



Towards the UK Shared Prosperity Fund

Developing a prioritisation framework to support the levelling up of rural communities

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Towards the UK Shared Prosperity Fund

A report for Rural Services Network

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Executive summary

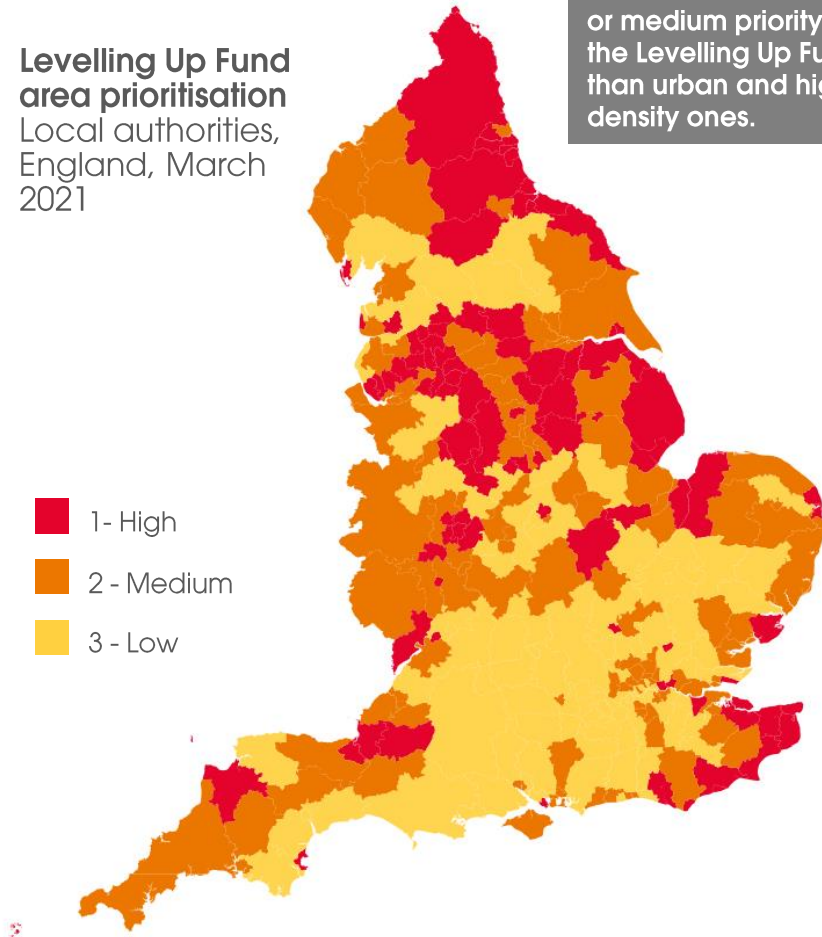
The United Kingdom’s exit from the European Union has offered the government an opportunity to design and implement new funding programmes to fit the country’s needs.

It has announced a range of new funding mechanisms, such as the Levelling Up Fund, Community Renewal Fund and Towns Fund, to support the economic development of local communities, both for post-covid recovery and to support its ‘levelling up’ agenda. Next year, it will introduce the Shared Prosperity Fund.

Government funding priorities favouring northern urban locations.

The choice of where to allocate funds has been based on both statistical evidence of need and the strategic judgement of politicians and officials. The metrics used in the geographical prioritisation of the Levelling Up, Community Renewal and Towns funds are a mixture of measures of economic performance and deprivation, and indicators of some of the causes of poor economic outcome. Taken together, the metrics chosen are partial and risk appearing arbitrary. Similarly, there has been a lack of clear and consistent explanation for how ministerial judgement has been applied. The outcome has been funding allocated in greater proportions to northern non-metropolitan urban locations – and away from more rural authorities.

Levelling Up Fund area prioritisation
Local authorities, England, March 2021



Rural and low population density local authorities are less likely to be ranked as a high or medium priority for the Levelling Up Fund than urban and higher density ones.

*Note: based on April 2021 local authority boundaries. Source: Ministry of Housing, Communities & Local Government

Metrics and ministers miss rural requirements.

Metrics used to prioritise fund allocations often fail to reflect the reality for sparsely populated areas and remote communities.

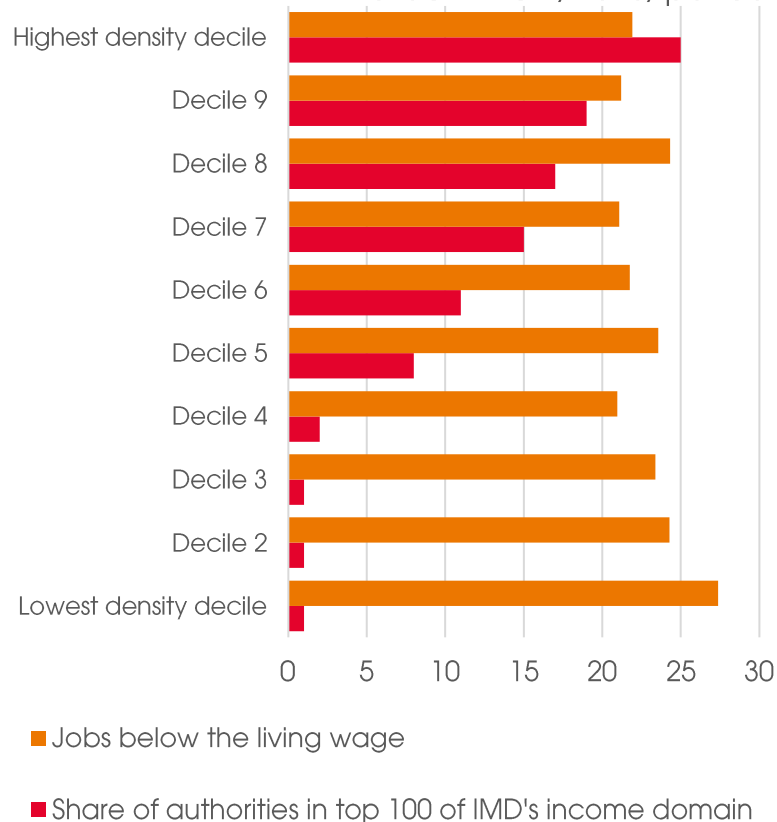
For example, the income domain numbers from the official Index of Multiple Deprivation are commonly used as an indicator of poverty. They are, however, based on benefit claimant counts and do not directly consider employment incomes. This gives a falsely positive view of rural locations, where poverty is more likely to be the result of low-income employment in insecure, part-time or season occupations – and is less likely to be visible in benefits claims.

Ministerial judgements have, on occasion, adversely impacted the allocation of funds to rural communities. For example, for the Towns Fund, against civil service guidance, ministers set the minimum threshold for the size of settlement that could apply ignoring the scale of and relationship to its hinterland. Rural towns with wide catchments were ruled out in favour of urban centres servicing few beyond their limited boundaries.

Rural households spend around £1,500 more a year on transport than their urban counterparts – but earn less on average.

Income deprivation: Comparison of official 'Index of Multiple Deprivation' with living wage data

Local authorities by population density, Great Britain, 2020, per cent



Learning lessons for the Shared Prosperity Fund.

Now that the United Kingdom has left the European Union and the transition period has ended, the government is setting up a Shared Prosperity Fund which aims to “reduce inequalities between communities”.

The process for the geographical prioritisation and allocation of the new fund must learn lessons from recent practice. It should be transparent, straightforward and focussed on key economic outcomes. Moving forward, the Shared Prosperity Fund needs a new mechanism with wider acceptability.

Although the causes and implications of poverty and disadvantage are multiple, complex and interrelated, its measurement does not have to be. The use of sophisticated multivariate indicators to assess need, and to target levelling up funds, may give the impression that a wide range of factors are being fairly considered. In practice, they leave the process complicated, confused and open to unintended (and potentially intended) bias.

Focus on real income levels.

We recommend prioritisation based on assessing the standards of living achievable in different locations given local labour market conditions.

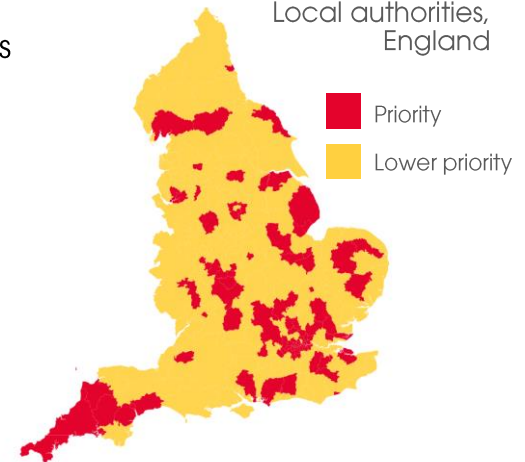
An emphasis on identifying and addressing differences in real incomes achievable by households from local jobs provides a sound, logical and clear basis for the Shared Prosperity Fund. Differences in local real household incomes capture the variations in economic performance between locations. They are a direct measurement of poverty, and result from local economic opportunities and (dis)advantages.

If government economic and structural development funds were prioritised and allocated on the basis of local real incomes, there would be a clearer line of sight from the levelling up objective through to action on the ground. And more rural locations, which have had their needs obscured in and been disadvantaged by recent funding rounds, would benefit from a fairer distribution of national funds.

The most rural fifth of England account for only eight per cent of levelling up priority areas.

On a ‘real incomes basis’, the rural share should be eighteen per cent.

Alternative prioritisation based on real incomes, top 100
Local authorities, England



Beyond prioritisation. This report considers which areas should be prioritised for government spending to ‘Level Up’. It does not cover how much each priority area should receive. Levels of funding will need to reflect areas’ relative need and relative costs of delivery.

Funding priorities after Brexit

New regime to replace EU development funds

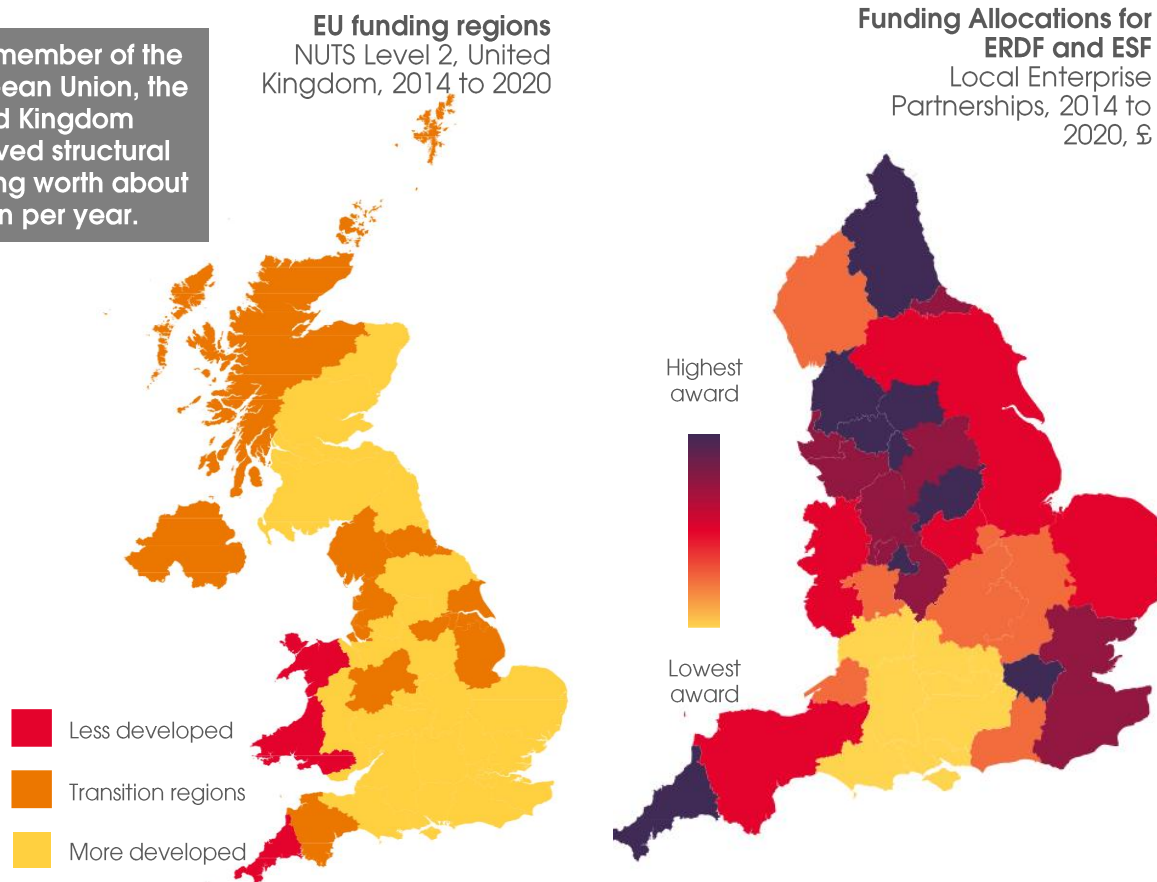
Exit from the European Union has offered the United Kingdom government an opportunity to design and implement new funding programmes to fit Britain's needs.

It has announced a range of new funding mechanisms to support the economic development of local communities, both for post-covid recovery and to support its 'levelling up' agenda.

For some of these new programmes, such as the Levelling Up Fund, the government has used a priority framework to determine areas most in need of support.

However, some of the metrics used to determine these locations fail to capture the true picture.

As a member of the European Union, the United Kingdom received structural funding worth about £2.1bn per year.



