Technical Note

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

Introduction

This is a technical note to our paper Levelling Up and social needs: An analysis of government's progress. It outlines all the funds which have been included as part of the Levelling Up agenda, the funds which we analysed and why as part of this work, and our research and analysis process.

What funding is included in Levelling Up?

Levelling Up is the government's flagship policy agenda. It is very broad. There are many different funds and programmes which have been described by the government as part of the Levelling Up agenda.

In the 2020 budget,[1] the chancellor announced a total of £640bn of gross capital investment under the Levelling Up agenda for roads, railways, communications, schools, hospitals, and power networks across the UK by 2024-25. Some of the explicit planned allocations included:

- £27bn investment in strategic roads.
- The £3.6bn Towns Fund (including £830m for the Future High Streets Fund).
- The £2.5bn National Skills Fund[2] (including a previously announced £100m retraining pilot).
- £4.2bn for five-year integrated transport settlements for eight city regions.

[1] HMT (2020) 'Budget 2020', available online here: https://www.gov.uk/government/publications/budget-2020-documents/budget-2020

[2] Institute for Government (2021) 'Levelling Up: Five questions about what the government means by the phrase', available online here: https://www.instituteforgovernment.org.uk/sites/default/files/publications/levelling-up.pdf

- £5bn for improving mobile coverage in rural areas via the Shared Rural Network.
- £5.2bn for flood defences.
- £10.9bn for housing investment to build 1 million new homes.
- £1.5bn (£1.8bn including Barnett consequentials) for further education colleges.
- A review of the Green Book (how decisions on major investment programmes are appraised).

In the March 2021 Budget[3] the government further indicated that the following measures would also be part of its efforts to level up the UK:

- The £4.8bn Levelling Up Fund – bids for the first round of which were submitted in the summer of 2021, with decisions on the first tranche of money made in the autumn.
- The £220m Community Renewal Fund, a precursor to the UK Shared Prosperity Fund.
- The £150m Community Ownership Fund.
- Eight new freeports in England.
- Support for SMEs to boost their digital management capabilities.
- A UK infrastructure bank with £12bn of equity and debt capital.
- A new £375m fund to help the most innovative R&D intensive businesses.
- £126m for high quality traineeships for young people in England.
- A minimum of £15bn issued in sovereign green bonds.
- £27 million, subject to business case, for the Aberdeen Energy Transition Zone, £5 million, subject to business case for the Global Underwater Hub and up to £2 million to further develop the North Sea Transition Deal.
- £4.8 million, subject to business case, for a Holyhead hydrogen hub in Wales.

[3] HMT (2021) 'Budget 2021', available online here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966868/BUDGET_2021_-_web.pdf

- Up to £30 million, subject to business case, that the government will match fund for the Global Centre for Rail Excellence in South Wales.

- The £400 million New Deal for Northern Ireland (NDNI) package.

In addition to this, in the Autumn 2021 Budget and Spending Review the government outlined the following measures as part of Levelling Up:

- The £1.5bn per year UK Shared Prosperity Fund.

- £560m in youth services in England.

- 100 new community diagnostic centres in England.

- A £1.4bn Global Britain Investment Fund.

- Funding for 8,000 community sports facilities, football pitches and 4,500 tennis courts.

- A £9m Levelling Up parks funds.

Finally, a range of other measures have been announced outside of budgets including:

- Moving 22,000 civil servants outside of London.[4]

- New support for fishery industries and coastal communities.[5]

What did we analyse and why?

As we can see, a huge variety of funds, infrastructure projects and programmes have been described under the banner of Levelling Up. This poses several issues for those trying to analyse the potential impact of these funding allocations in tackling social issues in different parts of the country:

1. Many funds are included that don't have a specific local focus.

2. Future allocations are included in these totals, many have not yet been made, and some are subject to certain criteria or business cases.

[4] BBC (2021) 'What is levelling Up and how is it going?', available here https://www.bbc.co.uk/news/56238260

[5] ibid

3. Of those that have been allocated, not all funding is broken down at local authority level, and it may not be possible to do so from publicly available documents.
4. Some allocations overlap or include previous announcements for different programmes.

