



CIPFA\

# Addressing regional inequalities in the UK: levelling to where?

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June 2021

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# Introduction

The COVID-19 pandemic has amplified inequalities across the UK that were already pervasive. A decade of fiscal austerity has left deep scars across a swathe of public services that have invariably affected different groups of society in very different ways. Poorer households and communities felt left behind, if not forgotten altogether. Brexit was an expression of such populist grief.

Nearly two years after becoming prime minister, Boris Johnson has remained steadfast in his 2019 manifesto commitment to deliver “an agenda for levelling up every part of the UK”.<sup>1</sup> Determined to “build back better”, the Plan for Growth was announced at the 2021 spring Budget, which underscored investment in infrastructure, skills and innovation as a strategic priority. Meanwhile, a much anticipated levelling up White Paper, scheduled for publication later this year, is to articulate specific policy interventions behind the ambition.

This report is structured in two parts, with the first offering an economic context and our broad assessment of the levelling up agenda as it is currently understood. A brief literature review of past strategies to address regional inequalities focuses on the lessons learned from the most recent Industrial Strategy. Risks and opportunities are viewed within the context of international experiences as well. Parameters to measure and evaluate the success of policies are then discussed, including some observations on inherent limitations.

Part two provides an overview of the funding structure intended to support levelling up. The aims and objectives of six key funding packages that have already been announced are summarised. These are considered alongside the opportunities and challenges for local government, which include our recommendations to address levelling up and parliamentary power, the growth in competitive bidding, alignment with the existing funding landscape, the relevance of financial resilience, and clarity of outcomes to drive greater efficiency.

<sup>1</sup> [Our plan: Conservative manifesto](#) (Conservative Party, 2019).



PART 1

# Context and definitions

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**Answering the question of what it will take to “level up” the country requires reflection on what exactly is meant by the phrase. Does the direction of travel imply that no one will be left any worse off, despite impending pressures on spending in the face of a heavy national debt burden? Will policy seek to reduce inequalities of income and wealth or better ensure equality of opportunity? If the intention is to allow others to maximise their potential as well, then poverty reduction may not necessarily lead to reduced inequality. Moreover, if the definition of levelling up is not clear, then policy formation may become fragmented, subsequent evaluation difficult and accountability evasive.**

## A way forward

Since 2017, the Industrial Strategy has offered a framework to better understand and progress the government’s intention to create “prosperous communities throughout the UK”. Although recently replaced by the Plan for Growth, the strategy allowed sufficient time for success metrics to be identified and contextualised against a range of city, national and international experiences. The government should build on this experience and evidence base as it seeks to develop a more robust post-pandemic response to regional inequalities. Indeed, in its final annual report, the Industrial Strategy Council identified 180 policies and commitments in the Plan for Growth, compared to the already staggering 142 measures of the Industrial Strategy.<sup>1</sup>

The temptation to reinvent policy has a rich heritage in the UK. An independent inquiry into city and regional inequalities conducted by the UK2070 Commission found a lack of continuity across institutions and policies – a common theme, stretching from the Committee on Unhealthy Areas in the 1920s through to the regional development agencies (RDAs) in the 1960s and localism agenda in the 2010s.<sup>2</sup> Moreover, the frequency of reorganisation has led to disruptive swings in governance arrangements for England. Putting in place parliamentary scrutiny that raises the hurdle for such changes would help, as would greater evidence-led policy formation and mechanisms to support longer-term strategies.

Incorporating the Industrial Strategy into the Plan for Growth would allow the government to accelerate the changes it desires, as many of the goals share similar objectives. The growth pillars of infrastructure, skills and innovation map directly to the five Industrial Strategy foundations of ideas, people, business environment, infrastructure and places, while the priority areas of levelling up, net zero and a ‘global Britain’ were being addressed by the Industrial Strategy’s four grand challenges and ten sector deals. The sector deals represented strategic partnerships between the government and industry, which, whatever the new approach, will require trust, consistency and commitment to nurture. Rather than uproot nearly four years of effort, the government should seek to amend this framework by focusing instead on improving accessibility, scale, longevity and policy coordination.