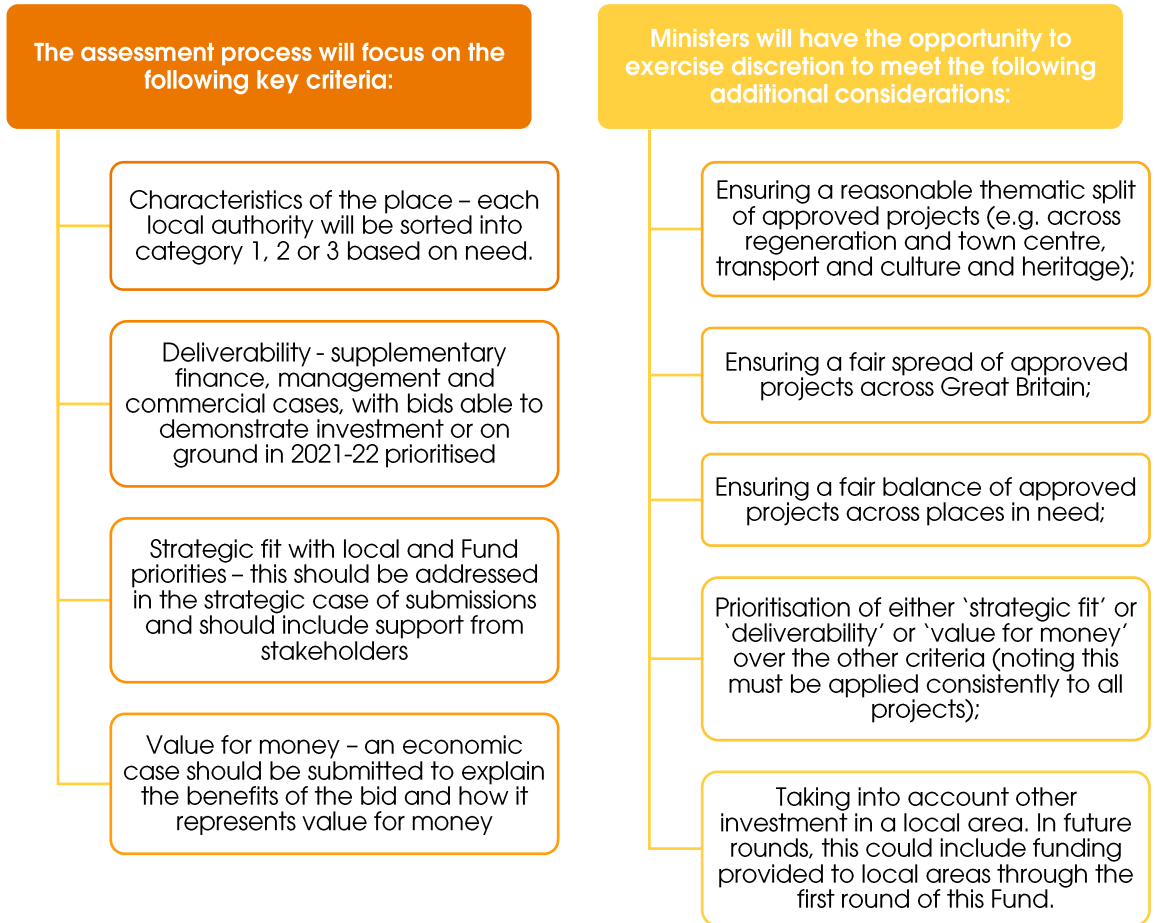
Disparities exist not just between regions, but also within them – something that should be accounted for within the levelling up agenda.

Budget fleshed out detail for Levelling Up Fund

The Levelling Up Fund was announced at the 2020 Spending Review to tackle economic differences and drive prosperity in ‘left behind regions’ of the United Kingdom.

The fund will focus on capital investment in local infrastructure, especially those that help bring ‘pride to a local area’, and follows on from programmes such as the Local Growth Fund and Towns Fund. It looks to prioritise investment that not only brings economic benefits but also helps ‘bind communities together’.

The Levelling Up Fund prospectus was published by the Chancellor in March 2021 budget and fleshed out the process for bidding for and allocating money between competing projects across the United Kingdom. (See opposite.)



Fund priority areas based on basket of metrics

Prioritisation of English local authorities based on a weighted average of eight metrics.

Local authorities are ranked high (1), medium (2) and low (3) priority based upon a calculation using metrics of economic performance, connectivity and property utilisation. (See opposite.)

The number of local authorities in each category was determined by an index seeking to capture the productivity, unemployment and skills in places across Great Britain. This dictated that 93 local authorities in England be classified as high priority, 108 as medium priority and 113 as low priority.

Levelling Up Fund – target metrics		Indicator (target metric) weight
Indicator 1: Need for economic recovery and growth		50%
Productivity	Natural log of GVA per hour worked	(33.3%)
Unemployment	Estimates of unemployment rate in the 16+ population	(33.3%)
Skills	Proportion of the 16-64 population without NVQ qualifications	(33.3%)
Indicator 2: Need for improved transport connectivity		25%
Journey time to employment by car	Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by car	(75.2%)
Journey time to employment by public transport	Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by public transport	(21.2%)
Journey time to employment by cycle	Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by cycle	(3.5%)
Indicator 3: Need for regeneration		25%
Commercial vacancy rate	Proportion of retail, industrial, office and leisure units that are vacant	(75%)
Dwellings vacancy rate	Proportion of dwellings chargeable for council tax that are classed as long-term empty (empty for more than 6 months)	(25%)

Chosen metrics prioritise northern urban areas

The prioritisation process for the Levelling Up Fund has placed 91 local authorities*, with 33 per cent of England's population, in the highest tier.

A further 106 council areas, with 34 per cent of England's population, are placed in the middle group.

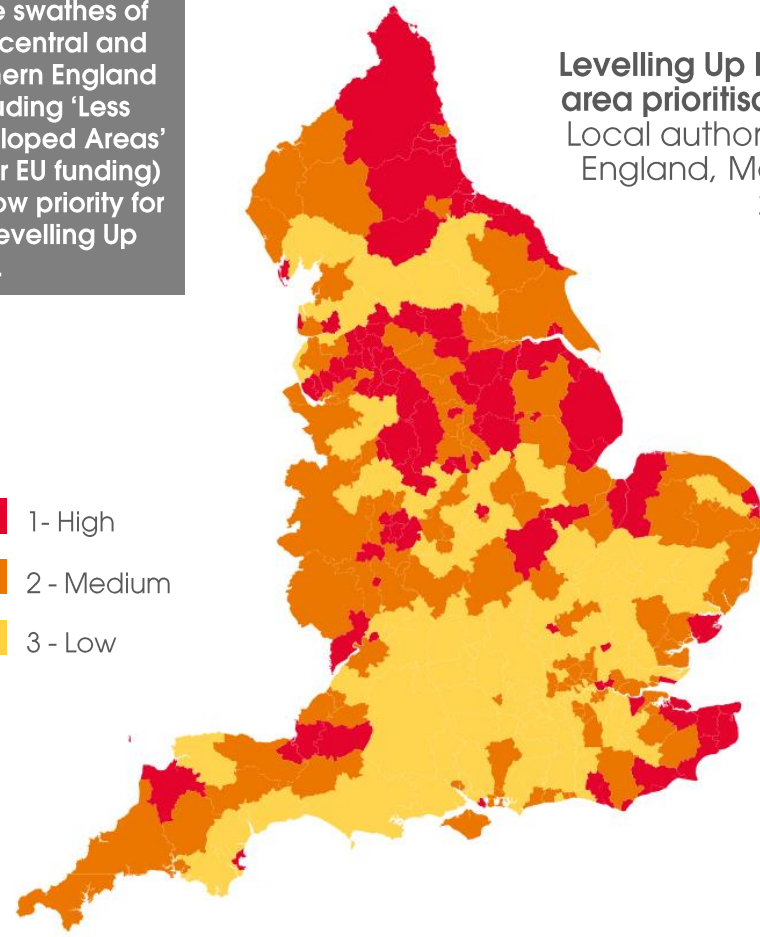
The metrics chosen prioritise locations in the northern regions more frequently than those to the south. Taking together the North East, North West and Yorkshire and the Humber regions, 62 per cent of the population live in high and 28 per cent in the medium priority areas. For the rest of England, the equivalent proportions are 22 and 37 per cent respectively.

The first round of the Levelling Up Fund prioritises bids that can demonstrate investment or begin delivery in the next year - a further issue for smaller, rural authorities with capacity challenges.

Large swathes of rural central and southern England (including 'Less Developed Areas' under EU funding) are low priority for the Levelling Up Fund.

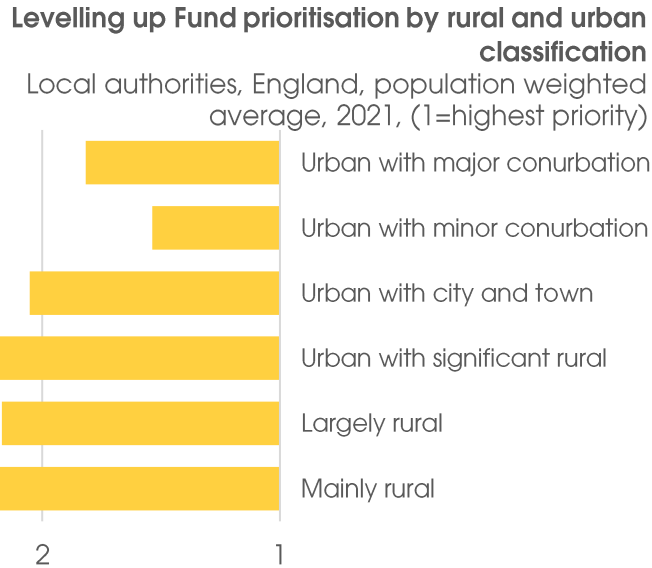
Levelling Up Fund
area prioritisation
Local authorities,
England, March
2021

- 1 - High
- 2 - Medium
- 3 - Low



*Note: based on April 2021 local authority boundaries. Source: Ministry of Housing, Communities & Local Government

Rural local authorities are lower priority according to government ranking system



Priority '1' areas by population density decile
Local authorities, England, 2021, per cent



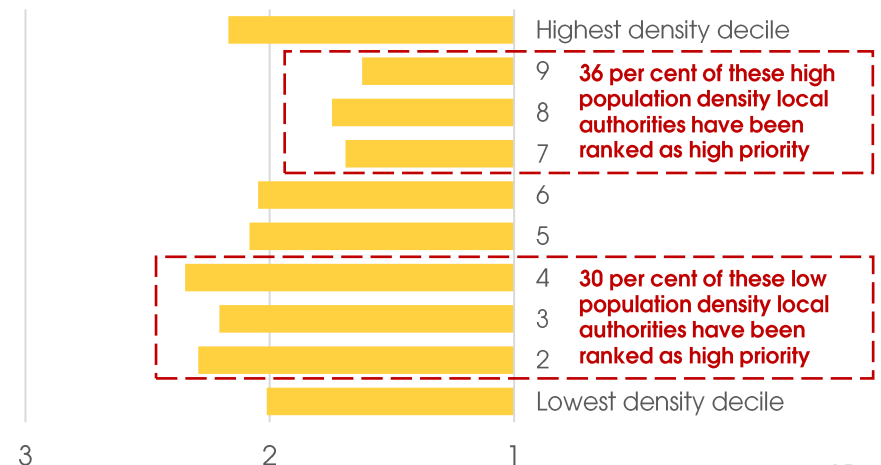
Capacity funding was allocated to all authorities in Scotland and Wales, but only high priority authorities in England

Metrics chosen have disadvantaged rural communities.

The statistics picked to evaluate the Levelling Up Fund prioritisation have favoured non-metropolitan urban locations.

Rural and low population density local authorities are less likely to be ranked as a high or medium priority than urban and higher density ones.

Levelling up Fund prioritisation by population density
Local authorities, England, population weighted average, 2021. (1=highest priority)



Towns and community funds have own priorities

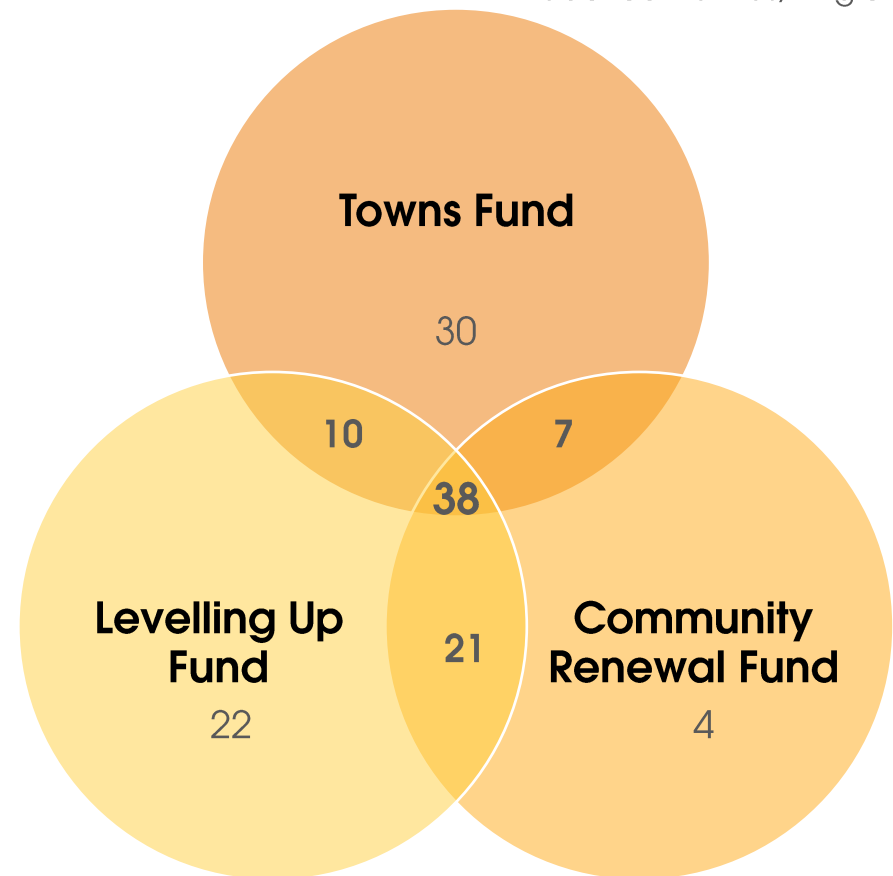
The Levelling Up Fund captures a range of government initiatives and programmes – some of which have their own prioritisation criteria.

The Towns Fund identified potential recipients by first filtering towns by population, then applying a needs-based regional allocation formula which incorporated Local Enterprise Partnership-level data on productivity, income, skills, deprivation and rural/urban classification.

