

Levelling Up and social needs: An analysis of government's progress

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Summary

In October 2021, the UK government announced its latest funding for projects and programmes to support its Levelling Up agenda. At NPC we've analysed these funds and those previously announced, to understand where the money is going, what it's being spent on, and who is being helped by it. We have analysed £5.08bn that has been allocated so far from the funds worth £8.77bn in total.

In this briefing we summarise this analysis. Our main finding is that whilst funding is generally going to places with higher rates of overall deprivation in England, this isn't the case in Scotland and Wales. Moreover, across the Britain, the funding is not being spent on social issues like crime, homelessness, and poverty that people expect to be addressed through Levelling Up.

Key findings

When we polled people for our 2021 research, [*Should we level up social needs?*](#), we learnt that people considered social issues such as crime, poverty and homelessness to be a key metric by which they would judge their area to have levelled up.

Our latest analysis reveals that:

1. Funding has so far largely been prioritised towards areas with high levels of deprivation and crime, but this is not consistent across the nations and it is not being prioritised to areas with high levels of homelessness.
 - Across Britain, Levelling Up funding is not weighted towards areas with higher homelessness rates, despite our polling showing that the public thought this was a vital measure of success.
 - For example, in Scotland, the 20% of local authorities with the highest homelessness rates were receiving less Levelling Up funding than the 20% of areas with the lowest.
 - Areas with the highest crime rates in Wales are receiving less Levelling Up funding than the areas with the lowest, despite both the government and the public viewing reducing crime as a key metric of Levelling Up.

- In Wales, the 20% of local authorities with the highest crime rates receive less Levelling Up funding than the areas with the lowest crime rates.
 - Across Britain, Levelling Up funding is not consistently allocated towards some minority ethnic communities. The 10% of local authorities with the highest concentrations of Black, African and Caribbean communities were receiving less Levelling Up funding than the 10% of local authorities with the lowest concentrations.
 - Although Levelling Up funding is weighted towards areas that are more deprived in England, this is not the case in Scotland and Wales. Moreover, some of most deprived local authorities have received no Levelling Up funding so far. These were predominantly urban areas, and for Wales and England they were mostly in the south.
 - In Wales, of the most deprived fifth of local authorities, three received none of the Levelling Up funds which we analysed.
 - In Scotland, of the most deprived fifth of local authorities, four received none of the Levelling Up funds which we analysed.
 - In England, of the most deprived tenth of local authorities, four received none of the Levelling Up funds which we analysed.
 - Multiple wealthy areas with few social issues are receiving large amounts of Levelling Up funding. For some places, like the Isles of Scilly, this is due to unique circumstances. For others, like Lewes, the substantial Levelling Up money is harder to explain.
 - Wales and Scotland have so far received less Levelling Up funding per person than England¹.
 - Scotland only received 3.5% of all Levelling Up funding we analysed, despite having 8.2% of the population.
 - Wales received 2.5% of Levelling Up funding despite having 4.7% of the population.
2. Levelling Up funding is not being used for social infrastructure projects and support that would help to reduce these social needs.

¹ Wales and Scotland were not eligible to apply for the Towns Fund and the Future High Streets Fund, £3.18bn of which has already been allocated. There may be other funding which the Scottish and Welsh governments have allocated to similar schemes, but have not been included under the UK government's list of levelling up funds, so are not included in this analysis.

- It is not enough for funding to go to the right places, it must also be spent on the right things. Our analysis shows that as little as 2% of the Levelling Up funding allocated so far is going on social infrastructure and services that tackle homelessness, poverty, and crime.

Key recommendations

The government has an opportunity through the upcoming Levelling Up White Paper to create the conditions for a levelling up of social needs. The government should target funding and create better structures to ensure that Levelling Up reduces the social needs people care about.

To do this, we recommend that:

1. Funding for social infrastructure to reduce social inequalities should be included in future rounds of the Levelling Up Fund and UK Shared Prosperity Fund.
 - The government should change the criteria for the Levelling Up Fund to include social infrastructure projects such as those that cut homelessness and crime.
 - Social outputs, such as skills programmes and community facilities, should also be required as part of capital investments.
 - The criteria for the long-awaited UK Shared Prosperity Fund, worth £1.5bn per year, should include programmes to reduce social needs in areas where they are highest.
2. Areas prioritised for funding should produce a local roadmap, setting out how they will use the funding, in concert with their other work, to 'level up' their areas, both socially and economically.
 - Local roadmaps must involve consultation with local communities and should require partnerships with charities and community groups already embedded within these communities who are ready to tackle social issues.
 - These roadmaps should be informed by local data on social needs from both the government and the social sector where it is available.
3. A national Levelling Up Intelligence Board, with representation from charities of all sizes, businesses, faith groups and community groups, should be established to provide intelligence to the government on the Levelling Up agenda.
 - The potential new Levelling Up quango reported in the media would be the ideal body for this intelligence board.

- Charities and social enterprises should be represented as they have valuable insights and intelligence about their communities' needs and which programmes would work to alleviate them.

Background and methodology

As the flagship policy of this government, Levelling Up is a vital opportunity to tackle geographic inequalities in the UK. The long-awaited Levelling Up White Paper is expected early this year, and leaks in late 2021 claimed it will lay out an end of decade mission for tackling social issues such as crime, ill health, and poor living standards.²

In our previous work, [What Will Levelling up Pay For?](#), and [Should we Level Up Social Needs?](#), we argued that Levelling Up needs to invest in social infrastructure to achieve what the public expects of it. We polled the public and found that, when asked, people would expect Levelling Up to tackle social issues ahead of physical improvements in their area. The top improvements people wanted were reduced poverty, reduced homelessness, and reduced crime.³ Hard infrastructure such as high streets and roads came further down the list.

In this briefing, we examine how well the government funding announced so far is meeting what the public expects. We have analysed Levelling Up funding announced so far, including:

- £1.69bn of the flagship Levelling Fund announced so far.
- £2.35bn of the Towns Fund.
- £830m of the Future High Streets Fund⁴.
- £5.3m of the Community Ownership Fund announced so far.
- £203m of the Community Renewal Fund announced so far.

We have undertaken two different sets of analysis: where funding is going and what it is being spent on.

