



## Should we ‘level up’ social needs?

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June 2021

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We would like to thank all the attendees at our [Rethink, Rebuild](#) policy workshops, for contributing their ideas to this paper. Some of their contributions can be found at:

[www.labs.thinknpc.org/category/rethink-rebuild/rethink-policy/](http://www.labs.thinknpc.org/category/rethink-rebuild/rethink-policy/).

We would like to thank our funders, the [Gatsby Charitable Foundation](#) and NPC's core funders and [Supporters' Circle](#), for supporting NPC on this report.

# Executive summary

'Levelling up' is the government's defining social agenda. It is a broad agenda, and already well underway. £8.77bn has been allocated to four funds which are either currently taking applications or already paying out. The biggest funds are the Towns Fund and the Levelling Up Fund. Further funding and policy announcements, such as the £1.5bn UK Shared Prosperity Fund are expected but still to come.

In this report we examine whether the government's current levelling up agenda and funding should address social needs alongside economic measures, and how it can go about doing so.

## People expect a social, as well as an economic, levelling up

We have undertaken a nationally representative survey of over 2,000 people in the UK to ask them about their expectations of levelling up. We have also analysed the data the government has made available on the level of funds and which areas they intend to prioritise for them. We have found:

- **People want social issues addressed through levelling up:** In our nationally representative survey, people said the most important aspects for an area being 'levelled up' were reduced homelessness (36% put this in their top 3 factors), poverty (36%), crime (34%), and unemployment (32%). These issues featured higher than better transport connections (16%), fewer boarded up shops (23%), and improved parks and public spaces (17%).
- **Current government levelling up funding does not focus on social issues:** Potentially as little as 7% of £8.77bn of levelling up funding we analysed is revenue spending that can be spent on the kinds of services that might tackle the social issues mentioned above.
- **Levelling up funding isn't being consistently prioritised to areas that have high social needs:** Of the most deprived quarter of local authorities in England, 23% are currently not prioritised for funding from the pots we analysed.
- **There is variation in social needs across the country:** Our research shows that social needs such as homelessness do need levelling up. Homelessness is ten times worse in the

bottom tenth of local authorities in England (those with the worst rates of homelessness) than in the least affected decile.

The government's priorities of transport, skills and highstreets are important; we're not disputing that. Undoubtedly many local authorities in areas eligible for levelling up funding will bring forward projects to meet these needs. However, our analysis shows the needs of many areas of the country are more complicated and nuanced, and that people expect social needs to be addressed through levelling up.

## Rebalancing the funds and empowering partners

The government has an opportunity to rebalance the funds to address social needs. It could do this through the forthcoming £1.5bn per year UK Shared Prosperity Fund, as well as through future rounds of the Levelling Up Fund.

However, rebalancing funds on their own will not be enough. The current mechanisms for distributing funds are not leveraging the power of important partners who can make sure the money reaches the people and areas in social need.

Specifically, the voluntary and community sectors work with many of the people who are experiencing the social needs identified in our analysis so would be well placed to both inform how the funds are designed and targeted, and even deliver services through the funds. NCVO data shows that there are 32,000 'social services' charities in England and Wales alone—with an annual income of £11bn. They work on homelessness, financial insecurity, and they support people with disabilities, among lots of other issues important to levelling up. Levelling up funds should therefore have collaboration with the voluntary and community sectors hardwired into them.

However, our previous analysis ([What will 'levelling up' pay for?](#)) suggests that tackling these issues, and working with the charities and communities who understand them at a local level, has at best been a peripheral feature of the £8.77bn funding announced so far.

To rebalance the funds and unleash the power of the voluntary and community sector, the government should:

- **Recommendation 1: Target future levelling up funds on social needs.** The government should ensure that a significant percentage of future levelling up funds can be spent on services that will improve the social and civic aspects of an area. Its next opportunity to do this will be through the UK Shared Prosperity Fund.

- **Recommendation 2: Make current funding more flexible.** Future rounds of the Levelling Up Fund should re-evaluate both the kind of programmes eligible for funding and the areas being prioritised. Areas with high social need should be prioritised for funding in tier one, and the fund should be expanded to include social issues such as homelessness and poverty.
- **Recommendation 3: Local roadmaps for levelling up.** The government should require areas prioritised for funding (receiving over £30m for multiple funding streams) to produce a roadmap, setting out how they will use the funding, in concert with their other work, to 'level up' their areas both socially and economically. This roadmap should be informed by data, be produced in consultation with local charities, social enterprises and businesses, and be reported against at least every three years.
- **Recommendation 4: A national levelling up intelligence board.** The government should tap into intelligence from other sectors to help meet people's levelling up expectations. It should set up a board at the national level with representation from charities of all sizes, businesses, faith and community groups, and social infrastructure providers (such as libraries and childcare facilities). This board should provide intelligence to the government and advise and report on the levelling up agenda and specifically the use of levelling up funds. The board should feed into the work of the new No10-Cabinet Office Unit that is being set up to implement the forthcoming Levelling Up White Paper.
- **Recommendation 5: Level the playing field.** The government should expand its capacity building support through the levelling up funds, with more support provided for areas with fewer charities, so they can grow and strengthen their social and civic sectors.

By taking these steps, the government can maximise the impact of current and future levelling up funding. This will help tackle entrenched social needs and meet people's high expectations for the levelling up agenda.

# What is the government levelling up?

With an end to the Covid-19 pandemic at last in sight, and with us now in the second full year of Boris Johnson's premiership, a sense of urgency has started to build around the levelling up agenda. But what is it?

Originally sketched out in the 2019 Conservative manifesto, levelling up is something to which the Prime Minister is personally associated. Just a week after the 2019 election he said:

*'This Queen's Speech, from this people's government, sets in motion a vast interlocking programme to unite and level up across the whole United Kingdom, and unleash the potential of all our people.'*

Since then, there has been debate about what the agenda means and what it is trying to achieve. There is currently no single place where the details of this agenda are set out in full, and no widely understood metrics for success. However, there are initiatives already in place which we can examine to better our understanding of the agenda.

The government has so far announced £8.77bn of funding over the next 3-4 years for levelling up through the [Levelling Up Fund](#), the [UK Community Renewal Fund](#), the [Towns Fund](#) and the [Community Ownership Fund](#). A further £1.5bn per year is expected to be added to this through the [UK Shared Prosperity Fund](#) (which is set to replace [EU Structural and Investment Funds](#)) from next year.

In our previous paper [What will 'levelling up' pay for?](#), we analysed the funding criteria that has so far been published and some of the first announced projects in receipt of these funds. We found that this funding focused on transport connections and high street renewal, alongside investment in skills and education.

We originally estimated that 87% of £5.17bn levelling up funds announced in the March 2021 budget could go on capital infrastructure (such as buildings). However, our most recent updated estimate, reflecting new government information and analysing additional funds, is that this figure may be even higher. Around 93% of the £8.77bn is likely to go on capital, leaving only 7% for services that could meet social needs.

## 'The infrastructure of everyday life'

The government has been clear that it doesn't intend to deliver its levelling up ambitions through these funds alone. It has a range of other policy measures contributing to its agenda, including 'a broad package of complementary UK wide interventions'<sup>1</sup> to ensure 'no places are left behind.'<sup>2</sup>

Diagram 1: 'Complementary interventions' that constitute the levelling up agenda.<sup>3</sup>



This package of interventions tells us that levelling up is about spreading wealth and opportunity more fairly around the country, with a strong focus on infrastructure and skills. As the Chancellor writes in the introduction of the [Levelling Up Fund prospectus](#), it is about improving 'things that people rely on every day in communities up and down the country—the infrastructure of everyday life.'

<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/966138/Levelling\\_Up\\_prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966138/Levelling_Up_prospectus.pdf), page 3.

<sup>2</sup><https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus/uk-community-renewal-fund-prospectus-2021-22>, section 1.1.

<sup>3</sup> This diagram reflects lead departments referenced in government documents, so may not reflect all departments involved. For example, the Department of Work and Pensions is involved in developing elements of the UK Shared Prosperity Fund.

## No focus on social needs

So, does the agenda focus on the 'infrastructure of everyday life'?

It is important to stress that we don't believe that focusing on hard infrastructure to generate economic development is in any way wrong, nor is spending money on vital physical infrastructure that communities have missed out on for a long time. Indeed, hard infrastructure will be critical to improving this country's economic fortunes.

