

**NORTHERN  
HOUSING  
CONSORTIUM**  
VOICE OF THE NORTH

☎ 0191 566 1000  
✉ [enquiries@northern-consortium.org.uk](mailto:enquiries@northern-consortium.org.uk)  
🌐 [northern-consortium.org.uk](http://northern-consortium.org.uk)  
🏠 Northern Housing Consortium  
🐦 @NHC

# NHC'S BRIEF GUIDE TO THE **LEVELLING UP FUND**



The Levelling Up Fund prospectus was published with the Budget on 3 March. It will invest £4.8 billion in high value local infrastructure.

10 things you need to know about the Fund.

- **UK-wide** - The Fund is UK-wide but intended for places that need it the most such as ex-industrial areas, deprived towns and coastal communities.
- **Places' Categorisation** - places have been categorised as 1, 2, or 3, with category 1 representing places with the highest levels of identified need.
- **Cross-department** - The Fund brings together the Department for Transport, the Ministry for Housing, Communities and Local Government and the Treasury and each phase of funding will priorities a range of projects across departments.
- **Treasury Green Book Review** – Project appraisal will incorporate the revised approach of the Green Book announced at Budget 2020 to “make sure that government investment spreads opportunity across the UK.” The revised Green Book contains new guidance on place-based analysis.
- **Shovel-ready** - The first round of the Fund closes for bids in June and will prioritise bids that can demonstrate investment or begin delivery on the ground in the 2021-22 financial year. All funding provided from the Fund to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes. There will be future opportunities to bid in subsequent rounds.
- **Competitive Bidding** - The Levelling Up Fund is a competitive fund and bids will be prioritised that can demonstrate investment or begin delivery on the ground in the coming financial year. The 2020 Spending Review allocated up to £600 million in 2021-22.
- **Local Authority role** - Funding will be delivered through local authorities and every local authority can submit at least one bid for projects that require up to £20m of funding.
- **Capacity funding** - A flat £125,000 of capacity funding will be allocated to all eligible local authorities - defined in the prospectus as those most in need of levelling up as identified in the place index - to support bids for later rounds of

the Fund. Local authorities will not be able to use the capacity funding in time to support bids for the first round.

- **Members of Parliament** – Local MPs will back one bid that they see as a priority - local authorities can submit one bid for every MP whose constituency lies wholly within their boundary. The prospectus states that such support from local MPs is not a necessary condition for a successful bid, however, it is clear from the prospectus that this will be an important factor.
- **Prioritisation of Places** – the Government published the methodology note on 11<sup>th</sup> March confirming that low productivity and long commutes to work were prioritised, rather than wider measures of deprivation such as those used for the Index of Multiple Deprivation.

## First Round funding

The first round of the Fund will focus on capital investment in local infrastructure across three themes:

- Transport projects that make a genuine difference to local areas
- Town centres and high street regeneration
- Cultural and heritage assets

Housing is therefore not a core theme for the Fund. The 'prioritisation of places methodology note' published after the prospectus included commercial and 'dwelling vacancy rates' (classed as long-term empty) as a metrics to measure 'need for regeneration'. But, the indicator weight given to dwellings vacancy rate was 25% against the commercial vacancy rate which was given 75% weight.

The dwelling vacancy rate metric was used as a proxy for places' need for regeneration, given the Fund's particular focus on repurposing and regenerating vacant and brownfield sites on high streets and within town centres.

There are opportunities to utilise the Fund to remediate land for residential use, and potentially for introduction of housing into town centre locations (see below); regeneration of existing local housing does not appear to be part of this first phase of the Levelling Up Fund. The regeneration pillar of the Levelling Up Fund seeks to build on the investments made so far through towns regeneration.

Projects submitted for appraisal under the towns theme may include:

- Regenerating key leisure and retail sites.
- Removing derelict buildings to make way for new developments.
- Site acquisition and remediation of abandoned or brownfield sites, for both commercial and new residential use.
- Improving the public realm including high streets, parks and green spaces.
- Creating better connectivity between and within key retail and leisure sites.

- Putting forward 'Town Deals' for smaller towns that did not receive investment from the original Towns Fund.