The Community Renewal Fund will allocate £220 million of investment via a competitive process prioritising projects that target investment in communities in need, especially in its 'top 100 priority places'. These priority authorities come from an index of economic resilience across Great Britain which measures productivity, household income, unemployment, skills and population density.

Although there is some overlap of metrics across the three funds, each combines its own individual set of inputs to determine the most 'in need' areas. (See next slide.)

Comparison of priority places between funds
Local authorities, England



'Need' metrics	Towns Fund	Community Renewal Fund	Levelling Up Fund
Income component of the IMD	X		
Proportion of the working-age population with no qualifications	X	X	X
Productivity	X	X	X
Gross value added of sectors identified as 'at risk' by the Bank of England with respect to a "no deal, no transition" EU Exit	X		
Significant economic shocks in the town's recent history	X		
Opportunity for investment signalled by significant current or upcoming private investment	X		
The presence of other government funding or programming with which the Towns Fund could have additionality and synergy	X		
GDHI per head of population		X	
Unemployment rate		X	X
Population density of those aged 16-64		X	
Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by car			X
Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by public transport			X
Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by cycle			X
Proportion of retail, industrial, office and leisure units that are vacant			X
Proportion of dwellings chargeable for council tax that are classed as long-term empty			X

Metrics partially cover causes of disadvantage

For all three funds, the metrics used in the prioritisation process cover both measures of economic outcome and causes of economic disadvantage.

The causal metrics used by funds vary. Some can be useful in giving an overview of the local economy, but can miss underlying issues. Gross Domestic Household Income (GDHI) for example, includes incomes from pensions and income earned outside of the local area.

The Levelling Up Fund considers the number of empty commercial spaces, but does not account for the quality of schools. It also looks at physical connectivity to a major employment centre, but does not take into account digital connectivity like broadband speeds or availability.

Given the many causes of deprivation that could be used to determine if an area is in need of levelling up, the metrics chosen to determine priority lists can only be partial, and risk appearing arbitrary. By choosing to weigh up several different causes of disadvantage instead of focusing on the economic outcome of them all, areas in need risk being missed.

Cause

- Income component of the IMD
- Gross value added of sectors identified as 'at risk' by the Bank of England with respect to a "no deal, no transition" EU Exit
- Significant economic shocks in the town's recent history
- Opportunity for investment signalled by significant current or upcoming private investment
- The presence of other government funding or programming with which the Towns Fund could have additionality and synergy
- Population density of those aged 16-64
- Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by car
- Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by public transport
- Average journey time to the nearest employment centre of at least 5,000 jobs when travelling by cycle
- Proportion of retail, industrial, office and leisure units that are vacant
- Proportion of dwellings chargeable for council tax that are classed as long-term empty

Current prioritisation of funds is based on complex weighted multiple variable indicators. Although these are detailed and complex, they remain partial, judgemental and, too often, confused.

Effect

- Proportion of the working-age population with no qualifications
- Productivity
- GDHI per head of population
- Unemployment rate

Funding allocations in practice

Metrics only part of the funding decision

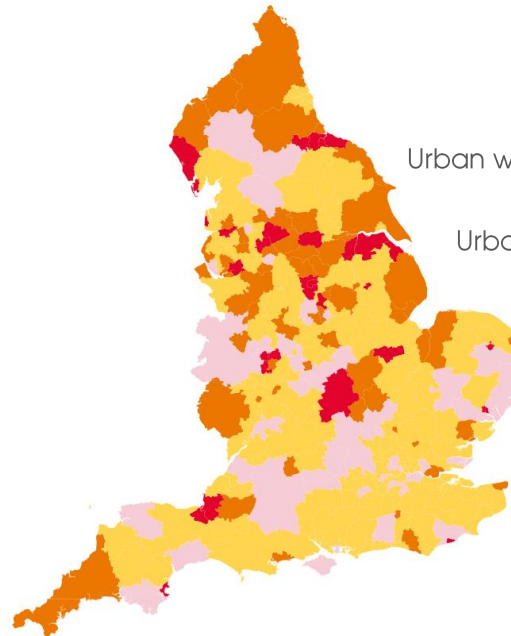
The allocation of funds to local areas has been based on not only the published prioritisation metrics but also strategic judgements made by officials and politicians.

Ministers have chosen to alter the destination of funds to permit a more equitable spread between and within regions, ensuring funding is available for areas in the north of England.

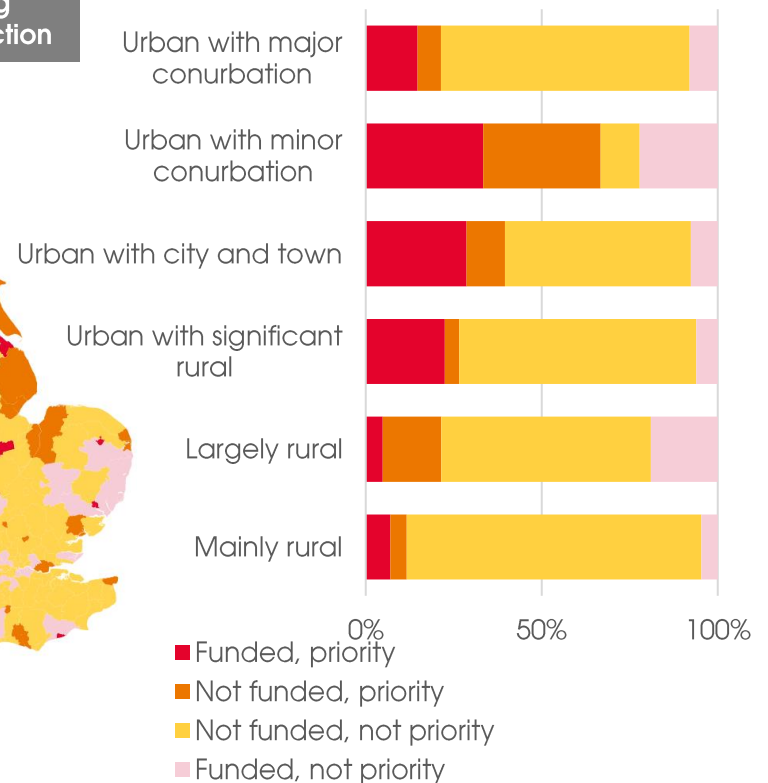
Another reason given for deviating from the priority framework includes the expectation that an area will be impacted by the United Kingdom's exit from the European Union.

For the Towns Fund, for example, there were twelve towns that received funding that were low priorities in the statistical evaluation; two of these, St. Ives and Glastonbury, were in rural authorities.

The Towns Fund saw ministers use their discretion to disregard criteria advising permitting small nearby towns to 'cluster' together, effectively barring rural settlements from selection



Comparison of areas by prioritisation and funding received for Towns Deals
Local authorities, England. 2020 to 2021

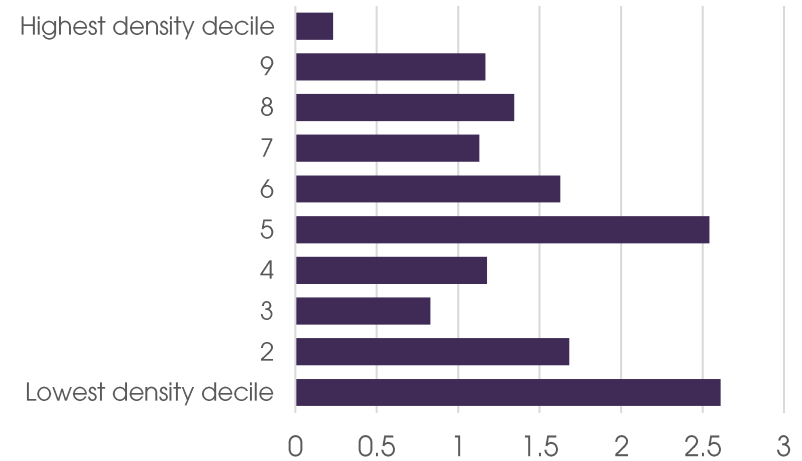


Community Renewal Fund has shortlisted rural areas, but there's little money behind it.

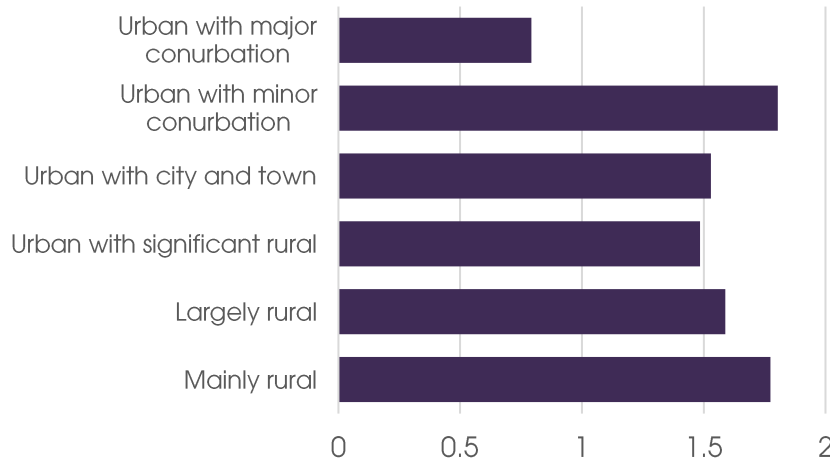
In total, 100 places were selected as priority places for the Community Renewal Fund, 27 of which are in Scotland and Wales.

These authorities will share a modest pilot-scale pot of £220 million.

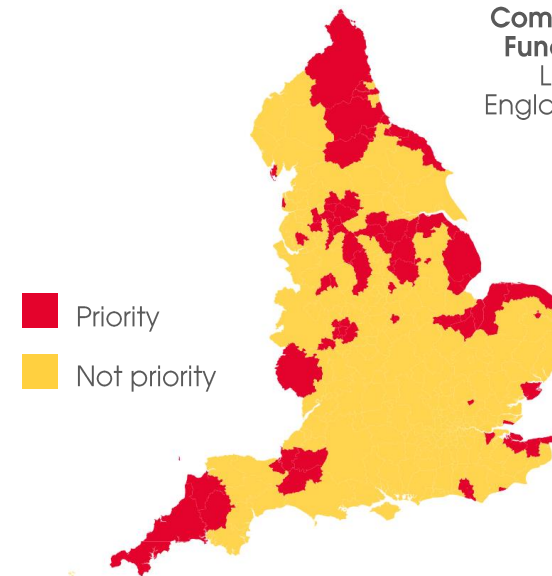
UK Community Renewal Fund 'Priority Places'
Local authorities, England, number of places per million of population, 2021



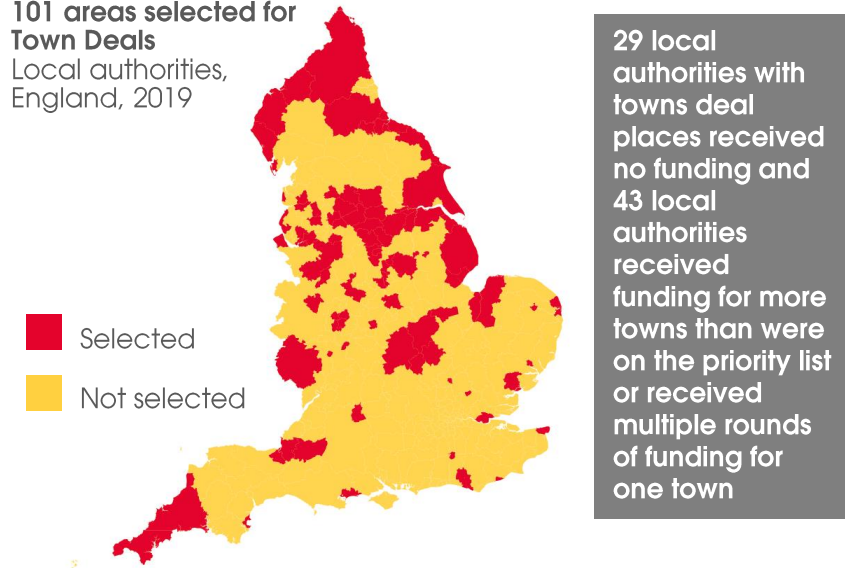
UK Community Renewal Fund 'Priority Places'
Local authorities, England, number of places per million people, 2021



Community Renewal Fund priority places
Local authorities, England, March 2021



101 areas selected for Town Deals
Local authorities, England, 2019

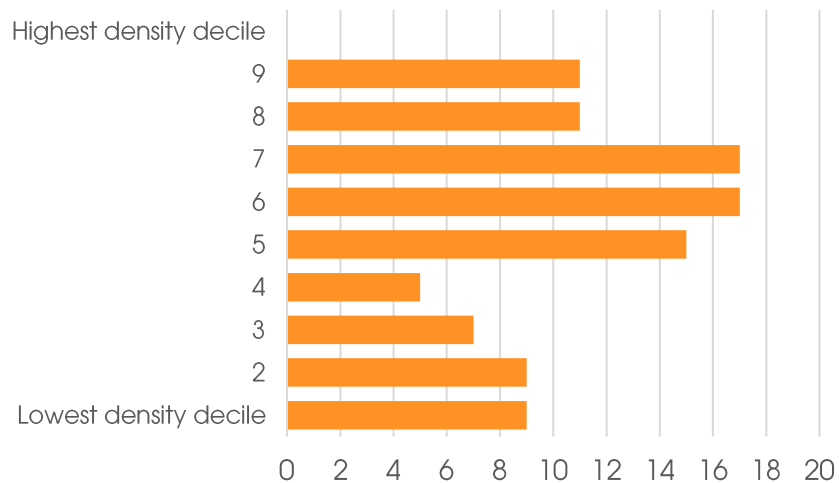


Towns Fund benefited non-met urban.

