



HM Treasury



Ministry of Housing,
Communities &
Local Government



Department
for Transport

Levelling Up Fund: Prospectus

March 2021



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Contents

Foreword		1
Chapter 1	Introduction	2
Chapter 2	How the Fund will operate	4
Chapter 3	Eligibility	6
Chapter 4	Investment themes for the first round of funding in 2021- 22	8
Chapter 5	Funding and targeting approach	14
Chapter 6	Putting together proposals	16
Chapter 7	Assessment Criteria	19
Chapter 8	Decision making	21
Chapter 9	Monitoring and Evaluation	22
Chapter 10	Supporting places with their bids	23

Foreword

Infrastructure improves everyday life. A new bridge or a bus lane makes the journeys of local people easier; town centre improvements help local businesses and cement pride in a place; and upgrades in local heritage sites strengthen the local economy and build civic identity. These are things that people rely on every day in communities up and down the country – the infrastructure of everyday life.

This is why I created the Levelling Up Fund, which applies to the whole of the UK. It brings together the Department for Transport, the Ministry for Housing, Communities and Local Government and the Treasury to invest £4.8 billion in high-value local infrastructure. In doing so, it removes silos between departments, allowing areas to focus on the highest priority local projects rather than shaping projects to fit into narrowly defined pots of funding. It also embodies the approach of the Green Book Review, focusing on the needs of individual places and the strategic case for investment.

While the Fund is open to every local area, it is especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns and coastal communities. It is also designed to help local areas select genuine local priorities for investment by putting local stakeholder support, including the local MP where they want to be involved, at the heart of its mission. Local areas across the UK share similar needs, so the Fund will be delivered in partnership with local areas across England, Scotland, Wales and Northern Ireland.

Finally, this Fund is one part of this government's broader offer to level up opportunity across the UK. Our Plan for Jobs continues to support employment across the UK. Our National Infrastructure Strategy sets out our long-term approach to investment. We are today confirming the UK Infrastructure Bank – headquartered in Leeds – to invest in public and private projects to drive growth and create green jobs. And Our Plan for Growth published at the Budget sets out how we are bringing these and other elements together.

All of these put this government's central mission at their heart and also embodied in this Fund: to unite and level up the country.



Chancellor of the Exchequer Rt Hon Rishi Sunak MP

Chapter 1

Introduction

1.1 Investing in infrastructure has the potential to improve lives by giving people pride in their local communities; bringing more places across the UK closer to opportunity; and demonstrating that government can visibly deliver against the diverse needs of all places and all geographies. Our local communities and the links between them across the UK are fundamental parts of our shared economy, culture and society.

1.2 Nevertheless, economic differences remain between different parts of the UK, including our cities, ex-industrial towns, and rural and coastal communities. These economic differences have real implications: they affect people's lives through their pay, work opportunities, health and life chances. Tackling these economic differences and driving prosperity as part of 'levelling up' left behind regions of the UK is a priority for this Government.

1.3 Prosperity can be measured in many ways. However, for many people, the most powerful barometer of economic success is the positive change they see and the pride they feel in the places they call home. People want to be able to look around their towns and villages and recognise that their homes and communities are better off than five years ago.

1.4 In this vein, the most impactful infrastructure projects – those that help bring pride to a local area – are often smaller in scale and geography: regenerating a town centre, local investment in cultural facilities or upgrading local transport infrastructure. As the country recovers from the unprecedented economic impacts of Covid-19, it is more important than ever to prioritise investment that not only brings economic benefits, but also helps bind communities together.

1.5 The Levelling Up Fund was announced at the 2020 Spending Review to support communities in realising this vision. The Fund will focus on capital investment in local infrastructure thereby building on and consolidating prior programmes such as the Local Growth Fund and Towns Fund. It will have a visible, tangible impact on people and places, and support economic recovery. In doing so, it will also create opportunity across the country, prioritising bids that invest in regeneration and growth in places in need and areas of low productivity and connectivity. This prospectus sets out how local areas can access the first round of funding.

1.6 The Fund sits within the wider context of the Chancellor's announcement at the Spending Review of £100 billion of capital spending in 2021-22, a £30 billion cash increase compared to 2019-20. This is part of plans to deliver over £600 billion in gross public sector investment over the next five years. Over the coming years, all parts of the country will feel the benefits of this investment: from better broadband

to upgraded local transport and flood defences. Alongside this, investment in transport through HS2, the Integrated Rail Plan and Intra-City Transport Settlements, and the Government's commitment to transform bus and cycle infrastructure will strengthen the spine of connectivity across the country. In the summer, Sir Peter Hendy will publish the Union Connectivity Review, which will focus on enabling a more joined-up United Kingdom than ever before.

