



HOUSE OF LORDS

PUBLIC SERVICES COMMITTEE

House of Lords
London SW1A 0PW
Telephone: 0207 2196154
HLPUBLICSERVICES@parliament.uk

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London SW1A 2AA

20 May 2021

Dear Prime Minister,

'Levelling up' and public services

The House of Lords Public Services Committee, which I chair, was pleased to note that the Government intends to publish a White Paper on its 'levelling up' strategy later in the year. I attach a position paper, drafted by the Committee, to inform the White Paper. We make the following recommendations:

- 1) *The Government should urgently publish its 'Levelling up' White Paper. The White Paper should set out how it will (i) measure the progress of its strategy for reducing geographical disparities across the UK against targets disaggregated by lower-tier local authority including healthy life expectancy, employment, pay, productivity, the levels of literacy and numeracy level of those starting school, the proportion of the population with higher-level qualifications, vocational qualifications and skills; (ii) its timescale for achieving these targets; and (iii) its estimate of the cost of achieving them.*
- 2) *The Government should set out how it will address gaps in local and national data on health outcomes, well-being, educational attainment, productivity, skills and income. It should make this data publicly available.*
- 3) *The Government should expand the remit of the Levelling Up, Towns, Community Renewal and UK Shared Prosperity funds, and any future fund introduced by the 'Levelling Up' White Paper, to include expenditure on preventative measures to improve health; early years programmes; 'social infrastructure' such as childcare services, libraries, youth and community centres; and higher education institutions.*
- 4) *The Government should set out in its 'Levelling Up' White Paper how local people in areas receiving 'levelling up' investment will be consulted on how that money is spent. It should involve civil society organisations in the design, delivery and evaluation of 'levelling up' funds. It should work with the local voluntary sector to consult marginalised groups on how 'levelling up' money should be spent in their areas.*
- 5) *For 'levelling up' to be successful, the Government needs to give local authorities and other local service providers more autonomy. Current funding mechanisms are overly centralised and militate against long-term planning. The Government should use the English devolution white paper, expected this year, to address these shortcomings. It should liaise closely with local service providers to determine how services should be designed and delivered – and how those providers should be held accountable.*

- 6) *The current spending plans for the NHS and schools do not take adequate account of post-pandemic pressures, and central Government funding for councils is facing a real-terms cut. The Government should introduce in the 2021 Spending Review a revised funding proposal that will support public services to meet these challenges and rebuild the resilience of communities, targeted towards measures to achieve the aims of the 'levelling up' strategy.*
- 7) *The Government has shown insufficient transparency in making 'levelling up' funding decisions. This lack of transparency has fuelled accusations of political bias, led stakeholders to question why criteria such as commuting distance have been given such prominence, and risks undermining public trust in 'levelling up'. 'Levelling up' funding criteria should instead work alongside existing measurements that take better account of local needs. The Government should use the Index of Multiple Deprivation when making future 'levelling up' funding decisions, and it should publish criteria on such decisions as soon as spending is announced.*
- 8) *The Government needs urgently to rectify the deficient coordination of and accountability for 'levelling up'. It should clarify how it will ensure that the strategy achieves its aims. It should lay out how the performance of departments and ministers in achieving levelling up will be assessed, and in what timeframe.*

I would be grateful if you could send your thoughts on our recommendations as soon as possible.

I have copied Rt Hon Rishi Sunak MP, Rt Hon Michael Gove MP, Rt Hon Robert Jenrick MP, Rt Hon Matt Hancock MP, Rt Hon Gavin Williamson MP, Neil O'Brien MP and Sir Michael Barber.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hilary Armstrong'. The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Rt Hon Baroness Armstrong of Hill Top
Chair, House of Lords Public Services Committee

