



UK Government

Levelling Up Fund



- As the Budget made clear, the **UK Government is committed to levelling up across the whole of the United Kingdom** to ensure that no community is left behind, particularly as we recover from the Covid-19 pandemic.
- **That is why we are now making the biggest changes to the way we support local economic growth in a decade**, in order to regenerate our town centres and high streets, improve local transport links and invest in local culture, while giving communities a stronger voice to take over cherished local assets that might otherwise be lost.
- **This will involve the UK Government working more directly with local partners and communities across England, Wales, Scotland and Northern Ireland**, who are best placed to understand the needs of their local areas and more closely aligned to the local economic geographies to deliver quickly on the ground.
- **To support these objectives, the UK Government has launched the UK Community Renewal Fund, the Community Ownership Fund, and the Levelling Up Fund** to support communities right across the country, **today our focus is on the Levelling Up Fund**.



What is the Levelling Up Fund?

The Levelling Up Fund will directly support communities across the UK, making available up to £4.8 billion up to 2024-25 for capital investment in local infrastructure. It will be allocated competitively and open to all local areas across the UK.

The Fund will set aside **at least £800 million across Scotland, Wales and Northern Ireland** over four years from 2021-22 to 2024-25. For the first round of funding, at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland.

The Fund will invest in **local infrastructure that has a visible impact on people and their communities** - including regenerating town centres and high streets, investing in local transport schemes, and creating, renewing and upgrading local cultural and heritage assets.

The Fund will prioritise **places in need of economic recovery and growth, regeneration and improved transport connectivity**.

The Fund also offers us an opportunity to establish a new way of working between UK Government and places. We want to work directly with local partners in each nation across the UK, putting local leaders in the driving seat and giving communities a stronger voice in their future.

The Fund is jointly managed by HMT, MHCLG and DfT, representing a **new approach aiming to end siloes in Whitehall** that make it difficult to take a holistic approach to the infrastructure needs of local areas.



The Levelling Up Fund will invest in **genuine local priorities, prepared in collaboration with local stakeholders, that can be delivered in the next three to four years.** The first round of the Fund will focus on three investment themes:

- **Transport investment**, including public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements.
- **Regeneration and town centre investment**, including upgrading eyesore buildings and dated infrastructure, acquiring and regenerating brownfield sites, investing in secure community infrastructure, and bringing public services and safe community spaces into town and city centres.
- **Cultural investment**, including maintaining, regenerating or creatively repurposing museums, galleries, visitor attractions (and associated green spaces) and heritage assets, as well as creating new community-owned spaces to support the arts and serve as cultural spaces.

The Fund **will focus investment on projects that require less than £20m of funding**, with up to £50m available by exception for larger transport projects in Great Britain.

There will be **no ringfence applied across the three investment themes**, and places can incorporate interventions across multiple themes within a single bid.

The Fund is **a capital fund**.

To ensure projects are delivered to programme and budget, **we are encouraging bids to include a local financial contribution representing at least 10% of total costs.** A contribution will also be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific project.



Approach to Targeting (Great Britain)

To ensure the Levelling Up Fund funding reaches those places most in need of investment, we have prioritised places at lower-tier Local Authority level using an index across England, Scotland and Wales.

The index and the methodology has been published and is based on a combination of metrics covering places' **need for economic recovery, need for regeneration and need for improved transport connectivity**. Whether a place is in category 1 (highest), 2 or 3 on the index will be taken into account as part of the assessment process.

The **bandings do not represent eligibility criteria, nor the amount or number of bids a place can submit**. Bids from categories 2 and 3 will still be considered for funding on their merits of deliverability, value for money and strategic fit.

A list of all places' categorisation and the methodology used to calculate the index has been published on GOV.UK.

All English LAs in the highest priority index category, and **all local authorities in Scotland and Wales** will receive a **flat amount of £125,000 in capacity funding** to support them in developing bids.



