome of the Spending Review for the region (read in full [here](#)) comments that: "The government has committed a great deal of funding to support areas outside of London within this Spending Review. However, it is disappointing to see that the East of England has received considerably less than other areas.

"The levelling up fund is the most obvious example of the East of England not receiving an equitable share."

The report adds that just three of the region's seven priority one geographical areas for Levelling Up will receive an allocation through the Levelling Up Fund. This creates a clear risk that other deprived areas within the East of England will be left out, and left behind, in the wider levelling up of the UK.

Transport is another critical area where funding in the East of England was less than other regions "by a considerable margin". City areas in the North and Midlands received billion-pound settlements to support projects through city region settlements. Although the Local Road Maintenance Funding was also increased, the East received less than the national average for transport projects.

For core local authority funding, the report welcomes the 3% rise in core spending power for local authorities but is concerned this increase is dependent on increasing council tax to the maximum level. Local councils

were not given a commitment to three years of funding, making fiscal planning even more difficult.

On health and care, the report says the additional £363 million of funding for children's social care and £2.6 billion in SEND funding in the Autumn Budget is a step in the right direction. However, it says this funding still falls short of the level recommended by the Independent Review of Children's Social Care to maintain standards.

The Spending review confirms that the £5.3 billion raised by the Health and Social Care Levy will be spent on Adult Social Care. However, £3.6 billion of this is not new discretionary funding. Rather, it is funding to cover the cost of the new Social Care Cap, and the more generous means testing, announced earlier this year. This leaves the sector only £1.7 billion of additional funding; a welcome increase, but far short of what is needed.

Cllr Linda Haysey, Chair of EELGA said: "The East of England received 40% less of the Levelling Up funding when compared to other parts of the UK, plus we have lost out to urban areas in other regions who will benefit from a much larger share of crucial transport investments.

"As a result, we now face even greater challenges for some of our rural areas, coastal communities, and towns where significant deprivation and inequalities existed pre-covid.

"Local authorities in the East of England are determined to keep the pressure on this collectively, and with our MPs, to see that our region benefits more equitably from the levelling up programme ahead."

5 Further reading

[2021 Budget and Spending Review Analysis](#)

East of England Local Government Association, November 2021

[Spending Review and Autumn Budget 2021 – regional factsheets](#)

HM Treasury, October 2021

[Levelling Up – why it matters for the East of England](#)

PLMR, 28 January 2021

[Economic strategy for the East of England](#)

Cambridge Economics, February 2020

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