Towards the UK Shared Prosperity Fund

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

21 June 2021

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Towards the UK Shared Prosperity Fund

Mark Pragnell

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Today's objectives

- To outline the findings of our recent research and report for Rural Services Network

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Outline

- Funding priorities after Brexit

- Funding for rural communities

- Towards clear and coherent prioritisation of the Shared Prosperity Fund

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- **Funding priorities after Brexit**

- Funding for rural communities

- Towards clear and coherent prioritisation of the Shared Prosperity Fund

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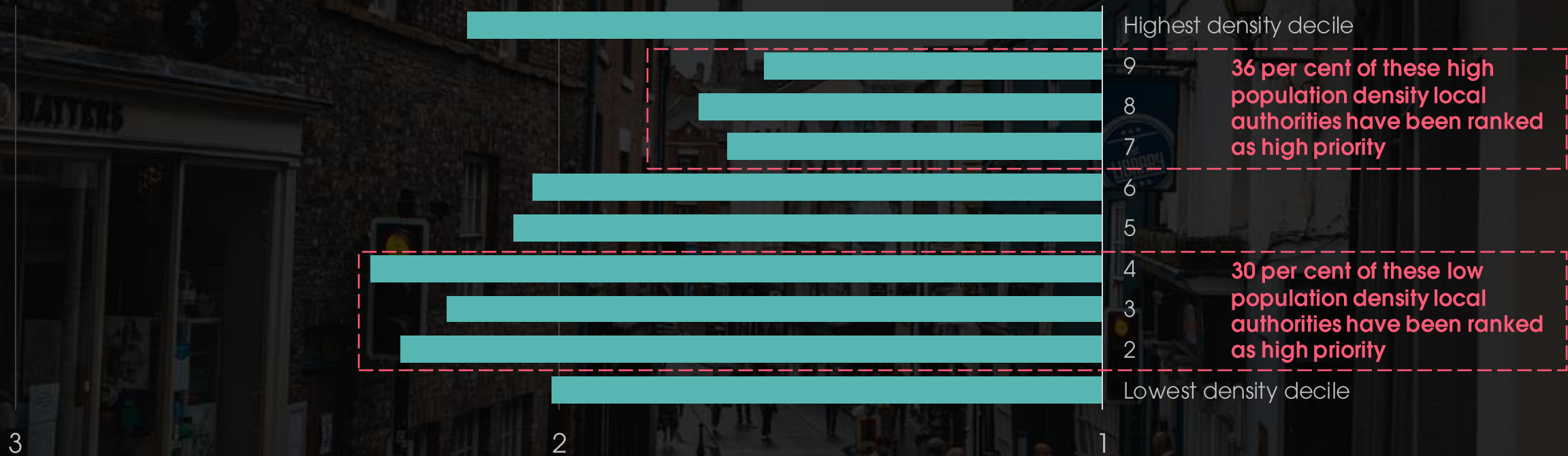
Complex and confused calculations

Prioritisation 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

Source: Ministry of Housing, Communities & Local Government

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Metrics chosen have disadvantaged rural

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

Highest density decile

9

8

7

36 per cent of these high population density local authorities have been ranked as high priority

6

5

4

30 per cent of these low population density local authorities have been ranked as high priority

3

2

Lowest density decile

3   2   1

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Low wages are the realities of rural ….

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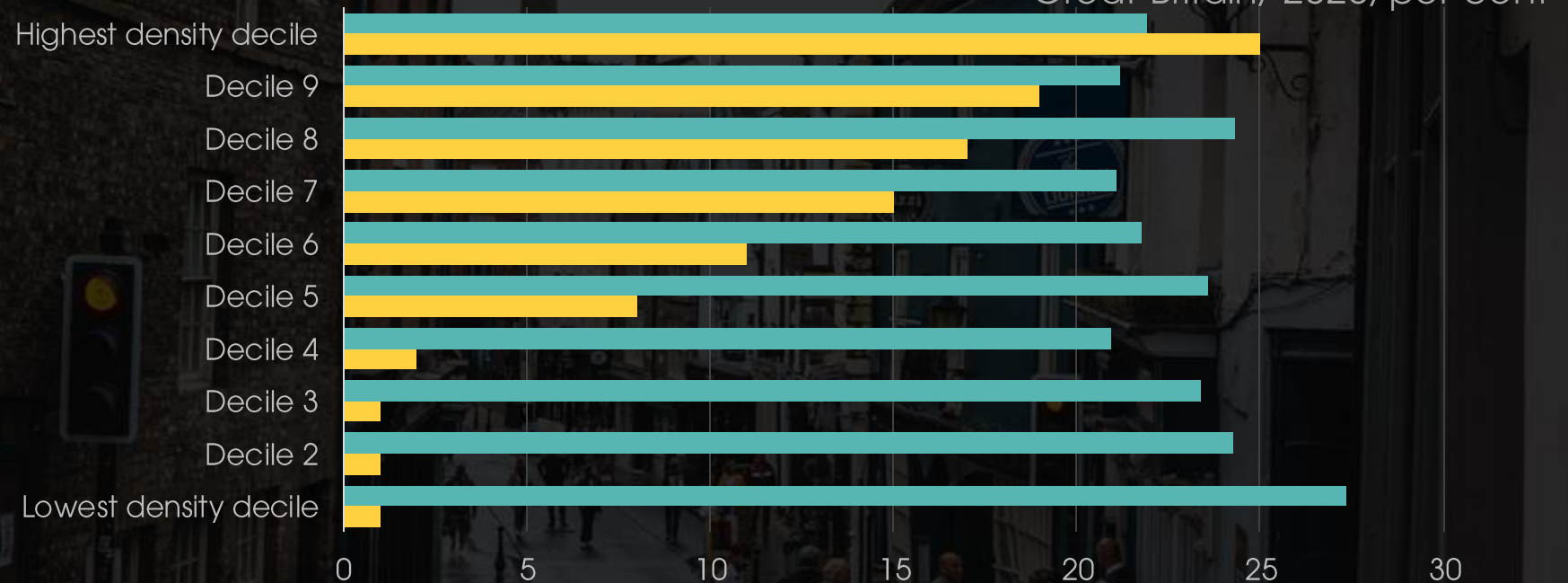Local authorities, Great Britain, 2020, £ thousand