PUBLIC SERVICES COMMITTEE

‘LEVELLING UP’ AND PUBLIC SERVICES: POSITION PAPER

Summary

- On 4 May 2021, the Government announced that it would publish a ‘Levelling Up’ White Paper “later this year”.¹ A week later the Queen’s Speech outlined a legislative package designed to ‘level up’ the UK.² We lay out below what we believe the White Paper and ‘levelling up’ strategy should focus on.
- The aim of ‘levelling up’ is for “everyone to have the same opportunities to get on in life”³ by tackling regional inequalities in outcome and opportunity.⁴ This is a welcome and valuable political ambition. But during our short inquiry⁵ we detected a remarkable level of confusion. Aside from the Government’s broad ambition to reduce regional inequalities, it is unclear exactly what it wants to level up, how much the strategy will cost, how long it will take and how the Government plans to achieve its goals.
- The Government needs a workable plan to achieve ‘levelling up’, and to invest significantly more money over a longer period than it has proposed so far. While the Government’s investment in physical infrastructure and employment skills is welcome, successfully ‘levelling up’ the country will require a more holistic approach. Funding for ‘social infrastructure’, and the support provided by public services, is at least as critical to communities as investment in roads and bridges.
- The Government should refocus the strategy towards early intervention to increase school readiness, preventative measures to improve health, higher education institutions to boost skills, and local childcare services, libraries and youth centres to unlock the potential of communities. Not only places, but the people who live in them, should be at the heart of ‘levelling up’.
- In defining what it is seeking to level up, the Government should set out metrics for its strategy, working with local service providers and users in doing so. These should include targets for:
 - ‘levelling up’ health through healthy life expectancy;
 - employment, pay and productivity;
 - the levels of literacy and numeracy of those starting school; and,
 - the proportion of the population with higher-level qualifications, vocational qualifications and skills.
- If ‘levelling up’ investment decisions neglect health, local authority and education services they will not benefit the most deprived areas, many of which have experienced disproportionate underinvestment in public services.⁶ Local-level grants can do more to raise living and health standards than centralised funding. And local providers and devolved administrations, which have a detailed understanding of the needs of their areas, should have more autonomy over funding decisions.

¹ HM Government, [Government to publish Levelling Up White Paper](#) (4 May 2021)

² HM Government, [Queen’s Speech 2021](#) (11 May 2021) [accessed 14 May 2021]

³ [Q43](#)

⁴ Ministry of Housing, Communities and Local Government (MHCLG), [New levelling up and community investments](#) (21 March 2021) [accessed 19 April 2021]

⁵ Public Services Committee, [‘Levelling up’ and public services](#)

⁶ Public Services Committee, [A critical juncture for public services: lessons from COVID-19](#) (First Report, Session 2019-21, HL Paper 167), p10

- The initial ‘levelling up’ funds, while welcome, are too small to significantly affect social outcomes. Mainstream funding for public services and local authorities is much larger, and the Government should use the forthcoming Spending Review to gear that funding towards councils, health and education. Without such investment, inequalities will grow rather than reduce, and “left-behind” areas will be short-changed.
- Not only does ‘levelling up’ lack clear goals and a plan to achieve them; the strategy’s criteria for distributing ‘levelling up’ resources are too opaque and its management at central Government level too unclear – which has created confusion among frontline service providers. The Government has faced criticism for favouring prosperous rural areas ahead of deprived areas in both the north and south. The strategy does not recognise high levels of deprivation in many parts of the country, including some parts of London. Without full transparency and political accountability, local areas will continue to question why they have missed out on ‘levelling up’ funding while others have benefited.

Measuring the Government’s progress in ‘levelling up’

- *How can the Government measure the effectiveness of its strategy?*

1. On Budget day, 3 March 2021, the Treasury published *Build back better: our plan for growth*. The chapter on ‘levelling up’ states: “we will tackle geographical disparities in key services and outcomes across the UK: improving health, education, skills [and] increasing jobs and growth.”⁷ Despite these references to health and education outcomes, the ‘levelling up’ funds announced so far focus on physical infrastructure and workplace training. The Levelling Up Fund,⁸ Towns Fund,⁹ Community Renewal Fund¹⁰ and UK Shared Prosperity Fund,¹¹ target skills programmes, transport and improvements to high streets, and not the wider public services on which people rely.
2. The *Plan for growth* puts an emphasis on productivity: it states that the Government “will focus on boosting regional productivity where it is lagging”.¹² Luke Hall MP, Minister for Regional Growth and Local Government at the Ministry of Housing, Communities and Local Government (MHCLG), told us that ‘levelling up’ aimed to “raise productivity and empower places so that everyone has an equal opportunity in life”.¹³
3. But economic indicators alone cannot measure the success of Government investment. Councillor Susan Hinchcliffe, Leader of City of Bradford Metropolitan District Council, warned that although economic measures were “very useful”, they do not demonstrate how well economic success is spread within an area. Instead, the principal measurement “should be healthy life expectancy ... In Bradford ... a woman lives to about 81.6 years, but ... spends about 23 years of her life in ill health ... [This] means that [she] cannot work as long as [she] would like to.”¹⁴
4. The Mayor of Greater Manchester, Rt Hon Andy Burnham, described “healthy life expectancy” as “the clearest single indicator” of whether an area was “being levelled up”.¹⁵ Richard Stubbs, Chief Executive Officer at Yorkshire and Humber Academic Health Science Network, reported that the “30 per cent of the gap in productivity between the North and elsewhere in England” was “due to

