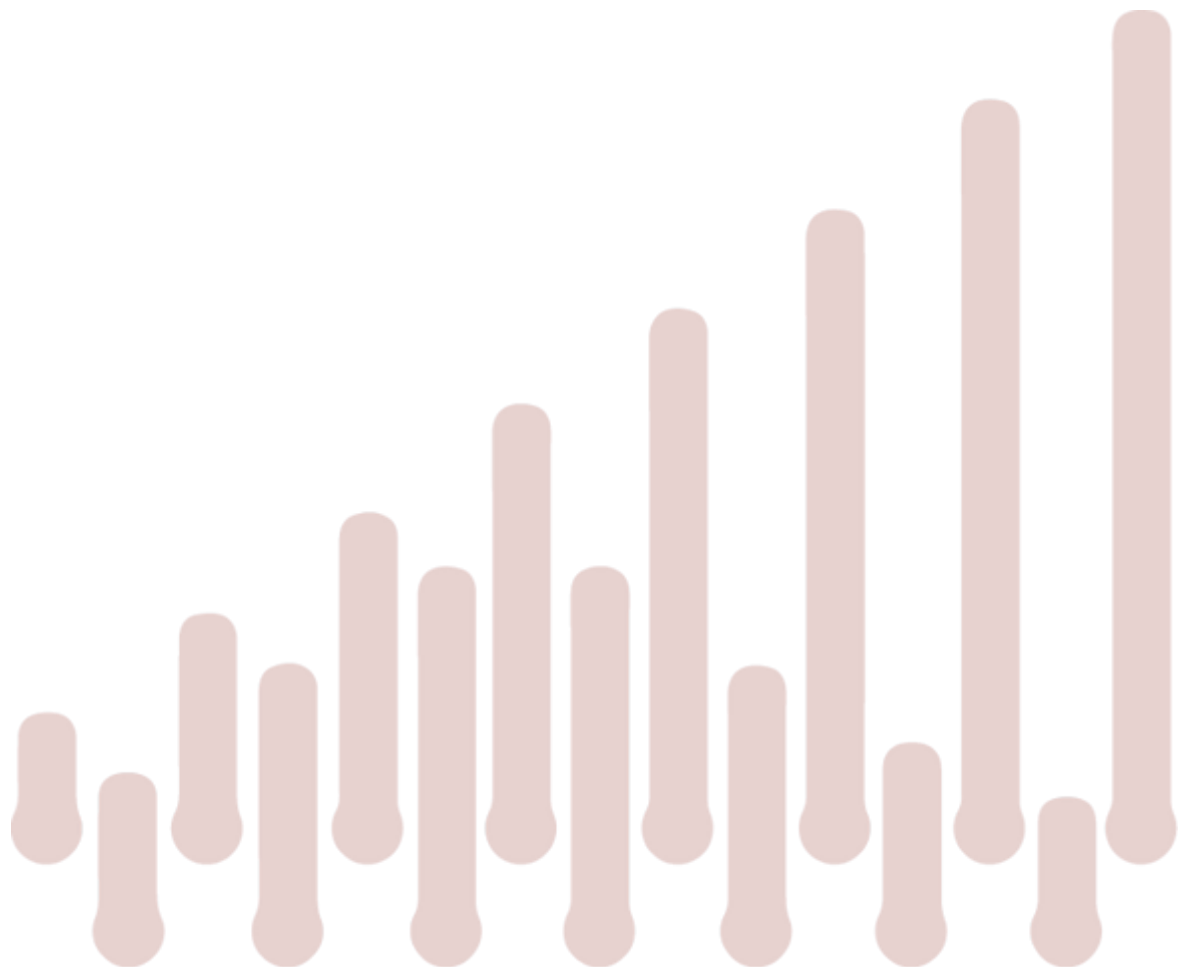


Levelling Up

Arnab Bhattacharjee, Adrian Pabst, Robyn Smith and
Tibor Szendrei

NIESR General Election Briefing

June 2024



About the National Institute of Economic and Social Research

The National Institute of Economic and Social Research is Britain's longest established independent research institute, founded in 1938. The vision of our founders was to carry out research to improve understanding of the economic and social forces that affect people's lives, and the ways in which policy can bring about change. Over eighty years later, this remains central to NIESR's ethos. We continue to apply our expertise in both quantitative and qualitative methods and our understanding of economic and social issues to current debates and to influence policy. The Institute is independent of all party-political interests.

Nuffield Foundation

We are grateful to the Nuffield Foundation for their support in funding this work. The Nuffield Foundation is an independent charitable trust with a mission to advance educational opportunity and social wellbeing. It funds research that informs social policy, primarily in education, welfare and justice. The Nuffield Foundation is the founder and co-funder of the Nuffield Council on Bioethics, the Nuffield Family Justice Observatory and the Ada Lovelace Institute.



National Institute of Economic and Social Research
2 Dean Trench St
London SW1P 3HE
T: +44 (0)20 7222 7665
E: enquiries@niesr.ac.uk
niesr.ac.uk
Registered charity no. 306083

This briefing was first published in June 2024
© National Institute of Economic and Social Research 2024

Contents

Overview	2
Key Points.....	2
What is Levelling Up?.....	3
Levelling Up Funds.....	5
Best and Worst Performing Local Authorities According to the Four Metrics	9
NVQ Level 3+ Levels	9
Healthy Life Expectancy	9
Median Gross Weekly Pay.....	10
Gross Value Added per hour Worked.....	11
Have Regional Pay Disparities Narrowed?.....	14
Have Regional Differences in Living Standards Narrowed?	16
Have Regional Differences in Productivity and Skilled Employment Narrowed?	18
Is Research and Development (R&D) Investment Being Spread More Evenly Across the United Kingdom?	22
Policy Recommendations.....	24
NIESR Work on Levelling Up.....	26
References	27

OVERVIEW

This briefing focuses on

- The Levelling Up process since the last election in December 2019.
- Policy recommendations to bring about sustained regional regeneration across the country.

KEY POINTS

- Levelling Up is about reducing regional inequalities as reflected in differences in pay, productivity, living standards and well-being.
- At the heart of the 12 Levelling Up missions set out in the 2022 White Paper is the important ambition to narrow the economic and social gap between the regions of the United Kingdom by 2030.
- Given the scale of the task and the impact of shocks such as Covid-19, progress was always going to be slow, though regions such as the North West have experienced higher pay, a larger proportion of people in skilled employment and more public investment.
- Notwithstanding the lack of available data, the combination of insufficient central government resources and the slow disbursement of relatively small pots of money has meant that there are few signs of Levelling Up.
- Disparities in living standards and productivity have either remained unchanged or widened. The gap in living standards between the London and the South East and the North East has grown, and productivity differences between the London and the South East and the West Midlands have also increased.
- Our projections of living standards and productivity suggest that unless some fundamental change occurs, there will be no substantial progress by 2030.
- To reduce regional inequalities will require much higher levels of public investment of at least 4-5 per cent of GDP per year; the next government must speed up the disbursement of Levelling Up funds according to clear economic and social criteria.
- There is also a need for institutional reform at the level of central government, combined with greater decentralisation of both decision-making powers and resources in policy areas such as skills, transport, infrastructure and housing.

What is Levelling Up?

- Levelling Up is the government's agenda to reduce regional inequalities by pursuing the following four objectives:
 1. Boosting productivity, pay, jobs and living standards by growing the private sector
 2. Spreading opportunity and improving public services
 3. Restoring a sense of community, local pride and belonging
 4. Empowering local leaders and communities
- The government's White Paper on Levelling Up published in February 2022 by the Department of Levelling Up, Housing and Communities (DLUHC, 2022a) sets out 12 missions, which link the four objectives to specific measures.
- On **objective 1**, the four missions are as follows:

Mission 1: "By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing".

Mission 2: "By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth".

Mission 3: "By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing".

Mission 4: "By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population".

- On **objective 2**, the missions are as follows:

Mission 5: “By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third”.

Mission 6: “By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.”

Mission 7: “By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.”

Mission 8: “By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.”

- On **objective 3**, the missions are as follows:

Mission 9: “By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing”.

Mission 10: “By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas”.

Mission 11: “By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas”.

- On **objective 4**, the mission is as follows:

Mission 12: “By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement”.

- Each mission has several measures to track Levelling Up. For example, progress in productivity can be captured by metrics such as Gross Value Added per hour worked, while data on Gross Median Weekly Pay give an insight into differentials in pay. For living standards, the White Paper uses Gross Disposable Household Income while for employment it uses the proportion of jobs that are low paid along with the participation rate.

- Examining the values of Levelling Up variables offers a way to assess whether there has been any progress, to what extent progress has been made and where progress has happened in the country. However, the lack of available and accessible data puts a limit on the ability to assess more thoroughly each mission with the same level of detail and accuracy.

