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Dear Stephen,

Thank you for your follow up questions further to the Levelling Up and Community Renewal Funds session that took place on 27 May. You have asked the following questions:

- 1. Can the Department confirm whether the mechanism in ensuring that there is a fair distribution of 'these funds' across the UK applies to both the levelling-up and community renewal funds and to clarify how a 'fair distribution' will be calculated?**

At least £800 million of the Levelling Up Fund will be invested in Scotland, Wales and Northern Ireland over four years from 2021-22 to 2024-25. For the first round of funding, at least 5% of the total UK allocation will go to Wales. This is at least as much as Wales would have received if worked through Barnett formula and represents a funding floor rather than a ceiling. This funding model is categorically a better deal for Wales, that offers, the possibility of a larger share of funding than would have been delivered through Barnett Consequentials, subject to the competition outcome, underpinned by the certainty of Wales being no worse off than under that approach.

For the Levelling Up Fund, 17 Welsh local authorities are priority places; this represents 77% of all local authorities in Wales. This is a higher share of category 1 places than Scotland and England.

The UK Government is providing an additional £220m funding through the UK Community Renewal Fund to help local areas prepare for the launch of the UK Shared Prosperity Fund in 2022. All places across the UK are eligible for pilot funding but to ensure the UK Community Renewal Fund funding reaches the areas most in need, we have identified 100 priority places based on an index of economic resilience across Great Britain. 14 Welsh local authorities are priority places; this represents 64% of all local authorities in Wales.

- 2. Can the Department provide a breakdown of the processes for both the Levelling-up and Community Renewal funds outlining who is involved at which stage for both funds and which departments are the relevant veto players?**

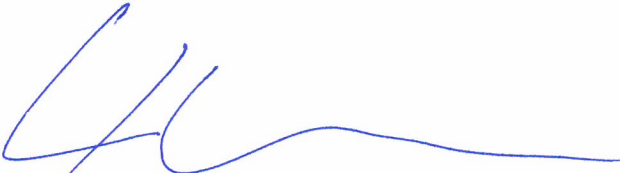
As the Levelling Up Fund Prospectus and Technical Guidance set out, there will be a three staged approach to the assessment and decision making of Levelling Up Fund bids. MHCLG and DfT will lead and coordinate bid assessment (working with other UKG Departments) including the initial pass/fail gateway assessment and full assessment against the 4

published criteria. MHCLG and DfT will work closely with the Office for the Secretary of State for Wales to advise on the strategic fit of Welsh bids. Once bid assessment and moderation has concluded, and the shortlist is drawn up, Ministers from HMT, MHCLG and DfT will make funding decisions.

Similarly, for the Community Renewal Fund, as set out in the Prospectus and Technical guidance note, there will be a two-step process that includes an initial pass/fail gateway followed by a full assessment for applications that progress through the gateway against the two published criteria. MHCLG will co-ordinate the assessment process with DWP who will be assessing employment related applications. MHCLG and DWP will work closely with the Office for the Secretary of State for Wales regarding their role in the assessment process. As with the Levelling Up Fund once assessment and moderation has concluded, and the shortlist has been drawn up, Ministers from MHCLG and DWP will make funding decisions.

3. **Can the Department clarify whether the Welsh Government will be consulted on all Welsh bids at the shortlisting stage, and whether the Wales Office will be formally consulted at either the gateway or the shortlisting stages? Will the Wales Office's input in assessing bids for both funds come at an official level, or will Ministers also be consulted?**

MHCLG (and DfT for LUF and DWP for CRF) will lead and coordinate (including across other departments) the assessment of all bids from across the UK against the published assessment criteria on gov.uk. This will involve working closely with the Office for the Secretary of State for Wales, drawing on their insights to provide strategic advice and support on Welsh bid assessment.

Yours ever,


LUKE HALL MP