The question is whether a focus on hard infrastructure and skills, without tackling other social issues, or social needs, will be enough for this government to successfully level up the UK and meet the expectations of the nation.

In this paper, we argue that the levelling up agenda is too narrow in what it currently supports and too thinly spread to make the difference it aspires to. Our polling shows that people expect major social needs to be tackled by this agenda, alongside infrastructure. Our data illustrates that the £8.77bn of funding is not focused on areas experiencing social needs, nor is the funding flexible enough to be able to tackle the varied way that deprivation is experienced around the country.

To succeed, the levelling up agenda will need to act on a social and civic level, as well as on an economic level. It therefore needs to involve the voluntary and community sectors far more than at present.

We have produced recommendations for how the government can achieve this, and there are plenty of opportunities for the government to implement them. These include the forthcoming UK Shared Prosperity Fund and future funding rounds of existing levelling up funds. and the appointment of a levelling up adviser, Neil O'Brien MP, who will deliver a white paper on levelling up later in 2021.



# What do people expect from the levelling up agenda?

In May 2021, NPC commissioned [Savanta](#) to run a nationally representative (UK) poll on people's hopes and expectations from the government's levelling up agenda. We wanted to understand how the debate and discussion around the agenda has influenced public perceptions, and how those public perceptions vary from what is currently eligible for support under the levelling up agenda.

We found that people agreed with much of what the £8.77bn of funding is targeted towards but they also wanted the agenda to have a wider focus than it currently does. When assessing what they would expect to find in a levelled up area, our respondents rated improvements on social needs very highly.

## Do people think their area needs levelling up?

Our polling found that most adults in the UK (60%) are 'very' or 'fairly' satisfied with their local area, compared to 15% who are 'very' or 'fairly' dissatisfied. Those living in the East of England (71%) and the South West of England (68%) were most likely to say they are satisfied, whereas those living in London are least likely to say they are satisfied (52%). As we will see in the next section, much of London has low or no prioritisation for levelling up support under the current funds.

Despite the relatively high levels of satisfaction, almost half of UK adults (48%) also say that they think their area needs levelling up, compared to a third (34%) who don't.

There is a variance by geography here, with those living in the North West of England most likely (58%) to say they think their area needs levelling up, whereas those living in the South East of England (36%) and the East of England (35%) were least likely to say this.

People in Scotland and Wales were also more likely than not to say that their areas needed levelling up, with 52% and 54% respectively reporting that perspective. 76% of those polled in Northern Ireland say their area needs levelling up.<sup>4</sup>

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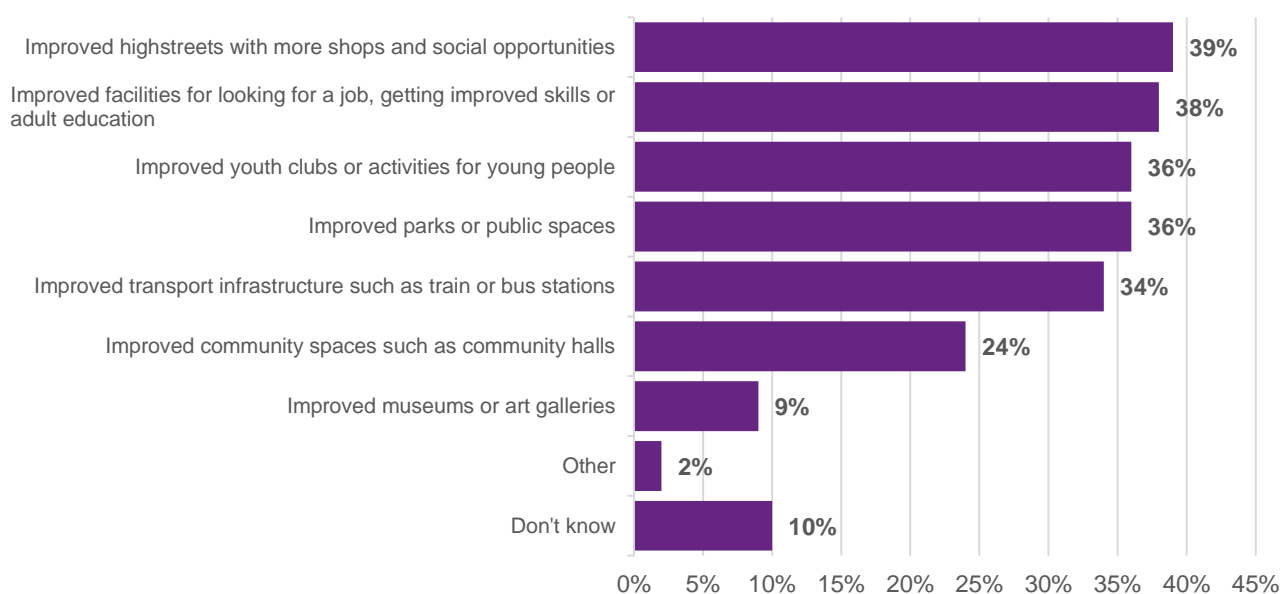
<sup>4</sup> The sample size in Northern Ireland was quite small, so caution should be used in how conclusions are drawn from this data.

The age group most likely to say their area needed levelling up was 25-34 year olds (60%), with support decreasing as the age of the respondent increased. Only 34% of over 65s say their area needs levelling up.

## Expectations of the levelling up agenda

We gave people a list of physical assets and asked them what they expected to see in an area that had been levelled up. People most commonly feel that they want to see improved highstreets with more shops and social opportunities (39%) and improved facilities for looking for a job, improving their skills, or adult education (38%). This was closely followed by improved parks or public spaces (36%) and improved youth clubs or activities for young people (36%).

'In an area that had levelled up which of the following are the main things that you would expect to see change?'



Highstreets, skills, and transport are core to the £8.77bn of funding announced so far. Youth clubs and activities for young people do not seem to be included in the levelling up funds announced so far, but there may be scope through the [community](#) and [employability](#) strands of these funds to support services for young people.

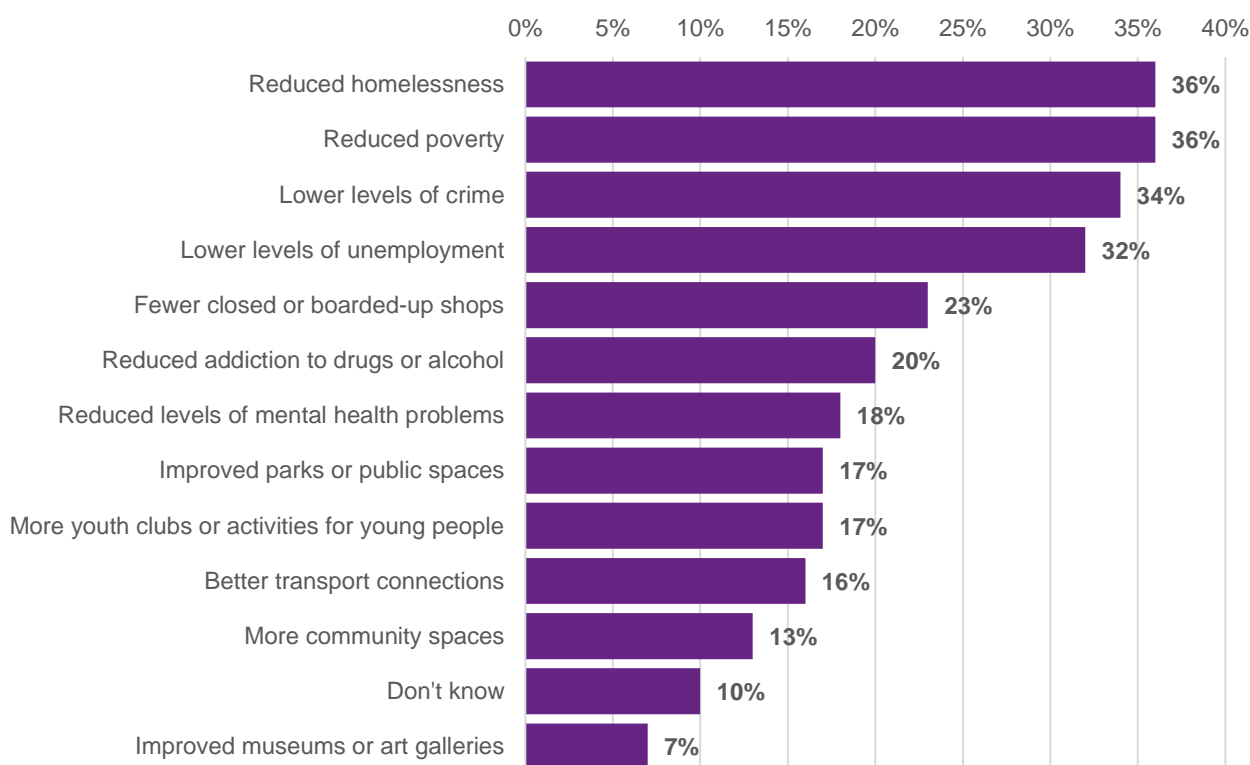
We note that only 9% of our respondents expect to see improved museums or art galleries, despite 'Culture and Heritage' being one of three investment themes for the first round of the Levelling Up Fund. Plus, 'local cultural assets' are referenced in the Towns Fund prospectus.