Approach to Delivery and Distribution (UK-wide)

- The UK Government will use the new financial assistance powers in the **UK Internal Market Act 2020** to make the Fund available to the whole of the UK. Other vires such as the Industrial Development Act (1982) can also be used where relevant.
- **The UK Government has a responsibility to support people, jobs, and communities across the whole of the UK**, particularly in the context of our recovery from the Covid-19 pandemic.
- For the Levelling Up Fund, where appropriate, the **UK Government will seek advice from the Devolved Administrations** at the shortlisting stage on projects that will be delivered in their geographical areas, including on deliverability and alignment with existing provision.
- Final decisions will be made by HM Treasury, the Ministry of Housing, Communities and Local Government, and the Department for Transport.



In **England, Scotland and Wales**, the UK Government will run a competitive process engaging directly with local authorities, where the following local institutions are eligible to bid:

- Unitary authorities (including metropolitan borough councils), London borough councils and district councils in two tier areas in England can bid for projects of all types;
- **In addition**, unitary authorities in England with transport powers; and all unitary authorities in Scotland and Wales can submit an additional transport-only bid;
- **Alongside this**, County councils with transport powers; combined authorities, mayoral combined authorities, the Greater London Authority (GLA) can submit one transport bid **only**.

LAs can submit a number of bids each worth up to £20m in line with the number of MPs within their boundaries, **with every LA able to submit at least one bid at a minimum**. Where a constituency crosses into multiple LAs, one local authority should take responsibility as the lead bidder, gaining an additional bid for doing so.

LAs can only have a number of **successful** bids each worth up to £20m equal to their number of allocated bids over the Fund's lifecycle. So, if a LA with 3 bid slots submits 3 bids in the first round is successful in each of them, they would not be eligible to re-bid in the following rounds.



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Levelling Up Fund: Bid Numbers Worked Examples (Great Britain)

Craven District Council contains **0** whole constituencies and partially contains **1** constituency (Skipton and Ripon). It **may** submit **one** bid depending on whether it is designated as the lead bidder for Skipton and Ripon constituency. Were it not to be the lead bidder for this constituency, it would receive 1 **de minimis** bid **regardless**. As a District Council without transport powers, it does not receive an additional transport-only bid. Therefore, **Craven District Council will receive in all cases 1 bid.**

Argyll and Bute contains **1** whole constituency (Argyll and Bute), for which it receives **1** bid. As a Scottish unitary authority, it also receives an additional transport-only bid, **bringing its total number of bids to 2.**

Dundee City contains **0** whole constituencies, but partially contains **two** constituencies, so may receive **up to 2** bids depending on whether it is designated as the lead bidder for these constituencies. Were it not to be the lead bidder for any constituencies, it would receive **1 de minimis** bid **regardless**. As a Scottish unitary authority, it also receives an additional transport-only bid. Dundee city will therefore receive a **minimum of 2 bids**, and a **maximum of 3 bids**.

Cardiff contains **3** whole constituencies, for which it receives **3** bids. It also partially contains **1** further constituency, so may receive **up to 1** additional bid from this depending on whether it is designated as the lead bidder for this constituency. As a Welsh unitary authority, it also receives 1 additional transport-only bid. Cardiff will therefore receive a **minimum of 4 bids**, and a **maximum of 5 bids**.



Eligibility (Northern Ireland)

- In **Northern Ireland**, we are taking a different approach to delivering the Levelling Up Fund, to take account of the different local government landscape in Northern Ireland compared to Great Britain.
- **The UK Government will accept bids from a range of applicants**, including but not limited to businesses, voluntary and community sector organisations, district councils, the Northern Ireland Executive and other public sector bodies.
- **For transport projects specifically**, the Northern Ireland Executive hold many of the relevant powers. Where they are the lead bidder they must engage with and secure the support of the relevant district council for the area in which the bid is based, in order to be considered for funding.
- The **Northern Ireland Executive departments are not eligible to bid for projects under the other two investment themes**, where the lead bidder should operate at a more local level. In all cases the lead bidder will need to have the powers to deliver the projects that form part of their bid.
- **Capacity funding will also be made available for Northern Ireland.** All district councils and some other identified bidding entities will receive capacity funding.
- Further details on capacity funding will be available in the FAQs that will be published shortly.