Bids will be assessed against four criteria:

- Characteristics of the place
- Deliverability
- Strategic fit with local and Fund priorities
- Value for money

## Levelling Up Fund Index

The Chancellor Rishi Sunak has claimed that local areas have been prioritised for funding using a transparent index of economic need published by the Ministry of Housing, Communities and Local Government (MHCLG). The 'index' has been published alongside the prospectus and gives a priority ranking to each local authority.

The index takes account of the following place characteristics:

1. Need for economic recovery and growth
2. Need for improved transport connectivity
3. Need for regeneration.

The data used to produce the categorisation was published a week after the Budget and gives the relative weights of places' need for economic recovery and growth (indicator 1), places' need for improved transport connectivity (indicator 2) and places' need for regeneration (indicator 3) were weighted according to a ratio of 2:1:1.

A higher weighting was given to commercial vacancy rates in the indicator for regeneration because the objectives of the fund focus in particular on improving commercial spaces. The ratio of the commercial vacancy rate indicator weight to the dwelling vacancy rate indicator weight was set at 3:1.

Using this index, places have been placed into category 1, 2, or 3, with category 1 representing places with the highest levels of identified need.

These bandings will form part of the criteria for assessing bids. While preference will be given to bids from higher priority areas, the bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit.

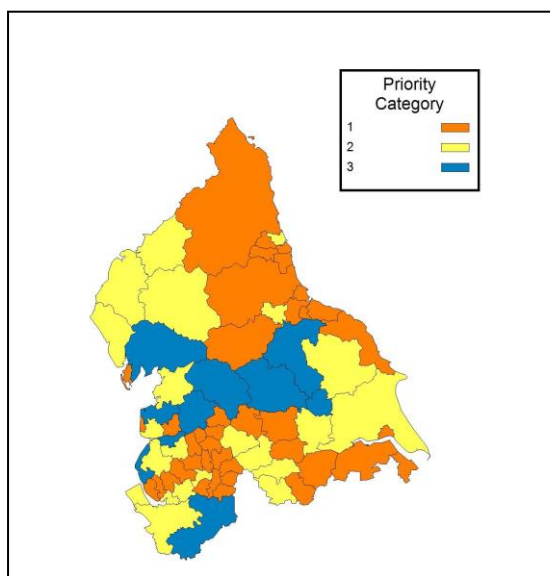
The prospectus states that bids from categories 2 and 3 will still be considered for funding on their merits of deliverability, value for money and strategic fit, and could still be successful if they are of exceptionally high quality.



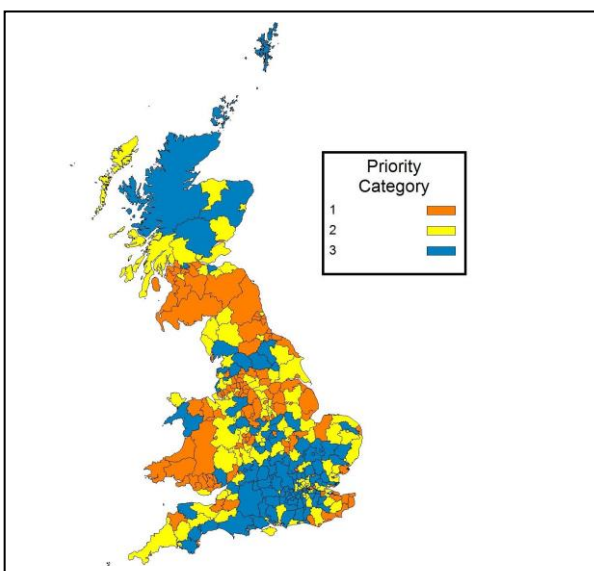
We have mapped the list of all places' categorisation below in Figures 1 and 2.

The concentrations of amber-coloured local authorities show Category 1 locations around the North East, Yorkshire, and the North West around Liverpool and Manchester. The so-called 'red wall' of former Labour seats that changed hands at the 2019 election (stretching from Liverpool across to Hull) also feature. There are also concentrations of 'left-behind' areas in the former mining and steel regions of South Yorkshire and around County Durham, and around former textile towns in West Yorkshire and the North West. Local authorities containing coastal towns such as Blackpool and Sunderland appear in the top category. These areas may have largely lost their main industry or seen significant declines in tourism. They also tend to have relatively poor transport links.