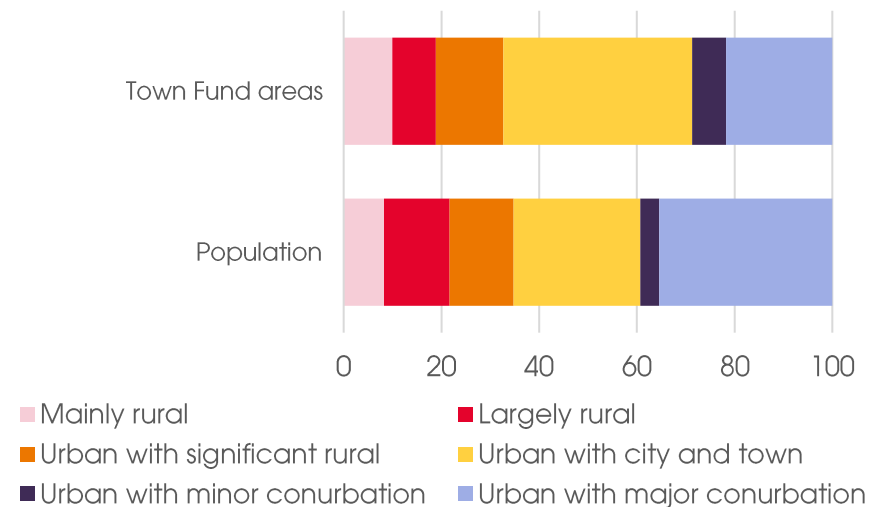
When considering which towns to invite to bid for Towns deals, the process of narrowing the field from 1,000 to 501 immediately discounted all towns with a population of less than 5,000. To get down to 101 towns, town with a population under 15,000 were excluded from the methodology.

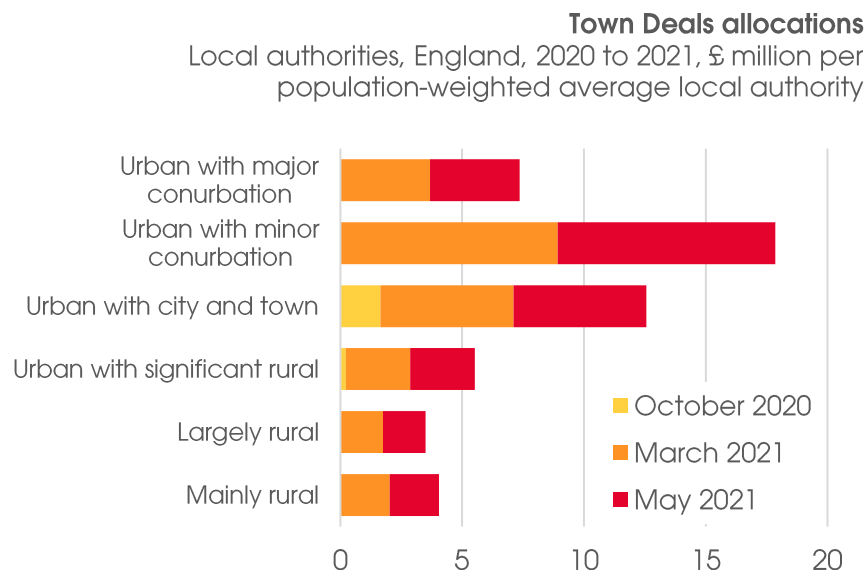
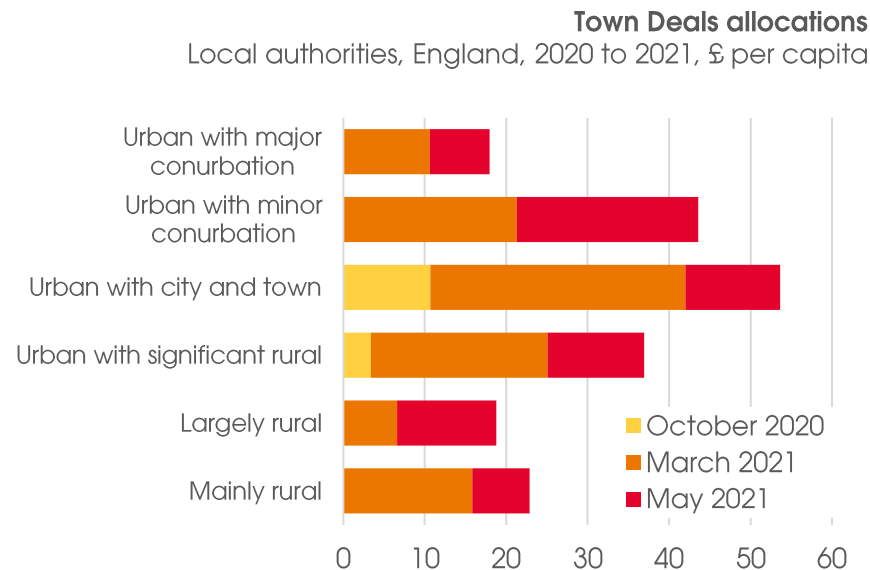
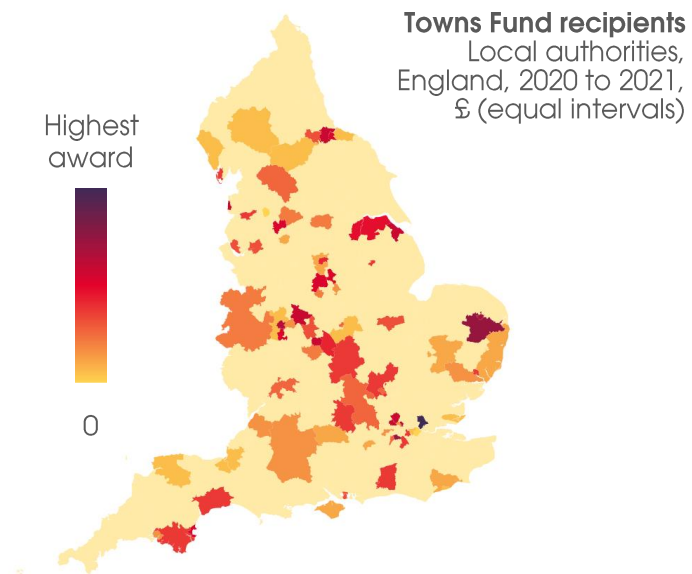
Towns were considered in relation to their size, while ignoring the function to their hinterland - rural towns frequently serve a much wider geographical area than urban ones and provide the same functions as larger towns.

Town Deals areas
Local authorities, England, 2019



Town Deals areas
Local authorities, England, 2019, per cent

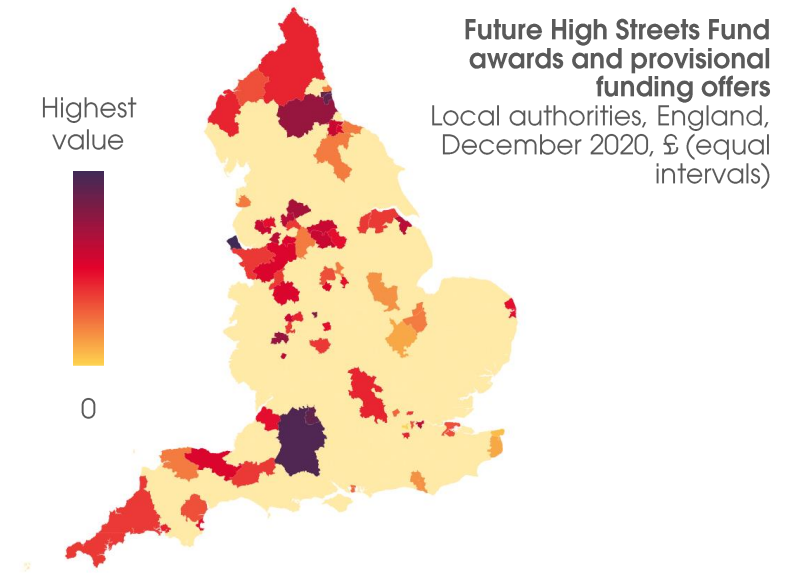




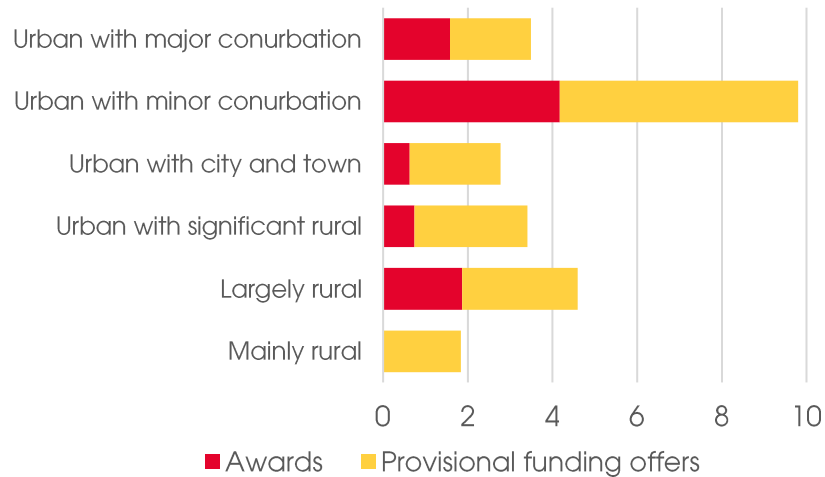
	Number in group	Number selected	Proportion in group selected
High priority	40	40	100%
Medium priority	318	49	15%
Low priority	183	12	7%

Towns selected by ministers from each priority group to be invited to bid for Town Deals
England, 2020

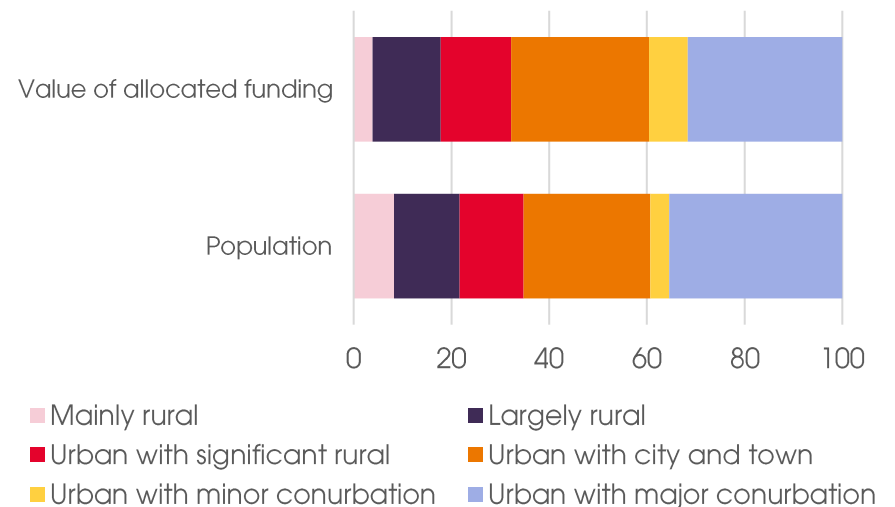
And it's a similar story for Future High Streets funding awards.



Future High Streets Fund allocations
Local authorities, England, December 2020, £ million per population-weighted average local authority



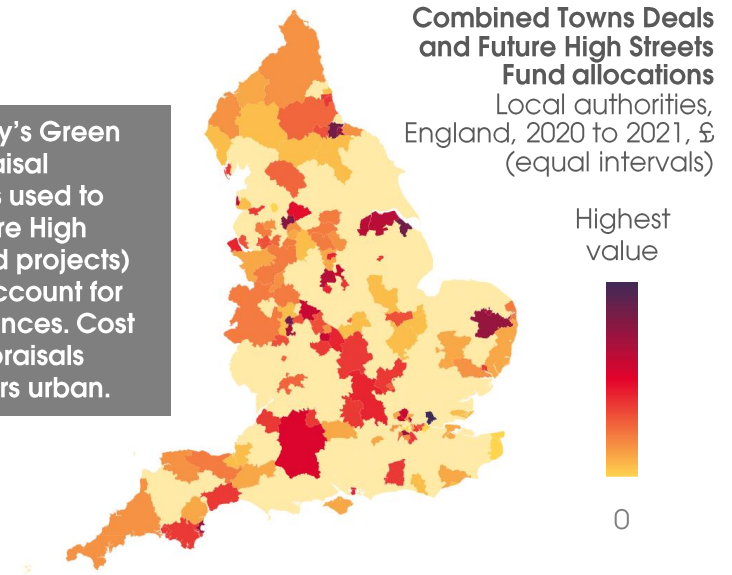
Future High Streets Fund allocations
Local authorities, England, December 2020, per cent



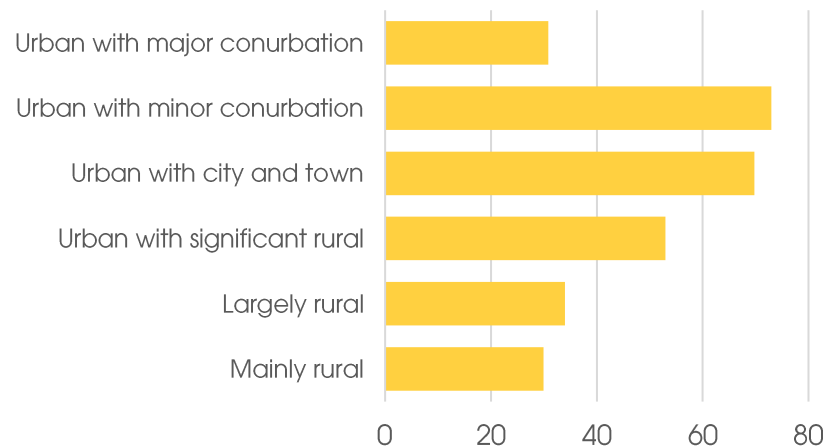
Rural areas are losing out. Where data are available, they show actual funding favouring northern non-metropolitan urban locations.

There is a paucity of data available identifying the location of spending via the various economic development and similar funds. Where there is transparency and disclosure, with the Towns Deals and the Future High Streets Fund, rural communities are receiving per head of population only 92 per cent of that received in urban areas.

