

Appendix A

Dear Secretary of State,

Levelling Up Fund

Following the announcement of the allocation of the second round of the Levelling Up Fund, we wanted to write to you to outline our experiences, and to ask for an open review of the process ahead of any future rounds of funding. Whilst we welcome the additional funding which can be transformative for communities across the country, we have serious concerns about the process by which the funding was allocated.

The LGA has consistently argued that wasteful competitive bidding processes are not a sustainable approach to economic development or public service delivery. Competitive bids are costly for councils – for example, Norwich City Council submitted two bids to second round of the Levelling Up Fund, allocating £120,000 from business change reserve to support development of applications to the Levelling Up Fund and Shared Prosperity Fund. Neither of these bids were successful. Councils' ability to pursue these bids varies greatly, with those with greater resources better able to make speculative bids. At a time when councils are facing increasing cost pressures, this means councils with fewer resources are having to make difficult decisions as to whether it is worth risking losing money in order to bid for additional funding.

In this instance, the frustration felt by unsuccessful areas was compounded by the inconsistent messaging around whether areas could receive funding from both the first and second round of the fund. This led to councils such as Birmingham submitting five bids for the second round, at a cost of £305,806, and Nottingham submitting three bids at a cost of £195,000, along with the cost of two members of staff working on these bids three days a week for two months. As both Birmingham and Nottingham were allocated funding in the first round, these bids were deemed to be ineligible for the second round. These councils were not aware that they were not eligible until after the successful bids were announced, and some councils were even advised and encouraged by civil servants to submit bids for the second round following successful bids in the first round.

As we look ahead to the third round of the Levelling Up Fund, we urge Government to reconsider the process for allocating the remaining £1 billion in the fund. Instead of another round of costly competitive bidding, the fund should be allocated on the basis of robust evidence and local need. We would welcome an opportunity to meet to discuss how this could be implemented in a way which would both be cost effective and empower local areas to level up their communities.

Yours sincerely

Cllr Kevin Bentley

Chair of the People and Places Board

Mayor Marvin Rees

Chair of the City Regions Board