<sup>1</sup> [Annual report](#) (Industrial Strategy Council, 2021).

<sup>2</sup> [Fairer and stronger: rebalancing the UK economy](#) (UK2070 Commission, 2019).



To become truly global, the UK should learn from international experiences as well. While no two cities or regions are the same, a recent report by the Industrial Strategy Council examined four international case studies that had identified six cross-cutting themes as drivers of local economic growth.<sup>3</sup>

Although infrastructure, skills and innovation featured prominently, the research recognised the importance of intangible infrastructure like vision, leadership and market institutions as enablers of more lasting outcomes. Indeed, the role of governance structures – often cited as a barrier to progress in levelling up the UK – is complex. The decentralisation of decision-making may not on its own deliver positive change if such responsibilities are devolved to a level that lacks sufficient representation, accountability or authority, as was observed by the House of Commons Committee of Public Accounts' progress review of local enterprise partnerships (LEPs) in 2019.<sup>4</sup>

## Measuring success

Prioritisation and policy coordination will be critical if the expansive ambitions of the Plan for Growth are to materialise. Delivering on the scale and scope of the levelling up agenda will require a whole system approach that considers traditional measures of growth in productivity and earnings alongside the more qualitative enablers of social, human and natural capital.<sup>5</sup> While the distribution of wealth across regions matters, so do the impacts on welfare and wellbeing. Ensuring the comparability of data across places and sectors will require a set of indicators that can assign outcomes to policies.

The Industrial Strategy Council's mapping of the Industrial Strategy foundations to drivers of earnings and productivity can be a framework for measuring the success of levelling up (Figure 1).<sup>6</sup> This exercise involved the identification of over 70 indicators that track progress towards successful outcomes.<sup>7</sup> In developing the metrics, the Council relied primarily on existing data and methodologies to ease interpretation and considered regional and distributional impacts in its evaluation of aggregate indicators. These design principles should guide a similar exercise between central and local governments for the levelling up agenda.

<sup>3</sup> [What does it take to "level up" places?](#) (Industrial Strategy Council, 2021).

<sup>4</sup> [Local enterprise partnerships: progress review](#) (House of Commons Committee of Public Accounts, 2019).