Levelling Up Funds

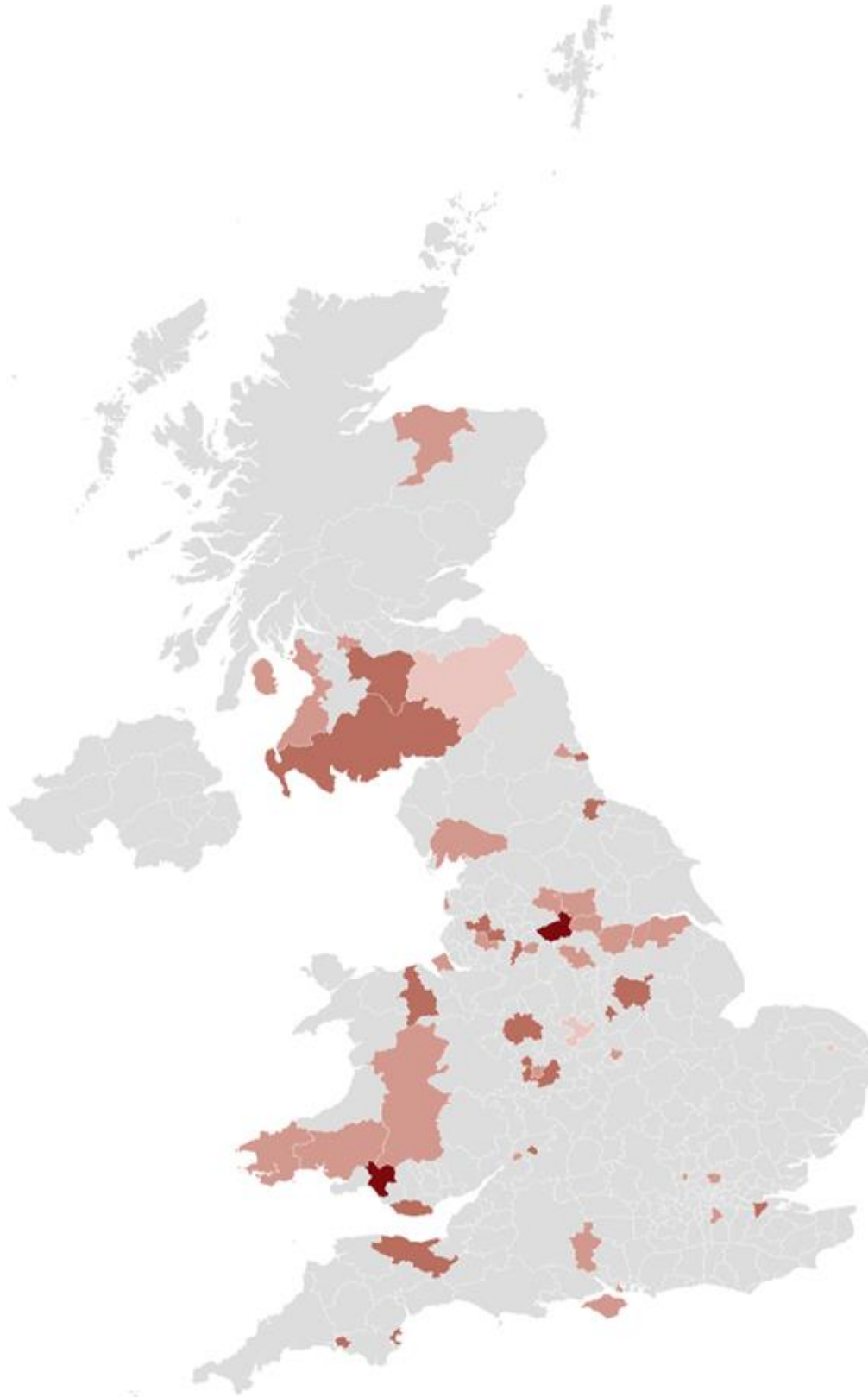
- To advance the 12 missions of the Levelling Up framework, the government put in place three different funding schemes:
 1. The Levelling Up Fund is worth £4.8 billion and its purpose is to invest in “local infrastructure that has a visible impact on people and their communities and will support economic recovery”.
 2. The Towns Fund, consisting of Town Deals and the Future High Streets Fund (England only), is worth £3.6 billion.
 3. The UK Shared Prosperity Fund (UK wide), worth £2.6 billion, was set up “to restore local pride across the UK by focusing investment on three main areas for investment: improving communities and place, people and skills, and supporting local business”.
- Taken together, these three funds are expected to allocate up to £10.47 billion to be spent during the period 2020/21 to 2025/26. As per the most recent data (December 2023), DLUHC has allocated £3.7 billion to local authorities.
- According to DLUHC (2023b), the actual payments that have been made include
 - £614 million from Round 1 and £195 million from Round 2 of the Levelling Up Fund
 - £748 million from the Future High Streets Fund
 - £1.3 billion from the Town Deals
 - £834 million from the UK Shared Prosperity Fund
- However, local authorities have only been able to spend about £1.25 billion, less than 10 per cent of the total of £10.47 billion (PAC, 2024).
- Moreover, the allocation of funding has varied depending on the round of allocation and the fund (Bhattacharjee et al., 2024):

- Round 1 of the Levelling Up funds had larger shares for the North West and Scotland, but was otherwise more evenly spread across the country.
- In Round 2 the largest concentration was in the North West.
- Round 3 went largely to Scotland, Wales and Yorkshire & the Humber.
- As reported in the House of Commons Library (2023), “the North West region of England had the highest number of successful bids across both rounds. It received 27 awards with a combined valued of £586 million, 16% of all funding awarded. Northern Ireland has received the lowest level of funding, though had the third highest number of successful bids. The average value of a successful bid in Northern Ireland was £5.7 million, compared to £17.5 million for the UK as a whole”.
- There are three fundamental problems with the disbursement of the three different Levelling Up funding streams:
 1. The sheer costs of applying for funds, which imposes a significant burden on the already stretched finances of Local Authorities.
 2. The centralised nature of allocation that is part of a “begging bowl culture” (in the words of Andy Street, the former Mayor of the West Midlands).
 3. Doubt as to whether economic and social criteria have been applied consistently: Local Authorities in some of the most deprived areas lost out while prosperous areas in the South East won funding.
- Using new allocation measures as detailed under the Funding Simplification Plan (DLUHC, 2024), the aim was to simplify the processes to reduce the costs of applying for local authorities. This is why in Round 3 the best unfunded bids from Round 2 were considered and £1 billion was allocated across the UK, except for Northern Ireland where the devolved government in Stormont and its institutions were still suspended at that time.
- Figure 1 shows the distribution of Levelling Up funds across the UK. DLUHC states that funding was targeted at places based on Levelling Up need regarding the following four measures: NVQ Level 3+ levels, Healthy Life Expectancy, Median Gross Weekly Pay and Gross Value Added per hour worked for round 3. Each local authority was scored between 0 and 1 on each metric using the min-max normalisation technique reflecting the area’s relative performance. An arithmetic average of the four normalised values is taken to yield an overall value of Levelling Up need.

- While the 'Levelling Up need' measure provides insight into the overall needs of a region, it doesn't specify which projects within the region should receive funding. Consequently, the primary focus of Round 3 has been to support regeneration and transportation projects.

Figure 1: Geographic distribution of Levelling Up Funds in Round 3

< £1.05 million £1.05 - £1.98 million £1.98 - £2.92 million £2.92 - £3.86 million > £3.86 million



Map data: © Crown copyright and database right 2022 · Created with Datawrapper

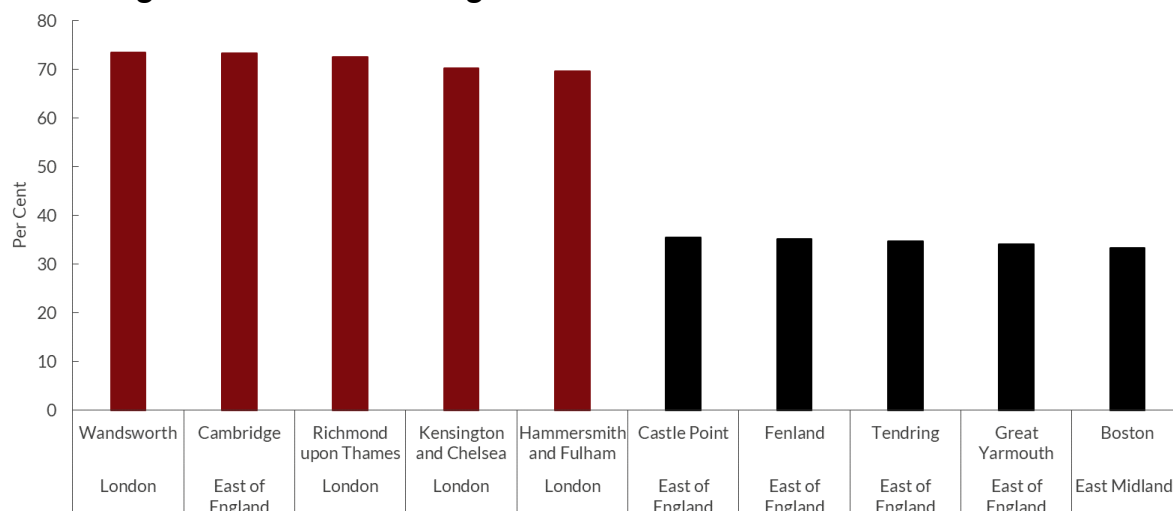
Source: DLUHC (2023b) data

Best and Worst Performing Local Authorities According to the Four Metrics

NVQ Level 3+ Levels

- The first metric is the proportion of people 16 years and older with NVQ Level 3 + qualifications. Figure 2 shows that there is a substantial difference (around 30 per cent) between the best and worst performing local authorities with respect to this variable.
- The best performing local authorities are predominantly found in London, which, along with Cambridge, has the highest concentration of skilled workers. Most notably, four of the five worst performing local authorities are in the East of England. Granular-level measurement is essential for understanding how benefits from high-scoring local authorities can transfer to their neighbouring areas (figure 2).