⁷ HM Treasury, [Build back better: our plan for growth](#) (Command Paper 401, Session 2019-21), p71 [accessed 4 May 2021]

⁸ HM Treasury, [Spending Review 2020](#) (Command Paper 330, Session 2019-21), p4 [accessed 4 May 2021]

⁹ MHCLG, [Towns Fund](#), (14 January 2021) [accessed 19 April 2021]

¹⁰ MHCLG, [UK Community Renewal Fund: prospectus 2021-22](#) (24 March 2021) [accessed 19 April 2021]

¹¹ HM Treasury, [Spending Review 2020](#) (Command Paper 330, Session 2019-21), p37 [accessed 4 May 2021]

¹² HM Treasury, [Build back better: our plan for growth](#) (Command Paper 401, Session 2019-21), p71 [accessed 4 May 2021]

¹³ [Q43](#)

¹⁴ [Q24](#)

¹⁵ [Q24](#)

ill-health.”¹⁶ For Jo Churchill MP, Parliamentary Under-Secretary of State for Prevention, Public Health and Primary Care, ‘levelling up’ should focus on health outcomes.¹⁷ Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care, has said: “improving the disparities in healthy life expectancy is absolutely at the core of our levelling up agenda.”¹⁸

5. Dr Stefan Speckesser, Associate Dean, Brighton Business School, University of Brighton, argued that “education outcomes” were “very highly correlated with well-being, health and economic outcomes.”¹⁹ Former Secretary of State for Education and Chair of the Levelling Up Goals Campaign, Rt Hon Justine Greening, said that levels of literacy and numeracy on starting school were important measurements of success that are strongly linked to life chances.²⁰
6. Dr Speckesser concluded that local areas with significant investment in higher education – universities, technical education and higher vocational education – receive “huge benefits to the local economy” such as higher levels of employment and pay.²¹
7. Government Ministers were unclear about the precise timeframe for measuring the success of the ‘levelling up’ strategy. Rt Hon Steve Barclay MP, Chief Secretary to the Treasury said:

“The timescales will vary from scheme to scheme ... infrastructure takes a long time to deliver, but ... there are certain interventions such as ... using transfers—for example, the investment into the further education estate ... that will have a much shorter-term impact. However, overall, this is a long-term project that will require sustained investment over a number of years.”²²

Recommendation

- 1) *The Government should urgently publish its ‘Levelling up’ White Paper. The White Paper should set out how it will (i) measure the progress of its strategy for reducing geographical disparities across the UK against targets disaggregated by lower-tier local authority including healthy life expectancy, employment, pay, productivity, the levels of literacy and numeracy level of those starting school, the proportion of the population with higher-level qualifications, vocational qualifications and skills; (ii) its timescale for achieving these targets; and (iii) its estimate of the cost of achieving them.*

- *How can the Government address data gaps?*

8. A lack of available data may impede the effectiveness of the ‘levelling up’ strategy. The Bennett Institute for Public Policy at the University of Cambridge warned that “key sources of data” on health outcomes, educational attainment, productivity, skills and income were “currently gathered at different geographical scales”. The Government therefore risks “valuing what we can already measure, rather than measuring what we decide to value”.²³ The Office for Statistics Regulation called for investment in IT infrastructure and skills to “capture improvements” in “care outcomes” such as better mental health. It added that better information on university applicants would help social mobility.²⁴

Recommendation

¹⁶ [Q9](#)

¹⁷ [Q41](#)

¹⁸ All-Party Parliamentary Group for Longevity, [Levelling up health](#) (9 April 2021) [accessed 19 April 2021]