² The Independent (2021) 'Ministers plan sweeping changes to local government as part of levelling up agenda, leaked paper reveals' available online here: <https://www.independent.co.uk/news/uk/politics/levelling-up-local-government-white-paper-b1972948.html>.

³ NPC (2021) 'Should we Level Up Social Needs?', available online here: <https://www.thinknpc.org/resource-hub/should-we-level-up-social-needs/>.

⁴ The Towns Fund and Future High Streets Fund only apply to England.

On where funding is going, we have compared data to indicators tracking social issues in local authorities across England, Scotland, and Wales: the indices of multiple deprivation, life expectancy, homelessness, crime, charity density and ethnic minority populations. The data for social needs was taken from the ONS, using 2019 datasets to avoid bias from the pandemic, except for the data of minority ethnic communities, for which we used EthPOP's projections,⁵ as the 2011 census data is significantly out of date. Data of charity density was kindly provided by NCVO for our previous paper: [Where Are England's Charities?](#)

We have compared funding where data is available at the local authority level. This means we have had to exclude data from the Community Renewal Fund as this is only released at a county council level, so it is not possible to meaningfully compare. However this makes up less than 5% of total funding allocated so far.

As data is recorded differently in each nation, we have analysed each nation separately. We have broken down English local authorities into deciles (groups of 10%) based on these social needs, and Scottish and Welsh local authorities into quintiles (groups of 20%) and compared the funding going to them. We have used quintiles for Scotland and Wales as they have too few local authorities to look at in deciles.

The second set of analysis focused on what types of projects and programmes are being supported by Levelling Up funding. As there is only limited data available, we have only been able to do this for the Levelling Up Fund and the Community Renewal Fund.

This analysis only looks at the funding released at the time of publication. We use this to make recommendations for the remaining funding yet to be assigned.

⁵ ETHPOP is a project by the University of Leeds and Newcastle University to project forward the demographics of the UK and can be found [here](#)

Where is Levelling Up funding being targeted so far?

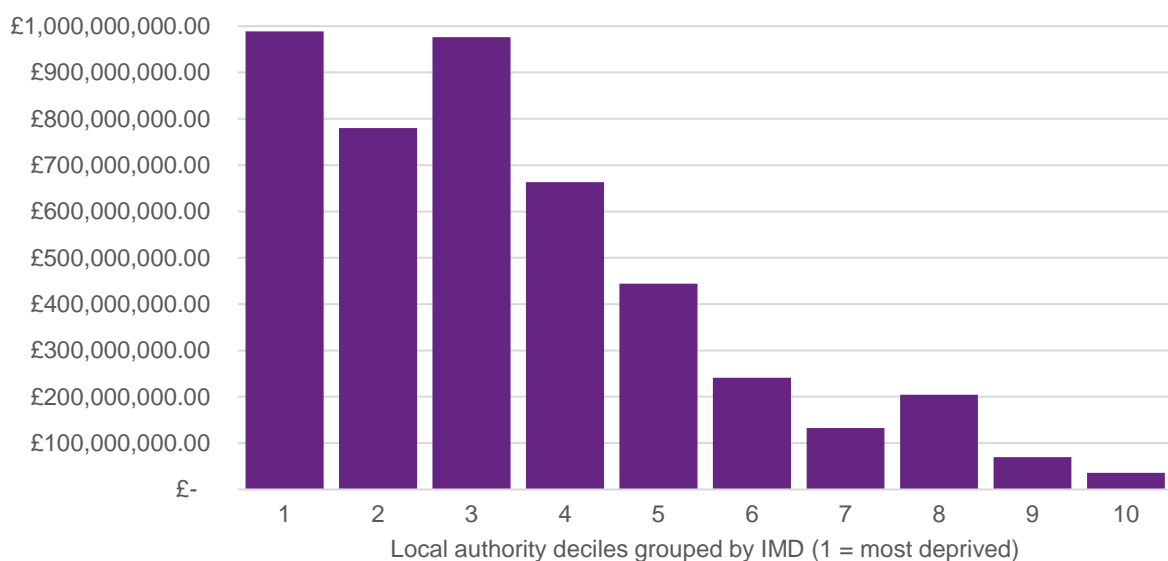
Deprived areas and health inequalities

England

In England Levelling Up funding so far has rightly been weighted towards more deprived local authorities, but with some significant omissions. Figure 1 below shows how funding is allocated to each decile of local authorities organised by deprivation as measured on the indices of multiple deprivation where 1 is most deprived. We can see that the more deprived parts of England have so far received a greater share of Levelling Up funding. The most deprived 20% of local authorities in England have so far received 39% of England’s Levelling Up funding we analysed.

As ‘reduced poverty’ was the public’s top priority for Levelling Up in our polling, it is good to see Levelling Up funding going broadly to the most deprived local authorities. Unfortunately, there were four local authorities in the most deprived 10% that did not receive any Levelling Up funding whatsoever from what we analysed. These were Knowsley, Barking and Dagenham, Hackney, and Islington.

Figure 1: Levelling Up funding received by deciles (10%) of deprivation across local authorities in England



