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1. Home (<https://www.gov.uk/>)
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 3. UK economy (<https://www.gov.uk/business-and-industry/uk-economy>)
 4. UK economic growth (<https://www.gov.uk/business/uk-economic-growth>)
 5. Levelling Up Fund Round 2: Prospectus
(<https://www.gov.uk/government/publications/levelling-up-fund-round-2-prospectus>)
- Department for Levelling Up, Housing & Communities (<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities>)
 - Department for Transport (<https://www.gov.uk/government/organisations/department-for-transport>)
 - HM Treasury (<https://www.gov.uk/government/organisations/hm-treasury>)

Policy paper

Levelling Up Fund Round 2: prospectus

Published 23 March 2022

Contents

[Section 1: Fund overview](#)

[Section 2: How the Fund will operate](#)

[Section 3: the bidding process](#)



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This publication is available at <https://www.gov.uk/government/publications/levelling-up-fund-round-2-prospectus/levelling-up-fund-round-2-prospectus>

Section 1: Fund overview

Introduction

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.

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 key priority for this government.

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.

The first round of the Levelling Up Fund was announced at the 2020 Spending Review to support communities in realising this vision. Focusing on capital investment in local infrastructure, building on and consolidating prior programmes such as the Local Growth Fund and the Towns Fund, the first round of the Levelling Up Fund supported £1.7 billion of projects in over 100 local areas across all corners of the UK, delivering over £170 million of funding in Scotland, £120 million in Wales, and £49 million in Northern Ireland. Amongst other things, we are backing the regeneration of the city centre in Aberdeen, the Station Gateway in Leicester, the Tywi Valley Path in Carmarthenshire, and a Production Studio in Belfast.

Through this next round of the Levelling Up Fund, the UK government will continue to invest directly in communities across all parts of the UK. By increasing the impact of its investment, the UK government will unleash productive power and boost pride in place across every corner of England, Scotland, Wales, and Northern Ireland to support our levelling up agenda.

Levelling up is at the heart of the government's agenda to build back better after the pandemic and to deliver for citizens in every part of the UK. We recognise that levelling up requires a multi-faceted approach and the Fund is delivered as part of a broad package of complementary UK-wide interventions including: The UK Community Renewal Fund, The UK Community Ownership Fund, the Plan for Jobs, the Freeports programme, the UK Infrastructure Bank, the Towns Fund, and the UK Shared Prosperity Fund (UKSPF).

The [Levelling Up White Paper \(https://www.gov.uk/government/publications/levelling-up-the-united-kingdom\)](https://www.gov.uk/government/publications/levelling-up-the-united-kingdom) published on 2 February builds on these foundations, with a clear plan to level up every corner of the UK. It is underpinned by 12 ambitious missions over 10 years and tracked by an annual report that will monitor levelling up progress and ensure the government is held to account. Our plan will address regional disparities across the UK, reduce crime in the worst-affected areas, put more money in the pockets of those who need it most, and transform the UK economy by generating higher paid, higher skilled jobs and new investment.

This government is committed to protecting and promoting the combined strengths of the UK, building on hundreds of years of partnership and shared history. This round of the Levelling Up Fund will strengthen the Union and ensure the institutions of the UK are used in a way that benefits people in every part of our country.

The UK government's priority is to deliver effective investment in all parts of the UK, to maximise benefits for citizens. Delivering effectively for people and communities is a goal we know we share with our colleagues in the devolved administrations. By taking this strategic approach, working as one United Kingdom, we are better able to tackle challenges which the whole country faces.

To apply for investment from the second round of the Levelling Up Fund, eligible applications must submit their full bids, with all supporting documentation via the online application portal, by 12:00 noon Wednesday 6 July.