1.7 We recognise that levelling up requires a multi-faceted approach, from supercharging our city regions, to supporting our struggling towns, to catalysing industrial clusters in the sectors that will drive the future economy – the Fund will deliver as part of a broad package of complementary UK-wide interventions, including:

- **The UK Community Renewal Fund**, which will provide local areas across the UK with access to £220 million of additional funding as they prepare for the UK Shared Prosperity Fund due to launch in 2022. As EU structural funds tail off after 2022-23, the UK Shared Prosperity Fund will succeed them as a programme distinct from the UKCRF and help to level up and create opportunity across the UK in places most in need in a manner distinct but complementary to the Levelling Up Fund, through investment in skills, enterprise and employment. The funding structure of the Levelling Up Fund does not set a precedent for the UK Shared Prosperity Fund.
- **The UK Community Ownership Fund**, which will empower communities to protect vital community assets in their area by providing funding to take ownership over them, in support of the social wellbeing of local communities.
- **The Plan for Jobs**, which builds on DWP's Jobcentre Plus network, offering tailored support to help people find work, including through Youth Hubs, Restart, and Kickstart. The Plan for Jobs will support longer term recovery from the unprecedented economic impact of Covid-19.
- **The Freeports programme**, establishing national hubs for global trade and investment in every nation of the UK, promoting regeneration and job creation and creating hotbeds for innovation that will intensify the economic impact of our ports and generate increased economic activity in areas in need of regeneration across the UK.
- **The UK Infrastructure Bank**, which will provide financing support to local authority and private sector infrastructure projects to help meet UK Government objectives on climate change and regional economic growth. It will also establish an advisory function to help with the development and delivery of projects.
- **The Towns Fund**, providing £3.6 billion to drive the economic regeneration of deprived towns and deliver long-term economic and productivity growth, by renewing and reshape town centres and high streets in a way that drives growth, improves user experience, and ensures future sustainability.

Chapter 2

How the Fund will operate

2.1 The Levelling Up Fund will invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets. The Fund is jointly managed by HM Treasury (HMT), the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Transport (DfT). This cross-departmental Fund represents a new approach to local investment and will end siloes in Whitehall that make it difficult to take a holistic approach to the infrastructure needs of local areas.

2.2 At the Spending Review, the UK Government committed an initial £4 billion for the Levelling Up Fund for England over the next four years (up to 2024-25) and set aside at least £800 million for Scotland, Wales and Northern Ireland. The UK Government will use the new financial assistance powers in the UKIM Act to make the Fund available to the whole of the UK, enabling all communities to receive the investment and support they need to recover from the pandemic. As such, up to £4.8 billion until 2024-25 will be available for the Fund across the UK, with at least £800 million invested in Scotland, Wales and Northern Ireland.

2.3 Where appropriate, MHCLG and DfT will seek advice from the relevant devolved administrations at the shortlisting stage on projects that will be delivered in their geographical areas, including on deliverability and alignment with existing provision.

Approach in England, Scotland and Wales

2.4 In England, Scotland and Wales, funding will be delivered through local authorities. The Scottish and Welsh Territorial Offices will be consulted in the assessment of relevant bids.

2.5 This prospectus sets out the approach for the first round of the Fund, which will prioritise bids that can demonstrate investment or begin delivery on the ground in the coming financial year. We will keep the approach in this prospectus under review for future rounds. The Fund is open to all local areas. The amount of funding each area receives will be determined on a competitive basis to ensure value for money.

2.6 Capacity funding will be allocated to local authorities most in need of levelling up in England, as identified in the index published alongside the prospectus. It will also be allocated to all local authorities in Scotland and Wales, to help build their relationship with the UK Government for the purposes of the Fund. This capacity funding will help support the relevant local authorities develop high-

quality bids for the Fund and ensure that investment is targeted where it is needed most.

2.7 The index is based on a combination of metrics including need for economic recovery and growth, need for improved transport connectivity and need for regeneration.

2.8 Further detail on how the Fund will operate from 2022-23 onwards will be set out later this year.

Approach in Northern Ireland

2.9 We are taking a different approach to delivering the Fund in Northern Ireland, which takes account of the different local government landscape compared to England, Scotland and Wales. Capacity funding will also be made available.