We also gave people a list of social needs and asked what people would not expect to see in an area which had levelled up. UK adults feel that they would mostly not expect to see street homelessness (45%) and anti-social behaviour (43%). As far as we understand from the £8.77bn of funding announced so far, these issues are outside of the scope of the government's levelling up agenda.

## Prioritisation

Having asked about the positive and negative expectations people had, we then asked people what the overall most important aspects of levelling up are from a list of physical assets and social needs. The most important aspects to an area being levelled up were reduced homelessness (36% placing this in their top 3 factors), reduced poverty (36%), lower levels of crime (34%), and lower levels of unemployment (32%).

Most important thing to an area being levelled up  
(% of respondents who listed a factor in their top three)



Neither crime nor poverty are specifically targeted by the levelling up funds announced so far but it is arguable that economic and skills interventions, which are included, may address some of these issues eventually.

## What do these findings mean?

These polling results suggest that people are engaged with the levelling up agenda and they are in broad accordance with the core aims of the £8.77bn of funding announced so far. However, they also want the agenda to have a wider focus than it currently does.

Specifically, they want social needs addressed, such as homelessness and poverty, and they find these issues more important to the levelling up agenda than the (still very important) improvements to transport infrastructure. They also see some aspects that are central to the government's agenda, such as improved museums or art galleries, as being unimportant to their assessment of a place being levelled up.

This is the context to the levelling up agenda, and these are the criteria by which the electorate will judge it to be a success.

## What does the data tell us about the need to level up social issues?

We have heard from our polling that almost half of people around the country feel their area should be levelled up (48%). They have told us that social issues which have not so far been acknowledged by levelling up funding, such as homelessness and mental health problems are part of their expectation for this agenda—as well as the transport, highstreets and skills components already built into the funding streams we have examined.

But does the data show us that these social issues are in need of levelling up? And if so, where in the country would a levelling up agenda that addressed these be targeted? And where is the current funding going? How does it relate to economic and social need?

## What are social needs and do they need levelling up?

Our polling highlighted some social issues that matter to people in Britain in the context of the levelling up agenda. In the social sector we commonly think of these social issues as being reflective of unmet needs. In the most simple formulation, an unmet need for housing gives rise to homelessness for example.

But need, and related terms like deprivation, are loaded and can mean very different things to different people. This variation can make understanding and addressing it a deeply challenging endeavour.

### Defining and measuring complex social needs

But that is not to say it cannot be done. In recent years we have seen many important attempts. For example, the thinktank Onward produced a [Social Fabric Index](#) which specifically takes data sets that they argue are indicative of the social and community strength of a place and combines them together to create an index which allows you to see the relative strength of one place against another. Local Trust and OSCI created the [Community Needs Index](#) in a broadly similar way which allowed them to identify and start to understand some of the 'left behind' places in the UK.

For this paper we are using the official measure of social need in the respective nations of the UK, the Indices of Multiple Deprivation (IMD). The English Index of Multiple Deprivation is produced by the Ministry of Housing, Communities and Local Government. It combines data across a range of 'domains' to provide a score and rank of deprivation for every local authority in England (as well as at more granular levels). The Scottish and Welsh governments and the Northern Irish Executive produce their own indices as well, though the constituent data (and in Scotland and Northern Ireland the geographies at which the data is measured) that goes into them is different, which makes them not strictly comparable.

England domains	Scotland domains	Wales domains	Northern Ireland domains
Income Deprivation	Income	Income	Income
Employment	Employment	Employment	Employment
Deprivation	Education, skills and training	Health	Health and Disability
Education, Skills and Training Deprivation	Health	Education	Education
Health Deprivation and Disability	Crime	Access to Services	Skills & Training
Crime	Geographic access to services	Housing	Access to Services
Barriers to Housing and Services	Housing	Community Safety	Living Environment
Living Environment Deprivation		Physical Environment	Crime and Disorder

Each index takes data relevant to different domains, and the domains are a mix of economic and social issues that have an impact on people's quality of life.

The government has acknowledged the economic inequality that these indices measure and tilted the levelling up agenda towards it—but what about the more 'social' inequalities? Do they need levelling up too?

### **Do social issues need levelling up? Homelessness as an example**

We have looked at one of the social issues highlighted in the polling, homelessness, to see whether the data shows us that there is an uneven distribution of people experiencing it in the UK.

The English IMD uses quarterly homelessness figures provided by the Ministry of Housing, Communities and Local Government in its barriers to Housing and Services Domain. The IMD was compiled in 2019. Using the more up-to-date homelessness figures (from 2020, pre-pandemic)<sup>5</sup> available we can see that the 'worst' decile (i.e. that with the worst rates of homelessness) of English local authorities have on average an almost ten times greater rate of homelessness among their households than those in the least affected decile.<sup>6</sup>

The variation is striking, suggesting local places are experiencing this important social issue very differently.

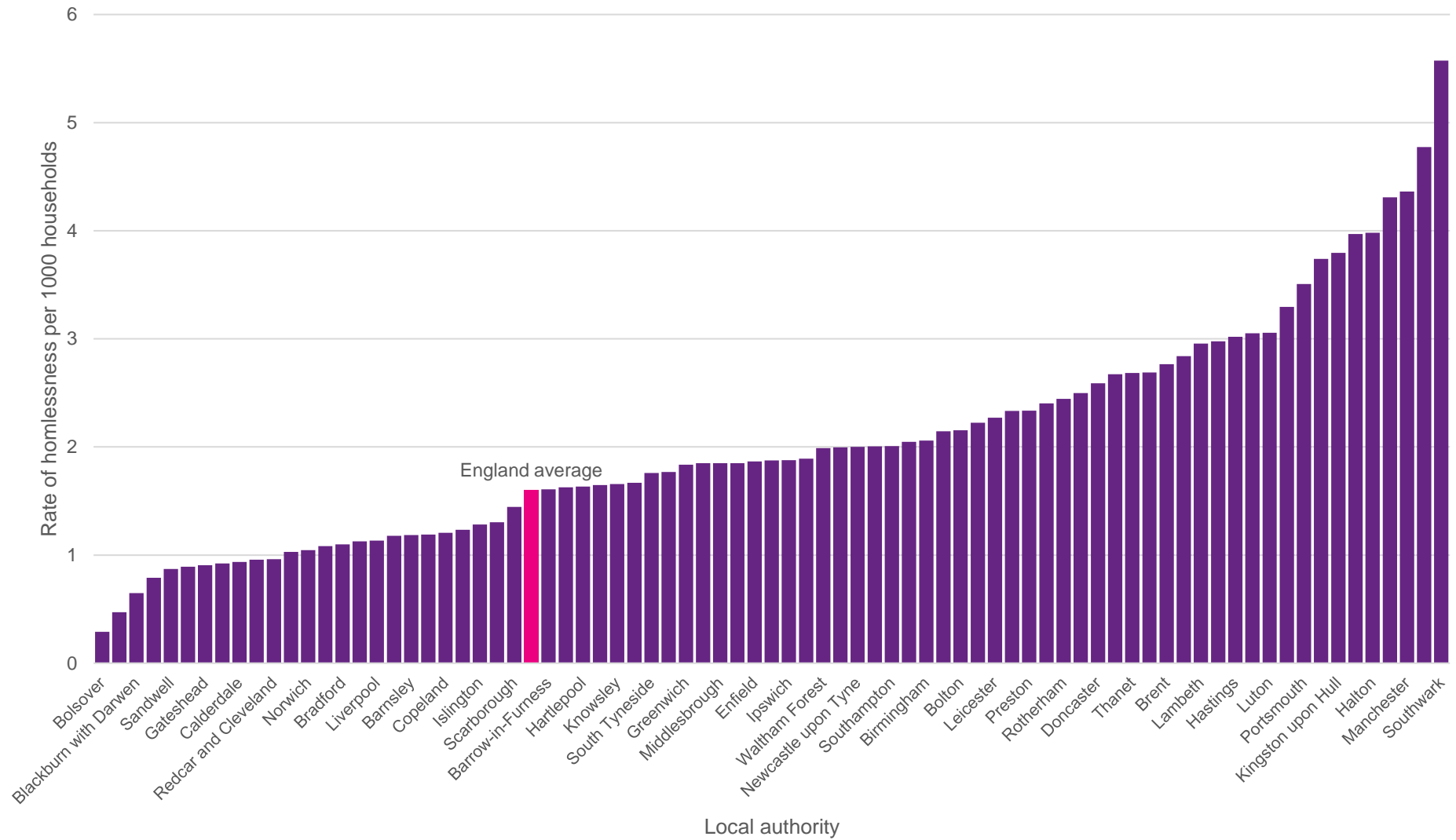
This seems to hold true even for the most deprived areas. For example, looking at the most deprived quarter of areas in England, we see that the majority experience rates of homelessness above the national average—but not all do, and in some places it is actually much lower. The end results being that Southwark, which is the worst affected, has just over 19 times the rate of homelessness of Bolsover, the least.