Figure 2: Proportion of population with qualifications NVQ Level 3+ – best and worst performing local authorities in England and Wales

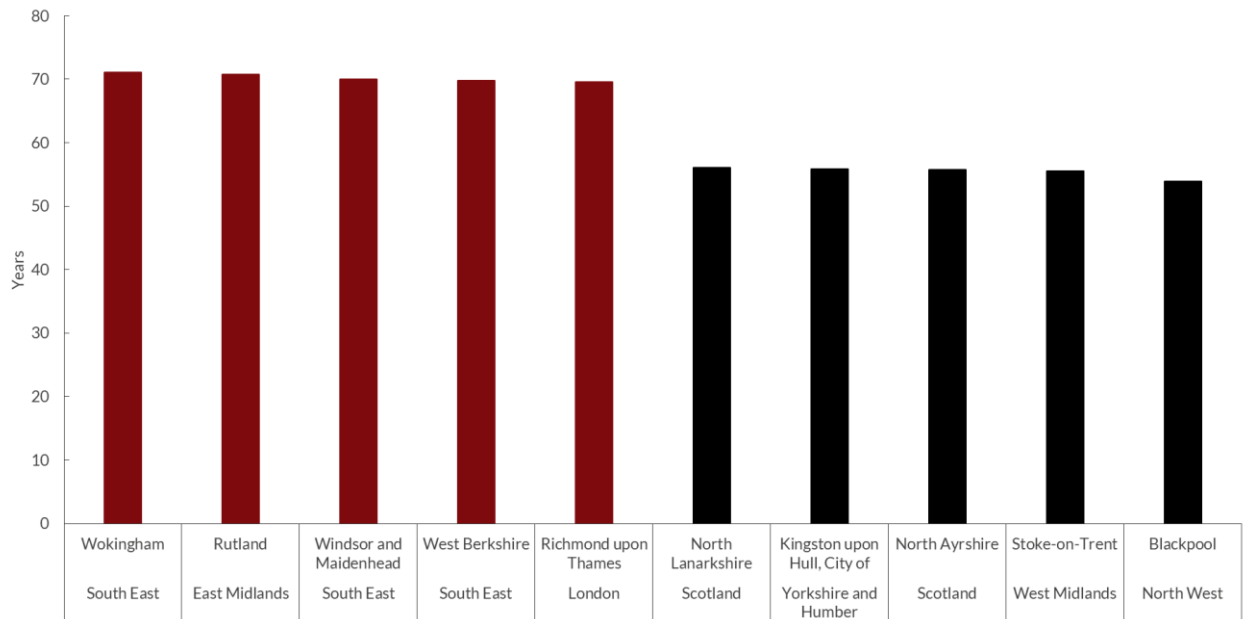


Source: ONS (2023a) data

Healthy Life Expectancy

- There is around 15 years difference for Healthy Life Expectancy between the top performing and the worst performing local authorities. The majority of the best performing local authorities are concentrated in the South East of England, while the worst performing regions are spread out across the country (figure 3).

Figure 3: Healthy Life Expectancy in 2018-20 – best and worst performing local authorities in the United Kingdom

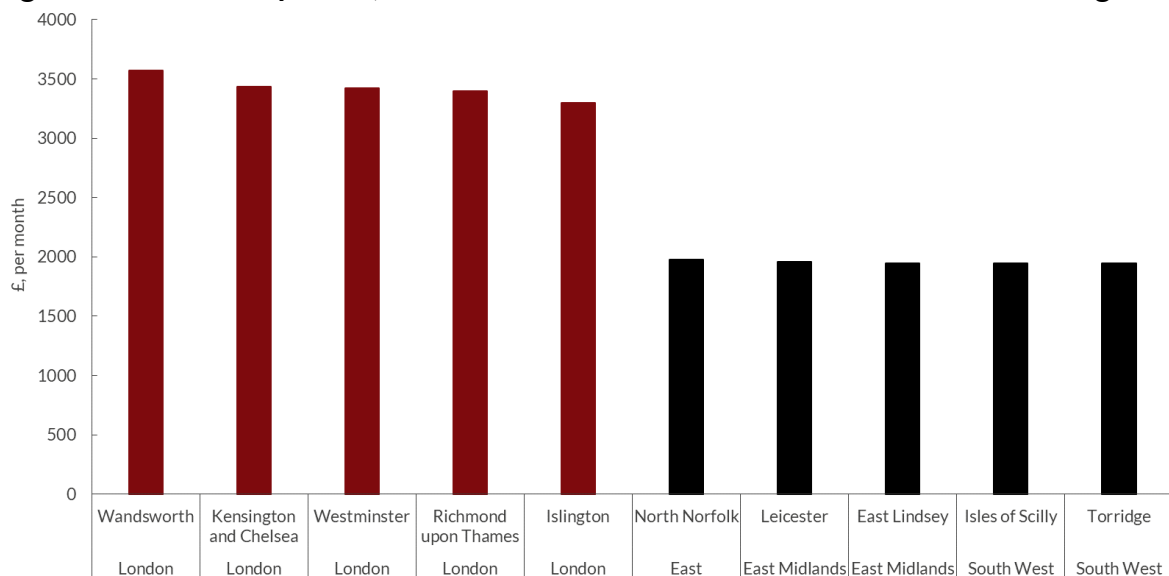


Note: 2018-20 is the latest local authority data
Source: ONS (2024a) data

Median Gross Weekly Pay

- For median gross weekly pay in 2024, the five best performing local authorities are concentrated in London, whereas the five worst performing local authorities are split between the East Midlands and the South West (figure 4).

Figure 4: Median Pay 2024, best and worst Local Authorities in the United Kingdom

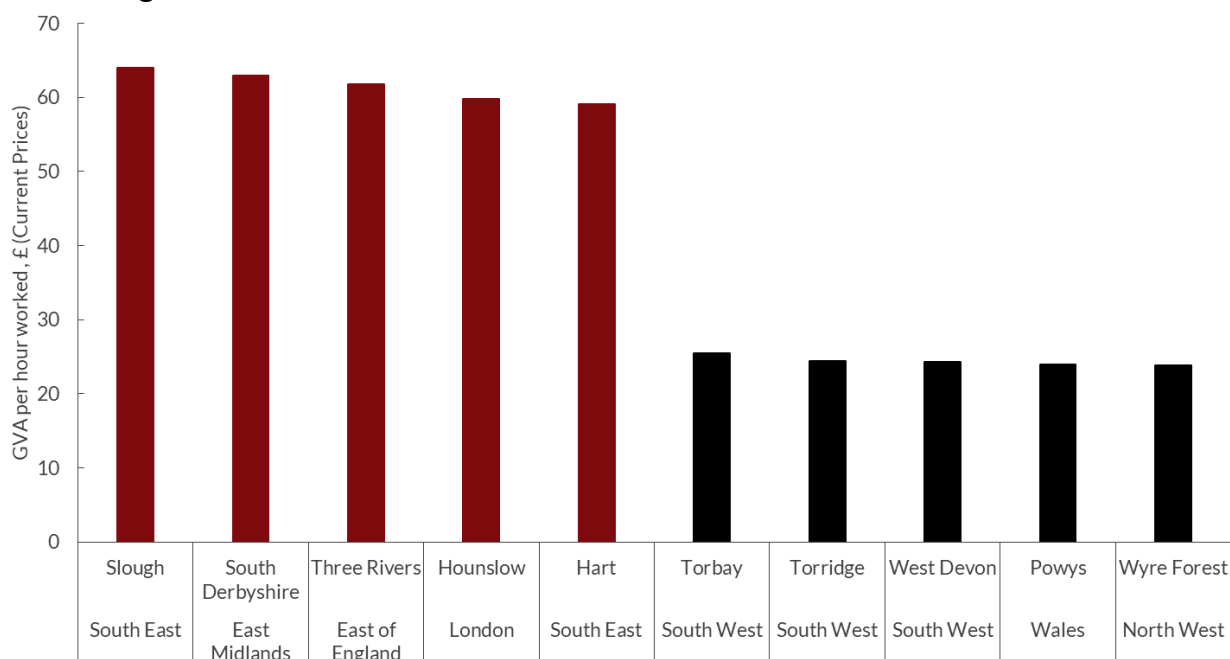


Source: ONS (2024b) data

Gross Value Added per hour Worked

- In terms of productivity, measured as GVA per hour worked, there is a distinct gap between the best and worst performing places, with the top performing local authorities almost two times more productive than their underperforming peers (figure 5).
- Local authorities in the South West dominate the bottom five performing local authorities. This suggests that a key issue of the South West is concentrations of low productive jobs such as jobs in hospitality and tourism (figure 5).
- As shown below, our projections show that disparities in regional productivity will widen rather than narrow, with a greater gap between London and the South East and parts of the Midlands.