Chapter 3

Eligibility

3.1 All areas in the UK are able to access the Fund. Specifically, in Great Britain:

- Unitary authorities (including metropolitan borough councils), London borough councils and district councils in two tier areas in England; and, unitary authorities in Scotland and Wales are eligible to submit bids in line with para 3.2;
- County councils with transport powers, combined authorities, mayoral combined authorities and the Greater London Authority (GLA) are eligible to submit one transport bid; and unitary authorities in Scotland and Wales, and unitary authorities in England with transport powers are able to submit one additional bid which must be for transport.

3.2 We expect Members of Parliament, as democratically-elected representatives of the area, to back one bid that they see as a priority. The number of bids that a local authority in the first category can make will relate to the number of MPs in their area. Accordingly, local authorities can submit one bid for every MP whose constituency lies wholly within their boundary. Every local authority can submit at least one bid. Where an MP's constituency crosses multiple local authorities, one local authority should take responsibility as the lead bidder and local areas should work together to designate that lead bidder. MHCLG will engage with local government on whether any further guidance would be helpful on who should be designated 'lead bidders' in these circumstances.

3.3 The Fund will focus investment in projects that require up to £20m of funding. However, there is also scope for investing in larger high value transport projects, by exception. Bids above £20m and below £50m will be accepted for transport projects only, such as road schemes, and can be submitted by any bidding local authority. They will be subject to a more detailed business case process and will need to score highly overall. Local authorities may wish to consider pooling funding from their bids in order to improve the chance of taking forward a larger transport scheme.

3.4 All bids should have the approval of the relevant authority responsible for delivering them. For example, transport bids submitted by district councils should have the approval of their relevant transport authority.

3.5 Bidding authorities are encouraged to collaborate with neighbouring authorities on cross boundary schemes and to submit joint proposals across their local areas where appropriate.

3.6 The above bidding authorities should consult a range of local stakeholders across the full geography of a place in developing their proposed investments for

the Fund. Potential relevant local stakeholders and partners include local businesses, public transport providers, police and emergency services, community representatives, environmental representatives and universities and FE Colleges (FECs). Where relevant, bidding authorities should also consider how to reach stakeholders from harder to reach rural communities in formulating proposals. Bids should demonstrate evidence of this overall local engagement as part of their strategic case through stakeholder letters or similar.

3.7 The Government recognises the important role of Members of Parliament in championing the interests of their constituents. We expect bidding authorities to consult local Members of Parliament as part of their bid; though such support from local MPs is not a necessary condition for a successful bid. MPs can have a positive role in prioritising bids and helping broker local consensus. When considering the weighting given to bids, the expectation is that an MP will back one bid which they see as a priority, and any bid may have priority backing from multiple MPs and local stakeholders. But Members of Parliament may also want to support any or all schemes that would have a benefit to their constituencies in the usual way.

3.8 We expect local authorities submitting multiple bids to spread these fairly and equitably within the authority boundary and across their full range of constituencies, targeting pockets of deprivation as appropriate.

3.9 A different approach is being taken in Northern Ireland. The UK Government will accept bids at the most local level, from a range of local applicants, including but not limited to businesses, voluntary and community sector organisations, district councils, the Northern Ireland Executive and other public sector bodies.

Chapter 4

Investment themes for the first round of funding in 2021-22

4.1 The first round of the Fund will focus on three themes: smaller transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets, in particular:

- **Transport investments** including (but not limited to) public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. We are requesting proposals for high-impact small, medium and by exception larger local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth and improve the experience of transport users.
- **Regeneration and town centre investment**, building on the Towns Fund framework to upgrade eyesore buildings and dated infrastructure, acquire and regenerate brownfield sites, invest in secure community infrastructure and crime reduction, and bring public services and safe community spaces into town and city centres.
- **Cultural investment** 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

4.2 Investment proposals should focus on supporting high priority projects that will make a visible impact in local areas, recognising that what constitutes priority investment will vary across local authorities and geographies, including in rural areas of the UK.

