



Levelling Up Fund: Round 2 Briefing



Key Findings

- **New areas are benefiting** Cardiff, Lancaster and Cornwall receive the most funds in round 2 and they received no funds in round 1. Only 3 local areas all in Northern Ireland - Belfast city Council, Causeway Coast and Glens Borough and Fermanagh & Omagh received funding in both rounds 1 and 2. Across the two rounds 196 areas have received funding.
- **Levelling Up funding is moving south:** the amount of funding going to southern regions has increased from £433m in round 1 to £714m in round 2, and as a percentage of all funding from 26% to 34%.
- **Yorkshire and Humber and the Midlands see funding decline:** despite the total amount of money in round 2 being £500m more in round 2 Yorkshire and Humber are receiving £66m less and the Midlands regions also £66m less.
- **London sees funding more than double:** in round 2 London is now receiving £150m as opposed to £65m in round 1.
- **The most deprived areas are getting less:** the funding going to the 20 most deprived areas as measured by the Index of Multiple Deprivation has decreased by over £100m despite the funding pot going up by £500m.
- **Three areas in the 20 most deprived areas have received no money in round 1 or 2:** these areas are Hastings, Middlesbrough and Rochdale.
- **Nearly a quarter of the 100 most deprived areas have received no money in round 1 and 2:** of these 7 are from the north and 7 from London.

About the Centre for Inequality & Levelling Up

The Centre for Inequality & Levelling Up (CEILUP) is a new research centre based at the University of West London. The centre produces policy relevant research that can shape approaches to addressing inequality in the UK. The centre focuses particularly on developing practical solutions to the challenges that face the UK in the early 21st century related to inequality in employment, education, and opportunity.

To learn more about CEILUP and opportunities for collaboration, visit our website at <https://www.uwl.ac.uk/research/research-centres-and-groups/centre-inequality-and-levelling-ceilup>, follow us on Twitter @_CELUP, or contact Marc Le Chevallier on marc.lechevallier@uwl.ac.uk

1. Background

The Levelling Up Fund is the government's flagship programme to level up the country. Jointly managed by the Department for Transport, the Department for Levelling Up, Housing and Communities, and the Treasury, it is investing £4.8 billion until 2025.

Announced in October 2021, round 1 of the Levelling Up Fund awarded over £1.7 billion to 107 successful bids from 85 local authorities. The bidding process for round 2 began 10 months later, in July 2022. Round 2 maintains the same assessment criteria for proposals as round 1. Places still must connect their bids to the same three investment themes: local transport, town centre and high street regeneration, and cultural assets. Additionally, the government is using the same index of priority places it created to target investment in the areas of highest need. Based on that index, each area is then divided into three categories: 1, 2, and 3.

The index has however been slightly updated to account for recent datasets and local authority restructures. Though the changes have meant some areas have moved category, the government has ensured that no area will move down to a lower priority category due to the last few years' difficult context. In effect, the number of priority 1 places has increased from 123 to 139.

The analysis below uses data available on round 1 Levelling Up Fund (LUF) allocations and that available so far on round 1 allocations to compare how the monies have been distributed across the initiative so far.

2. Areas with highest allocation

Table 1 – Top 10 areas monies in round 1

Area	Region	Amounts of funding received
Stoke-on-Trent	West Midlands	£56 million
Birmingham	West Midlands	£52.6 million
Derbyshire	East Midlands	£49.6 million
Isles of Scilly	South West	£48.4 million
Leicester	East Midlands	£45.6 million
Bury	North West	£40 million
Newcastle upon Tyne	North East	£39.8 million
Newham	London	£39.8 million
Rotherham	Yorkshire and the Humber	£39.5 million
Renfrewshire	Scotland	£38.7 million

Table 2 – Top 10 areas receiving highest allocation in round 2

Area	Region	Amounts of funding received
Cardiff	Wales	£50 million
Lancaster	North West	£50 million
Cornwall	Cornwall	£49.9 million
Lancashire	North West	£49.6 million
Cambridgeshire and Peterborough	East	£47.9 million
Kent	South East	£45 million
Greater London	London	£43.2 million
West Yorkshire	Yorkshire and the Humber	£41.2 million
Blackpool	North West	£40 million
Shetland	Scotland	£26.7 million

Tables 1 and 2 show that there has been new areas receiving the largest amount of funds in round 2 including two combined authority areas in Greater London and Cambridgeshire and Peterborough.

3. Distribution by region

Table 3: Amount and percentage of LUF received by each UK region¹

Region	LUF received round 1	% LUF received round 1	LUF received round 2	% LUF received round 2
North West	£232,457,372	14	£354,027,146	17
Yorkshire and the Humber	£186,919,477	12	£120,619,612	6
West Midlands	£195,975,000	12	£155,793,854	7
East Midlands	£202,957,637	11	£176,870,348	8
Scotland	£171,708,259	10	£177,706,114	8
South East	£150,576,785	9	£210,467,526	10
South West	£131,247,588	8	£186,663,673	9
Wales	£121,394,396	7	£208,175,566	10

¹ Due to the rounding of percentages the columns showing % spend by region will not add up to 100. Exact percentages are available on request.