Figure 5: GVA per hour worked 2021, best and worst performing local authorities in United Kingdom.



Source: ONS (2023b) data

- Viewing each metric separately and looking at the best and worst performing local authorities reveals the difference between the four variables. Combining them can inadvertently obscure areas that could be targeted by Levelling Up projects.
- Table 1 shows the worst performing local authorities for each of the four metrics and the subsequent successful bids to the Levelling Up Fund (Round 1-3). The bids are very loosely related to the Levelling Up framework and do not address the entrenched differences between the best and worst performing measure.

- The Levelling Up framework as outlined in the technical annex lists the variables for each mission (DLUHC, 2022b). Although there is a tension between means and ends for each mission, the measures (when the data is publicly available at granular levels) give a comprehensive insight into the progress made by each local authority. This framework has the potential to inform future project themes.

Table 1: Overview of the worst five performing local authorities for the four measures and their successful bids (Levelling up Fund Round 1-3)

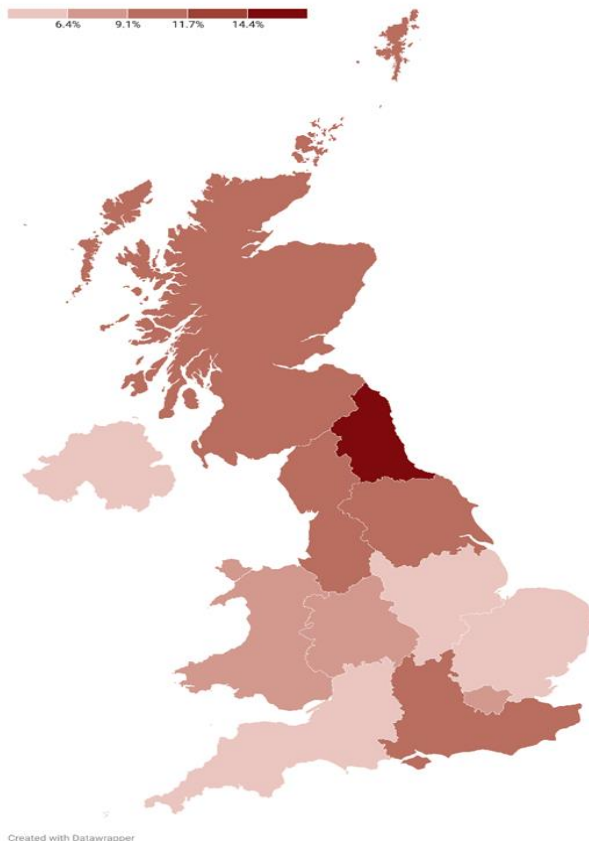
Measure	Bottom five local authorities			Total Amount (£, millions)	Names of Successful Bids (Value of bid)
Proportion of 16 and over with NVQ Level 3+ Qualifications (per Cent)	Boston	33.3	East Midlands	14.9	The Rosegarth Square Masterplan (£14.9 million)
	Great Yarmouth	34.2	East of England	20	Great Yarmouth Riverside Gateway (£20 million)
	Tendring	34.7	East of England	19.9	Clacton Civic Quarter (£19.9m)
	Fenland	35.2	East of England		
	Castle Point	35.5	East of England		
Healthy Life Expectancy (Years)	Blackpool	53.89	North West	55.2	Multiversity (£40m); Blackpool Town Centre Access Scheme (TCAS) - regeneration focused transport investment (15.2 m)
	Stoke-on-Trent	55.535	West Midlands	56	The Goods Yard, Station Masterplan (£16m); The Town Centres Heritage (£20m); City Centre Regeneration Area (£20m);
	North Ayrshire	55.73	Scotland	61.2	Levelling Up For Ayrshire: Commercial and Low Carbon Infrastructure (£37.5m); Infrastructure Improvements on B714 (Transport Infrastructure Improvement Project) (£23.7m)
	Kingston upon Hull, City of	55.88	Yorkshire and Humber	19.5	MatrixAlbionCitycentre (£19.5 m)
	North Lanarkshire	56.025	Scotland	9.2	Delivering on Cumbernauld's Town Vision (£9.2m)
Median Pay (£, monthly)	Torridge	1944.5	South West	15.6	Appledore Clean Maritime Innovation Centre (£15.6 m)
	Isles of Scilly	1948	South West	48.4	Scilly Sea Links (£48.4 million)
	East Lindsey	1948	East Midlands	8	Lincolnshire Wolds Culture and Heritage Programme (£8m)
	Leicester	1960.5	East Midlands	57.6	Connecting St Margaret's (£12.2m);Pilot House, Leicester (Heritage Buildings Refurbishment) (£8.6m); Pioneer Park Workspace; Ian Marlow Centre Redevelopment; Abbey Court Redevelopment (£19.4 m); Leicester Station Gateway (£17.6 m)
	North Norfolk	1979.5	East		
GVA per hour worked (£, current prices)	Wyre Forest	23.8	North West	17.9	Kidderminster Town Hall, Piano Building and Towpath (Regeneration),£17.9m
	Powys	24	Wales	40.1	Promoting recreational tourism in Powys through transport investment (£17.7m);Montgomery Canal Restoration(£15.5m);Brecon & Radnorshire Strategic Town Centre Investment (£6.9m);
	West Devon	24.3	South West	13.5	West Devon Transport Hub (£13.5m)
	Torridge	24.4	South West	15.6	Appledore Clean Maritime Innovation Centre (£15.6 m)
	Torbay	25.5	South West	20	Brixham Fish and Hi Tech Chips (£20 m)

Source: DLUHC (2021), DLUHC (2023a), DLUHC (2023b) data

Have Regional Pay Disparities Narrowed?

- A central part of Mission 1 is to close the gap in pay between the top performing areas of the country, notably London and the South-East, and poorer regions such as parts of the North East.
- Overall regional pay disparities remain unchanged, with some notable exceptions.
- Figure 6 shows the regional distribution of year-on-year growth in weekly gross pay for the 10th percentile, which captures poor workers in the different regions. In 2023, low-wage workers in the North East experienced the largest year-on-year growth compared to the other regions, with a 17.1 per cent increase compared to 2022 weekly gross earnings.
- By contrast, similar workers in Wales, the East of England, the East Midlands and the South West experienced an increase of less than 6.4 per cent. This shows not just a high degree of inter-regional variation but also an uneven pattern of Levelling Up: while some regions like the North East are catching up, others are either stagnating or falling further behind the top performing areas in London and the South East.

Figure 6: Weekly Gross Pay Year-on-Year Growth for the 10th Percentile (2022-23) by English Region and Devolved Nation



Created with Datawrapper

Source: Bhattacharjee et al. (2024a)

- Figure 7 shows the year-on-year growth of weekly pay for the median wage worker across the devolved nations of the UK and English regions. The median percentile in Scotland experienced the highest year on year growth, which was around 11.3 per cent. By contrast, the median percentile in London experienced the lowest year on year growth (4.2 per cent).
- As growth in wages have started slowing down and in the face of large distributional outcomes, it remains important to continuously track socio-economic outcomes of the working families across different regions of the country – both the poor and the median wage earners.

Figure 7: Weekly Gross Pay Year on Year Growth for the Median Percentile (2022-23) by UK Devolved Nation and English Region



Source: Bhattacharjee et al. (2024a)

Have Regional Differences in Living Standards Narrowed?

- A key part of Mission 1 is to boost the living standards in poorer places and narrow the gap with top performing areas of the country, notably London and the South East, but also prosperous pockets elsewhere.
- Overall, the living standards in poorer parts of the country have fallen by more than in more affluent areas of the United Kingdom.
- Living standards – as defined by equivalised household real disposable income (eHRDI) which accounts for household composition and housing costs – have not just fallen by some 7 per cent on average since 2019 (see the [NIESR GE briefing on Living Standards](#)) but there are also spatial (and distributional) differences (Bhattacharjee et al, 2024b).
- In 2019/20, the gap in living standards between London and the North East was approximately £4,600 per household on average. By 2023/24, that gap was about £7,300 (table 2).
- For the same period (2019/20-2023/24), the gap between London and the North West has widened from about £2,900 to £5,400, the gap between London and the West Midlands from about £4,400 to £7,000, and the gap between London and Yorkshire & the Humber from about £2,000 to £6,000 (table 2).
-
- By contrast, the gap between London and the North West and between London and Yorkshire & the Humber narrowed significantly between 2010/11 and 2019/20 (table 2).