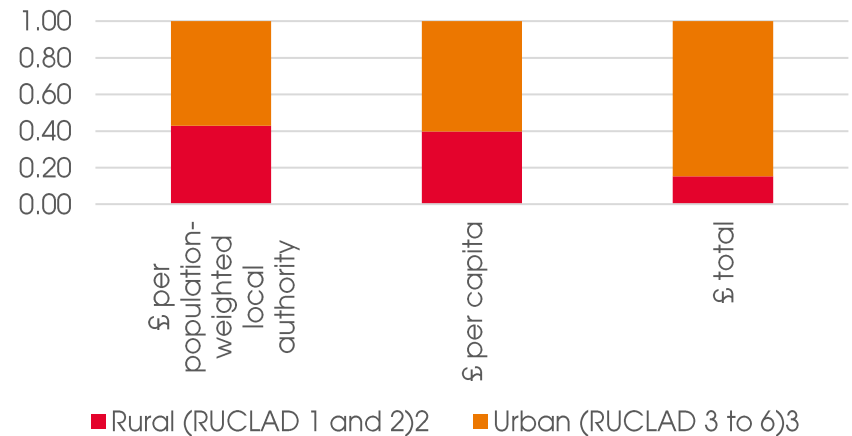
The Treasury's Green Book appraisal process (as used to assess Future High Streets Fund projects) does not account for rural differences. Cost benefit appraisals often favours urban.



Combined Towns Deals and Future High Streets Fund 2020-21 allocations
Local authorities, England, £ per capita

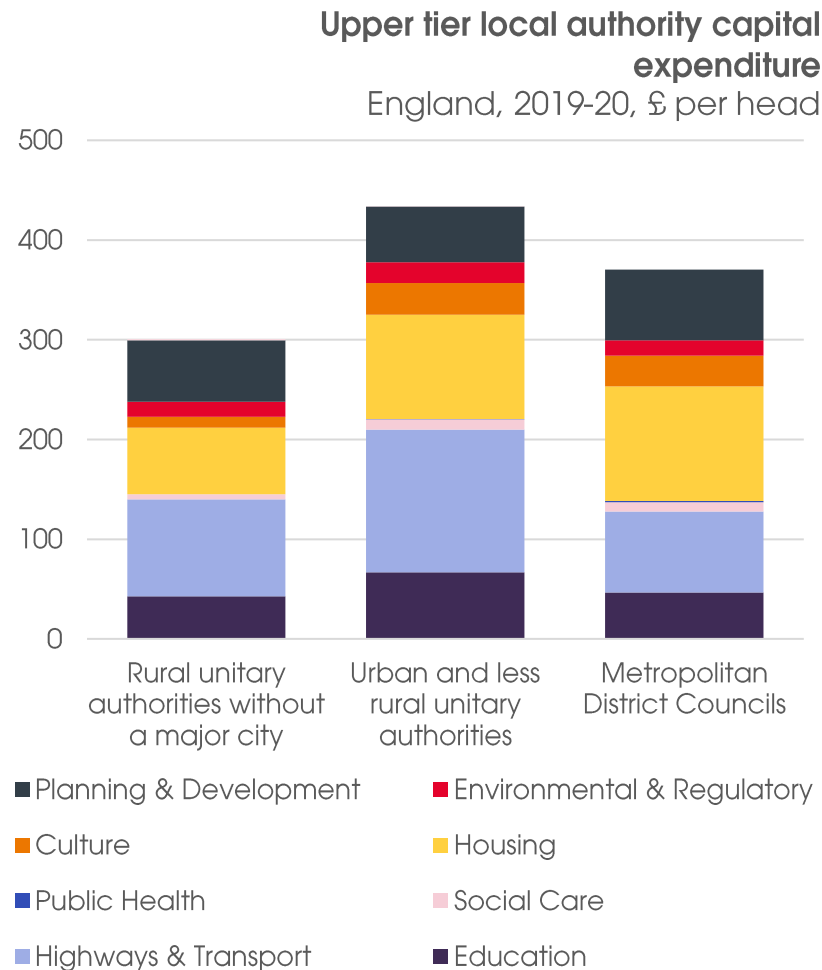


Ratio of combined Towns Deals and Future High Streets Fund allocations
England, 2020 to 2021



Funding for rural communities

Rural areas have been under-funded generally



The way in which government allocates spending spatially is placing rural communities at a disadvantage, and failing to unlock the opportunities they can offer to the nation.

Rural areas face the triple whammy of higher costs, lower funding and greater need. Lack of economies of scale mean delivery of services in rural areas will likely cost more than in urban locations. But despite this, public sector spending per head is higher in regions with greater urban populations.

The levelling up agenda provides an opportunity to start to redress the imbalance, It remains unclear on what metrics the success of levelling up will be measured, but whatever are chosen need to properly reflect the nature of rural disadvantage and account for the inherent differences between country and city lives.

Officials must ensure that the criteria for the success of the government's levelling up agenda are specified in a way that makes visible and encourages progress in reducing rural disadvantage. Levelling up must relate to revenue spending core allocations and not just to capital spend if its objectives are to be met.

Chosen metrics don't reflect rural realities

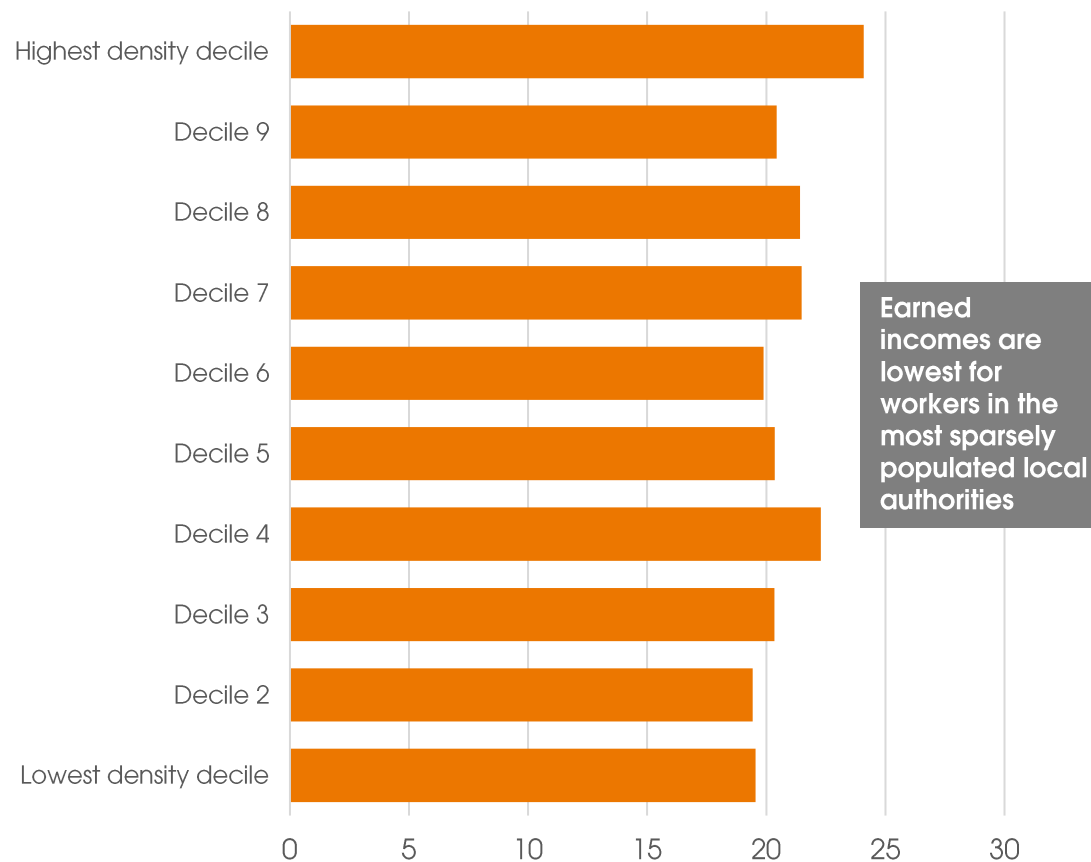
A focus on economic outcomes would better reflect the needs of communities, especially rural areas requiring levelling up.

Rather than considering a mix of causes and effects, it would be more appropriate for funds that are a part of the levelling up agenda to assess the standards of living achievable in different locations given local labour market conditions.

How much money a household has leftover to spend once all its bills have been paid is a straightforward way to identify poverty.

In rural England, workers have lower earned incomes and higher levels of expenditure – which are not captured by the metrics chosen in the three funds examined previously.

Gross annual pay of employees: second decile
Local authorities, Great Britain, 2020, £ thousand

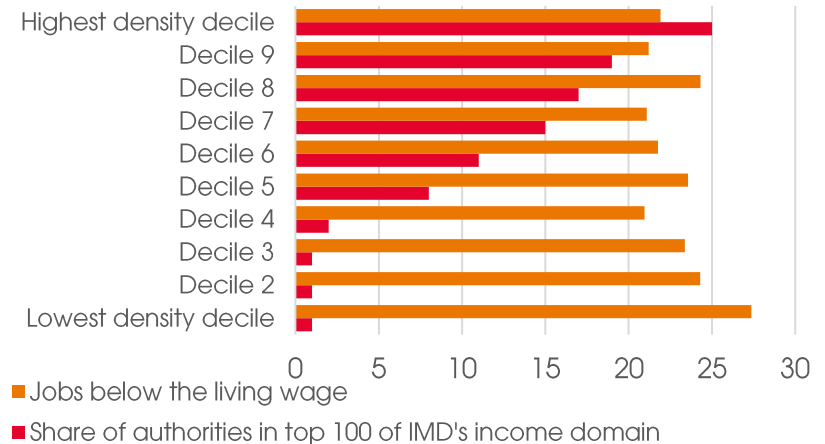


Official income deprivation measure doesn't consider actual incomes.

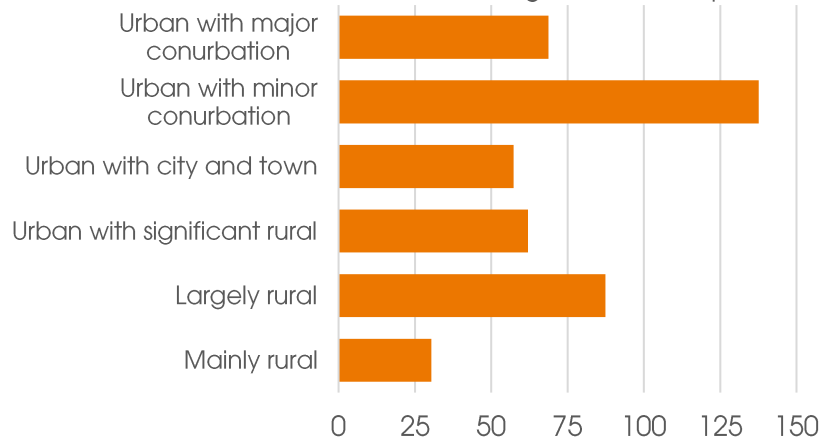
The Index of Multiple Deprivation's income domain is based only on measures of the numbers of individuals and households in receipt of benefits. There is no direct assessment of earned income incorporated in the metrics. Indeed, there is no measurement of levels of any kind of income (other than that that can be inferred from benefits eligibility).

It does not account for lower wages or jobs below the living wage, and doesn't factor in household expenditure or differences in the cost of living.

Income deprivation: Comparison of official 'Index of Multiple Deprivation' with living wage data
Local authorities by population density, Great Britain, 2020, per cent



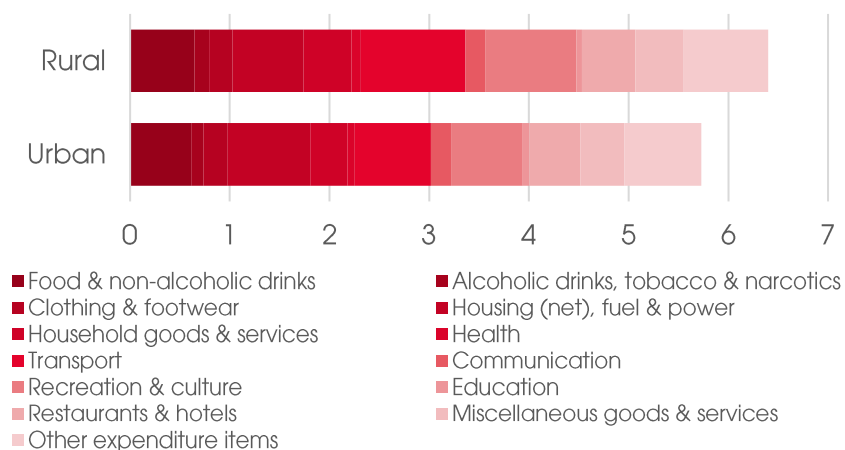
Indicative real discretionary spending power of households in the second income decile
Local authorities, rural and urban classification
England, 2020, £ per week



IMD income domain considers:

- Adults and children in income support families
- Income-based Jobseeker's Allowance families or income-based employment and support allowance families
- Pension Credit (guarantee) families
- Child Tax Credit and Working Tax Credit families not already counted
- Universal Credit families where no adult is in 'Working - no requirements' conditionality regime
- Asylum seekers in England in receipt of subsistence support, accommodation support or both

Average weekly household expenditure
Great Britain, three year average 2018 to 2020, £ hundred



ONS's Family Spending Workbook details higher rural household expenditure.

Although urban households spend on average more per week on housing, expenditure on other essentials is higher for those living in rural areas.

Per person, average expenditure is £239 a week in urban areas and £277 in rural, equating to an additional spend of around £2,000 annually.

Office for National Statistics rural/ urban classification:

Output Areas (OAs) belonging to settlements with populations of 10,000 or more are classed as urban, while all remaining OAs classed as rural

Rural households spend more on transport.

Rural residents see the biggest differential in relation to spending on transport. Those living in sparse locations are likely to face more lengthy (and costly) journeys by public transport to work or education, if transport is available at all.

In areas where there is no reliable transport network, households take on the additional financial cost of purchasing and maintaining one (or more) vehicle(s).

Rural households spend around £1,500 more a year on transport than their urban counterparts – yet earn less on average.