¹⁹ [Q9](#)

²⁰ [Q4](#)

²¹ [Q9](#)

²² [Q43](#)

²³ Written evidence from the Bennett Institute ([LUP0002](#))

²⁴ Written evidence from the Office for Statistics Regulation ([LUP0003](#))

- 2) *The Government should set out how it will address gaps in local and national data on health outcomes, well-being, educational attainment, productivity, skills and income. It should make this data publicly available.*

Investment in local public services and ‘social infrastructure’

9. The Government needs to invest not just in physical places but in people, and in the public services that they rely on. Jonathan Webb, Senior Policy Fellow at IPPR North, told us: “levelling up ... has to be about investment in ‘social infrastructure’.”²⁵
10. Witnesses argued that the Government should therefore invest in public health and health education.²⁶ Jo Churchill MP said that the Government should prioritise preventative measures to improve health, which would be a “key driver” in achieving ‘levelling up’.²⁷
11. Funding for education was also important. Rt Hon Justine Greening outlined how an early years project in Bradford had improved local literacy rates.²⁸ Dr Stefan Speckesser reported: “you see huge benefits” from investment in higher education in underperforming areas, such as “higher labour earnings, reduced poverty in households and locally improved income levels” as well as improvements in “other outcomes such as crime, well-being and social cohesion”.²⁹
12. The Bennett Institute underlined how investment in local ‘social infrastructure’ helps to improve health and skills outcomes: “libraries and youth centres play a valuable role in supporting skills growth, particularly among people who may have struggled in the formal education system or who do not have access to the resources at home.” It found that places which are “rich in social gathering spaces, such as community centres” tend to be “more resilient during health and environmental crises”.³⁰

Recommendation

- 3) *The Government should expand the remit of the Levelling Up, Towns, Community Renewal and UK Shared Prosperity funds, and any future fund introduced by the ‘Levelling Up’ White Paper, to include expenditure on preventative measures to improve health; early years programmes; ‘social infrastructure’ such as childcare services, libraries, youth and community centres; and higher education institutions.*

Consulting local communities, civil society and marginalised groups

13. The Bennett Institute warned that the ‘levelling up’ strategy would not achieve its aims unless it understood “local residents’ feelings about their own place and its ... needs”.³¹ John Harris, co-creator of the *Guardian’s* Anywhere but Westminster video series,³² noted: “the Government do not really seem to have [consulted people] at all.” He added: “if you miss [those] voices ... a whole section of stuff ... gets missed out. Levelling up is as much about public health and education ... as it is about ... the Leeds to Bradford train line.”³³

²⁵ [Q1](#)

²⁶ [Q9](#)

²⁷ [Q40](#)

²⁸ [Q4](#)

²⁹ [Q9](#)

³⁰ Written evidence from the Bennett Institute ([LUP0002](#))

³¹ Written evidence from the Bennett Institute ([LUP0002](#))

³² John Harris and John Domokos, [Anywhere but Westminster](#), *Guardian* (4 December 2020) [accessed 4 May 2021]

³³ [Q33](#)

14. Mr Harris underlined the importance of the third sector: “it is the best place to go ... to find out what makes [a] place tick and what it needs.”³⁴ Matt Whittaker, Chief Executive of Pro Bono Economics, said that civil society organisations had not been involved in designing the Shared Prosperity Fund, Levelling Up Fund or Community Renewal Fund.³⁵ NPC research on the Towns Fund and ‘levelling up’ funding found that some towns had set up boards that included voluntary sector representation, while others had not.³⁶
15. For Sir Stephen Bubb, Acting Director of the Oxford Institute of Charity, excluding the voluntary sector risked hard-to-reach communities missing out on ‘levelling up’ funding. The charity sector reaches “into particularly marginalised vulnerable communities ... in a way a local authority or other organisations cannot”, he said.³⁷

Recommendation

- 4) *The Government should set out in its ‘Levelling Up’ White Paper how local people in areas receiving ‘levelling up’ investment will be consulted on how that money is spent. It should involve civil society organisations in the design, delivery and evaluation of ‘levelling up’ funds. It should work with the local voluntary sector to consult marginalised groups on how ‘levelling up’ money should be spent in their areas.*

Devolution, funding for local public services and ‘levelling up’