North East	£99,800,000	6	£108,548,482	5
East of England	£86,599,910	5	£165,903,400	8
London	£64,896,154	4	£151,266,674	7
Northern Ireland	£48,791,079	3	£71,072,526	3
TOTAL	£1,693,323,567	100	£2,087,114,291	100

Table 3 shows some significant shifts in regional distributions from round 1 to round 2. Yorkshire and Humber have seen the biggest reduction in funding at 55% while London the biggest at 133%. For the devolved nations they have seen increases in money terms but not greatly in terms of the % of the funding received – apart from Wales who have seen the percentage of funding they receive increase to 10%.

Table 4: Amount and percentage of LUF received by North/Midlands/South in England

NORTH	LUF round 1	% LUF round 1	LUF round 2	% LUF round 2
North West	£232,457,372	14%	354,027,146	17%
Yorkshire and the Humber	£186,919,477	12%	120,619,612	6%
North East	£99,800,000	6%	108,548,482	5%
TOTAL	£519,176,849	32%	£583,195,240	28%
MIDLANDS				
West Midlands	£195,975,000	12%	155,793,854	7%
East Midlands	£202,957,637	11%	176,870,348	8%
TOTAL	£398,932,637	23%	332,664,202	15%
SOUTH				
South East	£150,576,785	9%	210,467,526	10%
South West	£131,247,588	8%	186,663,673	9%
East of England	£86,599,910	5%	165,903,400	8%
London	£64,896,154	4%	151,266,674	7%
TOTAL	£433,320,437	26%	714,301,273	34%

The remaining LUF not accounted for in Table 4 has gone to the Scotland, Wales and Northern Ireland. The table shows how LUF has moved southwards in England with a marked reduction in funding for the midlands.

4. Distribution and deprivation

Table 5: LUF received by the 20 most deprived areas in the 2019 Index of Multiple Deprivation rankings²

Area	LUF received round 1 (£)	LUF received round 2 (£)
Blackpool	0	40,000,000
Manchester	19,823,516	0
Knowsley	0	15,316,140
Liverpool	20,000,000	0
Barking and Dagenham	0	10,883,068
Birmingham	52,625,000	0
Hackney	0	19,045,000
Sandwell	0	20,000,000
Kingston upon Hull, City of	19,500,000	0
Nottingham	18,000,000	0
Burnley	19,900,000	0
Newham	19,818,092	0
Hastings	0	0
Blackburn with Darwen	0	20,000,000
Stoke-on-Trent	56,000,000	0
Middlesbrough	0	0
Rochdale	0	0
Hyndburn	0	20,000,000
Wolverhampton	20,000,000	0
Salford	13,170,933	0
TOTAL	258,837,541	145,244,208
	15% of total LUF spend	7% of total LUF spend

The majority of the highest ranked areas by IMD have received some funding in round 2 but overall such areas did far better in round 1 than 2. It is striking that 3 areas have received no

² To learn more about IMD and see full rankings please go to: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>. The IMD has been in use since the late 1990s and has been used to allocate a wide range of funding, including funds aimed at addressing regional inequality. For example, IMD was used in the allocation of European Regional Development Funds which the UK Shared Prosperity Fund hopes to replace.

funds. Two of these areas did not submit bids in round 1. Data is not yet available on who submitted bids in round 2. The IMD rankings used are for England only so this analysis does not include areas who have received funding or not from the other home nations.

Table 6: LUF received by the 100 most deprived areas in the 2019 IMD rankings

Area	Region	IMD ranking
Hastings	South East	13
Middlesbrough	North East	16
Rochdale	North West	17
South Tyneside	North East	26
Islington	London	28
Halton	North West	39
Lambeth	London	42
Southwark	London	43
Torbay	South West	48
Fenland	East	51
Bolsover	East Midlands	58
Enfield	London	59
Greenwich	London	60
Norwich	East	61
Ipswich	East	71
Scarborough	Yorkshire and The Humber	75
King's Lynn and West Norfolk	East	79
Coventry	West Midlands	81
Sefton	North West	89
Rossendale	Yorkshire and The Humber	91
North Norfolk	East	94
Hounslow	London	95
Hammersmith and Fulham	London	96

As can be seen from Table 6 the areas in the top 100 of the IMD rankings that did not receive funding are drawn from across the country. The top 100 most deprived areas represent around

a third of all areas with the total number of ranked areas with the total number of areas at 317. London and the north-west are the areas who have the most areas in the top 100 poorest areas that have received no funds at all.