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<sup>5</sup> Due to temporary public policy interventions during the pandemic the homelessness figures are likely to be unusual for this period. We have elected to use figures from before the pandemic. Figures are 'Number of households by initial assessment of homelessness circumstances and needs' and cover July-September 2020.

<sup>6</sup> 9.7 is the figure we have calculated.

## Homelessness indicator (rate per 1000 households), most deprived quarter (80) of local authorities, England





This shows how even in the most deprived places, homelessness rates vary considerably. It suggests that if the government is to include social needs within the levelling up agenda, it will need to allow local areas to be flexible enough to target different social needs depending on the differing rates in their area.

This will require local authorities and partners to have the agency and autonomy to target the social and economic and infrastructure needs they actually experience. This is going to be important if the levelling up agenda is going to really create change that people can feel.

But is the current levelling up funding targeting areas that have high social needs, such as homelessness?

## Where can be levelled up with the current funding?

We have analysed the potential geographic distribution of the major levelling up funds to help us understand how it relates to deprivation and social needs. Our analysis is at a local authority level (using the lowest tier local authority for which we have deprivation figures).

Different funds are at different stages, with some at application stage, others already distributing funds, and others not being distributed geographically. We have focussed our analysis on those funds that are geographically distributed and separated our analysis into funds that have already been distributed, and those which are open for applications.

The funds included in our analysis are as follows:

Funds that have already been allocated:

- **The Towns Fund:** We have included the 52 Towns Fund Deals announced to date worth over £1bn (out of 101 announced areas).
- **The Future High Streets Fund:** We have included the 72 places (which can include different areas of the same city) receiving £830m of funding.

Funds that are open for application and have prioritised eligible geographic areas:

- **The Levelling Up Fund:** We have included the 123 areas that the government has prioritised as tier one areas for levelling up funding.<sup>7</sup> We have assumed each area will

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<sup>7</sup> Under the Levelling Up Fund, all areas of the UK have been split into three tiers. It is unclear in the prospectus and supporting documents how these tiers will be used, although it does say that bids from priority two and three areas 'could

receive the government's estimated level of £20m, although some areas may receive up to £50m for major transport projects.<sup>8</sup>

- **The Community Renewal Fund:** We have included the 100 areas listed by government as eligible for this fund. We have assumed each area receives an average of £3m, as per government guidance.
- **The Towns Fund, excluding the Future High Streets Fund:** We have included the 101 areas listed by the government as eligible for this fund.<sup>9</sup>

This means that our analysis does not include the Community Ownership Fund (£150m) which does not prioritise certain geographic areas. Our analysis also does not include Northern Ireland. This is because the eligibility of local authorities will be handled differently, so we cannot directly compare. As a result, our entire analysis is for Great Britain only.

Finally, just because a place is eligible for funding does not mean that it will be successful in getting it, or the total value it is eligible for. Conversely, some areas may get more than expected. For example, the value of Towns Fund deals is supposed to be 'up to £25m'<sup>10</sup> but Blackpool was awarded £39.5m in theirs.<sup>11</sup> The true final values will only be known in several years' time.

Despite these issues, by drawing together the different funding streams together we get a sense of the overall picture of where levelling up funding could be spent, and whether it is going on areas with high social needs in the first funding rounds.

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still be successful if they are of exceptionally high quality.' So, although it is possible that areas in all three tiers will receive funding, we have assumed that government's intention is for tier one areas to be prioritised for funding, particularly in the early rounds of funding.

<sup>8</sup> As we have only focussed on tier one areas as they have been 'prioritised', this means that we are only analysing £2.4bn of eligibility for the Levelling Up Fund.

<sup>9</sup> This does not include the areas that have already received funding, as it is possible for multiple towns in the same local authority to receive funding in future rounds. We have therefore just focussed on eligibility.

<sup>10</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/924503/20191031\\_Towns\\_Fund\\_prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/924503/20191031_Towns_Fund_prospectus.pdf), 2.5, page 17.

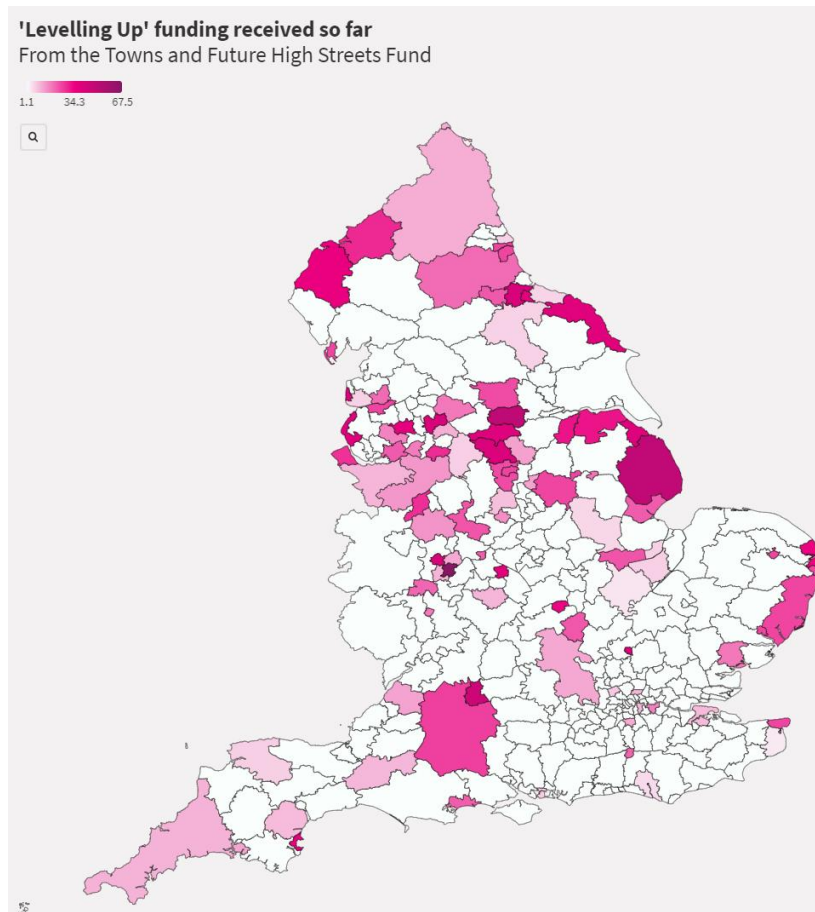
<sup>11</sup> <https://www.blackpool.gov.uk/Your-Council/Creating-a-better-Blackpool/Blackpool-Town-Deal/Blackpool-Town-Deal.aspx>

## Funding in the first years of the levelling up agenda (2019-21)

Actual funding allocations of the levelling up funds we have analysed so far come from the Towns Fund and the Future High Streets Fund. These are presented here to provide context for the next section on eligibility.<sup>12</sup>

So far, 95 local authorities have received funding, or had funding allocated to them, from either of the Future High Streets Fund or the Towns Fund. The largest single Future High Street Fund allocation is £27.8m for the Wirral and the lowest £1.1m, for Wandsworth.