4.3 This Government's Net Zero and wider environmental¹ ambitions represent a key part of our commitment to building back better – and this is particularly important with regards to capital and infrastructure projects, which have a visible impact on our surroundings. Projects should be aligned to and support Net Zero goals: for instance, be based on low or zero carbon best practice; adopt and support innovative clean tech and/or support the growth of green skills and sustainable supply chains. Where applicable, bids may also seek to demonstrate compliance with relevant Publicly Available Specifications such as PAS 2080 and PAS

¹ <https://www.gov.uk/government/publications/25-year-environment-plan>

2035. Bids should also consider how projects can work with the natural environment to achieve project objectives – considering at a minimum the project’s impact on our country’s natural assets and nature, as well as the resilience of the capital and infrastructure project to potential hazards such as flooding.²

Transport

4.4 Investment in local transport networks can revitalise local economies by boosting growth, improving connectivity and making places healthier, greener and more attractive places to live and work. Almost all local journeys start and finish on local transport networks, so investment can make a real, tangible difference to local residents, businesses and communities. Local transport projects can play a pivotal role in enhancing local places and efforts to level up. This could be upgrading bus and cycling infrastructure to improve access to jobs whilst supporting cleaner air and greener, healthier travel, targeting local road enhancements at congestion pinch points, and repairing bridges to ensure that communities aren’t isolated from key services.

4.5 In view of their typically high value for money credentials when delivered effectively, well-formulated bids for local transport are likely to score highly on at least the value for money assessment criteria. Projects submitted for appraisal under this investment theme may include, but are not limited to:

- Investments in new or existing cycling provision³.
- Improved priority for local bus services (e.g. bus priority lanes or signal priority at junctions).
- Enhanced public transport facilities, such as bus stops and stations.
- Accessibility improvements to local transport networks for disabled people.
- Enhancements and upgrades to local road networks (e.g. by passes and junction improvements)⁴.
- Structural maintenance works to local roads, including bridges.
- Multi-modal proposals which combine two or more interventions to enhance transport across modes.

4.6 Bids will be accepted for larger transport schemes, by exception, such as investments in the road network. Such bids will need to be between £20 million and below £50 million, and can be submitted by any bidding local authority. However, they will be subject to a more detailed business case process and will need to score highly overall. LAs may wish to consider pooling funding from their bids in order to improve the chance of taking forward a larger transport scheme.

² <https://www.gov.uk/government/publications/25-year-environment-plan>

³ All cycling proposals should follow the Government’s cycling design guidance which sets out the standards required if schemes are to receive funding

⁴ Local areas are reminded that the UK Government expects that all local road projects in England funded by the UK Government will deliver or improve cycling and walking infrastructure (unless it can be shown that there is little or no need to do so). They are also expected to either support bus priority measures or funding bids should explain why doing so would not be necessary or appropriate.

Case Study: Lincoln Transport Hub

The Government invested £11 million from the Local Growth Fund in this project led by the City of Lincoln Council. The scheme achieves significant regeneration and transformation of the city centre. It brings together a state-of-the-art bus station with stand, public realm improvements including a new pedestrian plaza, car park and retail space. The project has also improved Lincoln Central railway station.

The transport hub project was a key component of the local growth strategy in Lincoln. It has created a more accessible and attractive gateway to the city. This has kickstarted wider regeneration in the city centre and it has helped unlock wider retail, commercial and residential development in the city. Construction was completed in 2018 and the scheme is now fully operational.

Case Study: Thanet Parkway

Funded by £12 million from the Getting Building Fund, Thanet Parkway is a new railway station near Cliffsend in Thanet, East Kent, consisting of two 12-car platforms to accommodate existing High Speed and mainline train services. It will be accessed by stairs and lifts via a refurbished Victorian underpass, which will also bring public realm improvements to an existing public right of way. The station will be connected to the village by a new footway/cycleway and have direct vehicular access from the A299 (part of the Major Road Network) to its 299-space car park.

The goal of the project is to utilise improved transport accessibility to spark regeneration, boosting job creation and house building in this historically economically disadvantaged area. The station will create up to 800 new jobs and accelerate delivery of up to 3,200 homes as well as supporting the 17,410 homes in the Thanet Local Plan. The project has long been an economic priority and its importance is now heightened by the determinantal economic impacts of Covid-19.

Regeneration

4.7 Town centres are a crucial part of our communities and local economies, providing both a focal point for retail and hospitality trade and a meaningful centre of gravity for local communities. The UK Government recognises that in recent years, changing consumer behaviour has made things tougher for retailers in our town centres and high streets, an issue made even more apparent by the impact of COVID-19. In addition, while some local areas have benefited from programmes such as the Towns Fund, some places such as smaller towns have not yet been able to access this investment.

4.8 At the 2018 Budget, the UK Government published 'Our Plan for the High Street', spearheading a number of initiatives including the Towns Fund, to renew and reshape town centres and high streets so they look and feel better and can thrive in the long term. The regeneration pillar of Levelling Up Fund seeks to build on this philosophy and on the investments made so far through the Towns Fund.

We want to help communities transform derelict, vacant or poorly used sites into vibrant commercial and community hubs that local people can be proud of.