UK Government

Putting Together Proposals (Great Britain)

- Places are invited to submit at least one capital bid up to £20 million in value. Bids for larger transport schemes will be considered by exception.
- Bidders must submit their application in full with all supporting documentation to the following email address levellingupfund@communities.gov.uk by **noon 18 June 2021**. **Any bids or further information submitted after this deadline will not be assessed or considered for funding.**
- For any bidding entity submitting a **package bid** (those with two or three projects), they must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. These applications will be assessed at the bid level rather than as individual projects. **If there are weaknesses in one of the projects, places should be mindful that it will adversely impact on the overall score of their bid.**
- Bidding entities also have the option of submitting a **joint bid**, where two or more organisations are collaborating on a project or a package bid of up to 3 projects. Joint bids will count towards the maximum number of bids that each local authority is able to submit but may not request more than £50m of investment for any individual project.
- When assessing joint bids on the “Characteristics of Place” criterion we will reflect the index category that relates to location of where the majority of the project or projects are delivered/ where most funding is spent.



Putting Together Proposals (Northern Ireland)

- Eligible bidders are invited to submit at least one capital bid up to £20 million in value.
- Bidders must submit their application in full with all supporting documentation to the following email address levellingupfund@communities.gov.uk by **noon 18 June 2021**. **Any bids or further information submitted after this deadline will not be assessed or considered for funding.**
- For any bidding entity submitting a **package bid** (those with two or three projects), they must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. These applications will be assessed at the bid level rather than as individual projects. **If there are weaknesses in one of the projects, places should be mindful that it will adversely impact on the overall score of their bid.**
- Bidding entities also have the option of submitting a **joint bid**, where two or more organisations are collaborating on a project or a package bid of up to 3 projects.
- MPs in NI can express support for bids as part of the wider stakeholder engagement process, but formal priority backing of MPs will not be considered as part of bid assessment, unlike in GB.
- We also expect bidding entities to consult other local stakeholders as part of their bid, including, but not exclusive to, businesses, voluntary sector organisations and community representatives.



Exceptional Bids for Larger Transport Schemes (Great Britain)

Bids will be accepted for **larger transport schemes** by exception.

Larger transport schemes can request between £20 million and £50 million. The Application Form or if available a more detailed business case, for example an Outline Business Case (OBC) or Full Business Case (FBC), **should be submitted by 12 noon 18 June** for larger transport project bids.

It is expected that FBCs will need to be appraised before funding can be confirmed for larger transport schemes. Therefore, where only an Application Form has been submitted by 18 June for larger transport projects, DfT will advise whether the project should be developed further through the business case stages and a more detailed business case should be prepared.

OBCs or FBCs for larger transport projects should be in a transport business case format and be compliant with the Green Book's five-case model and the Department for Transport's guidance on transport analysis (TAG). OBCs and FBCs should include more comprehensive plans and information for relevant projects.

FBCs submitted by **12 noon 18 June** should include information that is normally provided in OBCs.



The UK Government recognises the important role of MPs in championing the interests of their constituents. We expect bidding authorities to consult local MPs as they develop their bids.

MPs can play a positive role in prioritising bids and helping broker local consensus. Support and engagement from local stakeholders and local MPs will be considered as part of the strategic fit assessment of bids but is only one part of a wider assessment and **is not a necessary condition for a successful bid.**

MPs have the option of **giving support to one bid which they see as a priority.** They should **indicate their support to one priority bid in the form of a written letter** to the lead authority, who must submit that along with their application.

A bid may have priority support from multiple MPs and local stakeholders. In addition to formally backing one bid, MPs may also want to support any or all schemes that would have a benefit to their constituencies as part of the wider stakeholder input process.

We also expect bidding authorities to consult other local stakeholders as part of their bid, including, but not exclusive to, businesses, voluntary sector organisations and community representatives, Members of the Senedd, MSPs.

Individual MPs should not offer their priority support to more than one bid. We will not be able to consider **formal** priority support in the assessment process if an MP offers this to more than one bid.

The role of MPs is also different in NI – they can express support for bids as part of the wider stakeholder engagement process, but formal priority backing of MPs will not be considered as part of bid assessment, unlike in GB.