Difference in weekly expenditure by rural households in comparison to urban

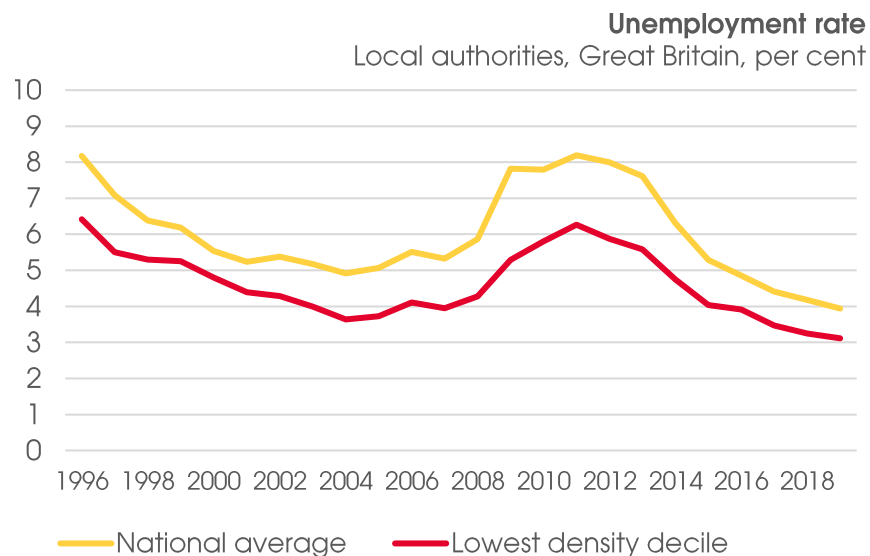
Great Britain, three year average, 2018 to 2020, £



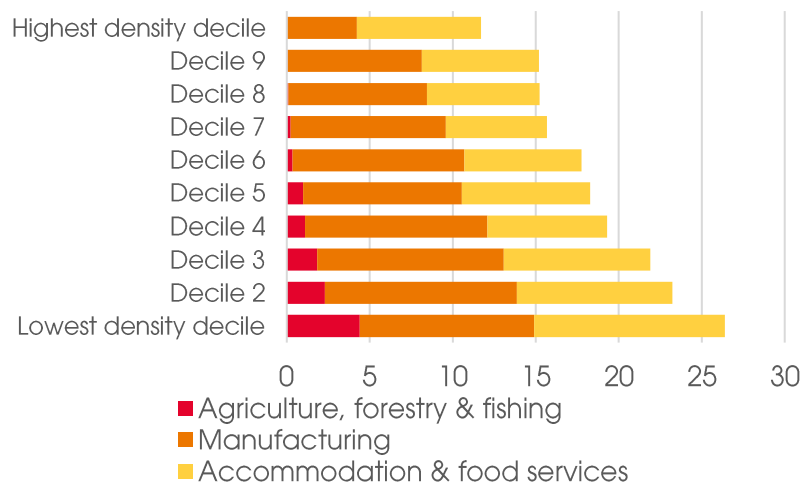
High unemployment isn't the only sign of a weak or insecure jobs market.

While the unemployment rate gives some measure of local employment, it fails to account for quality of local job opportunities.

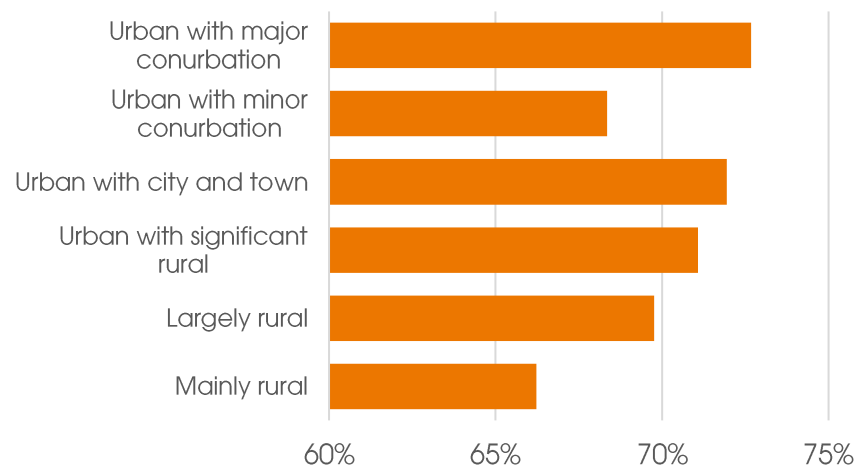
Hospitality, manufacturing and agriculture are three key rural employment sectors, but almost a quarter of employees in the accommodation and food sector are on zero hours contracts, along with one in ten of those employed in manufacturing. These sectors have high levels of seasonal and casual working.



Employment in selected sectors
Local authorities, Great Britain, 2019, percentage of total employment



Share of employees in quality work*
England, 2018, per cent

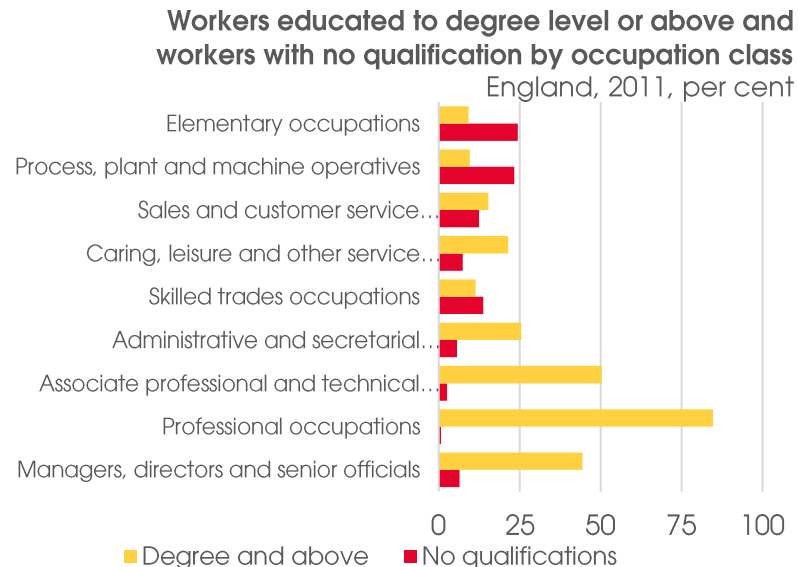


*Note: quality work on a UK pay basis is defined as employment with satisfactory hours, the desired contract and not low pay. Source: Office for National Statistics

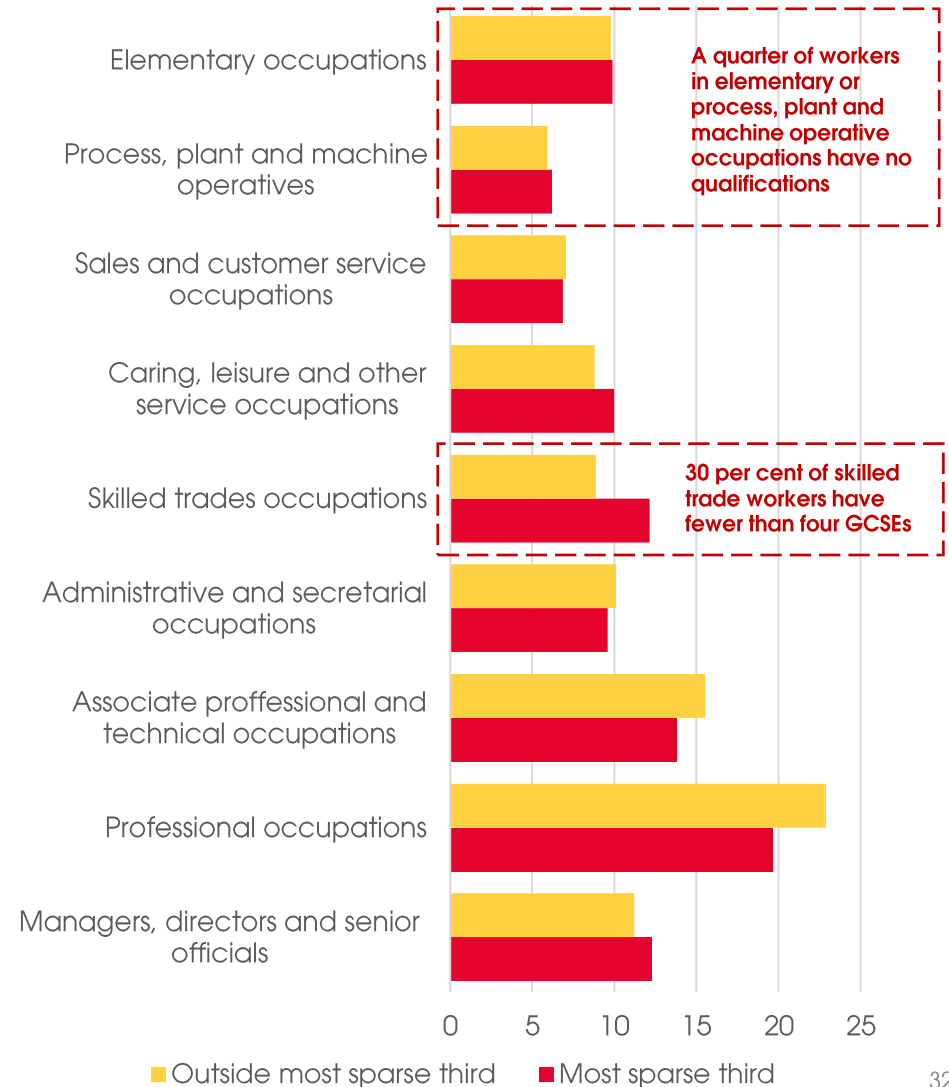
Less chance of high-skilled employment.

The structure of the labour market in rural areas sees a greater share of workers in occupations with lower qualifications.

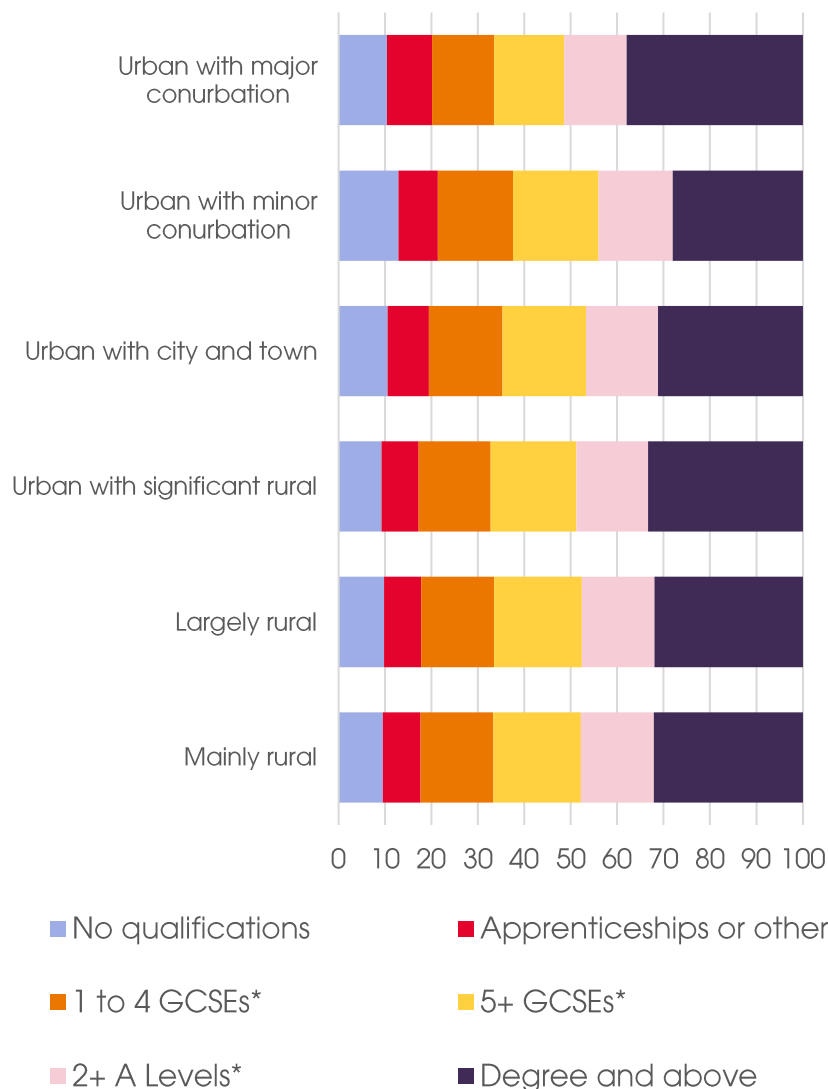
There is a concentration of jobs in the likes of tourism, hospitality, agriculture and manufacturing. Rural workers do not have the same opportunities for employment in high-skilled sectors as those living in urban areas.



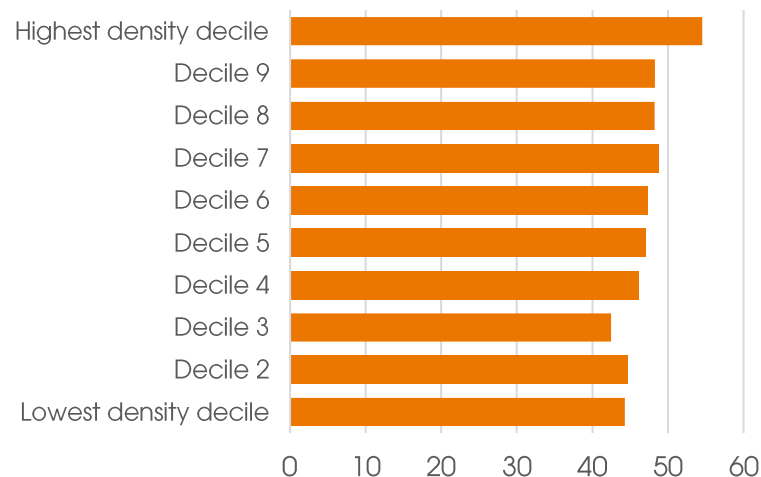
Employees by occupation class
Local authorities, Great Britain, 2020, per cent



Highest level of qualification
England, 2011, per cent



Rate of entry into United Kingdom higher education
Local authorities, England, 2015, per cent



Focus on adults without qualifications misses other education-related challenges.