4.9 Projects submitted for appraisal under this investment theme may include:

- Regenerating key leisure and retail sites and improving their security, in order to encourage new businesses and public services to locate there.
- Removing derelict buildings and other eyesores 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, designing out opportunities for crime and anti-social behaviour.
- Creating better connectivity between and within key retail and leisure sites.
- Putting forward 'Town Deals' for individual or groups of smaller towns that did not receive investment from the Towns Fund.

Case Study: Strabane Town Centre

Funded through the City Deals programme, Strabane town centre in Derry will be re-imagined and revitalised through the creation of new physical infrastructure, centred around its historic Canal Basin.

This project will enable key services to be more accessible for residents, including the relocation of the North West Regional College campus, the creation of new small business incubation units, a primary health care hub, a leisure centre and new improved connections to public transport to revitalise Strabane. The unique co-location of critical public services on a key strategic site will provide better connectivity and leverage economic, health and social benefits for people in the area.

Case Study: The Bath Quays South Phase 1a

Funded by £2 million from the Getting Building Fund, the Bath Quays South Phase 1a project comprises the delivery of essential infrastructure and enabling works to bring forward the Quays South site for development. The project aims to bring this neglected strategic site back into use and will remove former development barriers and enable subsequent delivery of much needed modern office stock to support the creation of a new Central Business District.

The enabling works delivered through this project will facilitate completion of a flood risk management scheme, provision of public realm, improved access and bridge landing, conservation of Grade II listed Newark Works to provide 4,500sqm of creative work space, 5,000sqm of new Grade A Commercial office space, and up to 65 new riverside residential units.

Culture and Heritage

4.10 Investment in cultural assets can rejuvenate places, leading to positive economic and social outcomes at a local level. It can help to retain and grow a highly skilled workforce, attract tourists to bolster local business, and provide opportunities to grow people and communities' connections with places. Additionally, supporting the development of a more positive relationship between people and place can have a positive impact on both mental and physical health. In short, culture and heritage are things that people up and down the country bring people together and strengthen communities.

4.11 Perception of place is an important 'pull' factor in investment and business location decisions and can affect a place's capacity to attract talent – especially young people – and retain workers. Many towns already have a strong heritage and sense of place, and benefit from their cultural and civic assets both directly, from tourism and visitor revenue, and indirectly, by inspiring a sense of local pride and community cohesion, making places more attractive to live and work in. Alongside towns, rural areas also often possess a rich tapestry of local culture and heritage assets.

4.12 Preserving heritage is not limited to simply attracting tourists; many town and city centres across the UK are historic and beautiful in their own right and ensuring this remains the case is crucial to securing the future of the businesses that occupy them, working in synergy with the regeneration and town centre investment theme of this Fund.

4.13 Proposed investments should actively complement, rather than duplicate or compete with funding already delivering or set to deliver in their areas (such as through the Heritage High Streets Fund). Where appropriate, the UK Government will seek advice from the devolved administrations as part of bid assessment in their geographic areas on shortlisted projects, regarding alignment with existing provision. Interventions that have a heritage and cultural focus when combined with other interventions in a place function in a complementary manner, greatly increasing the overall impact. Investments in cultural assets should be driven by an evidenced place-sensitive need or opportunity and have clear outcomes that align with areas' vision for place-based economic and social development, as well as the

health and wellbeing of local people. Projects submitted for appraisal under this investment theme may include:

- Upgrading and creating new cultural and creative spaces including sports or athletics facilities, museums, arts venues, theatres, libraries, film facilities, prominent landmarks or historical buildings, parks or gardens.
- New, upgraded or protected community hubs, spaces or assets (and associated green spaces).
- Acquiring and refurbishing key cultural and heritage sites including hotels and historic buildings.

Case Study: Inverness Castle

Funded with £3 million from the Highland Council, development of Inverness castle and the surrounding area will add to the town's tourism offer by creating an attraction that celebrates the spirit of the Highlands past, present and future, including its creativity, well-being, culture, heritage and natural environment. The vision for the project includes new galleries to bring national and international exhibitions to the Highlands and museum displays celebrating Highland culture and heritage alongside shops, restaurants, bars and cafes promoting the best of Highland crafts and products. In addition, future work will include the development of public spaces within the Castle esplanade and the potential for new hotel accommodation in the vicinity of the development to further boost Inverness' tourism offer and help bring visitors to the area.

