

## Levelling Up: What's happened so far?

In November 2020 the UK government announced a £4.8 billion Levelling Up Fund. The funds were distributed by means of a competitive bidding process and were intended to support town centre and high street regeneration, local transport and cultural projects. A total of just under £1.7 billion was shared between over 100 towns, cities and areas. Bids for Round 2 of the levelling up fund have now been invited from local authorities throughout the UK. <sup>1</sup>

The Fund is “*part of a broad package of complementary UK-wide interventions*”. In September 2019 the government invited 100 towns in England to develop proposals as part of a £3.6 billion Towns Fund. The focus was to be on economic and productivity growth through investment in “*connectivity, land use, economic assets, skills and enterprise infrastructure*.” The Community Renewal Fund was announced in March 2021 and made provision for £220 million for investment in skills, local business, communities, and helping people into employment. The Communities Ownership Fund was announced in July 2021 and provided £150 million so that local groups throughout the UK could take over their local pub, village shop or cinema and “*run them as businesses by the community for the community*.” The UK Shared Prosperity Fund is intended to replace EU funding and is “*a central pillar of the UK Government’s ambitious levelling up agenda*.” It provides for £2.6 billion for local investment by March 2025 with all areas receiving an allocation from the fund via a funding formula rather than through a competitive bidding process. The funding allocation will be organised through local authorities. <sup>2</sup>

Analysis carried out by the Guardian shows that a large part of the money allocated under the various levelling up funds so far have gone to rich boroughs rather than deprived areas. For example Sajid Javid’s constituency, Bromsgrove in Worcestershire, received nearly £15 million or £148 a head despite being one of the wealthiest areas in England. In contrast, eight local authorities that are among the poorest in England have received less than £10 a head. <sup>3</sup>

Freeports are also being promoted by the UK government as part of its levelling-up agenda. Freeports are ‘special areas’ set up around one or more air, rail or seaports. They offer tax breaks and lower business tariffs and can extend up to 28 miles beyond the immediate port area. There are to be eight freeports in England and two in Scotland. The UK Government says that freeports will act as “*national hubs for global trade and investment*”, “*hotbeds for innovation*” and “*promote regeneration*”. <sup>4</sup> However according to the Office for Budget Responsibility research has shown that a significant number of the new jobs created within such special areas are actually displaced from neighbouring areas and from elsewhere in the UK, and that the jobs created are mainly in low-skilled service activities. It goes on to say: “*given historical and international evidence, we have assumed that the main effect of the freeports will be to alter the location rather than the volume of economic activity*” <sup>5</sup>

In February this year the government published its Levelling Up White Paper. <sup>6</sup> The document acknowledges that the UK has larger geographical differences than many other developed countries in areas such as output, productivity, pay, educational attainment and health. For decades it says, “*some areas have flourished, others have been left in a cycle of decline*.” In order to bring about sustained rises in living standards and well-being we need to “*to end the geographical inequality which is such a striking feature of the UK*.” At the heart of the document there are 12 national missions or targets to be achieved by 2030. These are set out in the table:

Focus area	Mission or target to be achieved by 2030
Living Standards	Pay, employment and productivity will have risen in every area of the UK. Each area will have a city capable of competing globally
Research & Development	Public investment in research and development, outside London and the South East, will have increased by at least 40%
Transport infrastructure	Local public transport will be significantly closer to the standards of London with improved services, simpler fares and integrated ticketing
Digital connectivity	The UK will have nationwide broadband and 4G coverage, with 5G coverage for the majority of the population
Education	The number of school children achieving the expected standard in reading, writing and maths will have significantly increased
Skills	The number of people successfully completing high-quality skills training will have significantly increased in every area of the UK
Health	The gap in life expectancy between local areas where it is highest and lowest will have narrowed
Well-being	Well-being will have improved in every area of the UK, with the gap between the top performing and other areas closing
Pride in place	People's satisfaction with their town centre and engagement in local culture and community will have risen in every area of the UK, with the gap between the top performing and other areas closing
Housing	The number of first-time buyers will have increased in all areas. The government's ambition is for the number of non-decent homes to have fallen by 50%
Crime	Homicide, serious violence, and neighbourhood crime will have fallen in the worst affected areas
Local leadership	Every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution, together with a simplified, long-term funding settlement

The government's analysis of the state of the economy with its inequalities between UK countries and regions and the importance it gives to levelling up have been broadly welcomed. Criticism has been mainly directed at the proposals for change, for example:

- It will cost money to bring about change and level up the geographical inequalities in the UK. There was an opportunity here to set out what funding would be put in place beyond the current spending review which runs until 2025. This is missing.<sup>7</sup>
- There is a lack of detail behind how these proposals will be put into practice, and a shortage of policies which could actually help to achieve the targets. The specific policies listed are mostly small and unlikely to make major differences to regional economies.<sup>8</sup>
- Limited attention has been paid to the role of taxes and spending. Funding for councils, public health and schools for example are very much within the government's control, but barely feature in the White Paper. IFS director Paul Johnson said: "*The targets are largely in the right areas, but many look extremely ambitious.....There is little detail on how most of them will be met, and less detail on available funding.*"<sup>9</sup>
- The IPPR questioned the lack of a worked-out plan and said that the lack of serious new funding means that it is doubtful the government can deliver on its targets.<sup>10</sup>

## Sources

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