**Figure 1. NE & Y&H priority categories**

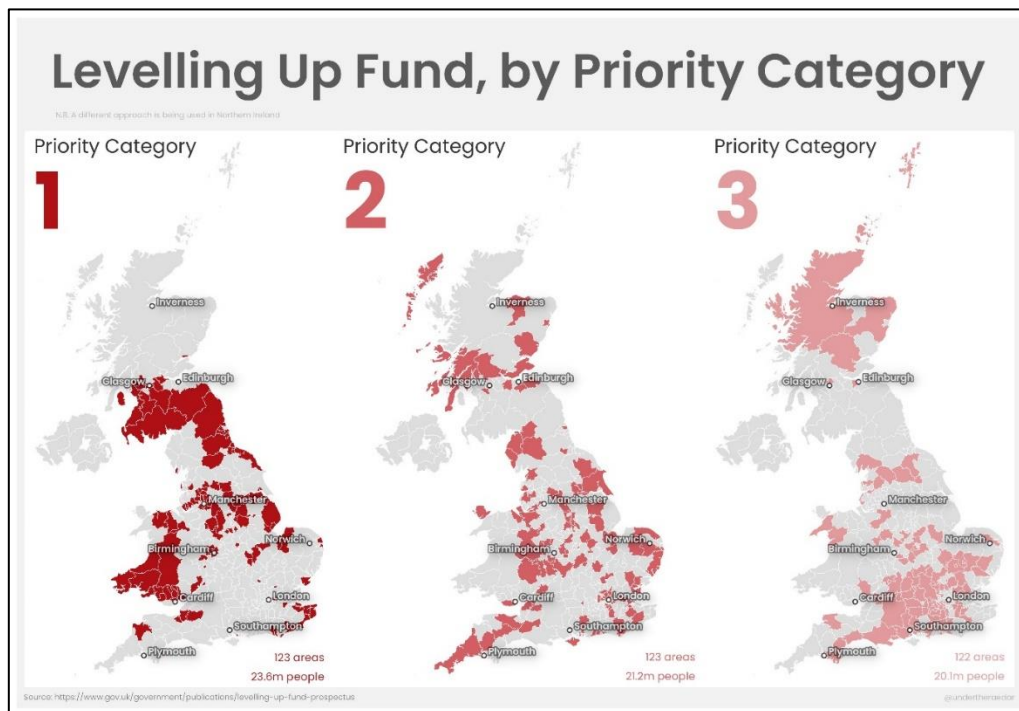


**Figure 2. UK-wide priority categories**



Source NHC analysis of the Levelling Up Fund place index

Figure 3. UK-wide comparisons of categories 1-3



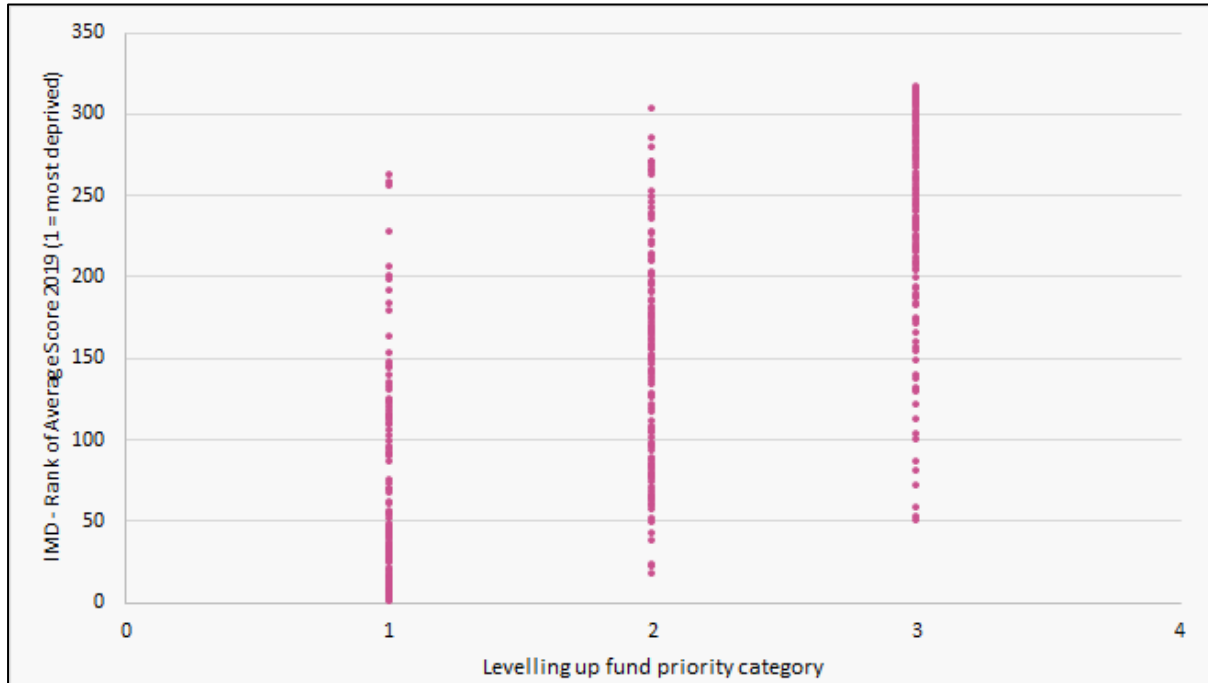
Source: Alasdair Rae @underthereadar

There are local authorities with high levels of deprivation which have been placed outside the top priority group. It is clear from the methodology, published after the Fund prospectus, that areas have been prioritised where there is low productivity and where people have long commutes to work which are more typical characteristics of rural areas.

The broader characteristics of deprivation such as those used for the Index of Multiple Deprivation which takes into account income, levels of crime and health, have not been used for this round of funding. This could lead to deprived communities missing out on funding. Figure 4 shows the average deprivation rank by group (lower equals more deprived):



**Figure 4. The average deprivation rank by group (lower equals more deprived): Priority group 1: 79 Priority group 2: 150 Priority group 3: 230**



Source: Andy Norman @ andynorman810

## Assessment and how to bid.

The assessment process will focus on the following key criteria:

- Characteristics of the place guided by category 1, 2 or 3 based on Government assessment metrics, with category 1 representing the highest level of identified need.
- Deliverability - based on supplementary finance, management and commercial cases, with bids able to demonstrate investment or which begin delivery on the ground in 2021-22 financial year prioritised in the first round of funding.