<sup>13</sup>The place that has received the most from the Towns Fund so far is Sandwell, with £67.5m (which is less than it is eligible for—but as stated, more funding may be forthcoming). The smallest award is £12.3m, for Mansfield. The difference between allocations, eligibility, and what was applied for is important but until the funds have fully paid out it is impossible to draw strong conclusions.



<sup>12</sup> As the fund are midway through paying out, with hundreds of millions of pounds yet to be distributed, caution should be exercised in drawing further conclusions.

<sup>13</sup> All maps in this report were created in Flourish and can be found online:

<https://public.flourish.studio/visualisation/6322720/>

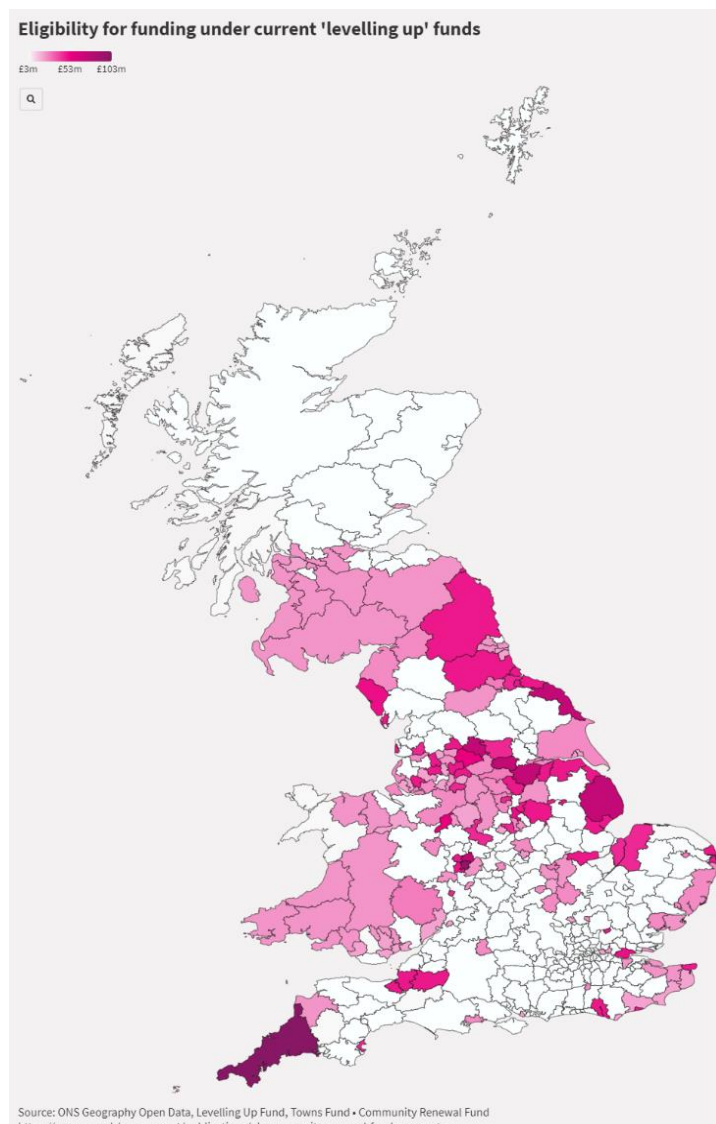
## Eligibility

### Almost half of the country has been prioritised, even prosperous parts

Using the lowest local authority level for which data is available (which varies from country to country and within England) we find that 169 areas in Great Britain have been prioritised for some levelling up funding, out of 371. This is 46% of all areas in the country.

We can see that in England there are 24 areas above the median deprivation prioritised for levelling up funding. In Scotland there are two and in Wales there are eight.

<sup>14</sup>This means that across the country, 20% of the areas prioritised have above average prosperity (for their nation though not necessarily all of Great Britain) but are still eligible for funding. The value of the funding they are eligible for is £784m, or 15% of the total eligibility we analysed.

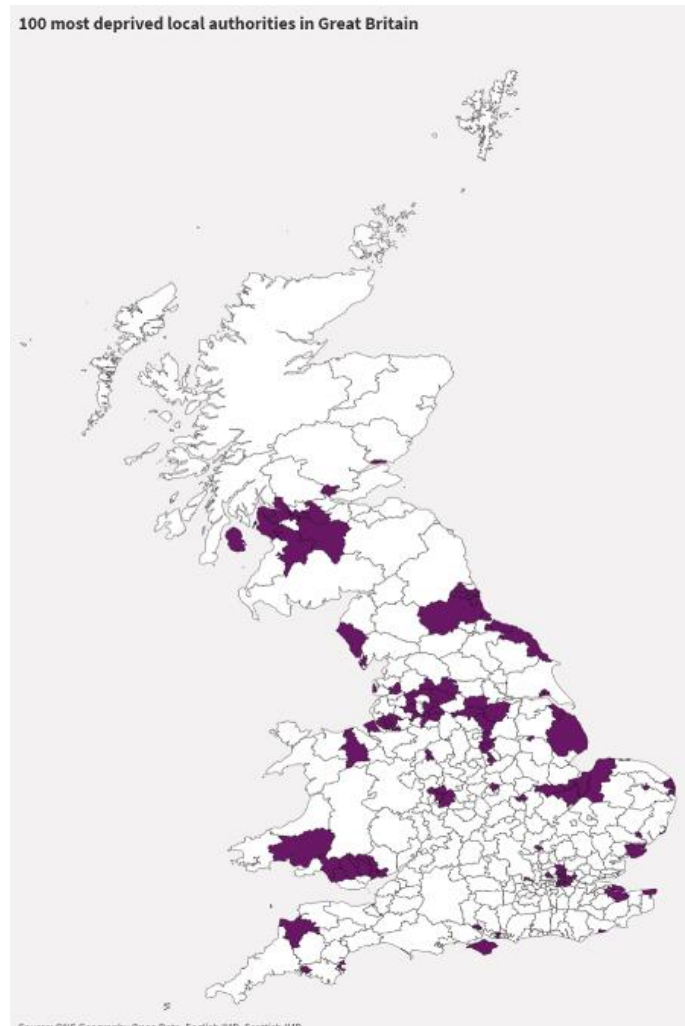


<sup>14</sup> <https://public.flourish.studio/visualisation/6142824/>

## Severe deprivation missing—notably in the South of England

<sup>15</sup>The bottom 100 most deprived areas in Great Britain according to the respective national indices of multiple deprivation (bottom 80 in England plus bottom ten in Wales and bottom ten in Scotland) are getting an average of £28.5m per area through the agenda. This is slightly less than the average value of eligibility across all the eligible areas.

Most concerning is that of the most deprived quarter of local authorities in England (the 80 referenced above), 18 (23%) are currently not prioritised for funding from the pots we analysed, including the titular Levelling Up Fund. This includes many London boroughs, cities in the south like Portsmouth and Southampton as well as towns like Plymouth, Slough, and Bolsover (it should be noted that five of these areas have received some funding through the Future Highstreets Fund, and may be successful in applications to the Community Assets Fund going forward). In Scotland, one of the ten most deprived areas, Clackmannanshire, is also not prioritised.



This would indicate that although, on the whole levelling up funds include areas that are deprived and likely to need additional funding to address social needs, there's a significant section of the most deprived areas of England that are not prioritised for funding.