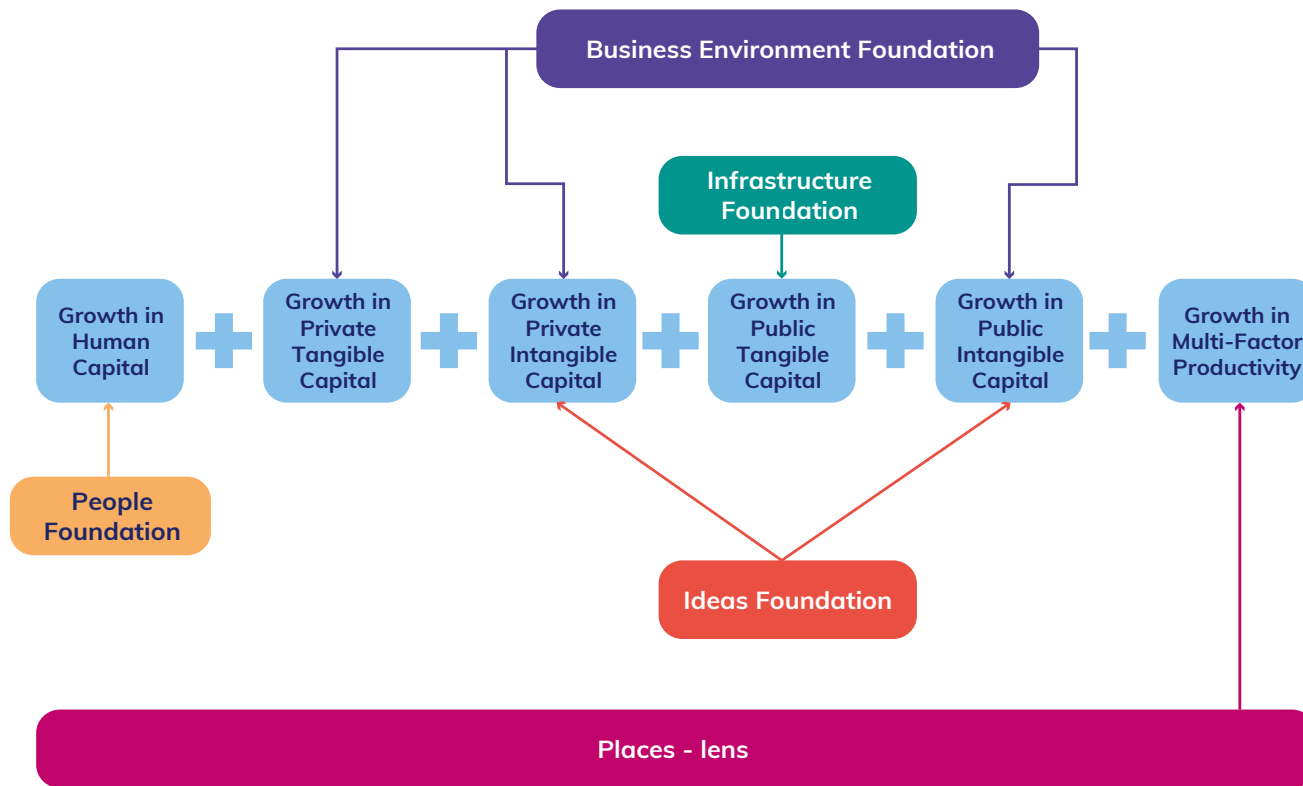
<sup>5</sup> [Applying CIPFA's Whole System Approach for better public financial management](#) (CIPFA, 2014)

<sup>6</sup> [Measuring the success of the Industrial Strategy: research paper](#) (Industrial Strategy Council, 2019).

<sup>7</sup> [Measuring the success of the Industrial Strategy: schedule of success metrics](#) (Industrial Strategy Council, 2020).



Figure 1.



Source: Industrial Strategy Council.

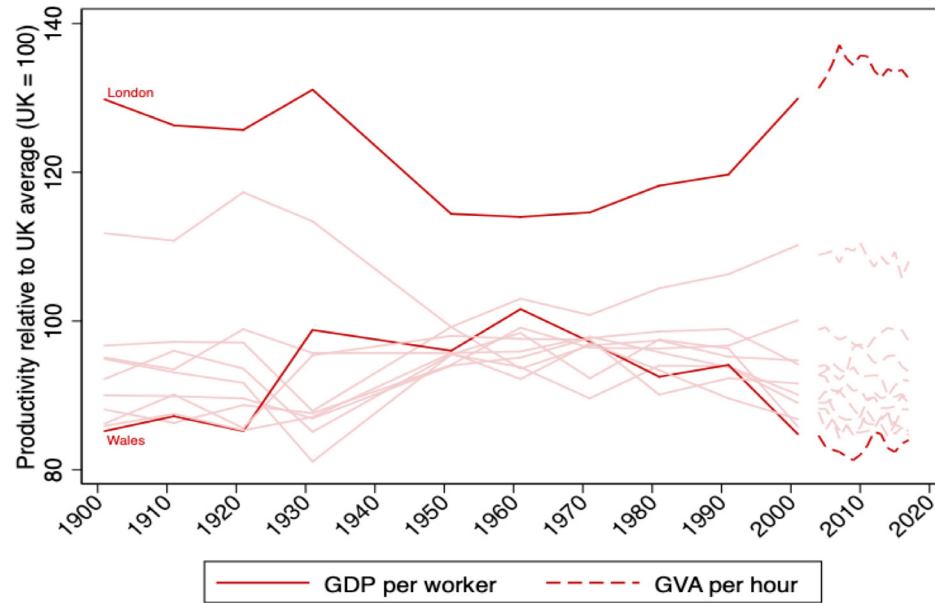
If standards of living are to be raised across underperforming regions, then measures to improve productivity and earnings will need to be targeted at those places at risk of falling further behind. Measures of productivity vary but are usually expressed as income per hour in the form of gross domestic product (GDP) or gross value added (GVA). Analysis of UK regions shows that income per worker has remained broadly unchanged between 1901 and 2017 (Figure 2). Moreover, a range of studies, including those from the UK Commission for Employment and Skills (UKCES)<sup>8</sup> to the International Monetary Fund (IMF),<sup>9</sup> observe large and persistent interregional productivity disparities compared to other advanced economies. For example, hourly income in inner west London is 70% higher than in Northumberland, which is 25% higher than in Cornwall.<sup>10</sup>