Investment themes

The second round of the Fund will focus on the same three investment themes as the first round: local 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, the Fund will look to support:

- **Transport investments** including (but not limited to) public transport, active travel, bridge repairs, bus priority, local road improvements and major structural maintenance, and accessibility improvements. We are requesting proposals for high-impact small, medium and, by exception, large local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth, and improve the safety, security and overall 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, accessible community spaces into town and city centres.
- **Cultural investment** maintaining, regenerating, or creatively repurposing existing cultural, creative, heritage and sporting assets, or creating new assets that serve those purposes including theatres, museums, galleries, production facilities, libraries, visitor attractions (and associated green spaces), sports and athletics facilities, heritage buildings and sites, and assets that support the visitor economy.

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

When submitting proposals, places will be expected to indicate which investment theme(s) the intervention is targeted toward, on a project-by-project basis. Within places' bids, they will be free to submit any combination of projects across the three investment themes (including single projects across multiple investment themes) where a split of funding across different pillars genuinely reflects local priorities and will make the highest local impact.

The exception to this rule is large transport bids (up to £50 million) and bids submitted by eligible applicants who have a 'transport-only' bid as set out in the [eligibility section](#) – these must be for at least 90% transport.

In addition, for the second round of the Fund, we are prepared to fund up to two large bids for up to £50 million under the Fund's culture and heritage investment theme. These bids must be for flagship projects and be in line with the Fund's focus on highly visible interventions that boost local pride in place. These must be for at least 90% culture.

This government's [net zero and wider environmental ambitions](https://www.gov.uk/government/publications/25-year-environment-plan) (<https://www.gov.uk/government/publications/25-year-environment-plan>) represent a key part of our commitment to building back greener – and this is particularly important with regards to capital and infrastructure projects, which have a more visible impact on our surroundings. Projects should be aligned to and support net zero goals, including those set out in the UK government's [net zero strategy](https://www.gov.uk/government/publications/net-zero-strategy) (<https://www.gov.uk/government/publications/net-zero-strategy>) and sector-specific plans such as the Heat and Buildings Strategy where relevant. For instance, projects are encouraged to demonstrate low or zero carbon best practice; adopt and support innovative clean tech and/or support the growth of green skills and sustainable supply chains.

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, as well as the resilience of any capital infrastructure project to potential hazards such as flooding. Projects may include capital infrastructure proposals that better protect against flooding and coastal erosion where they form a coherent part of a wider transport, regeneration, and/or culture and heritage bid.

The government recognises that reducing crime and delivering safe and secure towns and cities where people want to live, work and visit is essential to our levelling up mission. Where applicable, proposals should consider how they strengthen the work of councils and multi-agency partners in tackling a range of community safety issues and reducing crime.

Applicants are encouraged to include detail of how their Levelling Up Fund projects would complement other sources of funding, for example the UK Shared Prosperity Fund.

Transport

Investment in local transport networks can revitalise local economies by boosting growth, improving connectivity, and making places healthier, greener, safer, 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 and improving the safety and security of 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 are not isolated from key services.

We expect that any local road projects will also deliver or improve cycling and walking infrastructure and include bus priority measures, unless it can be shown that there is little or no need to do so. Proposals for investment in new and upgraded cycling infrastructure must meet the standards outlined in [local transport note 1/20: cycle infrastructure design](https://www.gov.uk/government/publications/cycle-infrastructure-design-ltn-120) (<https://www.gov.uk/government/publications/cycle-infrastructure-design-ltn-120>).

The first round of the Fund saw over £450 million invested in transport across the UK. From renewing links to isolated communities to reducing congestion in our cities, and from connecting residential areas with employment centres to widespread upgrades to electric vehicle charging networks, places will soon see these benefits realised.

