



Department for Levelling Up, Housing & Communities

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To the Leaders and Chief Executives of all Local
Authorities in the United Kingdom

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Dear Leaders and Chief Executives,

Levelling up the United Kingdom is at the heart of our ambition as a Government. The Chancellor has today announced a package of measures in his Budget which put power and money in the hands of our cities, towns, counties and rural and coastal areas. I write today to provide an update for local government and to highlight how this progress supports the continuing mission to level up the country and fulfil the aims of the Levelling Up White Paper.

Devolution and local economic growth institutions in England

We have concluded our negotiations with the Mayors of Greater Manchester and the West Midlands on "trailblazer" deeper devolution deals, subject to ratification. These deals mark a new chapter for English devolution and further progress in delivering our 2030 Levelling Up Mission on local leadership. They transfer more control and influence over the levers of economic growth and levelling up to local, empowered, and accountable leaders in England's second city regions.

We have agreed a trailblazing package, including a single departmental-style settlement, 10-year retention of business rates, devolution of post-19 skills funding and functions, and control of the affordable homes programme outside London for the first time ever. This will enable the mayors and local authority leaders to grow the economies of Greater Manchester and the West Midlands, for the benefit of local residents and businesses.

These deals will act as a blueprint for deepening devolution elsewhere in England. We will begin talks with other Mayoral Combined Authorities on deeper devolution this year. The Government will set out more on plans for those talks soon.

We are continuing to work with places to implement the new devolution deals signed in 2022, and to invite new areas to come forward with proposals, as we progress towards our Levelling Up mission for every area of England that wants one to have a deal by 2030.

Through this work, we will empower places to take control of their own destinies. But with power must come accountability. We have published an English Devolution Accountability Framework, which sets out clear and robust arrangements to ensure that decision-makers in areas with devolution deals are accountable to their residents and deliver value for money.

The Chancellor also today announced plans to expand the local retention of business rates to more areas in the next Parliament and will work closely with interested councils to achieve this. Though some way off, I expect this to be a welcome change and there is much work that we will now be doing to prepare for that.

Local Enterprise Partnerships (LEPs)

I know that there have been calls for clarity regarding the future of Local Enterprise Partnerships funding for some time.

The Government is committed to empowering local leadership at every opportunity. To this end, the Government intends for the functions of Local Enterprise Partnerships to be delivered

by democratically elected local leaders, where appropriate in the future. Therefore, the Government is minded to withdraw central government support for Local Enterprise Partnerships from April 2024. The Department for Levelling Up, Housing and Communities and Department for Business and Trade will now consult on these proposals, before confirming a decision. The Government will publish an updated policy position to confirm next steps by summer 2023.

Investment Zones

The Budget also provides further information on Investment Zones.

The Government has announced plans to enter discussions with places to host 12 high growth Investment Zones across the UK, each backed by £80 million over five years including generous tax incentives, bringing opportunity into areas which have traditionally underperformed economically. Investment Zones will be clustered around research institutions such as universities and will be focused on driving growth in the UK's key sectors: digital and technology, creative industries, life sciences, advanced manufacturing and green industries.

Eight places in England have been shortlisted to host Investment Zones, with the intention to agree plans with local partners by the end of the year. The eight places are those covered by: the proposed East Midlands Mayoral Combined Authority; Greater Manchester Mayoral Combined Authority; Liverpool City Region Mayoral Combined Authority; the proposed North East Mayoral Combined Authority; South Yorkshire Mayoral Combined Authority; Tees Valley Mayoral Combined Authority; West Midlands Mayoral Combined Authority and West Yorkshire Mayoral Combined Authority. An explanation of the methodology used to identify these places has been published on gov.uk.

The Government is also working closely with the devolved administrations to establish how Investment Zones in Scotland, Wales and Northern Ireland will be delivered, which will account for the four final locations.

Levelling Up Partnerships (LUPs)

Levelling Up Partnerships will bring the collective power of Government to provide bespoke place-based regeneration in an initial twenty of England's areas most in need of levelling up over 2023-24 and 2024-25.