Case Study: Stoke-on-Trent Heritage Action Zone

Funded by Historic England, the Stoke-on-Trent Heritage Action Zone (HAZ) is a 5-year plan centred around Longton, one of six historic towns in the city that had suffered following the post-industrial decline of its ceramics industry, with residents moving to the suburbs and industry moving to business parks, affecting the town's central retail offer.

Working closely with community bodies, including the Potteries Heritage Society, Longton Traders, Staffordshire Film Archive, and the Universities of Keele and Staffordshire, the HAZ aims to help property owners convert the spaces over shops into accommodation, bringing people back to live in the centre of the town. In parallel, it has supported conversion of heritage bottle kilns and factories have been repurposed to enterprise space/studios for a resurgent pottery industry, and driven forward a design and work programme on heritage assets owned by the council that including the Spode Factory site, Stoke Town Hall, Longton Town Hall, Tunstall Town Hall, the Spitfire at the Potteries Museum and Art Gallery and Trentham Mausoleum.

Chapter 5

Funding and targeting approach

5.1 The Levelling Up Fund is a competitive fund, with funding distributed to places across the UK on the basis of successful project selection. The Fund will set aside at least £800 million across Scotland, Wales and Northern Ireland over four years from 2021-2022 to 2024-2025. 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.

Approach to England, Scotland and Wales

5.2 Within the competition, funding will be targeted towards places in England, Scotland and Wales with the most significant need, as measured by an index taking into account the following the following place characteristics:

- need for economic recovery and growth;
- need for improved transport connectivity; and,
- need for regeneration.

5.3 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 our criteria for assessing bids, as set out in paragraph 7.1. 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. 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.

5.4 A list of all places' categorisation has been published alongside this document and can be found at this link. We will shortly publish further detail on the methodology used to calculate the index.

5.5 In the first round of funding, we will prioritise projects which are able to demonstrate investment or begin delivery on the ground in the 2021-22 financial year. There will be future opportunities to bid in subsequent rounds. We would expect all funding provided from the Fund to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes.

5.6 County Councils, Combined Authorities and the Greater London Authority are not listed in the index. Transport bids from these authorities will be assessed with respect to the characteristics of the place criteria of the lower-tier or single-tier authorities where the bid is located.

Approach to Northern Ireland

5.7 A different approach is being taken in Northern Ireland. The UK Government will accept bids at the most local level, from a range of local applicants, including but not limited to businesses, voluntary and community sector organisations, district councils, the Northern Ireland Executive and other public sector bodies.

Chapter 6

Putting together proposals

6.1 Local areas should take a holistic approach to their infrastructure needs across transport, regeneration and cultural investment when developing their bids. Applications for funding should clearly demonstrate how proposed investments will support relevant local strategies and their objectives for improving infrastructure, promoting growth, enhancing the natural environment and making their areas more attractive places to live and work. Local areas will also need to show why the proposed investment or set of investments represents the highest value local priorities.

6.2 Each bid submitted by local institutions can be a bid for an individual project or a package bid consisting of multiple projects. Bids for an individual project or package bids can both request up to £20 million of funding, except in exceptional cases as set out in paragraph 3.4. Package bids must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. They can include a mix of projects from the Fund's three investment themes but any one bid should not include multiple unrelated investments.

6.3 Local authorities may submit joint bids. The maximum bid size for joint bids will be determined by adding up the individual £20 million caps of each bidding authority. Joint bids will count towards the maximum number of bids that each local authority is able to submit. Joint proposals can contain a combination of interventions both within counties, regions and across borders. However, they must not be a disparate package of interventions - as part of the strategic case bidders must demonstrate that joint bids are a cohesive and coherent investment proposal. Any elements of a joint bid that are jointly delivered should be fundamental to the joint bid as a whole and serve to unlock any elements of the bid that are not delivered jointly.

6.4 In the case of package bids containing more than one project, bids should come in two parts, covering the following:

- Part I (for the whole overall bid): a summary of the project proposals within the bid (up to a maximum of three projects per bid); and an overall financial case;
- Part II (for each individual project): the main theme this falls under; summary and strategic link to overall bid; information on deliverability (management, risk, finances, and benefits)

6.5 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. Majority-transport bids will be assessed by the Department for Transport. 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. We will publish further guidance on how places can submit bids shortly.

6.6 Local authorities may wish to consider submitting bids for high value pipeline projects that they have already developed but not yet funded. In particular, the Levelling Up Fund supersedes in England the £150 million local pinch point programme, and local areas in England are encouraged to prioritise submitting for the first round of the Fund high quality proposals that have been developed for this programme where they exist, as well as for Local Cycling and Walking Infrastructure Plans.