16. Witnesses stressed that different areas would have different priorities for ‘levelling up’. Matt Whittaker said that “no single measure” would cover every local priority.³⁸ The Bennett Institute wrote that local authorities had access to “richer contextual information than officials and ministers in Whitehall”. This was a “crucial” asset in tailoring “central Government objectives ... for local conditions”.³⁹
17. Cllr Barry Lewis, Leader of Derbyshire County Council, suggested that better-quality services came from devolving more responsibility for service delivery to local organisations.⁴⁰ Cornwall Council agreed: “the ... centralised system of Government funding and policy design, delivery and decision-making” delivered “sub-optimal results in terms of levelling up and addressing economic inequalities between different areas of the UK” Devolution of budgets and decision-making to local areas should therefore be “a key design principle”.⁴¹
18. The Bennett Institute added that the introduction of combined authorities and directly elected mayors had created “a tier of high-profile, responsive and accountable local leaders”. But the Institute warned that if the benefits of devolution were to be realised, these leaders needed to be empowered to determine their own ‘levelling up’ priorities.⁴²
19. Granting more autonomy to the local level has already benefited local services. For Dr Stefan Speckesser, the COVID-19 pandemic showed “how ... agile a system can become if it is more tailored to local ... structures”.⁴³ Richard Stubbs said: “place-based leadership within [the Sheffield

³⁴ [Q33](#)

³⁵ [Q18](#)

³⁶ [Q18](#)

³⁷ [Q19](#)

³⁸ [Q17](#)

³⁹ Written evidence from the Bennett Institute ([LUP0002](#))

⁴⁰ [Q28](#)

⁴¹ Written evidence from Cornwall Council ([LUP0001](#))

⁴² Written evidence from the Bennett Institute ([LUP0002](#))

⁴³ [Q15](#)

City Region] has accelerated health/wealth policy, understanding and therefore interventions over the last two years or so.”⁴⁴

20. Some witnesses criticised local government funding mechanisms. Cornwall Council wrote: “the current system perpetuates one-off project funding, which is predominantly city focussed.”⁴⁵ Andy Burnham said that this model affected local authorities’ ability to plan services: “I would ... devolve funding over a long-term basis to let [local areas] ... develop a long-term plan to level up.”⁴⁶
21. Luke Hall MP told us that the 2020/21 fiscal year had seen a 4.4 per cent rise in “spending power”⁴⁷ for local government. But other witnesses were concerned that current levels of local government funding would hinder ‘levelling up’. Sebastian Payne, Whitehall Correspondent at the *Financial Times*, outlined how the Government was “slashing the core funding to local government by 77 per cent”.⁴⁸ Isabel Hardman, Assistant Editor of the *Spectator*, described these “cuts to local government funding” as “horrendous”.⁴⁹
22. Although the various ‘levelling up’ funds provide welcome additional resource for local areas, they follow a decade of retrenchment in local authority funding. Deprived areas have fared disproportionately worse.⁵⁰
23. Dr Jennifer Dixon, Chief Executive of the Health Foundation, called for the restoration of local authorities’ public health grant, which had been “cut by a quarter since 2010”.⁵¹ The underfunding of public health services has undermined the resilience of our poorest communities and further entrenched geographical inequalities, as evidenced in the adverse outcomes for COVID-19 patients from disadvantaged areas.⁵² IPPR North has shown that since 2014 England has seen a cut in public health budgets of £13.20 per person; the Midlands, £16.70 per person; and the North, £15.20 per person. The North East was worst affected with cuts of £23.24 per person.⁵³
24. The ‘levelling up’ funds will therefore need to be supplemented with additional mainstream funding for councils, such as increases to the Revenue Support Grant (which provides far larger grants to local authorities than the ‘levelling up’ funds propose⁵⁴) and additional mainstream funding for health and education. Such increases should be targeted towards measures to achieve the ‘levelling up’ agenda. The Chancellor of the Exchequer, Rt Hon Rishi Sunak MP, wrote to us that the public health grant to local authorities would grow by “one per cent in cash terms” in 2021/22. He also said that core departmental spending would grow “at an average of over three per cent in real terms” over the Parliament and that this spending included “significant investment in public services”.⁵⁵ Yet the Institute for Fiscal Studies has shown that such increases will not meet post-pandemic demand for public services. Indeed, schools and the NHS will receive “exactly the same