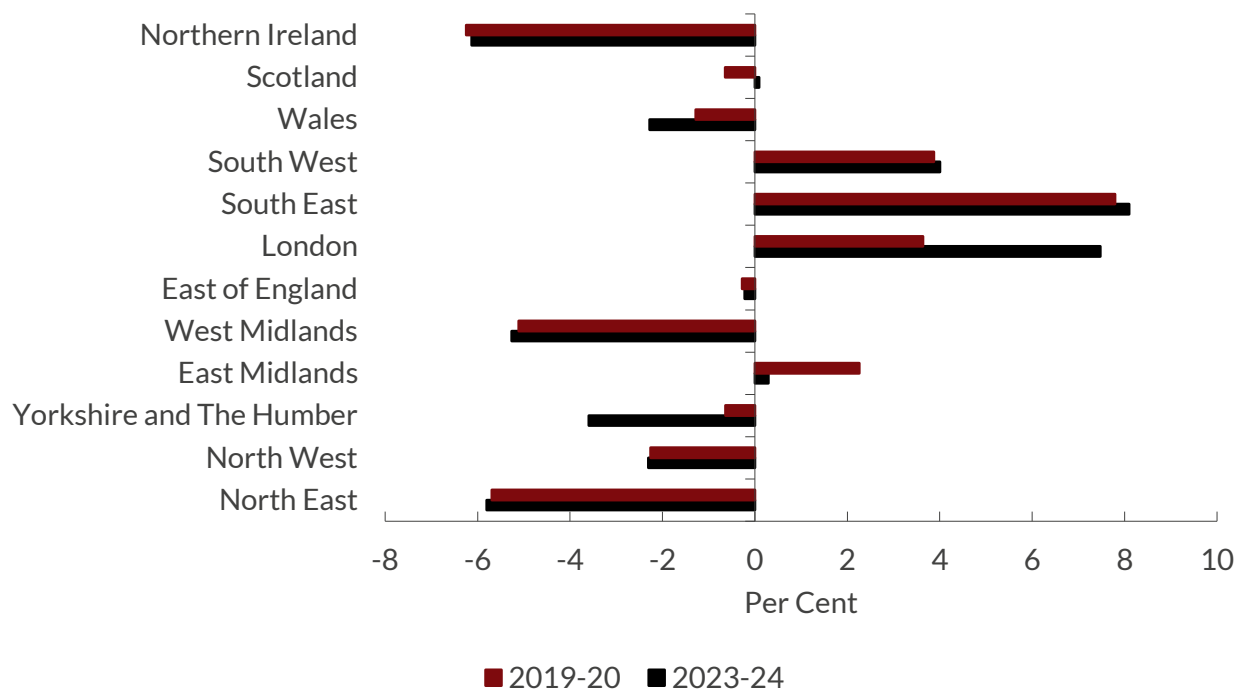
Table 2: Equivalised Household Disposable Income – Percentage Deviation from UK average in 2010/11, 2019/20 and 2023/24

equivalised HH disposable income (deviation from UK average)	2010-11		2019-20		2023-24	
	percent	nominal (£)	percent	nominal (£)	percent	nominal (£)
North East	-9.0%	-£2,493	-5.7%	-£2,791	-5.8%	-£3,192
North West	-10.9%	-£3,011	-2.3%	-£1,106	-2.3%	-£1,269
Yorkshire and The Humber	-9.5%	-£2,618	-0.6%	-£310	-3.6%	-£1,975
East Midlands	-7.4%	-£2,040	2.3%	£1,109	0.3%	£159
West Midlands	-7.5%	-£2,061	-5.1%	-£2,502	-5.3%	-£2,894
East of England	0.0%	-£4	-0.3%	-£135	-0.2%	-£122
London	19.4%	£5,343	3.6%	£1,783	7.5%	£4,111
South East	8.2%	£2,273	7.8%	£3,819	8.1%	£4,453
South West	-3.2%	-£890	3.9%	£1,899	4.0%	£2,201
Wales	-11.4%	-£3,128	-1.3%	-£628	-2.3%	-£1,254
Scotland	-2.2%	-£609	-0.6%	-£314	0.1%	£51
Northern Ireland	-13.4%	-£3,696	-6.2%	-£3,059	-6.1%	-£3,372
UK (average)		£26,572		£49,000		£55,008

Source: ONS data, LINDA and NiReMS calculations

- The two devolved nations where living standards have fallen behind those in London since 2019 are Wales and Northern Ireland.
- Figure 8 provides a visualisation of the growing gaps in living standards.

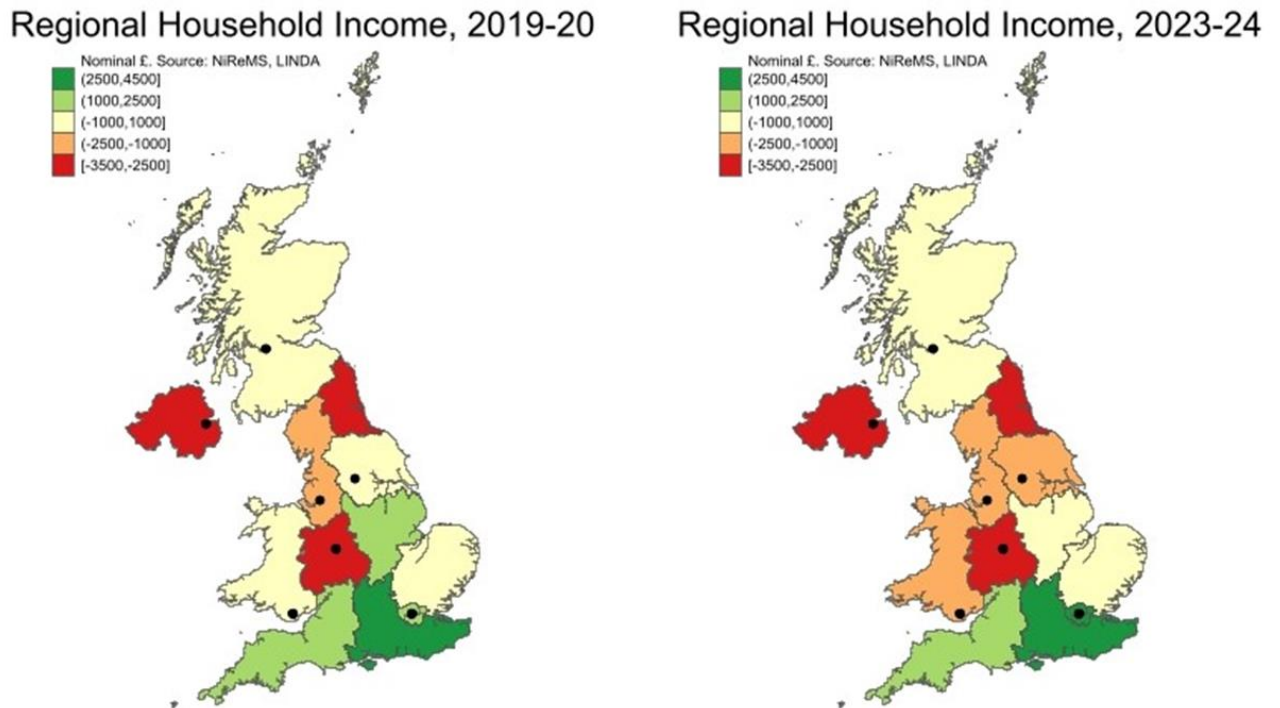
Figure 8: Equivalised Household Disposable Income – Percentage Deviation from UK average in 2019-20 and 2023-24



Source: ONS data, LINDA and NiReMS calculations

- The widening disparities in living standards since 2019 can also be seen in Figure 9.
- Our projections show that the living standards of the poorest 20 per cent of the population who are concentrated in some of the most economically and socially deprived areas of the county will not return to pre-pandemic levels before April 2028 (see the [NIESR GE briefing on Living Standards](#)).