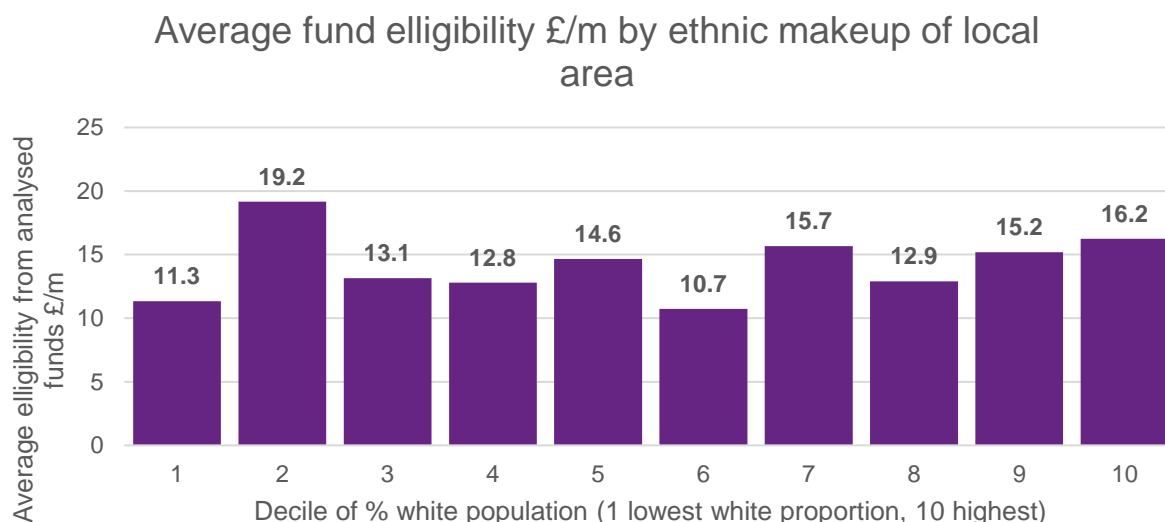
## Ethnically 'even' distribution at a high level, but issues in the detail

The pandemic highlighted the health, economic and social inequalities which resulted in worse Covid-19 outcomes for many people of ethnic minority heritage. There are many indeterminacies between areas eligibility for funding and who that funding will support in practice but looking from a very high level, we can analyse the ethnic diversity of the areas prioritised.

<sup>15</sup> <https://public.flourish.studio/visualisation/6112694/>

We used 2011 census data, which although soon to be superseded is comprehensive across Great Britain. It showed that areas prioritised for funding are on average 92% white, whilst areas not prioritised are, on average, 89% white. This suggests, from a high vantage point, a relatively equal distribution of the funding around the more and less ethnically diverse areas of Great Britain.

If we spilt all the areas of Britain into deciles by their ethnic diversity and compare this with eligibility there does not seem to be much of trend.

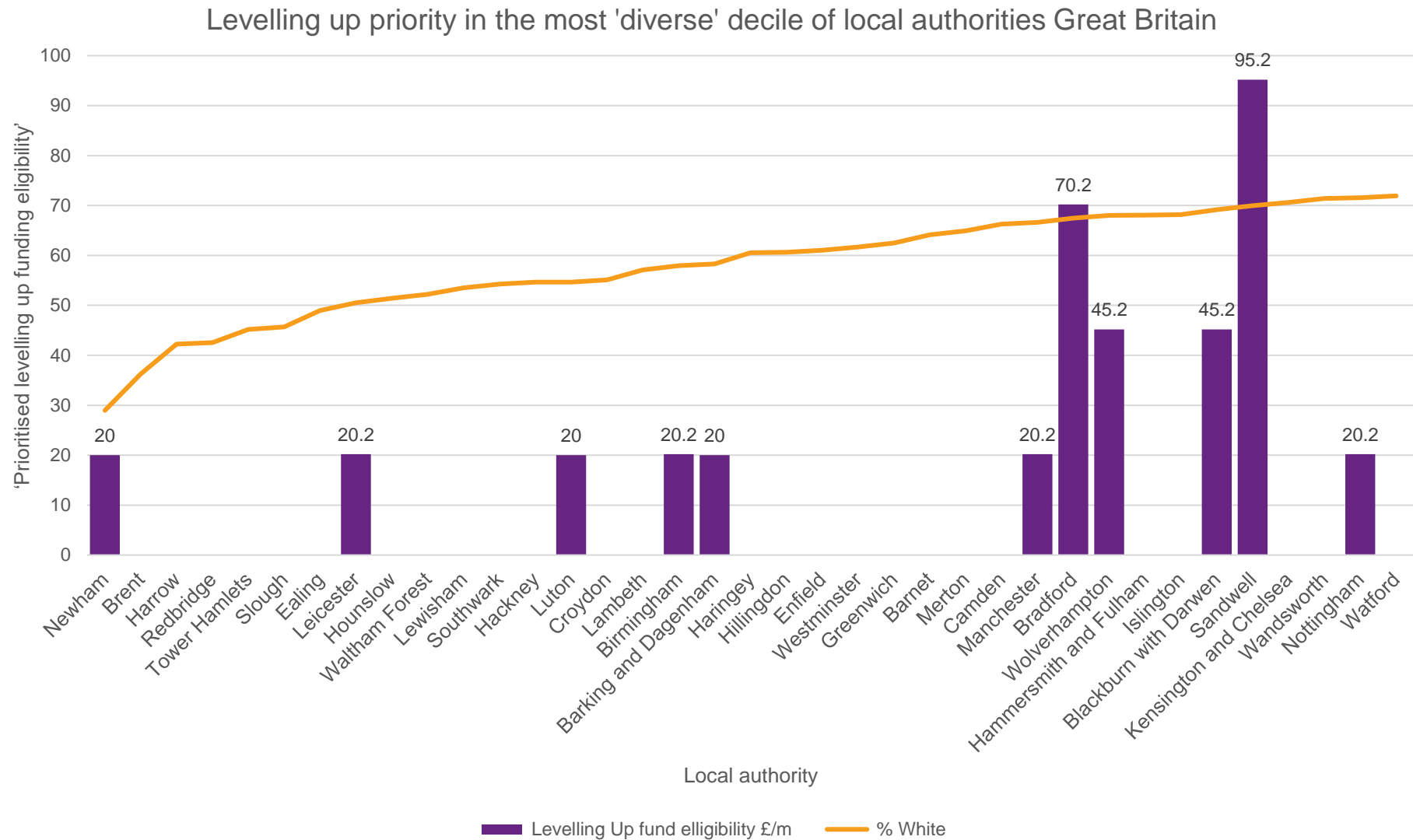


It should be noted that the first decile is much less white than any of the others. It is 58% white, while the second decile is 81% and the tenth 98.6%.

This way of doing analysis, from a very high level, does not distinguish between different ethnic minorities. Even what seems to be a relatively equal distribution can hide major inequalities between groups if non-white people are lumped together like this.

The risk that this is the case is increased because if we return to that 'most diverse' first decile we see the prioritised funding eligibility is highly polarised. Out of the 37 local authorities it contains, only 11 are prioritised for any funding at all. The overall figure is, while still the second lowest, bolstered by some of the largest single eligibility in Great Britain. As a result, some of the most ethnically diverse areas of the country, mostly in London and often very deprived (see section above) are not being prioritised.

[See chart overleaf].



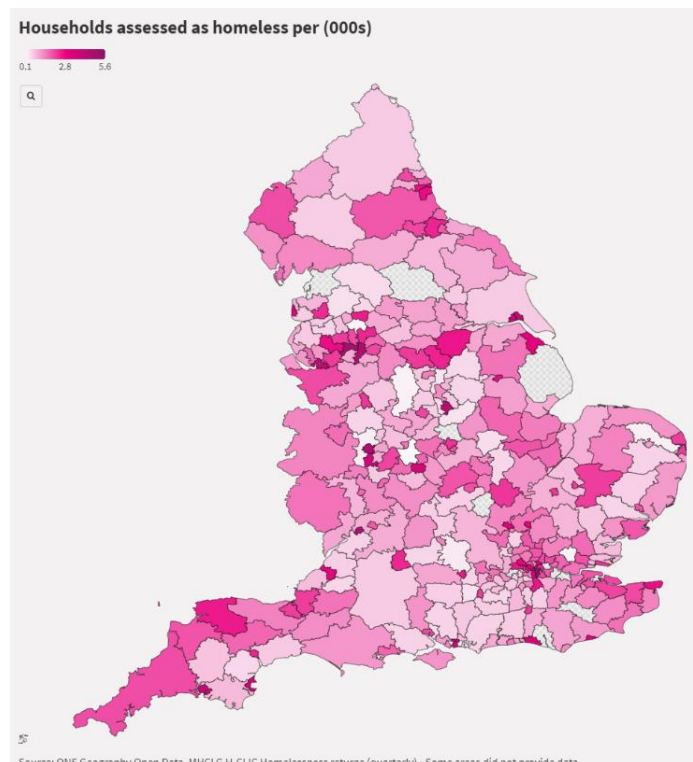
It is clear from this high level analysis that more detailed analysis of levelling up funding which looks at its eligibility and distribution to different communities in the UK is needed to ensure the agenda is providing support to ethnic minorities in need.