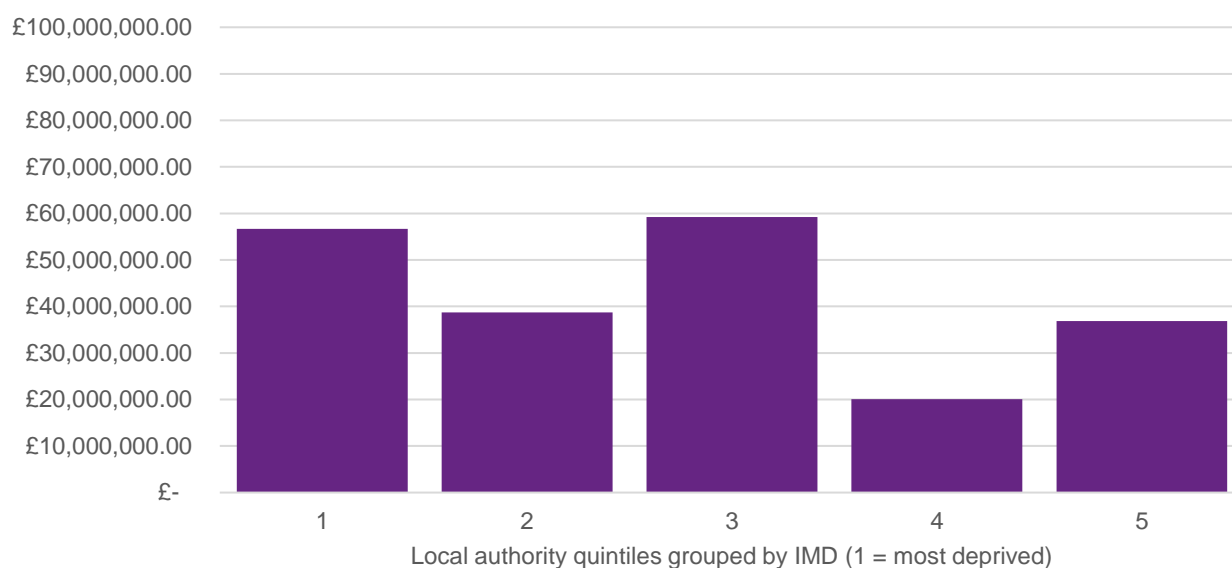
Although we have not presented the analysis here, this trend should also apply to health inequalities and life expectancy. This is because in England both are correlated with the indices of multiple deprivation, where the least deprived areas are healthier with higher life expectancy than the most deprived.⁶ The trend is less clear elsewhere in the UK.

Scotland

In Scotland, by contrast, Levelling Up funding was not weighted towards the most deprived areas. As Figure 2 shows, the 20% of Scottish local authorities which received the most Levelling Up funding scored average across the indices of multiple deprivation.

Of the 20% most deprived local authorities, four received no Levelling Up funding. These were Inverclyde, North Lanarkshire, Dundee City and East Ayrshire. However, the Towns Fund, one of the largest funds we looked at, is solely for England so we expect more funding to be announced for Scotland and Wales in future.

Figure 2: Levelling up funding received by quintile (20%) of deprivation across local authorities in Scotland



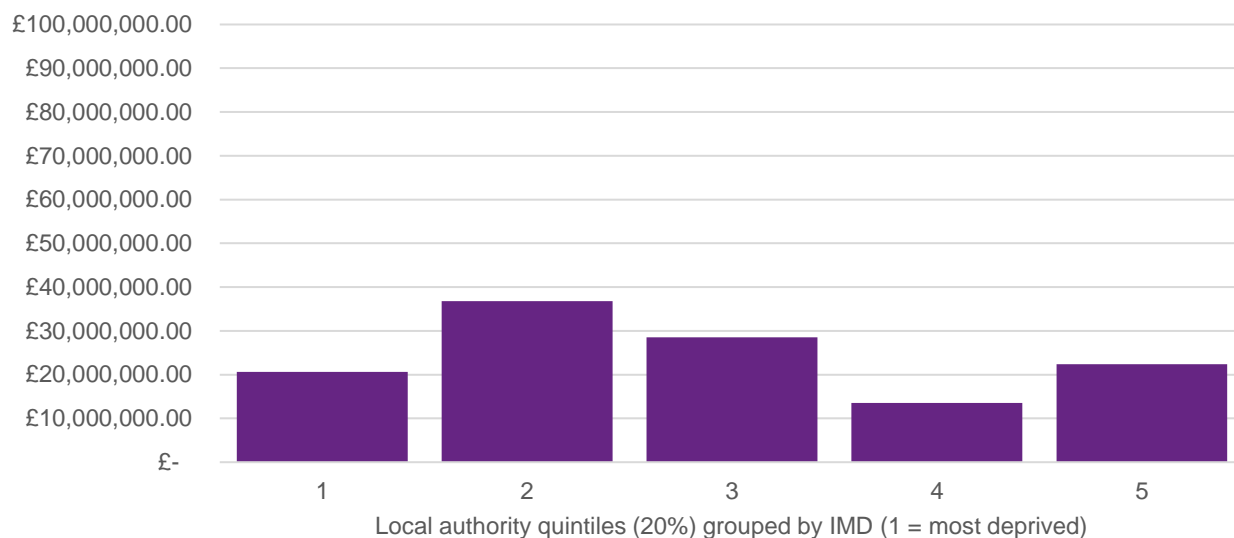
Wales

Similarly in Wales, Levelling Up funding was not weighted towards the most deprived areas. We can see in Figure 3 below that the most deprived 20% of local authorities in Wales received less Levelling Up funding (16.9%) than the least deprived 20% (18.3%).

⁶ ONS (2021) Health state life expectancies by national deprivation deciles, England: 2017 to 2019, available online [here](#).

Of the most deprived 20%, three local authorities received no Levelling Up funding. These were Merthyr Tydfil, Neath Port Talbot, and Caerphilly.

Figure 3: Levelling up funding received by quintile (20%) of deprivation across local authorities in Wales