Projects submitted for appraisal under this investment theme may include:

- investments in new or existing cycling provision
- 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, and improving their security
- accessibility improvements to local transport networks for disabled people
- enhancements and upgrades to local road networks (e.g. bypasses and junction improvements)
- structural maintenance works to local roads, including bridges;

- multi-modal proposals which combine two or more interventions to enhance transport across modes

Case Study: Bishop Auckland, Durham

£20 million from the first round of the Levelling Up Fund will reopen Whorlton Bridge, the UK's oldest suspension bridge, and the conversion of part of the attached structure into a visitor centre, re-routing of the existing A68 to a bypass road, providing structural improvements to tracks used by steam heritage trains and improved visitor parking. The project will increase visitor numbers to the cultural site and improve transport links for local people, particularly those in deprived rural communities. The area will also benefit from a 18km walking and cycling route alongside the railway, further connecting rural communities to jobs and education in Bishop Auckland and Newton Aycliffe. This proposal effectively identified health benefits, journey quality and decongestion improvements that would be achieved from the interventions.

Case Study: AMIDS South, Renfrewshire

Almost £39 million from the first round of the Levelling Up Fund will provide new, improved and high-quality links for mixed modes of transport. This will establish a comprehensive and sustainable network that links residential, educational, employment, cultural, retail and leisure centres. The Advanced Manufacturing Innovation District Scotland (AMIDS) is now one of the largest and most advanced outcomes of the Glasgow City Region deal. Building on prior investment from the UK government, Scottish Government and Renfrewshire Council, AMIDS South will help reduce carbon emissions, support growth and improve the experience of transport users across Paisley, Renfrew and Inchinnan. This proposal united local stakeholders in its urgent need to facilitate local recovery from the COVID-19 pandemic.

Regeneration

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 the COVID-19 pandemic. In addition, while some local areas have benefited from programmes such as the Towns Fund, others, such as smaller towns have not been able to access this investment.

At the 2018 Budget, the UK government published [‘Our Plan for the High Street’](https://www.gov.uk/government/publications/our-plan-for-the-high-street-budget-2018-brief) (<https://www.gov.uk/government/publications/our-plan-for-the-high-street-budget-2018-brief>), 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. In January 2022, the UK government committed to proactively identify and engage with up to 20 places in England to catalyse economic transformation, by bringing together different pots of locally-led funding, including the Levelling Up Fund, Towns Fund, and the UKSPF alongside DLUHC's £1.8 billion brownfield and infrastructure funding and private investment. This recognises the success of the regeneration pillar of the Levelling Up Fund that has already supported 51 projects to revitalise town centres, help clean growth and the

transition to net zero, provide education and support local health and environmental outcomes. 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.

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
- 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, including the addition and/or enhancement of infrastructure to help make town centres and high streets more accessible for people with disabilities

Case Study: Tower Hamlets, Whitechapel Road

£9.3 million from the first round of the Levelling Up Fund will help Tower Hamlets regenerate an area which suffers from crime and anti-social behavioural issues, significant noise and air pollution, limited evening economy and poor urban realm spaces. Whitechapel Road is a well-established commercial centre with a longstanding outdoor street market the cultural heart of the area, with a number of heritage assets. The Whitechapel Road Improvement Programme seeks to transform the Whitechapel Road area to maximise the economic growth and net zero carbon opportunities whilst making the area safer and more accessible.

The proposal demonstrated high levels of local stakeholder support and alignment with levelling up opportunities that exist to complement wider existing and planned investment in the area.

Case Study: Antrim Integrated Economic and Physical Regeneration

£1.2 million from the first round of the Levelling Up Fund for the Antrim Integrated Economic and Physical Regeneration scheme will help to drive long-term economic growth by supporting the regeneration and revitalisation of the economic and physical town centre environment. The scheme seeks to re-establish Antrim as a vibrant location for people to visit, live and work and a key destination for inward investment. This will be achieved by the development of a suburban flexible business workspace hub in a prime town centre location, riverfront boardwalk regeneration and extension to provide access to the river and the high street from the property and to Antrim Castle Gardens. Sustainable transport measures will be supported and funded as well as a unique blue/green infrastructure offer. This proposal put together a compelling case that this was a local priority and displayed good evidence of local support.

Culture and Heritage

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 visitors to bolster local businesses and institutions, and provide opportunities to grow people and communities' connections with and pride in 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 up and down the country bring people together and strengthen communities. So far, the Fund is supporting 31 places to achieve those goals.