Adults with no qualifications is a metric used by multiple funds when assessing priority areas. But data show there is not much difference across rural and urban geographies, except for a slightly higher percentage of the population in urban with minor conurbation local authorities having no qualifications.

The proportion of young people going on to higher education is less the more sparsely populated a local authority is. Rural areas also often see the more qualified moving away to urban centres where better paid and higher skilled roles are available.

*or equivalent qualification; Source: Office for National Statistics (left); Department of Education (top right)

Towards clear and coherent prioritisation of the Shared Prosperity Fund

Shared Prosperity Fund: Keep it simple

Now that the United Kingdom has left the European Union, the government is setting up a Shared Prosperity Fund to “reduce inequalities between communities”.

Although the causes and implications of poverty and disadvantage are multiple, complex and interrelated, its measurement does not have to be.

The use of sophisticated multivariate indicators to assess need, and to target levelling up funds, may give the impression that a wide range of factors are being fairly considered. In practice, they leave the process complicated, confused and open to unintended (and potentially intended) bias.

The complexity of the multiple-variable weighted indicators used in recent prioritisation exercises have left open potential concerns about the clarity of their rationale, choice of metrics and weightings. These theoretical shortcomings have been compounded by the application of political judgement in deciding final funding allocations.

Moving forward, the Shared Prosperity Fund needs a new mechanism with wider acceptability – and with

political judgement applied only at the margins for the toughest of cases.

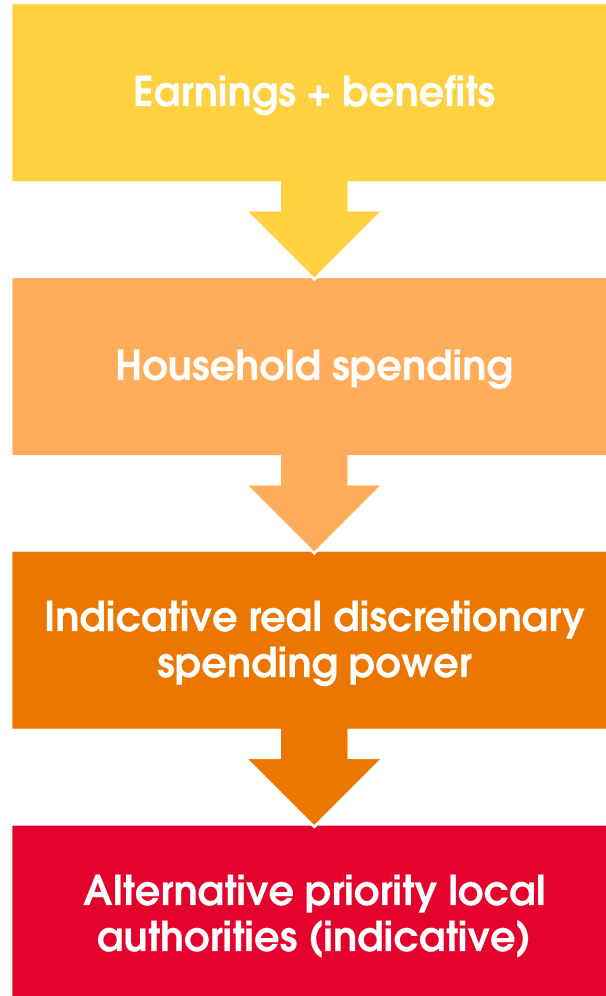
The perfect formula does not exist – and, by trying to resolve the difficulty by adding more metrics and using more weighting systems, the process becomes more tortured and the allocation of public funds more difficult to explain or defend.

Simplicity is essential.

By learning from the experience of the Levelling Up, Towns and Community Renewal funds, a process for prioritising allocations geographically can be devised that is transparent, straightforward and focused on key economic outcomes.

An emphasis on identifying and addressing differences in the standards of living achievable in different locations given local labour market conditions provides a sound, logical and clear basis for the Shared Prosperity Fund. Differences in real household incomes, based on local earnings, capture the variations in economic performance between locations. They are a direct measurement of poverty, and result from local economic opportunities and (dis)advantages.

Modelling to reveal impact of choice of metric



We have conducted indicative modelling of the differences in real household incomes between local authorities to compare a prioritisation based on this metric with those used for recent funds.

We consider two potential objectives: 'alleviating poverty', where we focus on the conditions of the lowest earning fifth of the population in each local authority; and 'improving the averages', where we consider the median.

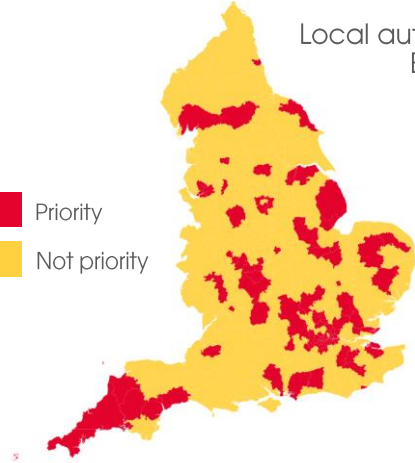
For a series of different exemplar households (with varying numbers of adults and children, employment patterns and housing), we calculate their levels of discretionary spending power and then weigh up to a 'typical' household. Our incomes data are based on official estimates of local hourly employment earnings by decile plus any Universal Credit receivable (including housing benefit up to the LHA limit) and less any tax and National Insurance due. Housing costs are based on rental values from the Office of National Statistics. Other spending data appropriate for each exemplar household from the Office for National Statistics' family expenditure survey are used as proxy for both costs of living and volumes of goods and services required in different locations.

Using this prioritisation method, we have identified the 100 most deprived local authorities in England for both the 'alleviating poverty' and 'improving the averages' objectives. (See maps on next slide.)

**Real incomes
prioritisation: poverty
alleviation, all regions,
top 100**

Local authorities,
England

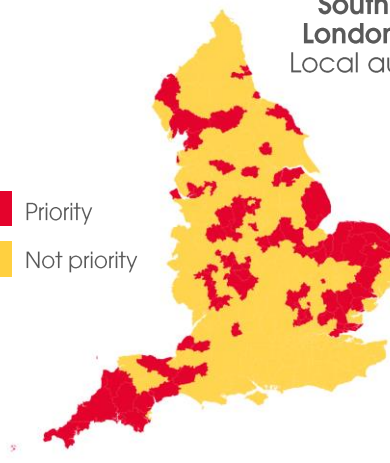
Priority
Not priority



**Real incomes
prioritisation: poverty
alleviation, excluding
South East and
London, top 100**

Local authorities,
England

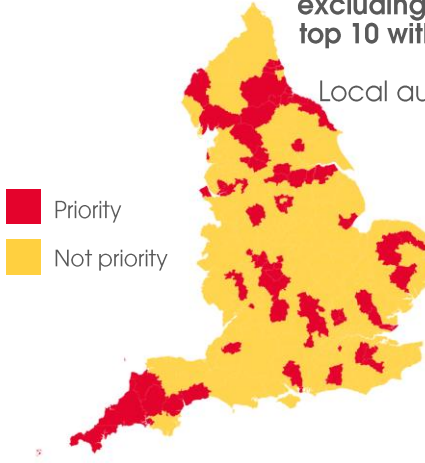
Priority
Not priority



**Real incomes
prioritisation:
poverty alleviation,
excluding London,
top 10 within each
region**

Local authorities,
England

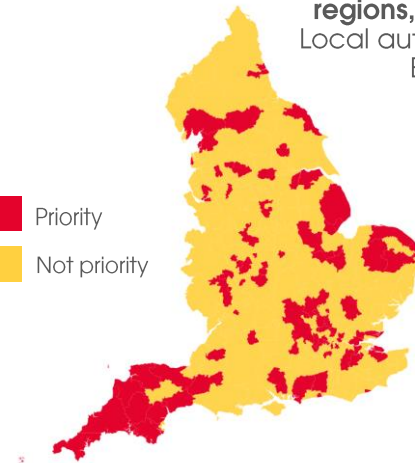
Priority
Not priority



**Real incomes
prioritisation: improving
the averages, all
regions, top 100**

Local authorities,
England

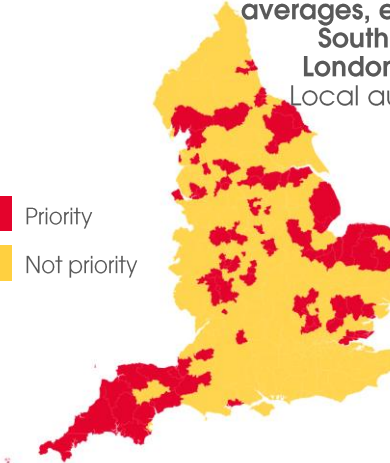
Priority
Not priority



**Real incomes
prioritisation:
improving the
averages, excluding
South East and
London, top 100**

Local authorities,
England

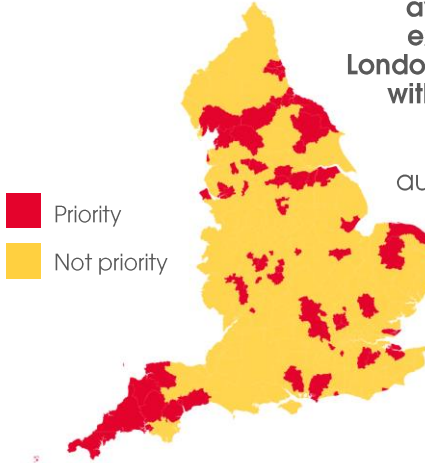
Priority
Not priority



**Real incomes
prioritisation:
improving the
averages,
excluding
London, top 10
within each
region**

Local
authorities,
England

Priority
Not priority



New approach highlights bias against rural

Estimates of the standards of living achievable in different locations provides a better measure of income deprivation.

Using our alternative priority areas model, we derived 100 priority areas by calculating those with the lowest real household discretionary spending – based on local earnings. They were then compared with the 100 local authorities deemed most deprived by the IMD’s income metric.

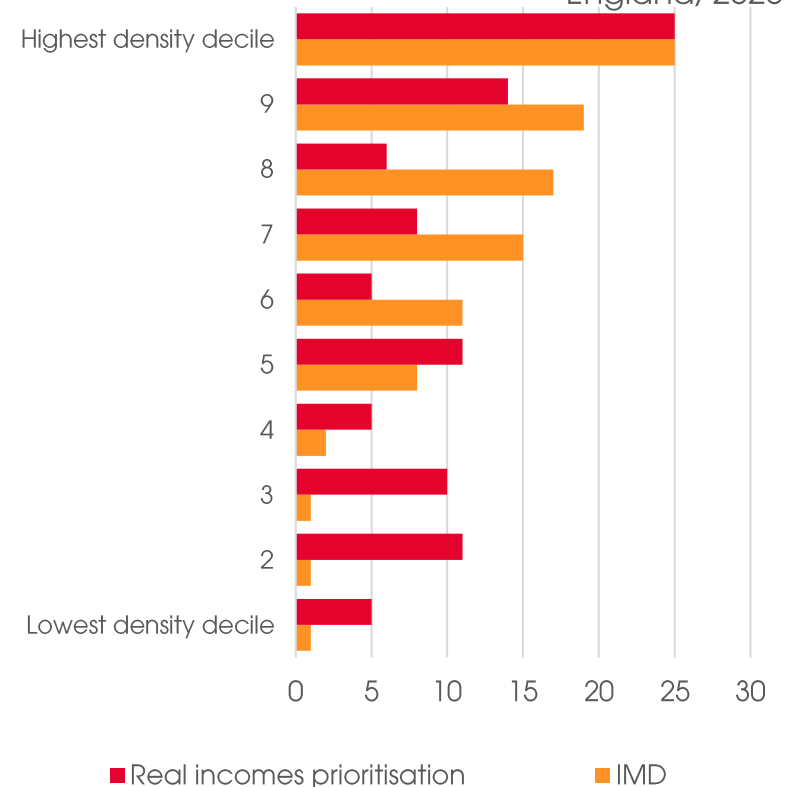
For households with incomes in the second decile, data demonstrates that the IMD income component’s focus on benefits fails to capture the real picture for those living in rural areas. Only six mainly or largely rural authorities are represented in the top 100 by the IMD’s scoring, compared to 27 using the alternative income framework.

Government prioritisation fails to reflect scale of low income households in rural areas.

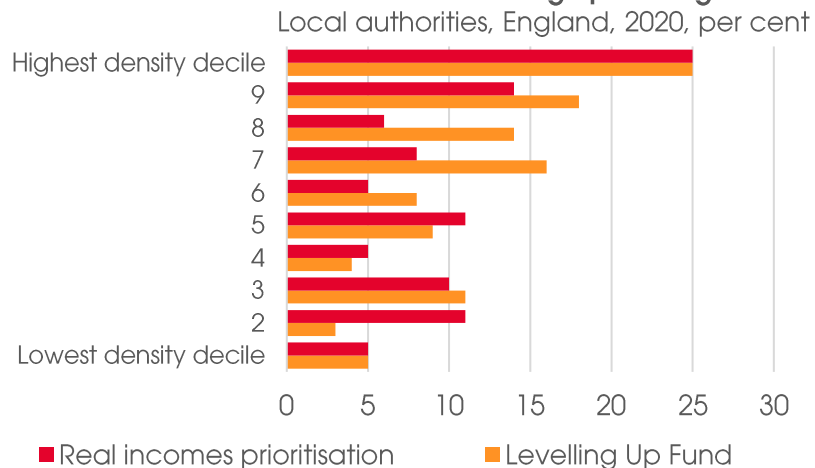
Whether targeting poverty alleviation for those on the lowest incomes, or improving the economic outlook of the average household, our new approach shows rural authorities are underrepresented on the Levelling Up Fund’s high priority list (See next two slides.)