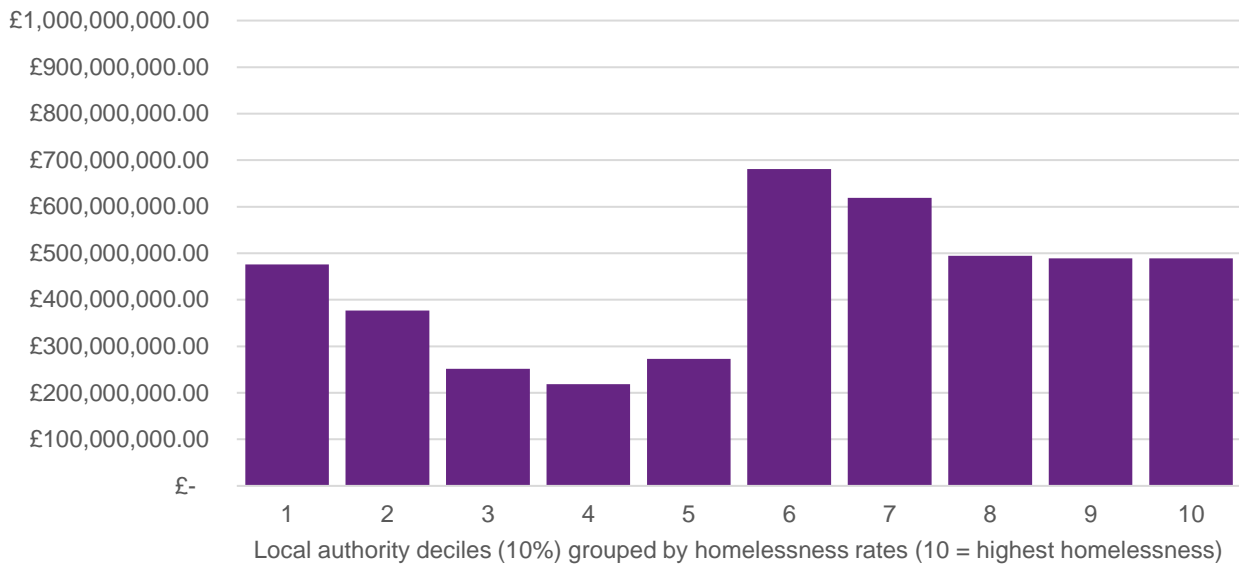
Areas with high levels of homelessness

England

In England, the areas with the highest homelessness rates did not receive the highest levels of Levelling Up funding. The 10% of local authorities with highest homelessness rates received 11.2% of the Levelling Up funding, whilst local authorities in the 6th decile, around the average for homelessness populations in England, received 15.6% of the funding.

Of the 10% of local authorities with the highest homelessness rates in England, 11 were not receiving any Levelling Up funding: Gateshead, Chorley, Hillingdon, Barking and Dagenham, Rossendale, Exeter, Lewisham, Welwyn Hatfield, Slough, Broxbourne, and Havering.

Figure 4: Levelling up funding received by decile (10%) of homelessness across local authorities in England

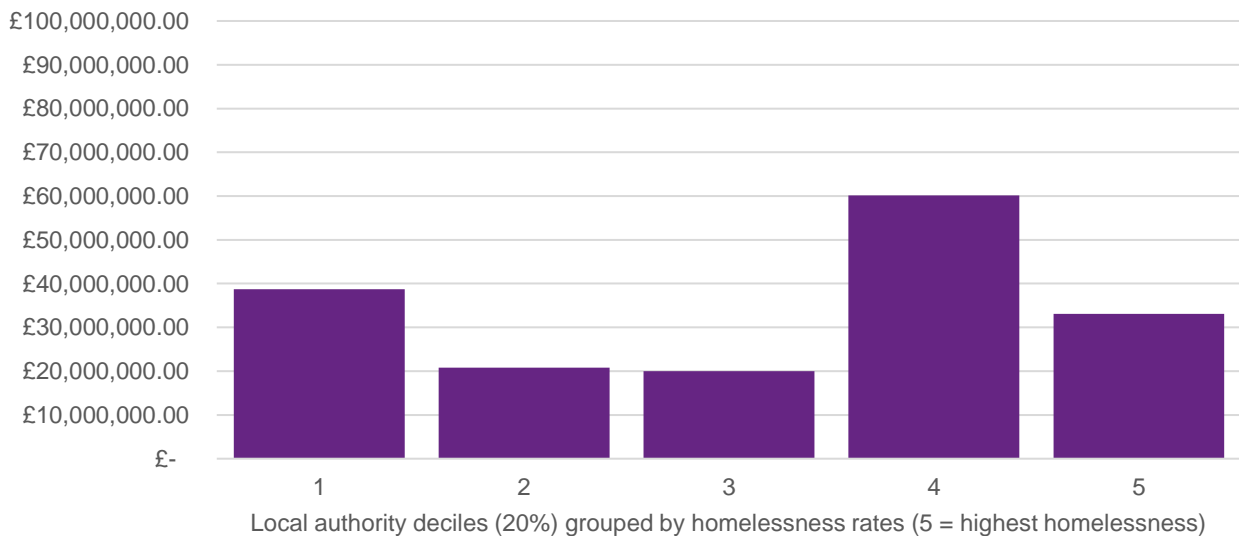


Scotland

In Scotland, the 20% of local authorities with the highest homelessness rates received less Levelling Up funding (19.1%) than the 20% of local authorities with the lowest homelessness rates (22.4%). This is in stark contrast to what the public want to see from Levelling Up.

Of the 20% of local authorities with the highest homelessness rates in Scotland, three have received no Levelling Up funding so far. These were Clackmannanshire, West Lothian and Dundee City.

Figure 5: Levelling up funding received by quintile (20%) of homelessness across local authorities in Scotland

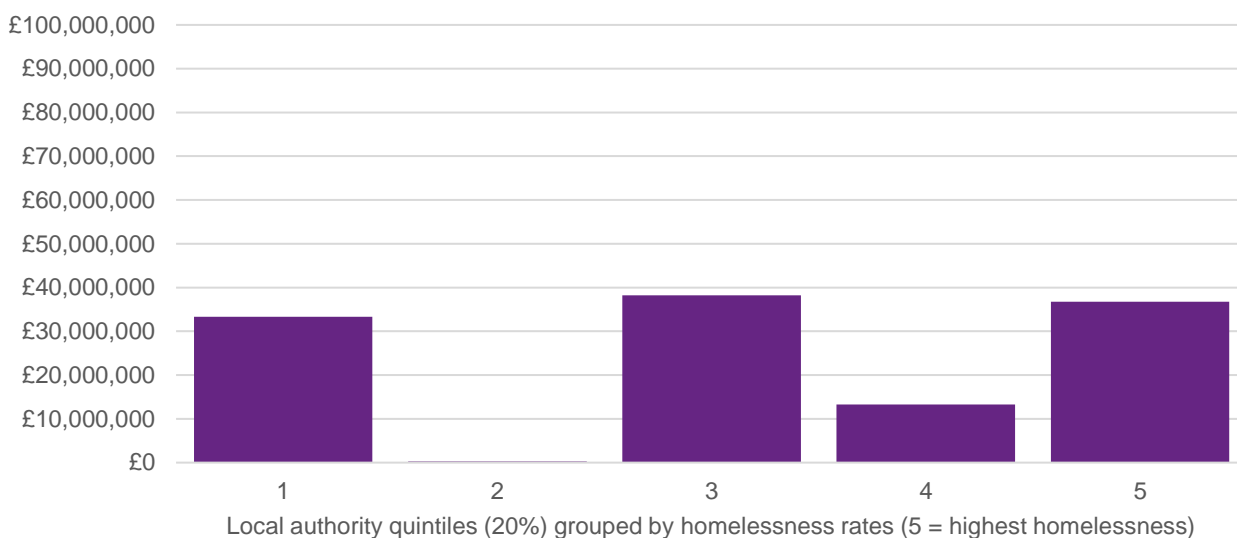


Wales

Similarly in Wales, Levelling Up funding was not weighted towards the 20% of local authorities with the highest homelessness rates. These areas received 30.2%, whilst the 3rd decile with average homelessness rates received 31.3% of the Levelling Up funding we analysed.

