

Theme 5: Growth Funding

Growth Funding Update

Purpose of Report

For information.

Is this report confidential? No

Summary

This report provides an update on recent work to improve the provision of growth funding from national to local government highlighting correspondence with the Secretary of State relating to the Levelling Up Fund.

LGA Plan Theme: Stronger local economies, thriving local democracy

Recommendation(s)

That Board Members note the update.

Contact details

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Growth Funding Update

Purpose

1. With the People and Places Board, the Board advocates for a new 'defragmented' approach to growth funding that strengthens alignment with local priorities, is more efficient and better matches need with funding availability. This has included a recent focus on suggesting improvements in the processes associated with the Government's Levelling Up Fund

Background

2. The Levelling Up Fund was announced as part of the 2020 Spending Review. At the time, the LGA welcomed the fund, and the idea that this might help to tackle the complex and fragmented funding system faced by English local government.
3. However, our response also flagged concerns about introducing yet another competitive bidding process, particularly at a time when councils were focused on protecting residents and communities from the ongoing impacts of the pandemic.
4. Following a discussion at both the City Regions Board and the People and Places Board, regarding the experiences of councils in bidding for the second round of the levelling up fund, members asked officers to draft a letter to the Secretary of State for Levelling Up, Housing and Communities, setting out their concerns. A copy of this letter is attached at **Appendix A**.
5. The Minister for Levelling Up, Dehenna Davison MP, has recently responded on behalf of the Government, noting the feedback from Members and agreeing to meet once more information regarding the timeline and format of round three of the fund is available. A copy of this letter is attached at **Appendix B**.
6. More recently, many of these concerns have been highlighted by a report from the Levelling Up, Housing and Communities Committee [Funding for Levelling Up](#). Our on the day [media response](#) called on the Government to cut costly competition for much needed local investment and to provide better information about total public spending in a local areas, to support a more co-ordinated approach across government and with local leaders

Proposal

7. Members are asked to note the update. Once a date for the meeting has been arranged, officers will prepare a briefing in line with the Board's established position.

Implications for Wales

8. Economic development is devolved to the Welsh Government. In November 2020 it was announced that the Levelling Up Fund would operate in England, with the Welsh Government receiving Barnett consequential funding. However, in February 2021 the UK Government decided it would deliver the fund on a UK-wide basis. The issues raised by Members of the People and Places and City Regions Board are therefore similar to those experienced by Welsh local authorities.

Financial Implications

9. There are no direct financial implications arising from this work.

Equalities implications

10. The process for allocating the Levelling Up Fund includes an equalities analysis. As part of the process, Ministers received equalities analysis for the places that had been provisionally selected to receive Levelling Up Funding compared with the list of places which were provisionally unsuccessful so that they were able to consider the potential impact of the decisions on equalities. The LGA has consistently raised the issue that those areas experiencing the most significant levels of regional inequality are at risk of missing out on investment due to the competitive nature of the allocations process. We will continue to put this issue to Government.

Next steps

11. Once a date for the meeting has been arranged, officers will prepare a briefing in line with the Board's established position. The actions from this meeting will be brought back to a future board meeting.