<sup>8</sup> [Rebalancing the economy sectorally and spatially: an evidence review](#) (UKCES, 2011).

<sup>9</sup> [United Kingdom: selected issues](#) (IMF, 2018).

<sup>10</sup> [UK regional productivity differences: an evidence review](#) (Industrial Strategy Council, 2020).

Figure 2.



Source: Geary and Stark (2016); ONS (2019).

In addition to other key macroeconomic indicators such as labour market conditions, there is a range of public and private activities relating to various forms of investment, education and training and access to finance that warrant measurement. While the level of spending across each of these areas is important, the rate of change and how the sums are apportioned across geographies matters as well. The most recent spending review committed £100bn in infrastructure spending alone – a 30% increase compared to recent years.<sup>11</sup> This will invariably favour those regions that rely disproportionately on policies that target place-based fundamentals. The expansive nature of “levelling up” will need to stay attuned to these differentials and dependencies if it is to effectively balance spatial outcomes.

<sup>11</sup> [Spending review 2020](#) (HM Government, 2020).



## Limitations

While metrics are critical for the evaluation of policy success, the interrelationships between measures such as productivity and economic and social outcomes can be complex. Excellent local education matters very little if the talent it generates cannot be retained within the community. Similarly, cities that benefit from agglomeration may find that the high cost of housing and congestion typical of urban cores reduces residents' wellbeing. What may initially appear as a positive association can instead be the opposite.

Circular logic can also make distinguishing between correlation and causation difficult. Are clusters of economic activity led by business investment or the presence of skilled workers? Two places that share similar fundamentals may experience very different outcomes simply due to historical coincidence or luck. Indeed, policy makers should recognise earlier in the process that industrial policy is a blunt tool for targeted investments – its track record for successfully identifying winners, be they industry sectors or geographic regions, is poor.

Meanwhile, it is unclear how differences in incomes across regions affect standards of living, as data on regional consumer and producer prices are widely unavailable. Without adjusting for the cost of local goods and services, it is difficult to interpret how well off residents in one location are compared to those in another. For example, housing and transportation costs vary considerably between central London and most rural communities. Compiling such comprehensive data would be complex and costly.

Lastly, sound judgement is needed to set ambitious yet realistic goals. National and international evidence suggests that successful strategies to level up across regions – to say nothing of levelling up within regions – can take decades rather than years. Patience and adequate resourcing are vital. Monitoring and independent evaluation through bodies such as the National Infrastructure Commission (NIC) and the now defunct Industrial Strategy Council can aid transparency and accountability while identifying necessary capacity.

PART 2

# Funding structure





The levelling up agenda is evolving and new funding streams are being added to reflect developments in national policy.<sup>1</sup> The publication of the government's White Paper will provide an opportunity for Whitehall to pull together the multiple funding threads that weave their way through the current narrative, offering a clearer understanding of the term "levelling up". Noting this lack of clarity, the House of Lords Public Services Committee on levelling up noted that the White Paper was urgently needed, as "it's unclear exactly what the government wants to level up, how much its strategy will cost, how long it will take and how it plans to achieve its goals."<sup>2</sup>

It is also important that lessons are learnt from previous administrations that have sought to deliver a similar, if smaller scale, policy. George Osborne's "northern powerhouse" was a geographically targeted policy designed to alleviate inequalities and stimulate growth. While this has provided significant growth in Manchester, other cities in the northwest have not benefited in quite the same way. Policy makers must reflect on the evidence from this early body of work and build this learning into the current approach.