Because of this, we have focused on five funds that have funding attached to them at a local level and where allocations have started that were highlighted in the Levelling Up Fund prospectus, and in the introduction and executive summary to the March 2021 Budget, as key to creating "well-paid jobs, revitalis[ing] places, and develop[ing] hubs of innovation in every part of the UK".[6] These five were also broken down at local authority level, whilst many of the other funds mentioned in passing in other papers were not.

The funding we included in our analysis was therefore:

- £1.69bn from the Levelling Fund.
- £2.35bn from the Towns Fund.
- £830m from the Future High Streets Fund.
- £5.3m from the Community Ownership Fund.
- £203m from the Community Renewal Fund.

By selecting these funds, we have remained consistent with our previous analysis in Should we Level Up Social Needs?.

Other organisations have attempted to review a broader set of funds announced by the government, such as this analysis by ProBono Economics. Our analysis should be considered in the context of these broader analyses.

Devolved nations

The five funds we have analysed are all controlled directly from Westminster. Devolved nations are responsible for spending on matters such as health, education, local government, justice, and housing. As such, the government also announced in 2020 that where budget measures do not apply across all nations, the devolved administrations will receive additional funding through the Barnett formula to invest in further public services and other priorities (£640m for Scotland, £360m

[6] HMT (2021) 'Budget 2021', available online here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966868/BUDGET_2021_-_web.pdf

for Wales, and £210m for Northern Ireland). As these were not released at a local authority level, these did not form part of our analysis. However these are important funds within the control of the devolved nations which could be used to support Levelling Up, and our analysis suggests there is opportunity for them to do this.

As we mention in a footnote in our findings, Scotland and Wales were not eligible to apply for the Towns Fund or the Future High Streets Fund. When only including UK-wide funds Scotland received 9% of the total funding allocations, and Wales received 6%--roughly in proportion to their respective populations.

Our analysis did not include Northern Ireland as the eligibility of local authorities was handled differently so could not be directly compared.

How did we carry out our analysis?

Funding by area

There were two parts to our analysis. First, we compiled the total amount of funding that each local authority was allocated from the above funds, excluding the Community Renewal Fund which was not broken down at a district council level. As the allocations from this fund are only 4% of the total allocated funds, its exclusion has limited impact on the overall analysis for this section, particularly when broken down by local authority, but should be noted.

We then broke local authorities across Great Britain down into deciles organised against measures of social issues including homelessness, crime, deprivation, charity density and ethnic minority populations compared the funding allocated to each decile. We focused on these social issues as they included the priority issues that came out of our public polling on Levelling Up. For Scotland and Wales we used quintiles rather than deciles due to the small number of local authorities in each area.

Funding for social infrastructure

The second part of our analysis examined how much of that funding was allocated to social infrastructure which would be able to tackle social issues. This is difficult to do, as data is not consistently available, and also because definitions of social infrastructure vary. Analysing the data involved manually looking at individual project descriptions (when available). In cases where project descriptions were not available, we were led by project titles.

We undertook two analyses based on two different definitions of social infrastructure. We first analysed projects that could be classed as social 'programmes'. We included social programmes as:

- Skills for local people.
- Services and organisations which support the social needs of an area, such as youth clubs.
- Initiatives to tackle poverty and deprivation.

So far, these allocations have come entirely from the Community Renewal Fund. They made up £94m, or 2%, of the total funding available. This percentage is likely to increase once the UK Shared Prosperity Fund has been allocated, as it is likely to include further social programmes.

We then analysed the funds based on a definition of social infrastructure that included socially-focused hard infrastructure such as community buildings and sports facilities. We were only able to analyse the Community Ownership Fund, Levelling Up Fund and Community Renewal Fund for these projects, as details on the Towns Fund and Future High Streets Fund projects were not readily available.

We estimate that allocations for socially-focussed hard infrastructure made up a total of £281m from the Levelling Up Fund, and around half of the £5.3m Community Ownership Fund.

In total this made up a further 6% of the overall funding allocations. However, when excluding the Towns Fund and the Future High Streets Fund, the amount of funding on socially-focused hard infrastructure rises to 15% of the funds we analysed. We therefore estimate a range of between 6-15% of the Levelling Up Funds we analysed could be spent on socially-focused hard infrastructure, in addition to the 2% focussed on social programmes.

For more information on our research process or analysis please contact Theo.Clay@thinkNPC.org.

Read the full research here: Levelling Up and social needs: An analysis of government's progress