⁴⁴ [Q15](#)

⁴⁵ Written evidence from Cornwall Council ([LUP0001](#))

⁴⁶ [Q24](#)

⁴⁷ [Q43](#)

⁴⁸ [Q31](#)

⁴⁹ [Q31](#)

⁵⁰ Public Services Committee, [A critical juncture for public services: lessons from COVID-19](#) (First Report, Session 2019-21, HL Paper 167), p10

⁵¹ [Q9](#)

⁵² Public Services Committee, [A critical juncture for public services: lessons from COVID-19](#) (First Report, Session 2019-21, HL Paper 167), p10

⁵³ IPPR, [Revealed: Midlands and the North endure biggest public health cuts in England](#) (8 December 2020) [accessed 19 April 2021]

⁵⁴ LG Inform, [Revenue Support Grant in England](#), Local Government Association [accessed 19 April 2021]

⁵⁵ [Letter from Rt Hon Rishi Sunak MP, Chancellor of the Exchequer to Baroness Armstrong of Hill Top, Chair, Public Services Committee on the economic context of public services provision](#) (31 March 2021)

in cash terms” than was “envisaged pre-pandemic”, while the central Government funding for local government will face a real-terms cut.⁵⁶

Recommendations

- 5) *For ‘levelling up’ to be successful, the Government needs to give local authorities and other local service providers more autonomy. Current funding mechanisms are overly centralised and militate against long-term planning. The Government should use the English devolution white paper, expected this year,⁵⁷ to address these shortcomings. It should liaise closely with local service providers to determine how services should be designed and delivered – and how those providers should be held accountable.*
- 6) *The current spending plans for the NHS and schools do not take adequate account of post-pandemic pressures, and central Government funding for councils is facing a real-terms cut. The Government should introduce in the 2021 Spending Review a revised funding proposal that will support public services to meet these challenges and rebuild the resilience of communities, targeted towards measures to achieve the aims of the ‘levelling up’ strategy.*

Transparency

25. On Budget day, 3 March 2021,⁵⁸ the Treasury published a list of local authorities to receive investment from the Levelling Up Fund, ranked by priority category.⁵⁹ The Government did not publish its criteria for selecting these authorities until 11 March 2021.⁶⁰
26. The Levelling Up Fund methodology uses a weighted index. It assigns 50 per cent to levels of unemployment, productivity and skills, and a further 25 per cent to the length of commute to the nearest town with at least 5,000 jobs. The remainder is assigned to the proportion of empty commercial premises and homes.⁶¹ These criteria allowed prosperous areas such as Richmondshire and Newark to be rewarded ‘levelling up’ money, but not Barnsley or Salford, among the most deprived parts of the UK.⁶²
27. Dr Nicola Headlam, former Head of Northern Powerhouse⁶³ at the Department of Business, Energy and Industrial Strategy, argued that the Government could avoid “accusations of pork-barrelling” by using its existing Index of Multiple Deprivation (IMD) to determine how ‘levelling up’ funds are allocated. The IMD combines data on income, employment, education, skills and training, health and disability, crime, barriers to housing services, and living environment to produce a consistent measure of deprivation in localities across the UK. Dr Headlam wrote: “if places for the Levelling Up Fund had been allocated using the IMD then the outcomes would have been quite different,” with 31 areas potentially “added to priority one”.⁶⁴
28. In November 2020 the House of Commons Public Accounts Committee investigated the selection process for the Towns Fund. It found that “in some cases, towns were chosen by ministers despite

⁵⁶ Ben Zarenko, [The Chancellor’s spending plans are even tighter than they seem](#), *IFS* (18 March 2021) [accessed 19 April 2021]

⁵⁷ Public Services Committee, [A critical juncture for public services: lessons from COVID-19](#) (First Report, Session 2019-21, HL Paper 167), p38

⁵⁸ HM Treasury, [Budget 2021: protecting the jobs and livelihoods of the British people](#) (HC Paper 1126, Session 2019-21) (17 March 2021) [accessed 4 May 2021]

⁵⁹ HM Treasury, [Levelling Up Fund: prospectus](#) (29 March 2021) [accessed 19 April 2021]