- Strategic fit with local and Fund priorities – this should be addressed in the strategic case of submissions and should include support from stakeholders.
- Value for money – an economic case should be submitted to explain the benefits of the bid and how it represents value for money.

There will be future opportunities to bid in subsequent rounds. All funding provided from the Fund should be spent by 31 March 2024, and exceptionally into 2024-25 for larger schemes.

To ensure projects are delivered to programme and budget, bids are encouraged to include a local financial contribution representing at least 10% of total costs.

To apply for investment from the first round of the Levelling Up Fund, eligible local institutions must submit their bids to the Ministry of Housing, Communities and Local Government by **noon on Friday 18 June 2021**. Bids may also be submitted before this date.

It is expected that investment decisions will be made by the UK Government for this funding round by autumn 2021. Further guidance on how places can submit bids will be published shortly.

For further information contact:

Karen Brown [karen.brown@nhc.org.uk](mailto:karen.brown@nhc.org.uk)

[HM Treasury Levelling Up Fund: Prospectus](#)

[Levelling Up Fund - list of local authorities by priority category](#)



HM Treasury



Ministry of Housing,  
Communities &  
Local Government



Department  
for Transport

Levelling Up Fund:  
**Prospectus**

---





**NORTHERN  
HOUSING  
CONSORTIUM**  
VOICE OF THE NORTH

☎ 0191 566 1000  
✉ [enquiries@northern-consortium.org.uk](mailto:enquiries@northern-consortium.org.uk)  
🌐 [northern-consortium.org.uk](http://northern-consortium.org.uk)  
🏠 Northern Housing Consortium  
🐦 @NHC