Figure 9: Regional Equivalised Real Household Disposable Income, relative to UK average (nominal £), 2019/20 and 2023/24

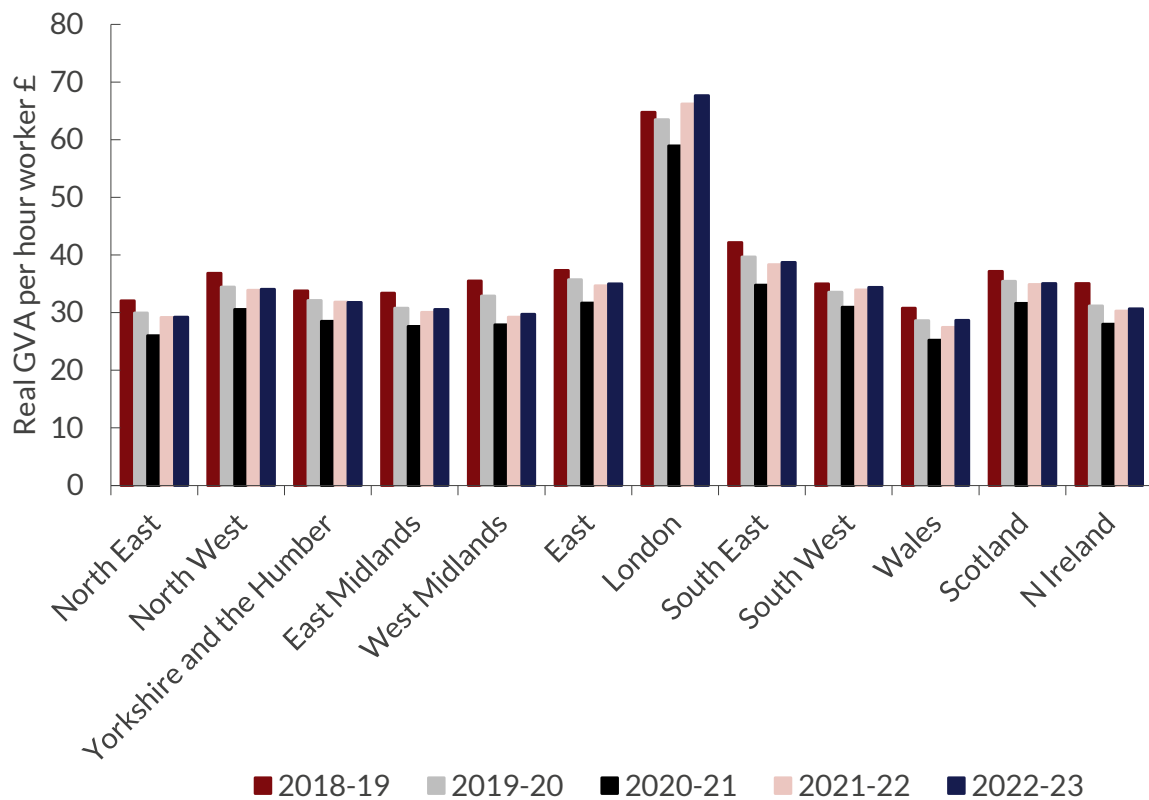


Source: ONS data, NiReMS calculations

Have Regional Differences in Productivity and Skilled Employment Narrowed?

- Regional differences in UK productivity, measured by Gross Value Added per hour worked, have been a persistent issue for the UK economy (figure 10 and [see NIESR GE briefing on Productivity](#)) with London continuing to significantly pull ahead from the other English regions and devolved nations (Bhattacharjee, A. et al., 2024c).

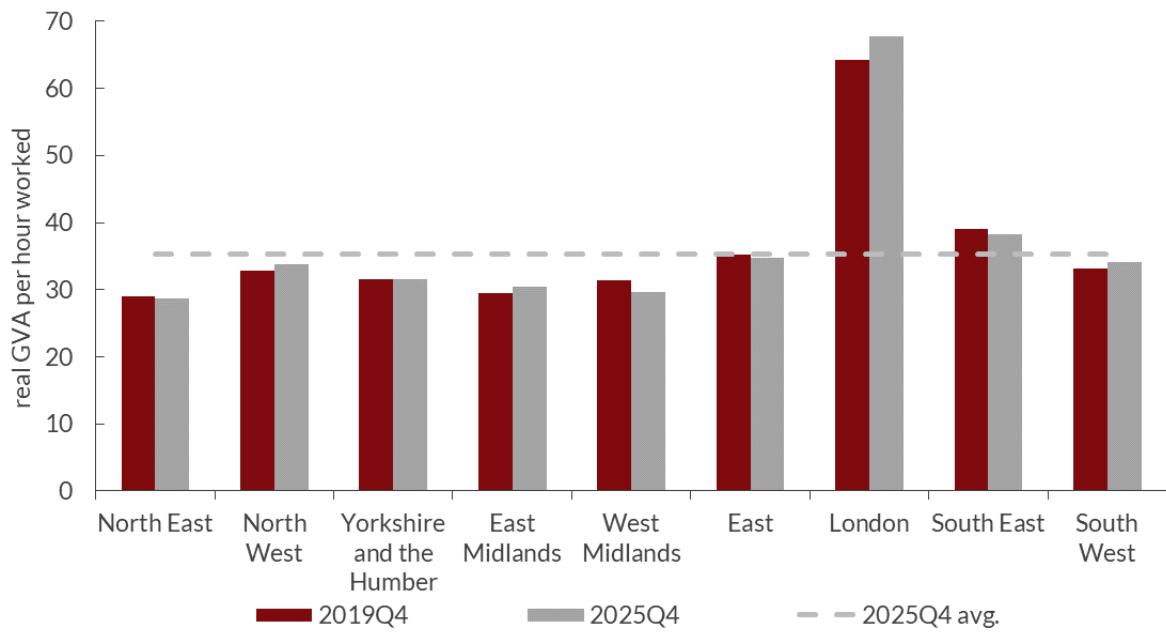
Figure 10: Productivity across the Devolved Nations and English Regions (2018-2023)



Source: ONS data

- Productivity differences across some of the English regions are widening (figure 11), notably between London, where economic output per hour worked is projected to grow from 68 to 70, and the West Midlands, where it is projected to fall from 32 to 30 (figure 11).

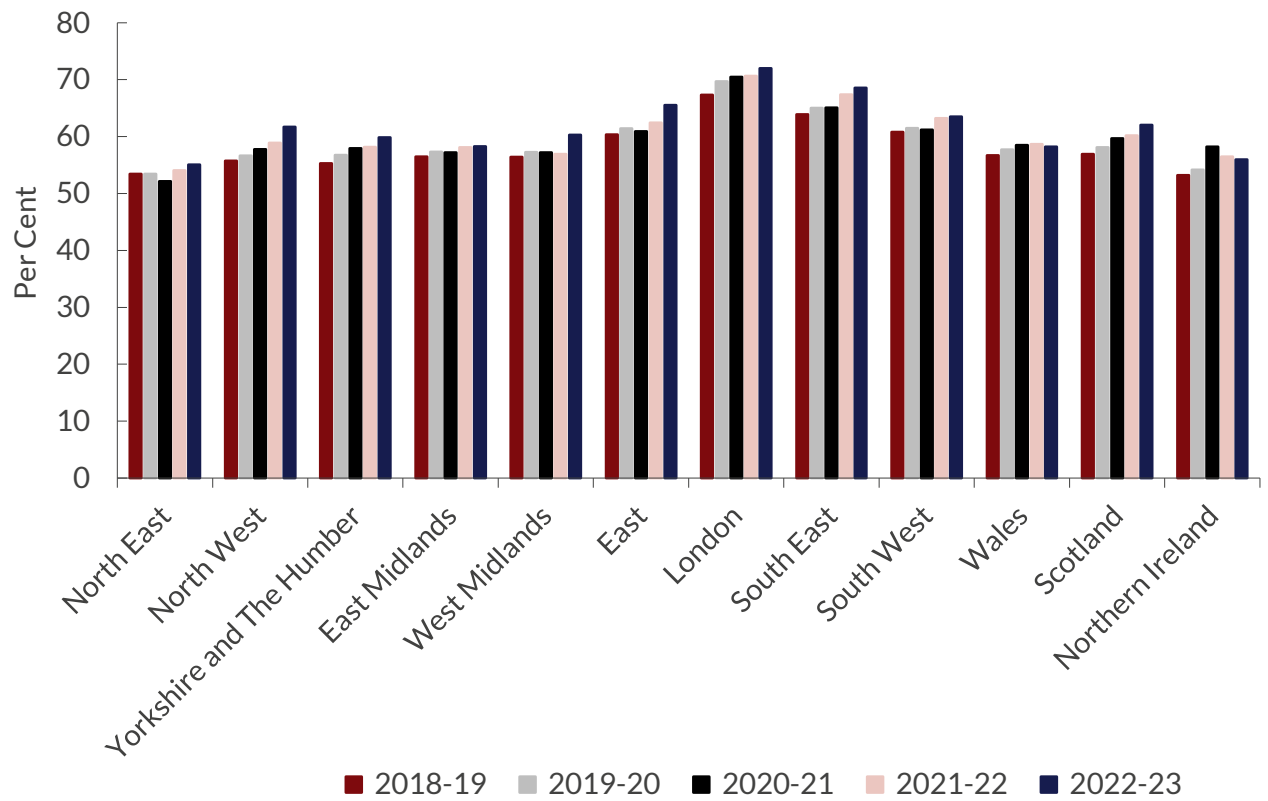
Figure 11: Productivity Projections in the English regions



Source: NiReMS projections

- There has been some progress to get people in skilled employment, with the proportion rising not only in London but also in other parts such as the North West, Yorkshire and the Humber and Scotland, which led to narrowing the gap with London and the South East (figure 12)