Top 100 priority authorities to alleviate poverty and the 100 most deprived authorities by IMD’s income metric

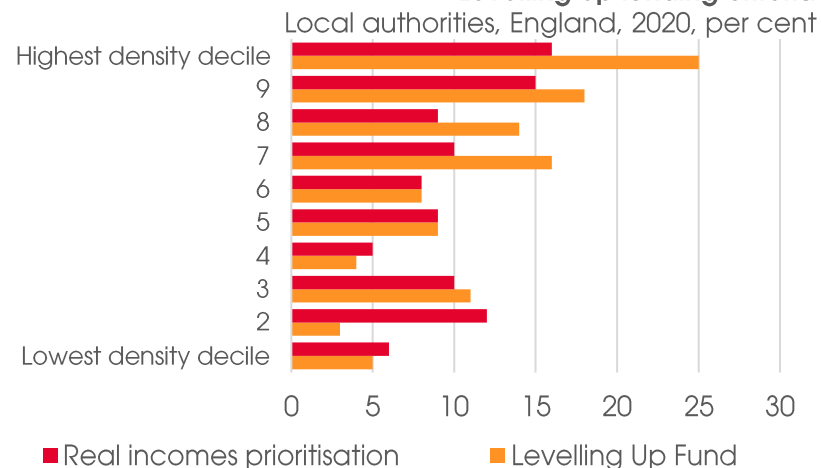
Local authorities, population density, England, 2020



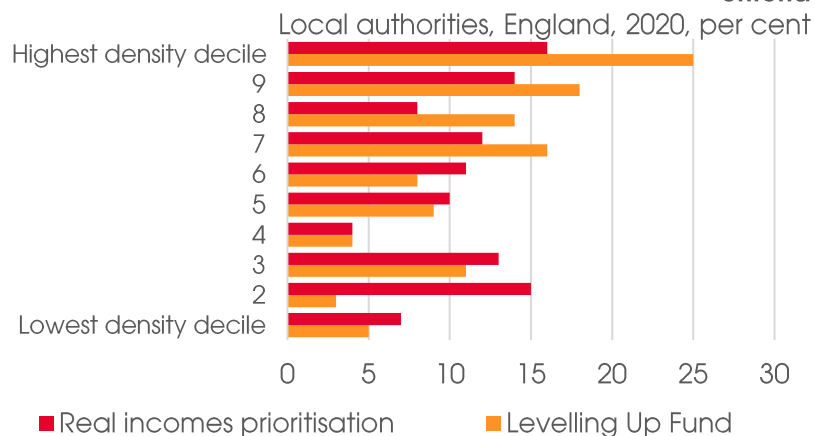
Real incomes prioritisation: poverty alleviation, all regions and local authorities scoring 'high' on Levelling Up funding criteria



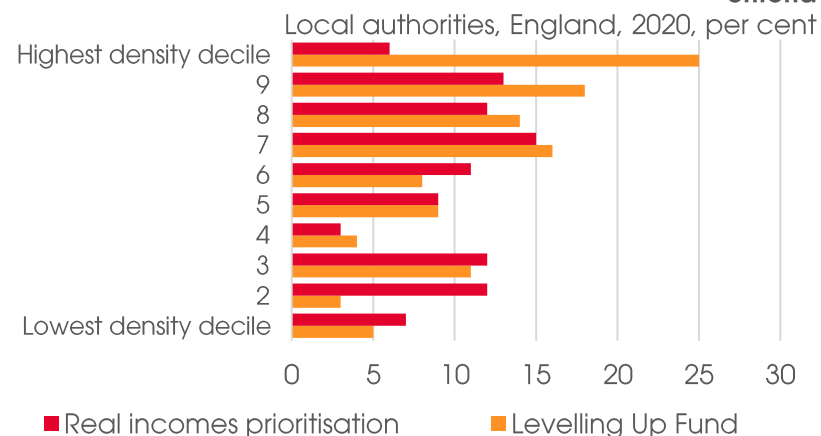
Real incomes prioritisation: improving the averages, all regions and local authorities scoring 'high' on Levelling Up funding criteria



Real incomes prioritisation: poverty alleviation, excluding South East and London and local authorities scoring 'high' on Levelling Up funding criteria

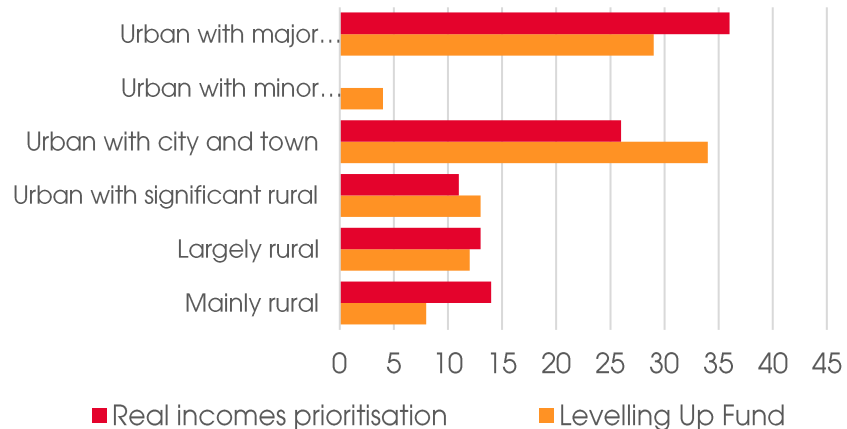


Real incomes prioritisation: improving the averages, excluding South East and London and local authorities scoring 'high' on Levelling Up funding criteria



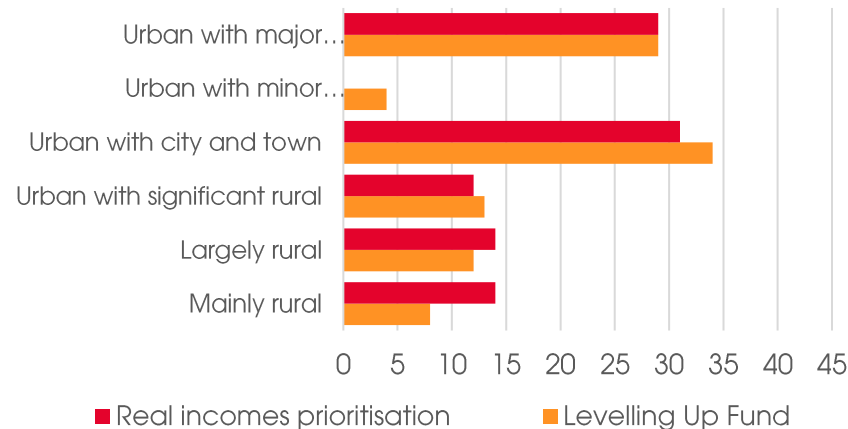
Real incomes prioritisation: poverty alleviation, all regions and local authorities scoring 'high' on Levelling Up funding criteria

Local authorities, England, 2020, per cent



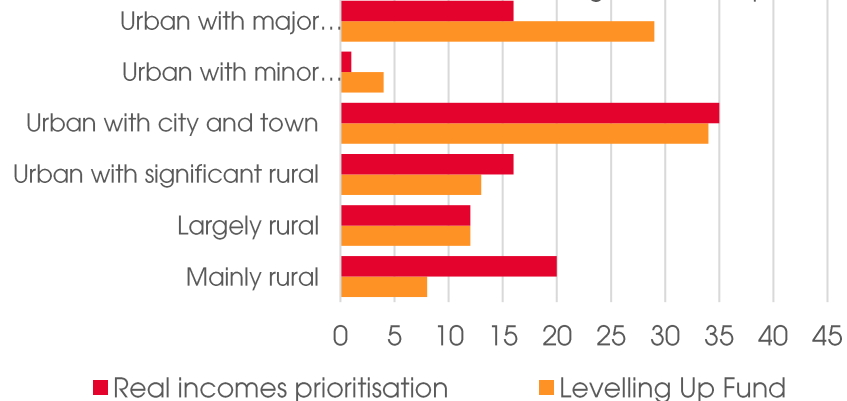
Real incomes prioritisation: improving the averages, all regions and local authorities scoring 'high' on Levelling Up funding criteria

Local authorities, England, 2020, per cent



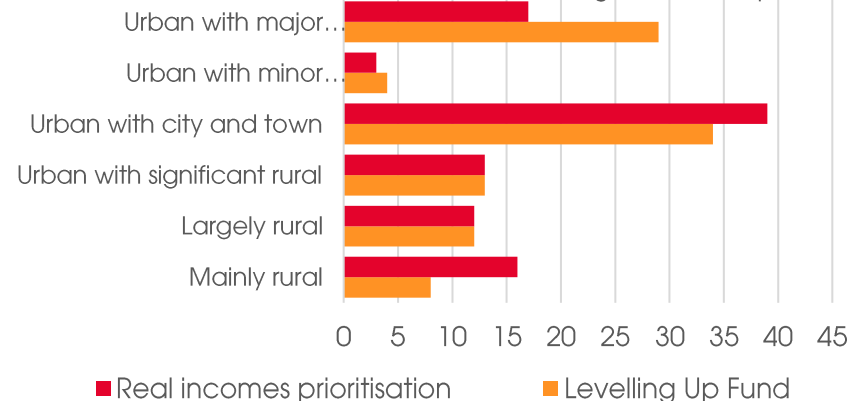
Real incomes prioritisation: poverty alleviation, excluding South East and London and local authorities scoring 'high' on Levelling Up funding criteria

Local authorities, England, 2020, per cent



Real incomes prioritisation: improving the averages, excluding South East and London and local authorities scoring 'high' on Levelling Up funding criteria

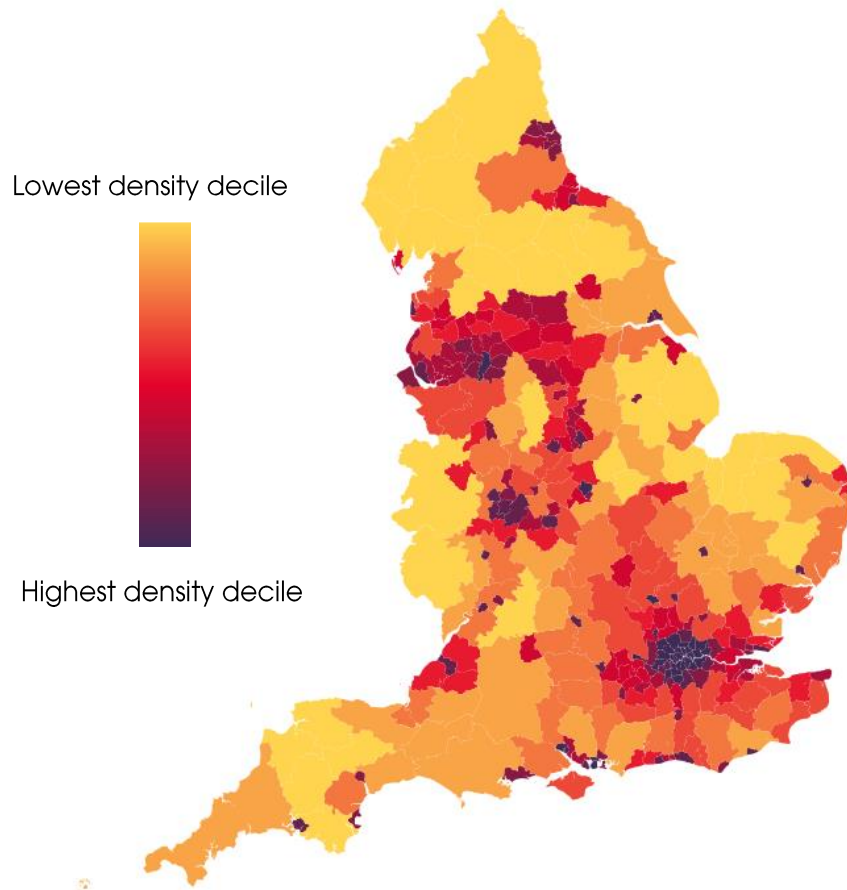
Local authorities, England, 2020, per cent



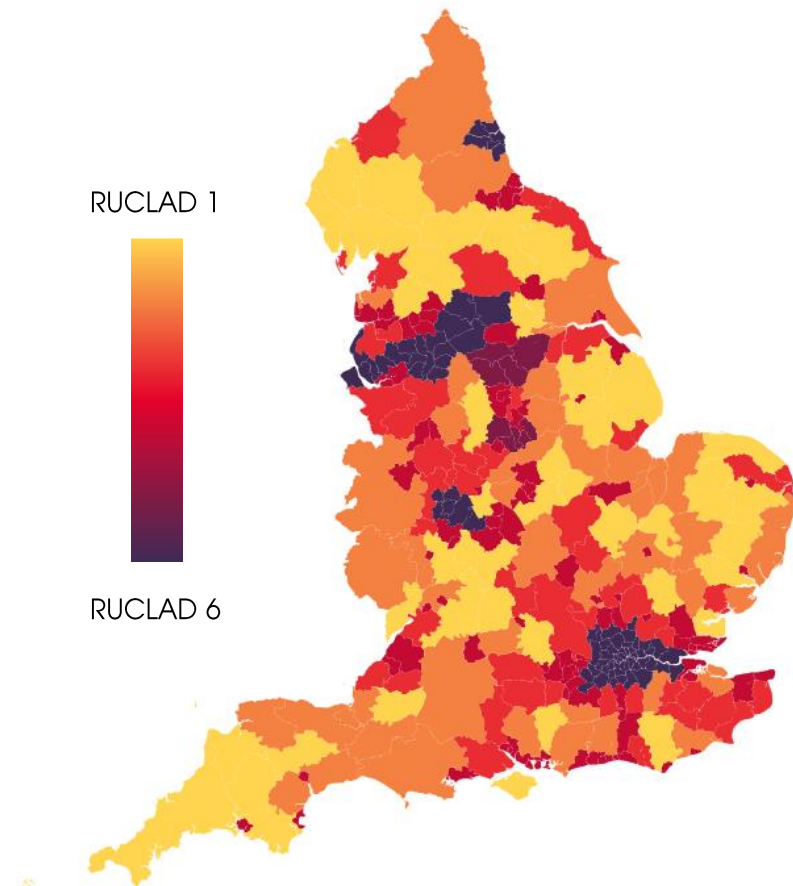
Appendix

Classifying rural areas

Population density deciles
Local authorities, England, mid-2019



Rural-Urban Classifications (RUCLAD)
Local authorities, England, 2011*



*Note: updated to correspond to local authorities as of April 2021. Source: Office for National Statistics (left); Department for Environment, Food & Rural Affairs (right)

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