Of the local authorities with the highest homelessness rates, four have received no Levelling Up funding so far. These were Merthyr Tydfil, Cardiff, Newport and Denbighshire.

Figure 6: Levelling up funding received by quintile (20%) of homelessness across local authorities in Wales

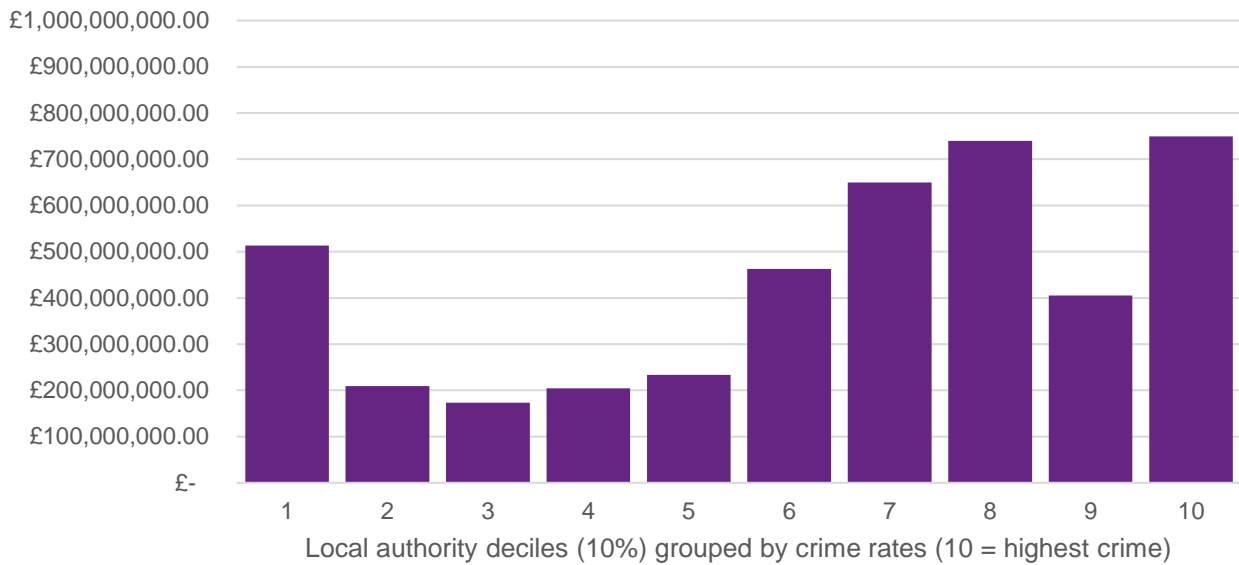


Areas with high crime rates

England

In England, Levelling Up funding was weighted towards areas with the highest crime rates. We can see in Figure 7 below that the 10% with the highest crime rates in England received 17% of the Levelling Up funding we analysed. Despite this, some of the local authorities with the highest crime rates in country received no Levelling Up funding, such as Camden and Southampton.

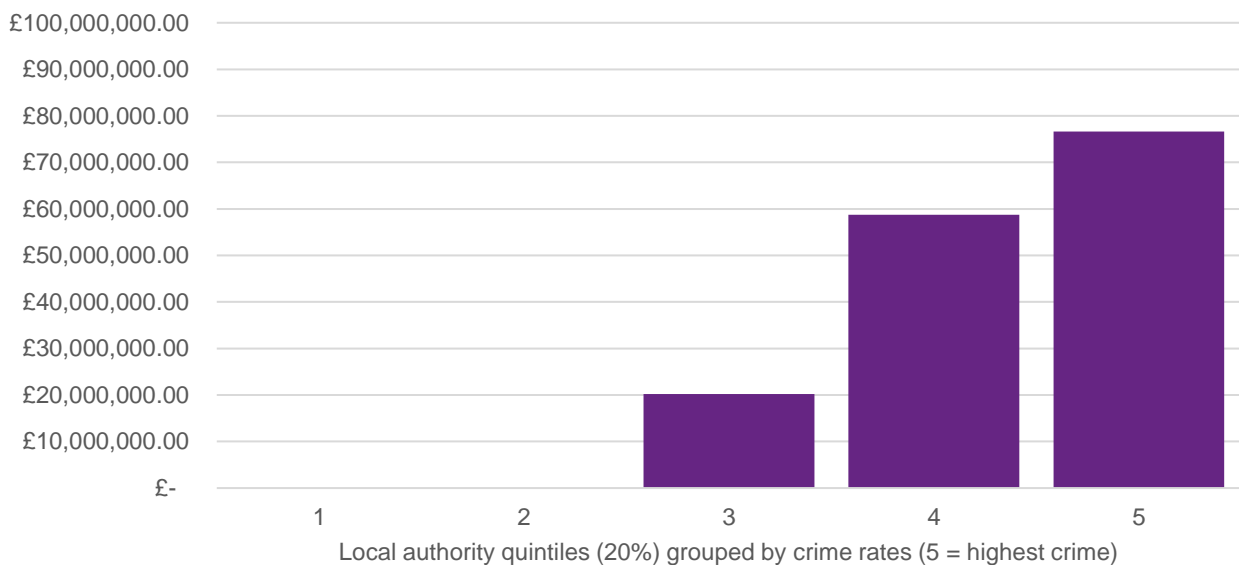
Figure 7: Levelling Up funding received by decile (10%) of crime rates across local authorities in England



Scotland

Similarly in Scotland, Levelling Up funding was weighted more to local authorities with higher levels of crime. Of the funding we analysed, just under half of Scottish funding (49.2%) was allocated to local authorities in the top 20% of crime rates. Even so, two of the 20% of local authorities with the highest crime rates received no Levelling Up funding whatsoever. These were Dundee City and North Lanarkshire.