One of the major challenges of levelling up is that, from a policy standpoint, the agenda is multi-dimensional. Regional inequalities are not divorced from other types of inequality such as health, housing and skills – for the policy to truly succeed, this must be recognised. However, much of the focus of funding,

particularly for local government, has been around infrastructure and regeneration.

Next, we consider some of the key funding streams that have been announced and reflect on the opportunities and challenges they pose for local government. Due to the nature of levelling up, it is not possible to consider every fund that will contribute to the broader agenda. These would include the Plan for Jobs, which offers tailored support to help people find work, and the freeports programme, which intends to create areas of growth by offering incentives for relocation.

## Key levelling up funds

Levelling up funding is a series of packages designed to stimulate the country's economic growth following the COVID-19 pandemic. These include:

- Levelling Up Fund (£4.8bn) to directly support communities with capital investment in local infrastructure – available across the UK.
- UK Community Renewal Fund (£220m) designed to support preparations for the introduction of the UK Shared Prosperity Fund.
- UK Shared Prosperity Fund, which will launch in 2022 and replace European Union funding following Brexit.

- Towns Fund, which focuses on deprived towns, allowing access to £3.6bn to drive economic regeneration.
- UK Community Ownership Fund, which encourages communities to protect assets such as sports clubs, thereby improving wellbeing by taking ownership.
- UK Infrastructure Bank, which will provide financing support to local authorities and the private sector for significant projects.

While each of these are separate funds with different qualification criteria, allocation processes and objectives, they are all competitive in nature. This means that a local authority will need to bid for funding, which will require resources and skills in addition to the role of convener in bringing together different partners.

1 **Post-16 Capacity Fund** (Department for Education, 2021).

2 **Levelling up positioning report** (House of Lords Public Services Committee, 2021).



## Fund profiles

<b>Fund name and objective</b>	<b>Amount committed</b>
Levelling Up Fund to directly support communities with capital investment in local infrastructure.	£4.8bn
UK Community Renewal Fund to support preparations for introduction of the UK Shared Prosperity Fund.	£220m
UK Shared Prosperity Fund.	TBC
Towns Fund to focus on deprived towns to drive economic regeneration.	£3.6bn
UK Community Ownership Fund to encourage communities to protect assets by taking ownership, eg sports clubs.	£150m
UK Infrastructure Bank to provide financial support to local authorities and the private sector for significant projects.	£22bn (£12bn capital plus £10bn government guarantee)



## Levelling Up Fund

The fund will make £4.8bn of capital available for local infrastructure projects that have an obvious impact on the local community. Successful projects will require collaboration with stakeholders to help establish local priorities and will need to be delivered within four years.

In addition to stakeholders, local authorities will need to work closely with members of parliament (MPs) to identify priorities and work up a robust business case. This approach will ensure that the local MP has buy-in to the project and adds a political dimension to the process as well.

Access to funding is competitive and includes gateways through the selection process. Funds will be made available in a series of rounds, the first of which will focus on three investment themes:

- Transport investment, including public transport and accessibility improvements.
- Regeneration and town centre investment, including acquiring and regenerating brownfield sites, and bringing public services and safe community spaces into town and city centres.
- Cultural investment, including galleries and green spaces.

The fund will prioritise places in need of economic recovery and growth, regeneration and improved transport connectivity. As this is a UK fund, £800m will be available to Scotland, Wales, and Northern Ireland, but the criteria and process reflect regional differences.

In a change to the standard approach, the Treasury, Ministry of Housing, Communities and Local Government (MHCLG) and Department for Transport (DfT) will jointly manage the fund. This would appear to be a deliberate effort by government to move away from silo working in Whitehall, ensuring a coordinated approach across different departments.

The fund will focus on projects that require up to £20m in funding, although for transport-related projects, there is flexibility in bids above this limit. Meanwhile, this comes with the condition that bids include a local financial contribution representing at least 10% of the total cost. For some authorities, this may prove to be too challenging a commitment.