Figure 12: Proportion of employed people in skilled employment (SOC 1-3,5) from 2018 to 2023

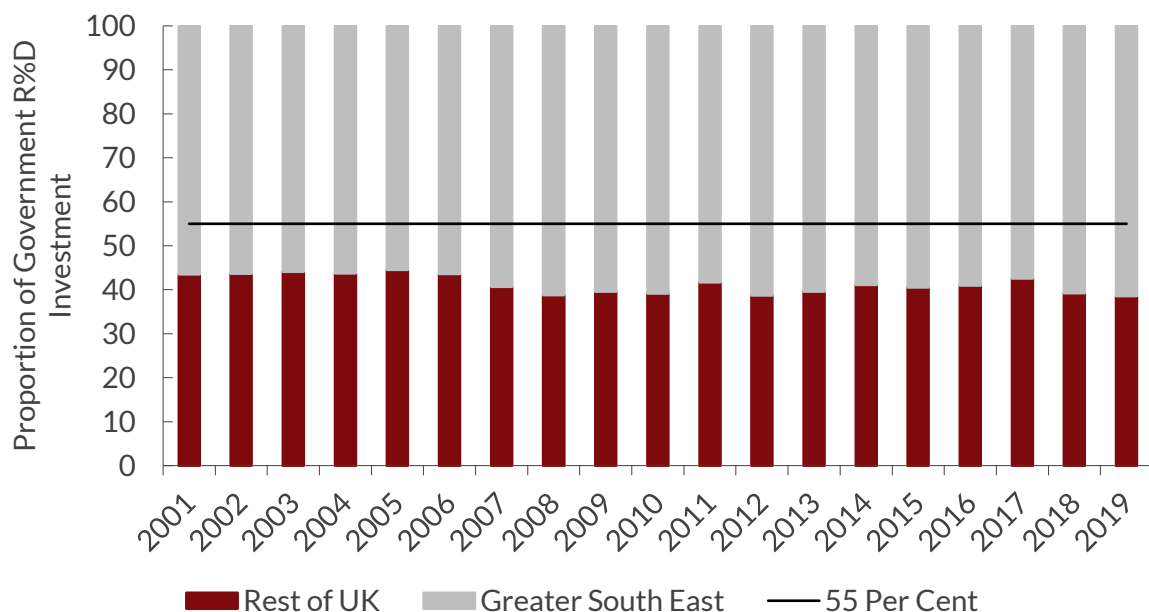


Source: LFS, NIESR Calculations

Is Research and Development (R&D) Investment Being Spread More Evenly Across the United Kingdom?

- The Levelling Up White Paper (DLUHC, 2022a) states that the government’s aim is “to invest at least 55% of its total domestic R&D funding outside the Greater South East by 2024-25”. As Figures 13 and 14 show, the bulk of R&D in the 15 years or so leading up to 2019 was invested in London and the South East.
- Figure 13 shows that the rest of the UK regions would require an increase of approximately 10 per cent in current spending to reach 55 per cent of R&D investment.

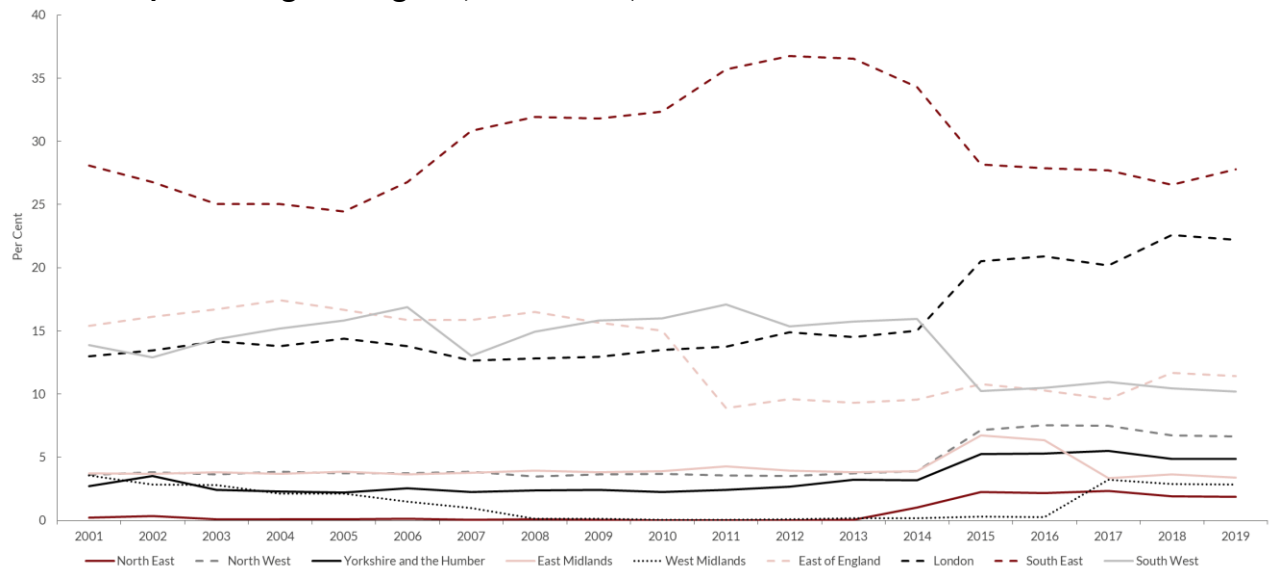
Figure 13: Proportion of Government Research and Development Investment received by Greater Southeast relative to the rest of the UK (2004-2019)



Source: ONS (2021) data, NIESR calculations

- Figure 14 shows the distribution of Government spending by English Region from 2004 to 2019. This raises doubts whether an additional 10 per cent allocation spread among the six English Regions and three devolved nations would make a significant difference.
- The figure clearly shows that there is a distinct distribution amongst the English regions in terms of the proportion of Government R&D investment that has been apparent since 2004. For Levelling Up to happen it needs to account for the pre-existing regional disparities which will need a long-term and likely region-specific solution to bring lagging regions to the forefront of the UK economy.

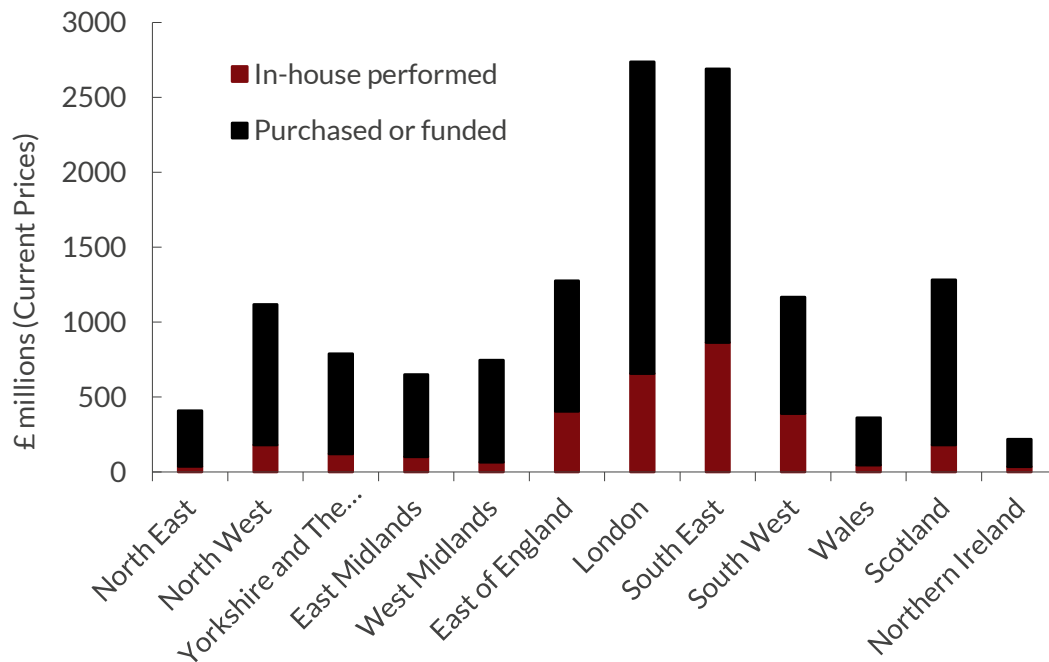
Figure 14: Proportion of Government Research and Development Investment received by each English Region (2004-2019)



Source: ONS (2021) data

- Since 2019, one of the few measures available is the experimental UK public-funded gross regional capital and non-capital expenditure on R&D in 2021, shown in figure 15. This follows a similar profile to that of figure 14, highlighting the entrenched disparities in investment in R&D.