Figure 8: Levelling Up funding received by quintile (20%) of crime rates across local authorities in Scotland

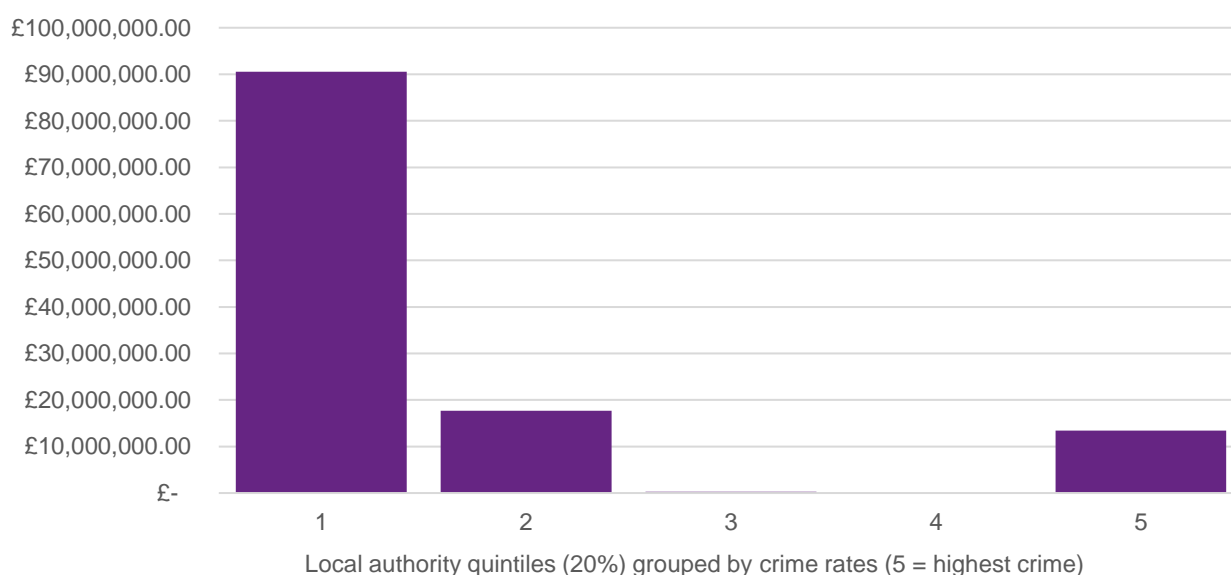


Wales

Finally in Wales, local authorities with higher crime rates actually received less funding than areas with less crime. Figure 9 shows how the 20% we analysed with the lowest crime rates received the majority of the Levelling Up funding in Wales (74%) whilst the 20% of local authorities with the highest crime rates received only 11% of Levelling Up funding. Of the 20% of local authorities with highest crime rates in Wales, three have received no funds so far. These were Cardiff, Newport, and Denbighshire.

With reducing crime a priority for Levelling Up from the government and among the public, we recommend that this be addressed in subsequent funds.

Figure 9: Levelling up funding received by quintile (20%) of crime rates across local authorities in Wales



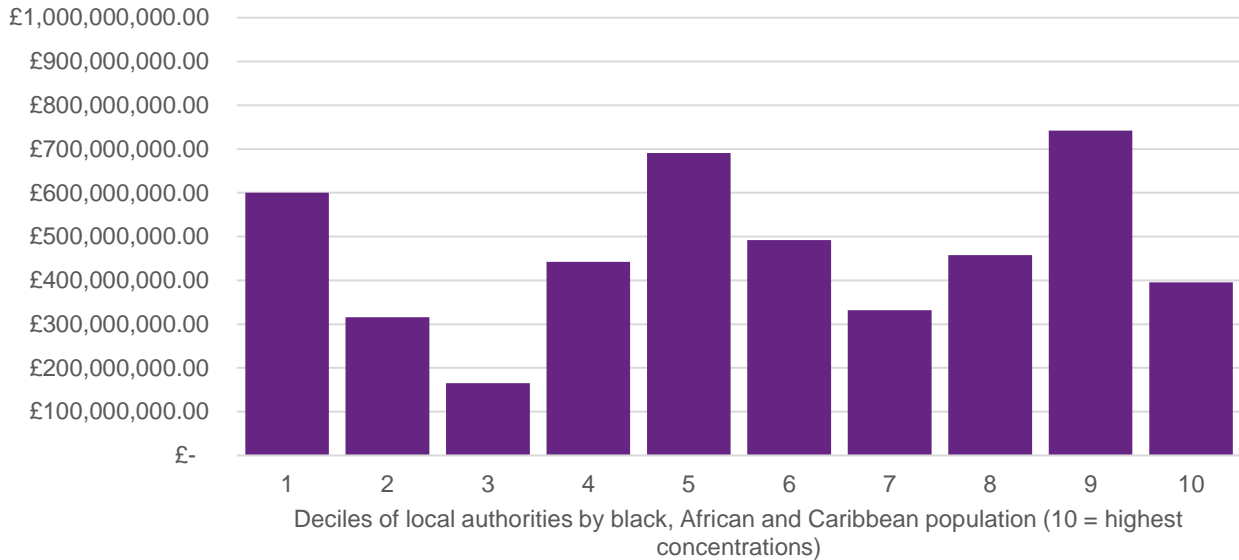
Areas with high concentrations of ethnic minorities

Throughout the Covid-19 pandemic we have seen how minority ethnic communities in the UK face particular barriers and social inequalities which can lead to worse outcomes for health and living standards—both potential focus areas of the Levelling Up agenda.⁷ We have therefore compared Levelling Up funding allocations to the proportions of certain minority ethnic groups in local authorities to see how far these inequalities are being addressed as part of the Levelling Up agenda.

⁷ Parliament (2021) 'Impact of Covid-19 on different ethnic minority groups', available online [here](#).