6.7 The Government is required to comply with the Public Sector Equality Duty, as set out in the Equality Act 2010. To ensure we are considering the potential impact of funding on individuals with protected characteristics, we will give due regard to the Public Sector Equality Duty at key decision points and will seek information from applicants and lead authorities to support this process. Although this is not part of the bid assessment, in making final decisions, Government will give due regard to its Public Sector Equality Duty. All local authorities are required to consider the equalities impacts of their bids under the Public Sector Equality Duty.

6.8 We recognise the importance of not only meeting our legal obligations under the Equality Act 2010 but also giving due regard to the additional equalities considerations that apply in Northern Ireland.

6.9 All applicants must also consider how they will deliver in line with subsidy control (or State Aid in Northern Ireland) as per Government guidance [<https://www.gov.uk/government/consultations/subsidy-control-designing-a-new-approach-for-the-uk>], as well as all other relevant legal obligations such as procurement. This will be tested as part of the appraisal process and monitored thereafter.

6.10 The UK Government has a responsibility to support people, businesses and communities across the whole of our United Kingdom, particularly in the context of the Covid-19 recovery. Through the UK Internal Market Act 2020, the UK Government can invest in supporting communities throughout the UK.

6.11 All proposals in Scotland, Wales and Northern Ireland must fall within the scope of the financial assistance powers in the UK Internal Market Act 2020. Details of the Act, and explanatory notes, can be found on [legislation.gov.uk](https://www.legislation.gov.uk) or at the following web address: <https://www.legislation.gov.uk/ukpga/2020/27/contents>. Other vires such as the Industrial Development Act (1982) may be used where relevant.

6.12 Further guidance and templates for bid submissions, including package bids, will be provided to local authorities shortly after Budget.

Delivery and funding requirements

6.13 Once funding awards are decided, relevant local institutions are responsible for their delivery. Further contributions from the Fund will not be provided to meet cost overruns after funding has been agreed.

6.14 For future rounds, the parameters set out in this prospectus will be kept under review, including updated to reflect any operational feedback and wider changes in government policy.

6.15 Local authorities can only have one successful bid for each of their allocated number of bids over the lifecycle of the Fund. Local authorities are therefore encouraged to consider whether bids that they wish to submit for the first round of the Fund reflect their local priorities, or if they should wait until later rounds so that they have more time to consider and develop their proposals.

Chapter 7

Assessment criteria

7.1 The assessment process will focus on the following key criteria:

- **Characteristics of the place** – each local authority will be sorted into category 1, 2 or 3 based on our assessment metrics, with category 1 representing the highest level of identified need.
- **Deliverability** - will be 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.

Characteristics of the place

7.2 Investment will be prioritised for local areas that are most in need of levelling up, with each LA given a category of 1, 2 or 3 against this criterion, with category 1 representing the highest level of identified need. The metrics used to determine a given place's category includes consideration of its need for economic recovery, regeneration and improved connectivity. Recent and committed levels of Government investment may also be considered as part of our assessment of an area's need for funding, including investment from any of the devolved administrations.

Deliverability

7.3 All bids will be assessed for the evidence of clear and robust delivery and procurement plans, governance structures and project costings. Any delivery risks should be clearly explained alongside appropriate mitigating actions. Bids with multiple projects should clearly explain how they could be scaled back to a smaller total value if necessary. To ensure projects are delivered to programme and budget, we encourage bids to include a local financial contribution representing at least 10% of total costs. A contribution will be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific project.

Strategic fit with local priorities

7.4 Bids should set out a compelling case for why the proposed investment supports the economic, community and cultural priorities of their local area. Projects should be fully aligned and support any relevant local strategies (such as Local Plans, Local Industrial Strategies or Local Transport Plans) and local objectives for investment, improving infrastructure and levelling up. Projects should also be fully aligned to UK legal commitments, such as delivering Net Zero. Where applicable, bids should complement other investments from different funding streams.

7.5 As set out in paragraph 3.8, proposed bids and constituent projects should secure the support of and be developed after consultation with relevant local stakeholders and partners, such as other local authorities and local MPs. When considering the weighting given to bids, the expectation is that an MP will back one bid which they see as a priority, and any bid may have priority backing from multiple MPs and local stakeholders. But MPs may also want to support any or all schemes that would have a benefit to their constituencies in the usual way. In Northern Ireland, local councils should indicate whether they support bids within their geographies.