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 cultural heritage and sense of place. These towns benefit from their cultural and civic assets both directly, from tourism and visitor revenue, and indirectly, by inspiring a sense of local pride and boosting community cohesion, making places more attractive to live and work in. Alongside towns, rural areas also often possess their own equally rich tapestry of local cultural and heritage assets.

Preserving heritage is not limited to simply attracting visitors; many town and city centres across the UK are historic and beautiful in their own right. Maintaining these assets, and protecting them from crime and anti-social behaviour, can be crucial for local business and supporting residents' pride in the places they live. The first round of the Fund exemplified this through investment in the creation of arts centres and cinemas, alongside upgrades to unique coastal attractions and improvements to valued historic sites.

Proposed investments should actively complement, rather than duplicate or compete with funding already delivering or set to deliver in a given area (such as through the High Streets Heritage Action Zones programme or the UKSPF). 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, galleries, libraries, production facilities, film/TV facilities, visitor attractions, prominent landmarks, historical buildings, sites, parks, or gardens
- protecting cultural sites from crime and anti-social behaviour
- new, upgraded, or protected community hubs, spaces or assets (and associated green spaces) e.g., village halls, community centres:
- acquiring, renovating, and refurbishing key cultural and heritage sites including hostels and historic buildings and sites, including accessibility improvements where needed
- developing local assets that support the visitor economy.

Case Study: Houghton Regis Community Wellbeing Hub

Nearly £20 million from the first round of the Levelling Up Fund, will help the area of Houghton Regis in Bedfordshire to create a new Houghton Regis Community Wellbeing Hub. The hub will feature indoor and outdoor leisure facilities, adult social care and community facilities, a café and children's play area. There will be new paths, cycleways, parking and bus drop off areas all designed to support the local community. The scheme will be complemented with beautiful landscaping and new planting, all in keeping with the area.

This development will complement the reprovision of a local secondary school and provide

amenities for the 7,000 new homes currently being developed in the local area and provide vital local social infrastructure and address deprivation in the local area, to support local regeneration. This proposal provided a compelling case that the investment will support community cohesion and create a sense of belonging for all.

Case Study: Rhondda Cynon Taf Muni Arts Centre

£5.3 million from the first round of the Levelling Up Fund will help redevelop the Muni Arts Centre, one of a number of listed buildings in Pontypridd which constitute the Town's architectural and social heritage. It will provide a high-spec cultural venue offering music, cinema and theatre, support the leisure and night-time economy and enable a wide range of arts, culture, event and community activities. Investment in the building reflects the value and significance of Pontypridd's arts and culture in the quality of the facilities provided and will be future proofed to ensure sustainability – designed to increase energy efficiency and reduce emissions.

As a demonstration of its long-term commitment to its redevelopment the council, with support from Welsh Government had invested almost £400,000 into undertaking key enabling and preparatory works to ensure the project could begin on the ground as quickly as possible. This is a key example of the UK government working with local government and the devolved administration to bring about a strategic levelling up project. The proposal also demonstrated thorough consultation with local businesses, the local community and other stakeholders as well as making a strong case for intervention in the area.

Funding and targeting approach

The Levelling Up Fund remains a competitive fund for the second round, with funding distributed to places across the UK on the basis of successful project selection. In line with the Fund's goal to bring meaningful investment to every part of the UK, over the first and second round of the Fund at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland, subject to a suitable number of high-quality bids coming forward, with potential for total funding to exceed this amount.

As in the first round, funding will be targeted towards places in England, Scotland, and Wales that are most in need of the type of investment the Fund provides, as measured by an Index of Priority Places that takes into account the following place characteristics:

- need for economic recovery and growth
- need for improved transport connectivity and
- need for regeneration

The second round of the Fund will continue to use the Index of Priority Places for places in England, Scotland, and Wales, with the Index itself updated to use the latest available datasets.