We can see in Figure 10 that Levelling Up funding allocations so far have not been weighted towards areas with larger Black, African and Caribbean populations—despite the unique inequalities these groups face. We can see that the 10% of areas with the highest concentration of Black, African and Caribbean populations receive less Levelling Up funding (8.5%) than the 10% of areas with the lowest concentrations.

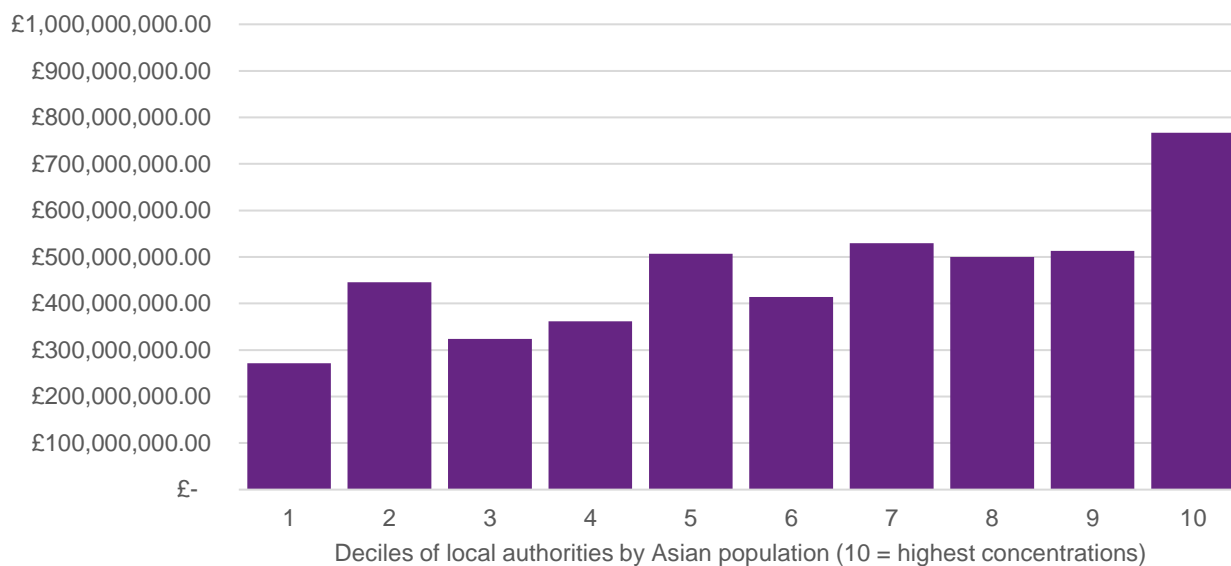
Figure 10: Levelling up funding received by deciles (10%) of local authorities organised by concentration of Black, African and Caribbean populations in the UK



This may be the result of Levelling Up funding being focused on areas with low productivity, which are generally smaller towns and rural areas, whilst areas with high Black, African and Caribbean populations tend to be in larger cities—which still have a range of social problems which are not receiving enough focus in the Levelling Up agenda at present. These disparities need to be addressed in future allocations of funding if the government is to reduce inequalities across the UK.

Levelling Up funding, does, however, seem to be weighted towards areas with larger Asian populations, as shown in Figure 11 below.

Figure 11: Levelling up funding received by deciles (10%) of local authorities organised by concentration of Asian populations in the UK

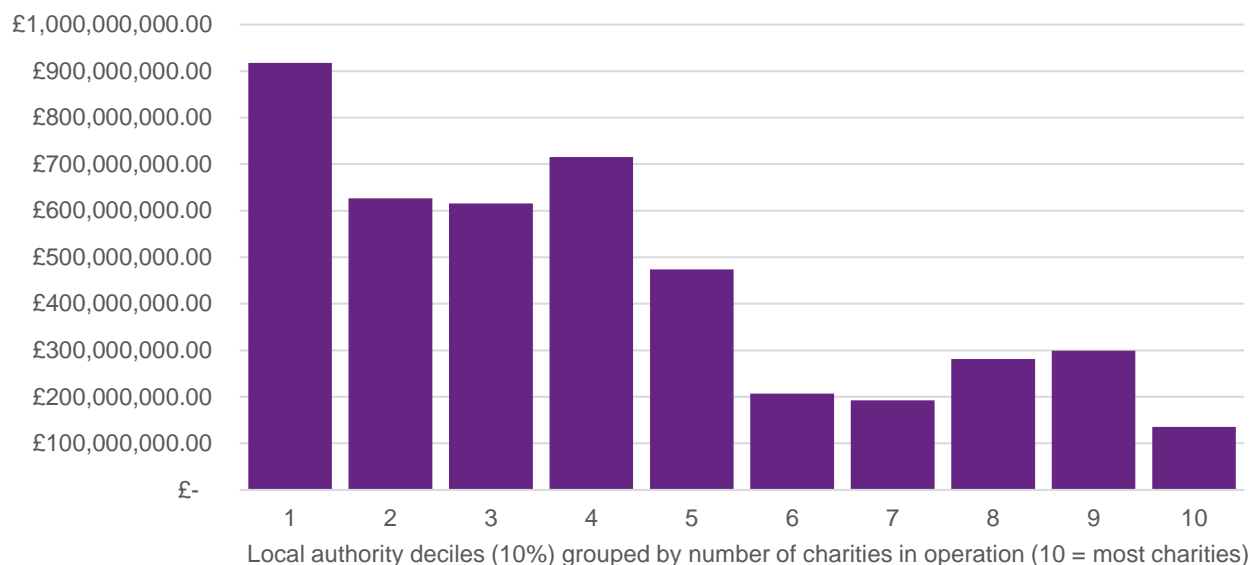


Areas with few charities

In England, we can also look at how Levelling Up funding allocated so far compared to the density of charities in a particular local authority. This acts as a good indicator of the existing social capital and voluntary sector delivery in a community. In our 2020 report [Where are England's charities?](#) we found that areas with the highest levels of deprivation are likely to have the fewest number of charities per person.

We can see in Figure 12 that in England overall, Levelling Up funding is weighted towards the areas with the lowest charity density. The 10% of local authorities with the fewest charities, receive 20.6% of the Levelling Up funding allocated. This is a positive sign as it indicates that areas with the fewest pre-existing voluntary and community services are receiving more support.