## Does it address social need? Homelessness as an example

<sup>16</sup>If we return to our earlier example, the homelessness component of the English IMD, sixty-two places that are prioritised for levelling up funding have above average homelessness and sixty-eight have below average.

Importantly some areas that have three times the national average rate of homelessness, and the highest rates in the entire country, such as Southwark, Salford, Plymouth and Portsmouth are among those most deprived places that are not prioritised for any of the funds analysed. Although some of these are eligible for funding from the Future High Street Fund and the Towns Fund, these currently do not target support for the homeless.



In our polling we saw reduced homelessness was the joint most important factor in people's assessment that a place had 'levelled up'. Homelessness statistics are complex, as is the issue itself—needing dedicated funding and knowledge to tackle. The government has made [major interventions](#), if time limited ones, on rough sleeping during the pandemic. But while it is unlikely to be finally resolved by levelling up funding, tackling it should not be excluded from eligibility either, especially if it is a priority for local people.

### Spread too thin

As well as missing some of the most deprived areas with high social needs, the funding is also spread quite thinly. Only 13 places, all in England, are prioritised for £50m or over from these three funds combined.

Most places are only prioritised for one substantial pot of funding (and the quantity of funding in the different funds is radically different; £20m for the Levelling Up Fund, £3m for the Community Renewal Fund) and the average value of eligibility across prioritised areas of Great Britain is only

<sup>16</sup> <https://app.flourish.studio/visualisation/6076149>



£31m. Even this figure is inflated by the England values, where the average prioritised eligibility is £34m in the relevant areas. For Scotland it is £20m, for Wales, £19m.

These funds are clearly not the be all and end all of the government's levelling up agenda, but spread so thinly it is not clear that they will even be noticed in many of the places that receive them.

## **What does all this mean?**

Levelling up funding is not being prioritised across the country in areas where there is high social need. Several areas of high deprivation, by official national measures, are not prioritised at all.

Even where it does focus on areas with high social need, the funds announced to date have predominantly focussed on hard infrastructure. The local authorities in those places will not have the agency to spend what they are eligible for on the deprivation or intractable social problems of those areas.

Finally, when considering the vast majority of the funding is for capital investment, it is being spread thinly. Even in areas that receive it, it may not be enough to make noticeable differences.

## Who can help the levelling up agenda?

In this paper, we have looked at what we currently know about the levelling up agenda by analysing what is already underway. Plus, we have offered some insight into how it is perceived by the public. We believe that for the agenda to succeed, it needs to broaden its scope to tackle the social as well as economic inequalities that hold places back.

The two are related, with social issues and lack of community slowing or inhibiting economic growth, and lack of economic growth creating social issues and damaging communities. Focusing only on improving local economies or local productivity is not sufficient. The government should work with all potential partners with experience and knowledge of tackling social needs.

### Scale and complexity of a social levelling up

The key partner for the government on this agenda, so far, seems to be local government. They have been tasked with applying for and distributing funding on behalf of the areas.

The focus on local government is logical. There is a huge store of knowledge and experience of improving communities there, and scale to deliver. However, even working together neither national nor local government are likely to be able to deliver the scale of action needed to tackle the social and civic 'left behind-ness' of many places that want and need levelling up.

### Work with those who are already active in this space

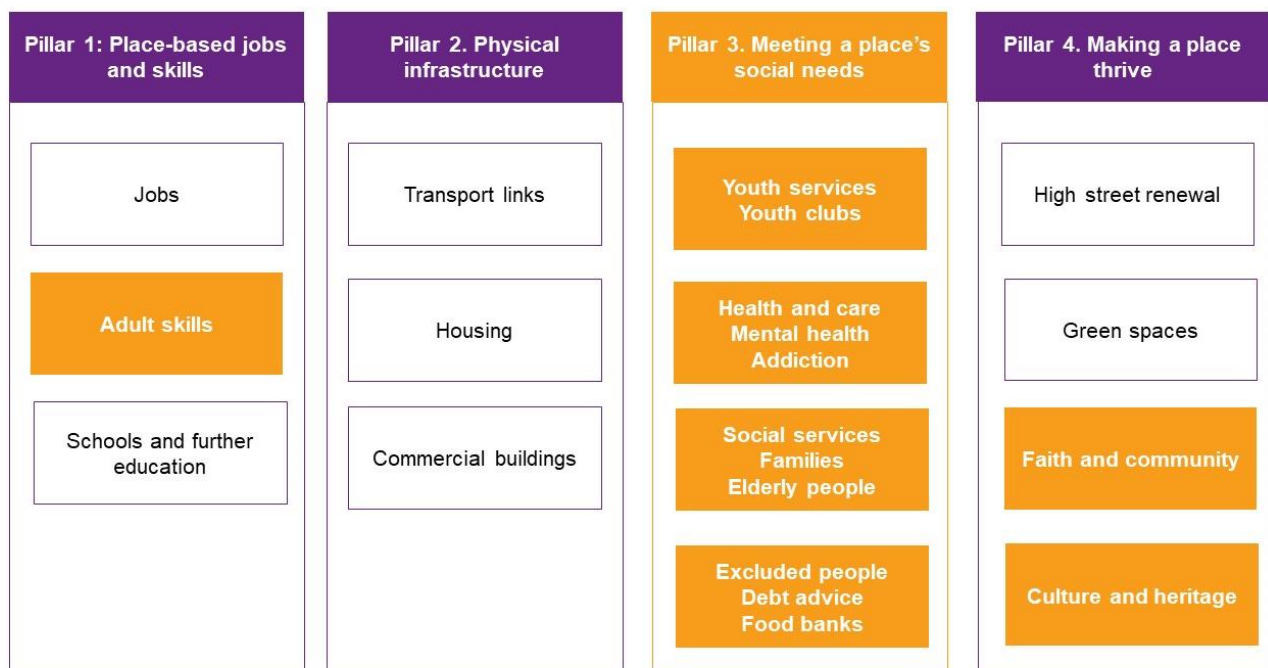
If government at either a local or national level is serious about taking this agenda on and genuinely levelling up, it will need to unleash the support and power of a range of partners, including charities.

Many charities work with people who have the social needs that levelling up funding should focus on. Whether that be people experiencing homelessness or addiction, those who have long-term disabilities, or those who are unemployed. NCVO data shows that there are 32,000 'social services' charities in England and Wales alone—with an annual income of £11bn. They work on

homelessness, financial insecurity, and they support people with disabilities, among lots of other issues important to levelling up. This is not to mention hundreds of social enterprises and potentially thousands of unincorporated community groups.

From the analysis we have undertaken we have developed four pillars of activity for the levelling up agenda (Diagram 2). If the government were to work all these areas, it could meet people's expectations of levelling up. Charities are active in all these pillars and across nearly all the activities that will be required to help the UK level up.

Diagram 2: A four 'pillar' approach to levelling up.



Indicates an area where there is likely to be significant charity activity<sup>17</sup>

Indicates an area where there is not likely to be significant charity activity

For example, alongside the support charities provide for people experiencing multiple social needs (pillar 3) that we have highlighted in this report, charities also provide skills and training programmes (pillar 1). They also help to make a place thrive by building local social capital through local community centres, sports clubs and faith groups, helping to create a better sense of community and making places more appealing to live (pillar 4).

<sup>17</sup> Note, we are using the NCVO definition of a general charity here,

<https://almanac.fc.production.ncvocloud.net/about/definitions/#general-charities>, this excludes independent schools and housing associations.

Charities can therefore make a major contribution to the levelling up agenda. They should not be thought of as separate from the economic or productivity related aims of this agenda. However, in our previous levelling up paper, [What will levelling up pay for?](#), we found that there are limited opportunities for charities to apply for levelling up funding as it is focused on transport connections and highstreets renewal, alongside skills.