In this round, places can move up to a higher priority category, or remain in their existing one, but will **not** move down to a lower priority category. We have expanded category 1 on an exceptional basis, and for the second round only, to capture local areas whose levels of need have increased since the Fund was launched, for example due to impacts of the COVID-19 pandemic, without disadvantaging those areas that remain in longer-term need, i.e. places that were in category 1 in the first round.

Any local authorities that move up to category 1 as a result of the Index update will, in line with the first round, receive £125,000 of capacity funding to support the preparation and submission of high-quality bids for this round of the Fund. This only applies to 'new' category 1 areas that are still eligible to bid. Places that already received this funding in the first round will not receive further capacity support.

Details of both the update and the methodology underpinning the Index, as well as a list of all places' categorisation for the second round of the Fund based on the updated index can be found in the [methodology note \(https://www.gov.uk/government/publications/levelling-up-fund-round-2-updates-to-the-index-of-priority-places\)](https://www.gov.uk/government/publications/levelling-up-fund-round-2-updates-to-the-index-of-priority-places).

As for the first round of the Fund, 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' criterion by using the priority banding and Index categorisation of the lower-tier or single-tier authority where the bid is predominantly located.

Approach to Northern Ireland

As for the first round of the Fund, a different approach will be taken in Northern Ireland. All areas in Northern Ireland are eligible for funding and applicants will be able to apply directly to the UK government.

Section 2: How the Fund will operate

Delivery Model

The Fund is jointly managed by HM Treasury (HMT), the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Transport (DfT).

At the 2020 Spending Review, the UK government committed an initial £4 billion for the Levelling Up Fund for England over its lifetime, subsequently increasing the total funding to £4.8 billion across the whole of the UK with a minimum of £800 million for Scotland, Wales, and Northern Ireland. The first round of the Fund supported £1.7 billion of successful projects including over £170 million of funding in Scotland and £120 million in Wales, and £49 million in Northern Ireland.

The UK government will use the financial assistance power in the UK Internal Market (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 COVID-19 pandemic.

Where appropriate, DLUHC and DfT will seek advice from the Scottish Government, Welsh Government and Northern Ireland Executive on projects in Scotland, Wales, and Northern Ireland respectively, including on deliverability and alignment with existing provision. DLUHC and DfT will also seek to engage other government departments with relevant expertise.

This prospectus sets out the approach for the second round of the Fund, open to projects that can demonstrate spend from the Fund in the 2022-23 financial year. We would expect all funding provided from the Fund to be spent by 31 March 2025 and by 2025-26 on an exceptional basis.

Approach in England, Scotland, and Wales

As for the first round of the Fund, in England, Scotland, and Wales, funding will be delivered through local authorities. The Fund is open to all local areas with remaining bid slots. The amount of funding each area receives will be determined on a competitive basis according to the [published assessment criteria](#).

Eligibility

In England, Scotland, and Wales, the institutions that are eligible to apply remain the same as the first round. The following institutions are eligible to bid:

- a) Unitary authorities (including metropolitan borough councils), London borough councils and district councils in two tier areas in England can submit a number of bids for any of the Fund's three investment priorities equivalent to the total number of whole and partial constituencies within their boundaries.
- b) All unitary authorities in Scotland and Wales, and unitary authorities in England with transport powers can submit a number of bids for any of the Fund's three investment priorities equivalent to the total number of whole and partial constituencies within their boundaries, and in addition can submit one further transport-only bid that **must be for at least 90% transport (by value)**.
- c) County councils with transport powers, combined authorities, mayoral combined authorities, and the Greater London Authority (GLA), can submit one transport-only bid which **must be for at least 90% transport (by value)**.

Any successful bids, including joint bids, from the first round of the Fund will be subtracted from places' bid allowances for the second round of the Fund.

Those applicants that were unsuccessful in the first round and that still have a bid allowance are eligible to re-apply with a version of their bid in this round, noting the small changes to the application, assessment, and decision-making processes for the second round.