Figure 12: Levelling up funding received by decile (10%) of charity density in England's local authorities



Some wealthier areas are receiving a lot of funding

Despite the blind spots identified earlier, a number of wealthier areas with low homelessness and crime levels are still receiving large amounts of Levelling Up funding.

For some, this is due to a single large infrastructure project. For example, the Isles of Scilly are among the least deprived areas in the country, with very low homelessness and crime rates, yet have been allocated £48.5m for a new ferry service.

Others are more difficult to justify. Lewes in East Sussex has received £45m despite being an affluent local area (194th on the IMD). The money is for the fishing industry and a new bridge. Cheshire East (228th on the IMD), has been allocated £37m for a number of projects, primarily in Crewe. Finally, Central Bedfordshire (264th on the IMD) receives £27m for transport improvements among other projects.

What is Levelling Up funding being spent on?

It is not enough simply for funding to go to the right places, it also needs to be spent on the right things once it's there. For example, even if funding is going to areas with high levels of crime, if the funding does not address the causes of crime, it is unlikely to be effective in cutting crime.

Details on what Levelling Up funding is being spent on is patchy and often limited to project titles. However, a high level analysis of the funds suggests that as little as £94m or 2% of the total Levelling Up funding allocated to date could be invested in social infrastructure. This includes skills for local people, services and organisations which support the social needs of an area, including youth clubs, or initiatives to tackle poverty and deprivation. These programmes are primarily being supported through the Community Renewal Fund.

The majority of the rest of the funding appears to be allocated for hard infrastructure projects such as transport links and high street renewal, which people ranked less important in our previous polling than crime, homelessness, and poverty.

Some of this hard infrastructure could be used for social purposes. Of the Levelling Up Fund, our analysis of the total funding so far shows around £281m is going on this socially-focused, hard infrastructure, such as community buildings or sports facilities, and we would expect nearly all of the £5.3m allocated under the Community Ownership Fund to be for socially-focused hard infrastructure. This is around 6% of the total funding allocations. These are of course crucial to creating a thriving community, but are not necessarily going to tackle social issues on their own, nor are they guaranteed to reach into and engage with the parts of their community most in need.

Whilst investment in hard infrastructure, buildings, high streets and encouraging growth and productivity will be important for addressing regional inequalities, it cannot be the sole focus of Levelling Up if it is to achieve what the Government plans and the public expect. If we are to see a Levelling Up that tackles social issues, then social infrastructure needs to be at the heart of funding allocations. So far it clearly isn't.

However, there is an opportunity for government to address this through the long-awaited UK Shared Prosperity Fund worth up to £1.5bn per year. The £220m Community Renewal Fund was a precursor to this fund, and our analyses of it showed that just under half (£91.3m) of the money was allocated to social infrastructure. If this is replicated in the UK Shared Prosperity Fund, we could see an additional £750m a year for social infrastructure programmes that could help to meet the social needs of different areas.

Recommendations

Levelling Up is an opportunity to achieve transformational change for people and our communities. Yet if we look at how far Levelling Up is achieving what the government and public want from it, our analysis shows a mixed picture.

It is encouraging that the Levelling Up funding we analysed is broadly weighted towards the more deprived parts of England. There is more work to do on this front with future allocations however, with notable blind spots—particularly in Southern English cities, Scotland, and Wales.

The funding is currently biased towards hard infrastructure, buildings, and economic growth. These are clearly important to many, but a focus on just these areas and metrics neglects the social infrastructure which is key to improving places. It also leads to overlooking people who live in urban areas, which score well on economic metrics, but poorly on social metrics.

The public want to see a broader conception of Levelling Up which tackles a range of social issues. The leaks of the Levelling Up White Paper show that the government agrees, to an extent, with crime being one of three rumoured ‘missions’ for Levelling Up. But our analysis shows that Levelling Up funding is not being consistently targeted in areas with high levels of homelessness, and even where it is, the funding does not support specific programmes and organisations that are best placed to cut poverty, crime and homelessness and their causes.

The government’s Levelling Up White Paper can address this, through the following policies:

1. Include funding for social infrastructure that can reduce social needs in future rounds of the Levelling Up Fund and UK Shared Prosperity Fund. The government should change the criteria for the Levelling Up Fund to include social infrastructure projects such as those that cut crime and homelessness. They should also require social outputs, such as skills programmes and community facilities, as part of any capital investment. The government should ensure the criteria for the long-awaited UK Shared Prosperity Fund, worth up to £1.5bn per year, includes programmes to reduce social needs in areas where they are highest.
2. Areas prioritised for funding should produce a local 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 must involve consultation with local communities and should require

partnerships with charities and community groups who are a ready resource already embedded within these communities ready to tackle social issues. The ‘everyone in’ movement to tackle homelessness during lockdown shows how government and charity sector coordination can have a significant and sudden impact on a social issue and should be replicated to address the scale of the Levelling Up challenge.⁸ The rumoured new local Mayors or Governors to be announced in the Levelling Up White Paper would be ideally placed to develop these local roadmaps.

3. These roadmaps should be informed by local data on social needs from both government and the social sector where it is available. As this analysis has shown, the needs of different communities are not the same across the country, so they need to have more of a voice in how this money is spent. This is not only the right thing to do, it will also make the policy more effective.
4. A national Levelling Up Intelligence Board, with representation from charities of all sizes, businesses, faith groups and community groups, should be established to provide intelligence to the government on the Levelling Up agenda. Charities and social enterprises have valuable insights and intelligence about the needs of their communities and which programmes work to cut social needs. The potential new Levelling Up quango that has been reported in the media would be the ideal body for this intelligence board.

A Levelling Up which tackles social needs, and engages with community groups, will not only be the most effective way to achieve the government’s goals for Levelling Up. It will also be the most effective way to give the public what they expect to see and win their support for the project.

Importantly, it will also deliver some of the social interventions which will allow the government to demonstrate the most visible immediate impact.

⁸ Crisis (2020) ‘Government’s response to homelessness and Covid-19’, available online here: https://www.crisis.org.uk/media/241941/crisis_covid-19_briefing_2020.pdf

Thanks

We would like to thank Jabeer Butt at the Race Equality Foundation for his advice and input to this paper.