Figure 15: Experimental UK public-funded gross regional capital and non-capital expenditure on R&D: financial year ending 2021



Source: ONS (2023c)

Policy Recommendations

- Improve the Levelling Up framework as outlined in the White Paper by making the following amendments:
 - Within each mission there needs to be a clearer distinction between the means and the ends. For example, projects that increase investment in R&D (Mission 2) can lead to improvement in the productivity of the region (metric GVA per hour worked in Mission 1).
 - There is currently limited overlap between the six capitals (potentially seven when natural capital is included) and the 12 missions. In the technical annex of the White Paper, the six capitals are loosely mapped to each mission but not to each metric. Having a clearer understanding of how measurements of the six (or seven) capitals link to each mission will help to distinguish means and ends.
 - Not all the measures listed on the White Paper are publicly available at a granular level. These datasets need to be made available to leverage this framework.
- The Levelling Up Fund needs to be restructured. In its current state, local authorities are spending large amounts of resources on a competitive bidding process for relatively small pots of money.
 - The Levelling Up Fund process of choosing successful bids needs to be transparent and uniform across each funding round.
 - The themes of the Levelling Up fund should match the Levelling Up White Paper. In order to fully utilise the Levelling Up framework, these need to match the missions or objectives. This will enable bids to support the policy areas that the worst performing areas should focus on the most. This will also help to inform the disbursement process, as using the existing metrics alongside other evaluation metrics will make it easier to allocate funds.
 - The Levelling Up Fund needs to have larger resources or more focus on local authorities working together to go for higher value bids to tackle the pre-existing regional differences.
- Addressing entrenched regional disparities should remain one of the top priorities for the incoming government. However, this needs to be viewed as a long-term investment rather than an issue that will be fixed by 2030.
- To enact substantial change, the government has to address the significant disparities in public investment, designing and delivering public investment

projects that unlock business investment, such as transport connectivity, skills and housing.

- Levelling Up in the UK needs to be a cross-departmental goal. For example, missions 5 and 6 which focus on education and skills would vastly benefit from the input of the Department of Education.
- To shift the perception that Levelling Up entails bringing London down to the level of the other UK regions, more thought needs to be given to addressing significant economic and social differences within each region. For example, after housing costs, 24 per cent of Londoners are people in relative low income compared to 14 per cent before housing costs (Francis-Devine, 2024).
- Productivity is one of the key drivers of the regional disparities. Possible policy solutions could be to focus upskilling efforts in places with low level qualifications, providing incentives for businesses to harness the unique skills in different areas and improve travel links between places other than London.
- Universities can play an important role in the advancement of a region. Leading universities are spread across the United Kingdom geographically, but the graduates often move elsewhere. For example, Cardiff in Wales scores high on many university rankings, but Wales has one of the smallest proportions of employed people in skilled occupations. In such areas, Levelling Up can be achieved via projects that would create opportunities for the graduates of local universities.

NIESR work on Levelling Up

Bhattacharjee, A. and Pabst, A. (2022), 'Regenerating the UK Regions', National Institute of Economic and Social Research, 28 March, <https://www.niesr.ac.uk/blog/regenerating-uk-regions-insights-new-economic-geography>

Bhattacharjee, A. and Pabst, A. (2023), 'What's Happening to Levelling Up?', National Institute of Economic and Social Research, 2 October, <https://www.niesr.ac.uk/blog/whats-happening-levelling>

Bhattacharjee, A., Caswell, B., Pabst, A., Smith, R. and Szendrei, T. (2024a), 'UK Regional Outlook: Winter 2024 Chapter 2', in *National Institute UK Economic Outlook – National Institute of Economic and Social Research*, February 2024, <https://www.niesr.ac.uk/wp-content/uploads/2024/02/UK-Economic-Outlook-WInter-2024.pdf>

Bhattacharjee, A., Pabst, A. and Smith, R. (2024b), 'Living Standards', National Institute of Economic and Social Research, May 2024, <https://www.niesr.ac.uk/wp-content/uploads/2024/05/NIESR-GE-Briefing-2024-Living-Standards-1.pdf>

Bhattacharjee, A., Pabst, A. and Smith, R. (2024b), 'Living Standards', National Institute of Economic and Social Research, May 2024, <https://www.niesr.ac.uk/wp-content/uploads/2024/05/NIESR-GE-Briefing-2024-Living-Standards-1.pdf>, <https://www.niesr.ac.uk/wp-content/uploads/2024/06/NIESR-GE-Briefing-2024-Productivity.pdf>

Chadha, J. and Pabst, A. (2021), 'Levelling Up or Regional Regeneration', National Institute of Economic and Social Research, 20 December, <https://www.niesr.ac.uk/blog/levelling-or-regional-regeneration>

Chadha, J. and Pabst, A. (2023), 'Where Are We With Regional Inequalities in the UK?', National Institute of Economic and Social Research, 1 November, <https://www.niesr.ac.uk/blog/where-are-we-regional-inequalities-uk>

Millard, S. and Samiri, I. (2022), 'The Geography of Skills and Productivity', National Institute of Economic and Social Research, 3 May, <https://www.niesr.ac.uk/blog/geography-skills-and-productivity>

References

Bhattacharjee, A., Caswell, B., Pabst, A., Smith, R. and Szendrei, T. (2024a), 'UK Regional Outlook: Winter 2024 Chapter 2', in *National Institute UK Economic Outlook – National Institute of Economic and Social Research*, February 2024,

<https://www.niesr.ac.uk/wp-content/uploads/2024/02/UK-Economic-Outlook-WInter-2024.pdf>

Bhattacharjee, A., Pabst, A. and Smith, R. (2024b), 'Living Standards', National Institute of Economic and Social Research, May 2024, <https://www.niesr.ac.uk/wp-content/uploads/2024/05/NIESR-GE-Briefing-2024-Living-Standards-1.pdf>,

<https://www.niesr.ac.uk/wp-content/uploads/2024/06/NIESR-GE-Briefing-2024-Productivity.pdf>

Bhattacharjee, A., Da Silva Gomes, E., Marioni, L., Pabst, A., Smith, R. and Szendrei, T. (2024c), 'NIESR General Election Briefing on Productivity', National Institute of Economic and Social Research, June 2024, <https://www.niesr.ac.uk/wp-content/uploads/2024/06/NIESR-GE-Briefing-2024-Productivity.pdf>

DLUHC (2021), 'Levelling Up Fund: first round successful bidders', Department for Levelling Up, Housing and Communities, 27 October,

<https://www.gov.uk/government/publications/levelling-up-fund-first-round-successful-bidders>

DLUHC (2022a), 'Levelling Up the United Kingdom, Department for Levelling Up, Housing and Communities', 2 February,

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052064/Levelling_Up_White_Paper_HR.pdf

DLUHC (2022b), 'Levelling Up the United Kingdom: mission and metrics Technical Annex', Department for Levelling Up, Housing and Communities, 2 February,

https://assets.publishing.service.gov.uk/media/620b772be90e0710a7b3ffca/Technical_annex_-_missions_and_metrics.pdf

DLUHC (2023a), 'Levelling Up Fund Round 2: successful bidders', 18 January,

<https://www.gov.uk/government/publications/levelling-up-fund-round-2-successful-bidders>

DLUHC (2023b), 'Levelling Up Fund Round 3: explanatory and methodology note on the decision-making process', 20 November, <https://www.gov.uk/guidance/levelling-up-fund-round-3-explanatory-and-methodology-note-on-the-decision-making-process#technical-annex-5-list-of-successful-projects>

Francis-Devine, B. (2024), 'Income Inequality in the UK', House of Commons Library, 17 April, <https://researchbriefings.files.parliament.uk/documents/CBP-7484/CBP-7484.pdf>

House of Commons Library (2023), 'Which areas have benefited from the Levelling Up Fund?', 25 January, <https://commonslibrary.parliament.uk/which-areas-have-benefited-from-the-levelling-up-fund/>

ONS (2021), 'Gross domestic expenditure on research and development, by region, UK', Office for National Statistics, 4 August, <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/datasets/ukgrossdomesticexpenditureonresearchanddevelopmentregionaltables>

ONS (2023a), 'Highest level of qualification', Office for National Statistics, 10 January, <https://www.ons.gov.uk/datasets/TS067/editions/2021/versions/1>

ONS (2023b), 'Subregional productivity: labour productivity indices by local authority district', 20 June, Office for National Statistics, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivityindicesbylocalauthoritydistrict>

ONS (2023c), 'UK public-funded gross regional capital and non-capital expenditure on research and development: financial year ending 2021', Office for National Statistics, 17 April, <https://www.ons.gov.uk/releases/ukgovernmentgrossregionalcapitalandnoncapitalexpenditureonresearchanddevelopmentexperimental2020to2021#data>

ONS (2024a), 'Health state life expectancy, all ages, UK', Office for National Statistics, 26 March, <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/datasets/healthstatelifeexpectancyallagesuk/current>

ONS (2024b), 'Earnings and employment from Pay As You Earn Real Time Information, non-seasonally adjusted', Office for National Statistics, 11 June, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/realtimeinformationstatisticsreferencetablenonseasonallyadjusted/current>

PAC (2024), 'Levelling up funding to local government: Twenty-First Report of Session 2023–24', Public Accounts Committee, 15 March, <https://committees.parliament.uk/publications/43820/documents/217384/default/>