Assessment Criteria (Great Britain)

- There will be a three staged approach to assessment and decision-making and this has been published as part of the additional guidance.
- **Stage 1 Gateway:** The first stage is a **pass/fail gateway** criterion, where bids will be assessed against whether they can deliver some LUF expenditure in 2021/22. **Bids that do not meet this gateway criteria will not be considered further.**
- **Stage 2 Assessment and Shortlisting Bids: In Great Britain** bids will be assessed against the four criteria set out in the Prospectus, which are equally weighted. A short list of bids will be drawn from the highest scoring bids and those who score at least average or above on strategic fit, value for money and deliverability
- **Stage 3 Decision Making:** Once bid assessment and moderation has concluded, and the shortlists have drawn up, Ministers will make funding decisions. In making these decisions ministers may take account of some or all of these additional considerations published in the Prospectus.



Assessment Criteria (Northern Ireland)

- There will be a three staged approach to assessment and decision-making and this has been published online.
- **Stage 1 - Gateway:** The first stage is a **pass/fail gateway** criterion, where bids will be assessed against whether they can deliver some LUF expenditure in 2021/22. In NI, for feasibility reasons, bidders from non-Government organisations will also need to demonstrate:
 - Two years of audited accounts.
 - Evidence that they have delivered two capital projects of a similar scale and scope in the last five years.
- **Bids that do not meet this gateway criteria will not be considered further.**
- **Stage 2 - Assessment and Shortlisting:** The approach to assessment and shortlisting is the same across the UK, with the exception that in NI bids are only assessed against 3 of the 4 criteria set out in the Prospectus. This is because there is no Characteristics of Place Index in Northern Ireland for this first round.
- **Stage 3 - Decision Making:** As with GB bids, ministers will make funding decisions from the NI shortlist of bids and may also factor into their decision making the some or all of the additional considerations published in the Prospectus.
- NI bids will only be assessed against other NI bids for fairness reasons, because the NI assessment is only based on 3 out of the 4 criteria. Funding will therefore be awarded from a ringfenced NI pot, in the region of £20 million, subject to strength of bids submitted.



Additional Information for Bidding Authorities

- All bids should be made on the **Levelling Up Fund Application Form** which can be found online.
- **Technical Guidance** is also available online which sets out: eligibility, MP support and the application and assessment process for the first round of the Levelling Up Fund for Great Britain and Northern Ireland.
- **State Aid & Subsidy Control:** If the Levelling Up Fund is used to provide a subsidy, expenditure must be compliant with the UK's obligations on subsidy control. All bids that may be considered subsidy must consider how they will deliver in line with subsidy control (or State Aid for aid in scope of the Northern Ireland Protocol) as per UK Government guidance - which can be found here: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>
- **Monitoring and Evaluation:** Bidding authorities should note that we will publish FAQs in April, and further guidance later in the Spring. This will include guidance on delivery assurance and governance, monitoring and data requirements and the national evaluation approach.
- **Match Funding** is encouraged but not mandatory.



- **March 2021:** Webinars conducted by UK Government officials to clarify the policy, application process and assessment.
- **14 April 2021:** Deadline for places to submit their questions to levellingupfund@communities.gov.uk
- **April 2021:** FAQs published on <https://www.gov.uk/government/publications/levelling-up-fund-additional-documents>
- **12 noon 18 June 2021:** Bidding entities submit bids to MHCLG.
- **Autumn 2021:** Decision making
- **Autumn 2021:** Announcement



- **Prospectus:** Provides an overview of the Fund, its investment priorities and delivery arrangements.
- **Index:** Lists each local authority in Great Britain by priority category.
- **Methodology Note:** Sets out the methodology used to develop an index of priority places for the Levelling Up Fund.
- **Application Form:** A standard form to be used by all applicants to the Fund, across the UK.
- **Technical Note:** Provides guidance on eligibility, MP support and the application and assessment process for the first round of the Levelling Up Fund for Great Britain and Northern Ireland

All documents are available on GOV.UK: <https://www.gov.uk/government/publications/levelling-up-fund-prospectus> and <https://www.gov.uk/government/publications/levelling-up-fund-additional-documents>