⁶⁰ HM Government, [Levelling Up Fund: prioritisation of places methodology note](#) (26 March 2021) [accessed 19 April 2021]

⁶¹ HM Government, [Levelling Up Fund: prioritisation of places methodology note](#) (26 March 2021) [accessed 19 April 2021]

⁶² Andy Bounds, [Government criticised over design of Levelling Up Fund](#), *Financial Times* (11 March 2021) [accessed 19 April 2021]

⁶³ The Northern Powerhouse is a strategy to boost economic investment in the North of England introduced by the 2010-15 coalition Government, and continued by the 2015-16 Conservative Government. HM Government, [Northern Powerhouse strategy](#) (2016)

⁶⁴ Written evidence from Dr Nicola Headlam ([LUP0004](#))

being identified by officials as the very lowest priority.”⁶⁵ Andy Burnham criticised the Community Renewal Fund: “Norwich, Herefordshire and Newark are all priority one for that fund. I would be hard-pressed to see how you could ... not include Knowsley, Halton and Liverpool.”⁶⁶

29. Other witnesses questioned the ‘levelling up’ strategy’s focus on differences between, rather than within regions. Professor Philip McCann, Chair in Urban and Regional Economics at the University of Sheffield, wrote: “though the North East is one of the poorest regions of the UK, some ... parts are relatively ... prosperous and even quite prosperous by national standards. Similarly, even though the South East region is very prosperous, there are some parts ... which are low prosperity by both regional and national levels.”⁶⁷

Recommendation

- 7) *The Government has shown insufficient transparency in making ‘levelling up’ funding decisions. This lack of transparency has fuelled accusations of political bias, led stakeholders to question why criteria such as commuting distance have been given such prominence, and risks undermining public trust in ‘levelling up’. ‘Levelling up’ funding criteria should instead work alongside existing measurements that take better account of local needs. The Government should use the Index of Multiple Deprivation when making future ‘levelling up’ funding decisions, and it should publish criteria on such decisions as soon as spending is announced.*

Government coordination

30. It is unclear which part of Government is responsible for ‘levelling up’. Isabel Hardman said: “there is no-one who is the point person in Government for this.”⁶⁸ We heard that the Prime Minister, Rt Hon Boris Johnson MP, was ultimately accountable for the strategy.⁶⁹ The Government wrote to us that MHCLG was the lead department.⁷⁰ Yet because it sets ‘levelling up’ funding criteria, other departments may look to the Treasury for direction.⁷¹ On 4 May 2021, after we had finished taking evidence, the Government announced that Neil O’Brien MP had been appointed as the Prime Minister’s Levelling Up Adviser and that a “new No 10 – Cabinet Office Unit will be set up to drive through work on the [‘Levelling Up’] White Paper.”⁷²
31. John Harris pointed out that the Northern Powerhouse had “a dedicated Minister.”⁷³ Sebastian Payne called for “a designated levelling up Minister in the Cabinet Office and junior Ministers in each other department ... [and] a cross-Whitehall committee ... to co-ordinate policy responses there.”⁷⁴ Isabel Hardman described how a minister might grasp the agenda: “there needs to be somebody ... who is able to make [‘levelling up’] a real priority ... even when the news cycle moves on” from COVID-19.⁷⁵

Recommendation

⁶⁵ Public Accounts Committee, [Selecting towns for the Towns Fund](#) (24th Report, Session 2019-21), p3; p5

⁶⁶ [Q23](#)

⁶⁷ Written evidence from Prof Philip McCann ([LUP0005](#))

⁶⁸ [Q32](#)

⁶⁹ [Q28](#)

⁷⁰ Cabinet Office, [Report – ‘A critical juncture for public services: lessons from COVID-19’ – recommendations and responses](#) (March 2021), p3

⁷¹ [Q32](#)

⁷² HM Government, [Government to publish Levelling Up White Paper](#) (4 May 2021) [accessed 4 May 2021]

⁷³ [Q29](#)

⁷⁴ [Q32](#)

⁷⁵ [Q32](#)

8) *The Government needs urgently to rectify the deficient coordination of and accountability for 'levelling up'. It should clarify how it will ensure that the strategy achieves its aims. It should lay out how the performance of departments and ministers in achieving levelling up will be assessed, and in what timeframe.*