## UK Community Renewal Fund

The UK government announced a £220m investment in the UK Community Renewal Fund (UKCRF) in the March 2021 Budget. The purpose of the UKCRF is to support the introduction of the UK Shared Prosperity Fund; the information gathered through the UKCRF will help inform the design of the UK Shared Prosperity Fund.

The UKCRF is a competitive process with no pre-set eligibility requirements. However, the government has identified 100 priority places based on an index of economic resilience and will prioritise projects that target investment at these communities. While this does not exclude places outside the 100 from bidding, it may make organisations question the value of preparing a bid.

A lead authority for each locality is assigned and responsible for inviting and reviewing proposals. Once the proposals (up to £3m) have been shortlisted, they are submitted to MHCLG.

The types of bids that are covered under this fund are wide ranging and reflect investment in skills, local business and supporting people into employment. The government does not want to restrict bids around a single theme, so bids may be multi-faceted. Moreover, bids may not be coterminous with a lead local authority, in which case communication will be vital.

Again, this is a gateway process where criteria are applied, with MHCLG being the ultimate arbiter of success. In the event of a successful bid, the lead local authority will have a role in monitoring and assurance, ensuring there is good financial management.

## UK Shared Prosperity Fund

Following the UK's departure from the EU, funding from the EU has stopped. In its place, the UK government has agreed to establish the Shared Prosperity Fund. There is little detail available regarding this fund, so we await the publication of the UK Shared Prosperity Fund investment framework to understand how the fund will operate. At a strategic level, it is "designed to increase funding for projects that are supporting people and places across the UK, focused on our domestic priorities, growing local economies and breathing new life into our communities."<sup>3</sup>

Key to the success of the fund will be considerations around:

- clarity of outcomes
- aims and objectives
- quantum of funding
- allocation of funding
- monitoring and administration
- success criteria.

The significance of this funding stream will vary across the country. Those for whom EU funding was a significant contributor to the local economy will want to ensure that the government honours its pledge on similar levels of funding.

## Community Ownership Fund

The government has created a new £150m community ownership funding pot to help ensure that communities across the UK can continue to benefit from the local facilities and amenities that are important to their community. The objective of this fund is to support amenities such as sports clubs, theatres, post offices and even pubs, which play a significant role in bringing communities together and improving wellbeing.

Bids will be submitted by voluntary and community organisations rather than local authorities, but formal governance structures must be in place. Successful projects should focus on place-based assets or amenities that improve the community but may be lost unless there is additional financial support. Business cases will need to evidence that the amenity can be sustained in community ownership.

Bids are expected to be match funded up to £250,000, although there is some recognition that support will need to be provided to some groups who would not have the capacity or skill to deal with such a bid. While this is a commonly used approach in funding bids, it is unclear if this will adversely affect disadvantaged areas that may find it harder to fundraise.

## Towns Fund

The Towns Fund, with funding of £3.6bn, was announced in July 2019 and is composed of three separate strands:

- Future High Streets Fund – funding is distributed to towns in England and allocated following a bidding process.
- Towns Fund – 101 towns in England were selected to develop "town deals" and bid for up to £25m.
- Town Deals – towns not selected as one of the initial 101 towns are invited to bid.

This fund is administered through MHCLG using a gateway process where an investment plan is initially required. If successful, a more detailed business plan and assurance process is then submitted prior to funding being granted.

The Towns Fund has shone a light upon the complexity of grant allocation involving not just bidding but also criteria-based assessment. The criteria have been subject to a National Audit Office (NAO)<sup>4</sup> report, and there has been a public debate around the allocation of funds and the extent of ministerial influence on the outcomes.

<sup>3</sup> [UK Community Renewal Fund: prospectus 2021/22](#) (MHCLG, 2021).

<sup>4</sup> [Review of the Town Deals selection process](#) (NAO, 2020).