Approach in Northern Ireland

As in the first round, we will continue to take 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. 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.

Role of local stakeholders and MPs

Applicants should consult a range of local stakeholders across the full geography of a place in developing their proposed investments for the Fund. Local stakeholders should be engaged as appropriate depending on the type of project being proposed which could include (but are not limited to): local businesses, public transport providers, community representatives, environmental representatives, public health representatives, police and emergency services and universities and further education colleges (FECs). In Scotland, Wales, and Northern Ireland, applicants should consult Members of the Scottish Parliament (MSPs), Members of the Senedd, and Members of the Legislative Assembly (MLAs) respectively as part of stakeholder engagement and support when preparing bids.

Where relevant, applicants should also consider how to involve stakeholders from harder to reach groups, for example rural communities, in formulating proposals. Applicants could, when evidencing this, also draw on past consultations, and use existing partnerships between local government, communities, and the private sector. Bids should demonstrate evidence of this stakeholder engagement and support as part of their strategic case through stakeholder letters or similar.

Alongside the stakeholder engagement and support process, in England, Scotland and Wales, Members of Parliament (MPs) will, as in the first round of the Fund, have a formal role in the bidding process to reflect their valuable local perspective. All MPs can provide formal priority support to **one**

bid using the Pro Forma of Priority Support, which will be available shortly, regardless of whether they provided formal priority support to a successful or unsuccessful bid in the first round.

Formal priority support is not a condition or a requirement for a bid to be successful. If an MP does not make it clear which bid it relates to or provides formal priority support to more than one bid, it will not be considered as formal priority support. It will instead be considered as evidence of wider stakeholder support.

An MP can provide general support to one, or more, bids as a key local stakeholder.

Section 3: the bidding process

Putting together proposals

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.

Size of bids

As for the first round, the Fund will focus investment in smaller scale, local projects that require less than £20 million of funding. However, there is scope for investing in higher value projects, by exception.

Bids for up to £50 million may be accepted by exception for large transport and large culture bids and can be submitted by any applicant. **Large transport bids must be for at least 90% transport and large culture bids must be for at least 90% culture, by value.** Applicants will wish to note that we are prepared to fund up to two large culture bids. The cost of such bids cannot exceed £50 million and, as in the first round, they will be subject to a more detailed business case process.

An applicant may submit a bid for an individual project or a package bid, consisting of up to a maximum of three projects. Package and joint 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.

We expect applicants submitting bids to consider how to spread their proposed interventions fairly and equitably within the authority boundary and across their full range of constituencies, targeting pockets of deprivation as appropriate.

Joint bids

Applicants may also wish to submit joint bids. In England, Scotland, and Wales this could include joint bids across borders in support of the Fund strengthening the Union objective.

The maximum bid size for joint bids will be determined by adding up the individual £20 million caps of each applicant allowing for larger bids to reflect larger combined geographies. In England, Scotland and Wales joint bids will count towards the maximum number of bids that each applicant involved is able to submit. For example, places with only one bid can submit either a joint bid or a solo bid, but not both.

Transport-only bids

Any 'transport-only' bids submitted by places in [groupings 'b' and 'c'](#) **must be for at least 90% transport (by value)**.

To apply for investment from the second round of the Levelling Up Fund, eligible local institutions must submit their bids using the online application portal by 12:00 noon Wednesday 6 July.

Bids supported by the Levelling Up Fund must comply with all relevant UK legislation, including relevant equalities legislation, obligations on subsidy control and for some applicants in Northern Ireland due diligence, to be eligible for funding.

In completing their application, applicants should have regard to the [Green Book](#) (<https://www.gov.uk/government/collections/the-green-book-and-accompanying-guidance-and-documents>) including Annex A2: Place Based Analysis.

We are determined to learn all the lessons we can in continuing to improve our support for local places. Given we will have an opportunity to evaluate the success of the first round before spring 2023, we are not yet committing to the timing or format of future rounds. We would therefore encourage applicants who are in a position to do so to submit bids for this round.