Value for money

7.6 Bids should demonstrate how they represent public value to society. This could include where applicable adhering to the social value in government procurement framework (see Procurement Policy Note PPN 06/20) or the balanced scorecard. A range of benefits will be considered in our value for money appraisal of projects. This includes potential to boost local economic growth, environmental benefits (including contribution to achieving the UK Government's Net Zero carbon commitments and improving local air quality), greater employment opportunities, reduced travel times to key services, increased footfall in town and city centres, crime reduction and social value to local communities.

7.7 Different types of schemes will represent different levels of value for money. For example, local transport schemes are typically some of the highest value for money local interventions and we would therefore in particular expect well-designed and targeted local transport improvements to score highly on this criterion. Further guidance on what level and type of analysis should be provided by local authorities for bids of different sizes will be provided shortly after Budget.

Chapter 8

Decision making

8.1 In the first round of funding, we will prioritise projects which are able to demonstrate investment or begin delivery on the ground in the 2021-22 financial year. There will be future opportunities to bid in subsequent rounds. We would expect all funding provided from the Fund to be spent by 31 March 2024, and exceptionally into 2024-25 for larger schemes.

8.2 For each of the four criteria, bids that progress will be assessed on a each of the criteria set out in paragraph 7.1. In its assessment, the UK Government will consider any relevant information provided in the bid proposal, as well as any publicly available data to test assertions in local submissions.

8.3 The metrics that comprise the ‘characteristics of place’ assessment criterion will comprise data relating to places’:

- need for economic recovery and growth;
- need for improved transport connectivity; and,
- need for regeneration.

Decision framework – England, Scotland, Wales

8.4 Once we receive all bids we will assess them against the four criteria, with the ‘characteristics of place’ score determined by the index of priority places.

8.5 Alongside these assessments, Ministers will have the opportunity to exercise discretion to meet the following additional considerations:

- Ensuring a reasonable thematic split of approved projects (e.g. across regeneration and town centre, transport and culture and heritage);
- Ensuring a fair spread of approved projects across Great Britain;
- Ensuring a fair balance of approved projects across places in need;
- Prioritisation of either ‘strategic fit’ or ‘deliverability’ or ‘value for money’ over the other criteria (noting this must be applied consistently to all projects);
- Taking into account other investment in a local area. In future rounds, this could include funding provided to local areas through the first round of this Fund.

8.6 Further detail on the assessment and scoring process will be published following the Budget, alongside more detail on the framework for Northern Ireland.

Chapter 9

Monitoring and Evaluation

9.1 The Levelling Up Fund will reflect this Government's greater emphasis on high-quality evaluation, which is critical to understanding what types of interventions work well in addressing levelling up challenges, through individual projects and across varying spatial scales. The development of a local growth and transport evaluation culture, which promotes sharing learning across the UK, will be an important strand of this work.

9.2 To provide assurances that projects are delivering value for money and to time, the Levelling Up Fund will have a robust, coherent monitoring system. This will be built around a common understanding of outputs and outcomes sought through the Fund.

9.3 Monitoring and evaluation of the Levelling Up Fund will involve a combination of national-level evaluation activity with project-level monitoring and evaluation. National-level evaluation activity will include the production and publication of an M&E framework and guidance later this year, in order to support the development of project-level evaluations. As part of business case development, local authorities should set out a proportionate plan for project-level monitoring and evaluation.

9.4 Further detail on the data we will be utilising as part of our monitoring and evaluation approach, and what we will be expecting local authorities and delivery partners to provide will be published as part of supplementary guidance following this prospectus.

Chapter 10

Supporting places with their bids

10.1 Capacity funding will be provided to local authorities in England most in need of levelling up investment and all local authorities in Scotland and Wales, recognising that unlike in England the Levelling Up Fund does not supersede any existing funding streams. This will help support relevant local authorities to develop high quality bids and therefore ensure that the Fund distributes funding to areas where it is needed most and achieves a suitable balance of spending across the UK.

10.2 Local areas should consider opportunities to join up capacity funding received from related funding streams, such as the UKCRF in support of forming a single cohesive local growth strategy across their areas.

10.3 A flat £125,000 of capacity funding will be allocated to all eligible local authorities. This capacity funding will be provided with the primary intention of supporting the relevant local authorities to develop their bids for later rounds of the Fund. It is expected that local authorities will not be able to use the capacity funding in time to support bids for the first round and that it will instead support the development of proposals for later bidding rounds. Further guidance on capacity support will be provided to local authorities shortly after Budget, including when funding will be allocated and what it can be used for.

HM Treasury contacts

This document can be downloaded from
www.gov.uk

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