



Department for Levelling Up,
Housing & Communities

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Dear Peter & Daniel

Thank you very much for your email dated 20 October, regarding the launch of the East of England All Party Parliamentary Group (APPG) and East of England Local Government Association (EELGA) Report – *Achieving Sustainable and Inclusive Growth*.

I agree that it is important that our levelling agenda supports left behind communities no matter where they are, and I was pleased to see a range of commitments made to the East of England in the recent Spending Review. This included five successful Levelling Up Fund bids from the region, which will now see almost £87 million invested, including upgrading coastal attractions at Southend-on-Sea, building a new science lab and education space in Peterborough and building over 300 new homes and 2,000 square metres of community space in Luton. The East of England was also successful in securing funding from the Community Renewal Fund, with £19.6 million now allocated to 32 projects across the region, including funding culture-led regeneration through the film industry in Hertfordshire, net zero business support in Norfolk and digital skills transformation in Essex. This will all build on our previous commitments to the region, including over £287 million through town deals, £23 million from the Future High Streets fund and £111 million from the Getting Building Fund.

Your email also highlighted a range of other important issues which we will need to consider as part of our focus on levelling up, including the impact of COVID-19 on inequalities; the need to support rural as well as urban areas; the particular challenges faced in coastal communities; and the need for a balance between “hard” and “soft” infrastructure interventions. These are all excellent points and I agree that, for levelling up to be a success and drive truly sustainable and inclusive growth, it will need to account for the differing local and regional needs in the way you point out. We will soon set out our plans for levelling up and further devolution in a Levelling Up White Paper that will set out bold new policy interventions to improve livelihoods and opportunity in all parts of the UK.

You are right to highlight the impact of COVID-19 on councils' income generation. Councils have been essential to the national response to COVID-19. Since the start of the pandemic, I am pleased that the Government has committed over £12 billion to local authorities to tackle the impact of COVID-19 on their services, over £6 billion of which is un-ringfenced in recognition that councils are best placed to decide how to meet the major COVID-19 pressures in their local areas. In addition, Government has provided £1.3 billion in compensation to local authorities for lost income from sales, fees and charges in 2020/21, with further funding due in respect of losses in the first quarter of this financial year. The Government is continuing to monitor closely the sector's finances as the country emerges from the pandemic.

On your points around local government finance, I agree that grant funding must be well co-ordinated to allow local authorities to benefit from the funds available to them. The Government has a long-standing policy to provide grant funding to local government on a non-ringfenced basis as part of its commitment to greater localism. This policy provides greater funding flexibility to local authorities and supports them to make spending decisions based on their local needs and priorities. However, there are instances where ringfences are applied to provide greater direction over how public funds are spent, or where detailed data is needed from local authorities to better understand what is happening on the frontline. The Government is always exploring alternatives to ringfencing, including encouraging departments to work more closely with the sector and to use Memorandums of Understanding (MOU).

The Government will set out its proposed approach to allocating funding in 2022/23 through the provisional Local Government Finance Settlement and will engage further with the sector on wider reforms to be implemented in subsequent years. The settlement will support local authorities to maintain services, including adults' and children's social care. The Government believes local authorities are best placed to understand and plan the needs of their local population, and therefore to decide how they can best use local government funding.

Thank you again for your email.



NEIL O'BRIEN MP