Gateway, assessment and decision-making

As with the first round of the Fund, assessment will focus on four criteria: characteristics of places, deliverability, strategic fit with local and Fund priorities, and the economic case in line with the published assessment framework.

There will be a three staged approach to assessment and decision making. The UK government will consider any relevant information provided in the bid proposal, as well as any publicly available data to test assertions made by applicants.

Stage 1 gateway

The first stage is a pass/fail gateway. Bids that fail the gateway criteria will not be assessed and will not be eligible to be considered for funding.

Stage 2 assessment and shortlisting

Bids that progress from the gateway stage will be assessed on each of the criteria set out in the assessment framework:

- **Characteristics of place** – As for the first round of the Fund, for England, Scotland and Wales, each local authority has been placed into category 1, 2 or 3 based on objective criteria, with category 1 representing the highest level of identified need. The [methodology note](#) (<https://www.gov.uk/government/publications/levelling-up-fund-round-2-updates-to-the-index-of-priority-places>) gives more detail on how this Index has been updated since the first round.
- **Strategic fit** – Applications should set out how the bid supports the economic, community and cultural priorities of their local area and will further the area's long-term levelling up plans, complementing national (including delivering net zero carbon emissions and improving air quality), regional and local strategies and investments. This should include recent levelling up investments (including Freeports, Towns and High Streets Funding), forthcoming UKSPF investment plans, and funding made available through the first round of the Fund. It should also include any relevant local strategies (such as local plans, local industrial strategies or local transport plans). Applicants in Scotland, Wales and Northern Ireland should clearly set out how bids align with or complement wider public service investments made available by the devolved

administrations and their agencies. As set out in the [role of local stakeholders and MPs section](#), proposed bids and constituent projects should secure the support of, and be developed following consultation with, relevant local stakeholders and partners.

- **Economic case** – Bids should demonstrate how they represent public value to society. A range of benefits will be considered in our value for money appraisal of projects, including both quantitative and qualitative benefits. 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, improved health and wellbeing, and social value to local communities.
- **Deliverability** – All bids will be assessed for evidence of robust management and delivery plans including a procurement strategy, project management (including skills and experience) governance structures, risk management, project costings, and monitoring and evaluation. Bids must also be able to demonstrate spend from the Fund in the 2022-23 financial year.

In Northern Ireland, assessment will only be based on three out of the four criteria, this is because there is no ‘characteristics of place’ score for Northern Ireland.

Stage 3 Decision-making

England, Scotland and Wales

In England, Scotland, and Wales, once bids have been assessed and moderated, and the shortlist is drawn up, Ministers will make funding decisions. In making these, 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 within, and between, individual nations and regions, and between rural and urban areas
- ensuring a fair balance of approved projects across places in need
- prioritisation of either ‘strategic fit’ or ‘deliverability’ or ‘economic case’ over the other criteria (noting this must be applied consistently to all projects)
- taking into account other investment in a local area, including investment made from the first round the Fund to encourage a spread of levelling up funds across places

Northern Ireland

In Northern Ireland, once bids have been assessed and moderated and a shortlist for Northern Ireland is drawn up, ministers will make funding decisions. In making these, 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 Northern Ireland, and between rural and urban areas
- ensuring a fair balance of approved projects across places in need
- prioritisation of either ‘strategic fit’ or ‘deliverability’ or ‘economic case’ over the other criteria (noting this must be applied consistently to all projects)

- taking into account other investment in a local area including investment made from the first round the Fund to encourage a spread of levelling up funds across places.

Monitoring and evaluation

The Levelling Up Fund provides a unique opportunity to improve our collective understanding of what types of interventions work well in addressing levelling up challenges, through programmes, individual projects, and across varying spatial scales. The development of a local growth and transport evaluation culture which promotes shared learning across the UK will be critical to this and reflects this government's greater emphasis on high-quality evaluation.

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