## UK Infrastructure Bank

Launched on 17 June 2021, the UK Infrastructure Bank (UKIB) has two core objectives: to help tackle climate change by meeting the UK's 2050 net zero emissions targets and to support regional and local economic growth "through better connectedness, opportunities for new jobs and higher levels of productivity".<sup>5</sup>

The Bank has a financial capacity of £22bn, comprised of £12bn in capital and £10bn in government guarantees. £4bn of the Bank's capital has been earmarked for local authority lending, with the other £8bn for private sector projects. UKIB is to draw capital from the Treasury and will be able to borrow from private markets, while also growing through the recycling and retention of returns on investments.

The Bank's design document states that it will actively engage with local authorities and confirmed "lending to local authorities across the UK will play a central role in meeting the Bank's objectives".<sup>6</sup> It will also provide advisory services and support to local authorities and other project sponsors on developing and financing projects. This will be useful, as funding will require a case-by-case assessment of individual project merits.

Reflecting on the current local authority discussion around Public Works Loan Board (PWLB) borrowing and the use of funds for regeneration, it might be helpful for the sector if the UKIB is aware of the debate.

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5 **Policy design** (HM Treasury UK Infrastructure Bank, 2021).

6 **Policy design** (HM Treasury UK Infrastructure Bank, 2021).

PART 3

Opportunities and  
challenges for  
local government

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### 1. Levelling up and parliamentary power

The government has committed itself financially to a manifesto agenda that has already contributed to helping it achieve successful election results in parts of the country that were previously unimaginable.

Successful results in the Hartlepool by-election and holding onto the Tees Valley and West Midlands mayoral posts have been attributed in part to levelling up, with the Prime Minister saying:

*“These election results are an instruction to us to keep our focus on what matters – more jobs and investment, better public services and levelling up opportunity in every single community across the country.”<sup>1</sup>*

Levelling up funding cannot be used as a way of influencing voters to the detriment of good decision making. Areas most in need of funding should be supported and allowed to engage with this national policy based on sound economic judgment rather than a ballot paper.

*Recommendation: that funding decisions are independent of political influence and there is increased transparency around criteria selection and funding awards.*

### 2. Growth in competitive bidding

The prevalence of the bidding process places a considerable strain on the resources of local authorities, which can in some cases result in the allocation of funding based on the successful ability of an organisation to bid rather than established need.

A virtuous circle allows councils that are skilled and capable of making bids to have a greater chance of being successful. This in turn attracts funds and skills, creating greater strength within that authority. Such “tournament funding” often undermines those authorities that have the least capacity, even though these may be the areas in greatest need.

This bidding process should not be underestimated, and the financial consequences of local authorities who fail to secure bids must be recognised. The government is aware of the challenges relating to this bidding process, and several of the funding streams offer support for bid development.

*Recommendation: that the government continues to support the development of the skills and capacity required by local authorities to develop, evidence and produce credible bids to ensure equal access to levelling up funding.*

### 3. Alignment with the existing funding landscape

Looking at the government’s ambitions around levelling up, it is interesting that while there will be money available for specific projects through levelling up, the quantum of funding for local government remains unaltered.

Chief financial officers (CFOs) will still be facing the fundamental financial challenges that have beset them for the last ten years; namely, the combination of business rates, council tax and grants are insufficient to support the demands of the sector. Council tax rises of 5% will become normal as demand rises and income sources stagnate.

While levelling up takes centre stage as a national policy with funding following each public announcement, the reform of social care, which will have a fundamental impact on the finances of local authorities, faces a delay once again. The money provided through levelling up does not alleviate any of the current local government funding problems, and in some cases will increase the burden on local authorities.

When funding runs out and Westminster moves to another policy initiative, it is possible that authorities will be left with financial liabilities that they are unable to maintain, as capital funding revenue will still be required in the longer term.

*Recommendation: that the government considers where the levelling up funding may be better aligned to local government funding considerations.*

<sup>1</sup> **PM vows there will be ‘no let-up in levelling up’ after election wins** (Evening Standard, 8 May 2021).