The following 20 places will be invited to form initial Levelling Up Partnerships over 2023-24 and 2024-25: City of Kingston upon Hull, Sandwell, Mansfield, Middlesbrough, Blackburn with Darwen, Hastings, Torbay, Tendring, Stoke-on-Trent, Boston, Redcar and Cleveland, Wakefield, Oldham, Rother, Torridge, Walsall, Doncaster, South Tyneside, Rochdale, and Bassetlaw. Our starting assumption is that we will work with the largest urban area within these local authorities, unless there is a strong rationale for choosing somewhere else.

These places have been selected based on the analysis in the Levelling Up White Paper which considered places in England against four key metrics: the percentage of adults with Level 3+ qualifications; Gross Value Added (GVA) per hour worked; median gross weekly pay; and healthy life expectancy. Geographic spread has been considered to make sure regions across England benefit from the programme. The methodology used to identify the 20 places has been published on gov.uk. We want to explore delivering this programme in Scotland, Wales and Northern Ireland, and will consult with the Devolved Administrations.

Mayoral Capital Investment

To give mayors the resources they need to level up their areas, the Government has also provided a further £161 million for high-value capital regeneration projects in city regions across England, including business premises and food science facilities in Tees Valley, and unlocking investment in a research campus in the Liverpool City Region. The funding will support delivery of 32 projects, and a list of these has been published.

Capital Levelling Up Bids

Following the second round of the Levelling Up Fund (LUF), in which the full £2.1 billion LUF was awarded, the Department for Levelling Up, Housing and Communities is using unallocated departmental budgets to fund, subject to subsidy checks, three further bids which narrowly missed out. These are in Sefton, Rossendale and Stockport local authorities, and are worth just under £58 million in total. Further detail on this is outlined in the Accounting Officer Assessment for Capital Levelling Up Bids.

Capital Regeneration Projects

Since the conclusion of the Levelling Up Fund round two, the Department for Levelling Up, Housing and Communities has identified further funding to support regeneration and town centre bids that were made into the Fund. The Government is announcing grants for 16 projects that can start to spend and deliver quickly across England, worth a combined £211 million. These projects, subject to subsidy checks, are located in the following local authorities: Blackburn with Darwen, Blackpool, East Suffolk, Kirklees, London Borough of Waltham Forest, North East Lincolnshire, Northumberland, Redcar and Cleveland, Rotherham, Salford, Sandwell, Tameside, Telford and Wrekin, Tendring, Wigan and Wolverhampton. Further detail on the selection process is outlined in the Accounting Officer Assessment for Regeneration Projects.

Community Ownership Fund

To empower local people to save community assets that matter most to them, the Government has announced 30 more projects across the UK that will benefit from the Community Ownership Fund. These projects will receive a total of £7.73 million in funding, bringing the total number of assets to 98 and our overall investment to £23.9 million for neighbourhoods right across the United Kingdom. The list of successful projects has been published on GOV.uk.

Other measures

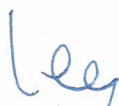
To support local authorities to continue to deliver their existing development plans and bring forward new council housing supply, HM Treasury will be offering a new preferential Public Works Loan Board borrowing rate for council housing activity through the Housing Revenue Account from June 2023.

In an extension of our support for Ukrainians fleeing the war who have arrived in the UK under the Ukraine Visa Schemes, the Government is providing £11.5 million to offer intensive English language courses and employment support to up to 10,000 individuals. This new funding is expected to boost the number of Ukrainians entering the labour market for the first time, as well as helping those already employed into higher-skilled roles.

To stimulate new housing supply and unlock development that would otherwise be stalled due to high levels of nutrient pollution, we will announce a call for evidence (CfE) from affected local authorities on nutrient neutrality credit scheme opportunities. Where high quality nutrient-credit schemes are presented, this Budget will provide investment to accelerate their delivery and unlock housing supply.

I trust that this is helpful in outlining the measures being taken to support the work of local authorities and we look forward to seeing the positive outcomes of the announcements today.

Yours ever,



LEE ROWLEY MP