The government has an opportunity to address this through the UK Shared Prosperity Fund. But it is also important that the government understands the current distribution of charities across the UK, and therefore where charities can be mobilised and where more support may be required.

## Geographic spread

In our 2020 paper, [Where are England's Charities?](#), we found that some of the most deprived areas of the country, with the highest social needs, have the fewest charities. Our [What will levelling up pay for?](#) analysis also showed that on average there were 28% fewer local charities, or 0.6 per 1,000 people, in Priority One areas in the Levelling Up Fund (the areas most in need of levelling up, according to the government) compared to Priority Three areas (the least). This implies there are likely to be fewer charities to join partnerships in the government's currently prioritised areas.

This could be an argument against working with charities in deprived areas where there are fewer of them. But with very little alternative infrastructure in deprived areas, we think it provides an argument for further investment in areas with the highest social need. This investment could provide a strong network of organisations that can help build thriving communities in deprived areas.

# Recommendations: How the levelling up agenda can meet people's expectations

The government has an opportunity to rebalance its levelling up agenda to address social needs and unleash the power of the voluntary and community sector to help make it a success. Below are five practical recommendations for how the government can achieve this.

## Tackling social needs

Alongside future rounds of the Levelling Up Fund, the government has already announced it will make up to £1.5bn per year available through the UK Shared Prosperity Fund, and the information available suggests that a proportion of this will go toward tackling social needs, mainly by addressing those that act as barriers to accessing the labour market.

The fund will likely have both an economic and social remit, as it is replacing both the [European Social Fund](#), which focussed on addressing social needs largely through employability programmes, and the [European Regional Development Fund](#), which tackled both economic and social needs.

### **Recommendation 1: Target future levelling up funds on social needs**

The government should ensure that a significant percentage of future levelling up funds can be spent on the services that will improve the social and civic aspects of an area.

A broad range of social needs should be eligible for funding under the UK Shared Prosperity Fund, and local areas that experience the greatest deprivation should be allowed to decide which social needs to prioritise for funding, based on local need, informed by local data.

### **Recommendation 2: Make current funding more flexible**

The Levelling Up Fund's first funding round is due to close in June 2021. Future funding rounds should re-evaluate both the kind of programmes eligible for funding and the areas being prioritised.

There is precedent for this, with the Towns Fund including more under places under its eligibility, after the initial list was announced.<sup>18</sup>

Areas with high social need should be prioritised for funding in tier one, and the fund should be expanded to include a range of social issues including homelessness and poverty.

## Keeping places on track

There is currently no strong requirement to coordinate levelling up funding streams at the local level, work with partners who know about social needs, or to use local data to ensure they are targeted towards those areas and people that are in need.

There is therefore a risk that these funds will not go to the places and people most in need of levelling up, so the government's ambitions will not be achieved. What's more, a positive multiplier effect, from multiple funds being used in the same area, will likely be missed—resulting in places not 'feeling' levelled up.

### **Recommendation 3: Local roadmaps for levelling up**

The government should require areas prioritised for funding to produce a roadmap, setting out how they will use the funding, in concert with their other work, to level up their areas both socially and economically. This roadmap should be agreed with the government, as administrator of the funds, and:

- Be informed by data, which includes local needs data. This should include details of issues at a neighbourhood level (where available) and local needs in different social groups. Data on this is currently limited and varies across local areas, so the government should produce guidance for local areas on what data should be used. We would advocate for a national standard, with sufficient granularity like the respective national indices of multiple deprivation.
- Be produced in consultation with local charities, social enterprises, and businesses so as to leverage their action, funding and local intelligence.
- Be reported against at least every three years.

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<sup>18</sup><https://researchbriefings.files.parliament.uk/documents/CDP-2020-0176/CDP-2020-0176.pdf>, page 4.

The government should also ask local authorities to consult with the public on their local roadmap, to help inject democratic accountability into the process.

Areas should produce roadmaps only if they are chosen to receive funds from more than one levelling up fund, and if the total value of that funding exceeds £30m. They should be required to produce it after it is confirmed that funding awarded to them will exceed £30m, and this will be the responsibility of central government, as the body with oversight on all the different funds.

## Bring civil society into the levelling up agenda

Previous initiatives to tackle the entrenched social and civic issues in our country, such as The Big Society, have failed because they did not leverage the power of all the potential actors. Charities and business were not meaningfully engaged or given a defined role to play. There is potential for charities and others to be more involved in the levelling up agenda, by using their knowledge and local connections.

However, our previous analysis showed that there are fewer charities in deprived areas of the country. This means that these areas are missing out on a vital piece of social capital which could help address local social needs.

### **Recommendation 4: A national levelling up intelligence board**

Consultation and collaboration happens at a local level, but decisions on levelling up funding so far have been made by central government. For that reason, central government should ensure it is tapped into intelligence from the social sector and businesses on both social needs, and how best to deliver the levelling up agenda to meet people's expectations.

A board should be set up with representation from charities of all sizes, businesses, faith and community groups, and social infrastructure providers (such as libraries and childcare facilities). This could be in addition to, or an extension of, the government's Build Back Better Council.<sup>19</sup> It should provide intelligence to the government and advise and report on the levelling up agenda and specifically the use of levelling up funds.

The board should feed into the work of the new No10-Cabinet Office Unit that is being set up to implement the forthcoming Levelling Up White Paper,<sup>20</sup> and should be attended by ministers or

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<sup>19</sup><https://www.gov.uk/government/news/prime-minister-and-chancellor-launch-new-business-council>

<sup>20</sup><https://www.gov.uk/government/news/government-to-publish-levelling-up-white-paper>

officials from the main levelling up departments (those associated with the funds we have analysed—Treasury, Ministry of Housing, Communities and Local Government, Department for Digital, Culture, Media and Sport, Department for Work and Pensions, Department for Transport) on a rotating basis.

## **Recommendation 5: Level the playing field**

The government has already made funding available for capacity building as part of some of the levelling up funding. This should be continued and expanded, with more support for those areas with fewer charities, so they can grow and strengthen their social and civic sectors. This funding may be for charities themselves, or for the infrastructure bodies that provide capacity for smaller charities, such as local voluntary, community, and social enterprise organisations.

It is vitally important that this capacity building funding is not purely competitive. Places with strong social and civic infrastructure will dominate any competitive process, as they are best placed to create the strongest bids. This capacity building funding should be seen as a social stimulus, to create a level playing field for the competitive funding pots.

## **Areas for further investigation**

Through this research, and through workshops and discussions with representatives across the sector, we have identified a number of policy areas that warrant further investigation. These are areas where we would like to work with other organisations and partners over the coming months, to understand how they could support the government to address social needs as part of its levelling up efforts.

### **Targeted funding for charities and social enterprises**

Most of the government's levelling up funding is being allocated through local authorities. Although charities can bid to local authorities for funding, many charities may not have the relationships or experience of applying for local authority funding. They do, however, have stronger relationships with trusts and foundations, such as the National Lottery Community Fund or a local community foundation. Further investigation into whether a separate funding stream for tackling social needs, delivered through trusts and foundations, may be valuable. Coalitions, such as the [Community Wealth Fund Alliance](#), are already calling for funding from dormant assets to be used to directly support local charities and communities, so the government could build upon this.



## **Targeted support to help different social groups**

Some less 'white' areas seem to be less eligible for support under current levelling up funds. We have only looked at this briefly, so we believe it warrants further investigation, particularly as it may mean that funding or interventions should be targeted not only at certain areas, but at certain social groups within those areas.

## **Leveraging match funding**

The scale of the social needs that need to be tackled will never be addressed by government funding alone. Recent examples have shown how the government can use its own funding to leverage further funding from the private sector. For example, as part of the £750m made available to charities as part of the Covid-19 pandemic response, the government allocated £20m to the Charities Aid Foundation<sup>21</sup> which was match funded by the Association of British Insurers (ABI) and continues to draw donations from that industry.<sup>22</sup> There may be an opportunity to explore this further, to attract more funding into addressing social challenges.

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<sup>21</sup><https://www.gov.uk/government/news/comic-relief-greggs-foundation-and-globals-make-some-noise-to-benefit-from-major-coronavirus-charity-match-funding-scheme>

<sup>22</sup><https://www.covid19support.org.uk/about-us/>