#### 4. Relevance of financial resilience

Councils with financial resilience and credible strategic plans will have a better opportunity to maximise levelling up funds. The ability to focus on longer-term investment activities will be restricted if local authorities are constrained by short-term financial difficulties and a fear of being unable to balance the budget in 2021/22.

Where a local government has confidence in their finances, there is a willingness and desire to support ambitious and innovative strategic objectives. Many politicians will have been elected under the banners of these visions and have a desire to serve their communities in that way. Effective and strong leadership is a vital part of the levelling up agenda and delivering on a vision is more successful when the finances underpinning that vision are sound.

Finances play an important part in the decision-making process, and one of the issues now is that local government finances in many authorities are not sustainable. CIPFA's Financial Resilience Index has identified that around 10% of councils are in a vulnerable financial state. It would be a significant policy failure if those authorities that are facing financial sustainability issues fail to engage with this policy.

*Recommendation: for the government to ensure that the levelling up funds are accessible to all local authorities and, where barriers are the result of a lack of financial resilience, to work with authorities to find a solution.*

#### 5. Clarity of outcomes to drive greater efficiency

With significant sums of money apportioned to the levelling up agenda, it is important that the public can be assured that it is being well spent and there is value for the public purse.

While there is a high-level narrative surrounding each fund, there does not appear to be a clear understanding of how success will be measured across the country. The 2020 spending review identified a series of provisional priority outcomes, but more detail would need to be made available for any credible evaluation to take place.

A greater understanding of the expected policy outcomes would also provide local authorities with more certainty when formulating bids and ensuring that national outcomes align with local priorities.

*Recommendation: that greater consideration is given to the how the government evaluates the success of the levelling up agenda and provides evidence that outcomes have been achieved.*



# Conclusion

As a significant event, the COVID-19 pandemic offers governments around the world an opportunity to rethink traditional approaches to policy making. Advanced economies such as the UK are in an especially unique position to not just “build back better” but to build back differently as well. Taking on a new, holistic perspective of the economy, society and environment, while investing for the long term, can help deliver more balanced, durable growth. Importantly, the continuity in policy frameworks, backed by greater anticipatory capacities to respond to the unexpected, can strengthen institutional memory and the policy development process.

Whitehall would do well to engage actively and early with businesses, industry sectors and local governments in devising an approach to level up the country. Coordination, collaboration and scale are the necessary but insufficient ingredients for generating more robust growth that can yield higher productivity and pay across all regions. Trade-offs exist, and it would be better for the government to confront these difficult but necessary choices by making, at times, unpopular decisions. To pretend that there will not be both winners and losers when attempting to level the playing field may ultimately erode public trust.

Calls for fiscal repair and the re-establishment of fiscal space will intensify as the economic recovery gains pace. This will invariably put pressure on household and corporate balance sheets in uneven ways. Local governments, already savaged by more than a decade of austerity measures, will become increasingly reliant on grant funding to make up the difference. By design, the competitive bidding process for the five levelling up pots discussed in this report can place smaller, less resilient councils at a disadvantage, thereby amplifying regional inequalities instead. CIPFA has previously argued for the provision of less fragmented and longer duration grants.<sup>1</sup>

There are complex factors that lead to regional differences in productivity and pay. Local growth strategies will need to consider their geography and local institutions, labour markets, capital and infrastructure and sectoral specialisation when coordinating policy responses both across and within regions. To enhance value for money, levelling up funds should prioritise places that are furthest from their productivity potential yet are the most likely to succeed.

1 [Local government grants: how effectively do they support communities?](#) (CIPFA/Capita, 2021).

# About CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the only accountancy body in the world exclusively focused on the public sector. Our aim is to be the global leader in public finance and governance in order to make a real difference to the world we live in.

Through our internationally recognised qualifications and training we support our students and members throughout their careers – helping them add value to their teams and the organisations for which they work.

In addition to our education and lifelong learning services, we also provide a range of leading advisory and consultancy services to the public sector. As a result, we can help public sector bodies develop robust financial plans – which in turn helps them make a real difference not only to their financial resilience but also to the communities they serve.



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