Earned incomes are lowest for workers in the most sparsely populated local authorities

....but are missed by official deprivation metrics

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

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

■ Jobs below the living wage

■ Share of authorities in top 100 of IMD's income domain

Highest density decile
Decile 9
Decile 8
Decile 7
Decile 6
Decile 5
Decile 4
Decile 3
Decile 2
Lowest density decile

0   5   10   15   20   25   30

Low wages compounded by higher costs ….

Difference in weekly expenditure by rural households in comparison to urban

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

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
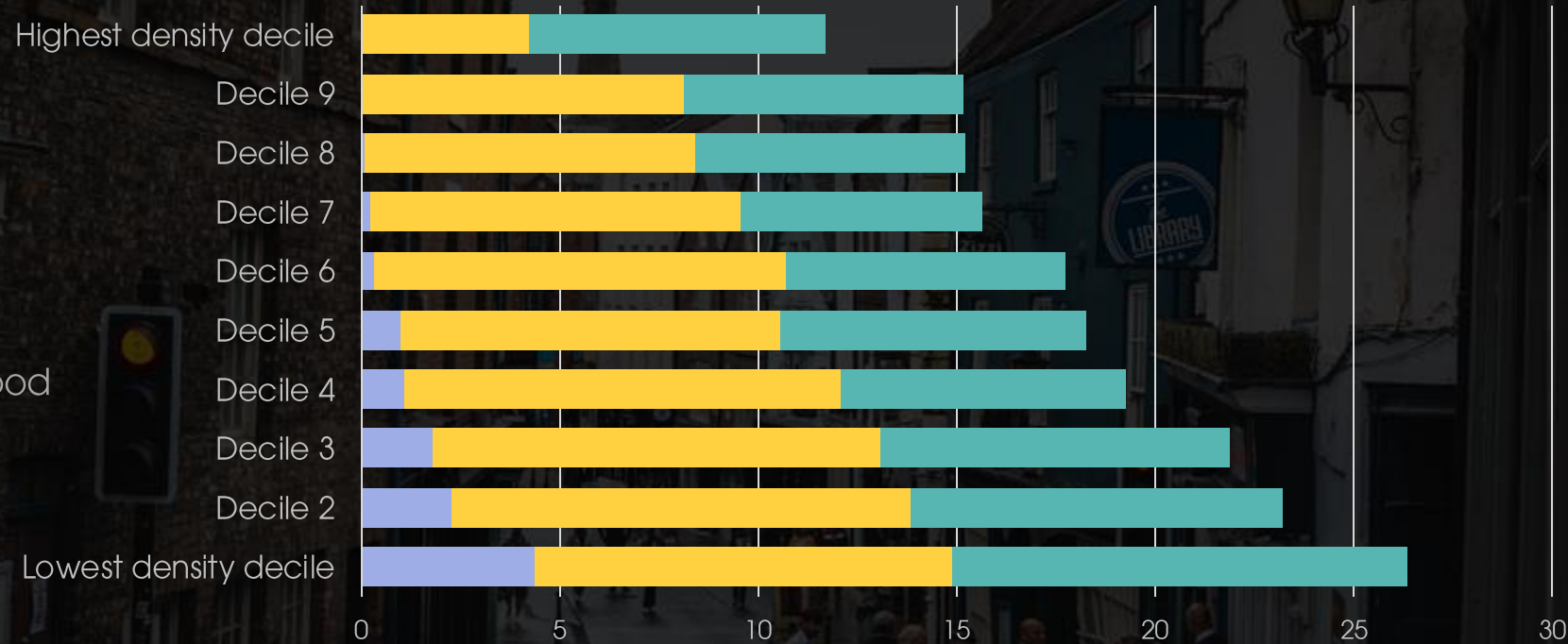

Other expenditure items
Miscellaneous goods & services
Restaurants & hotels
Education
Recreation & culture
Communication
Transport
Health
Household goods & services
Housing (net), fuel & power
Clothing & footwear
Alcohol, tobacco & narcotics
Food & soft drinks

-20   -10   0   10   20   30

…. and less secure jobs

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

Legend:
- Agriculture, forestry & fishing
- Manufacturing
- Accommodation & food services

Categories (top to bottom):
- Highest density decile
- Decile 9
- Decile 8
- Decile 7
- Decile 6
- Decile 5
- Decile 4
- Decile 3
- Decile 2
- Lowest density decile

X-axis: 0, 5, 10, 15, 20, 25, 30

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New approach to focus on local real incomes

Real incomes prioritisation: poverty alleviation, all regions and local authorities scoring 'high' on Levelling Up funding criteria
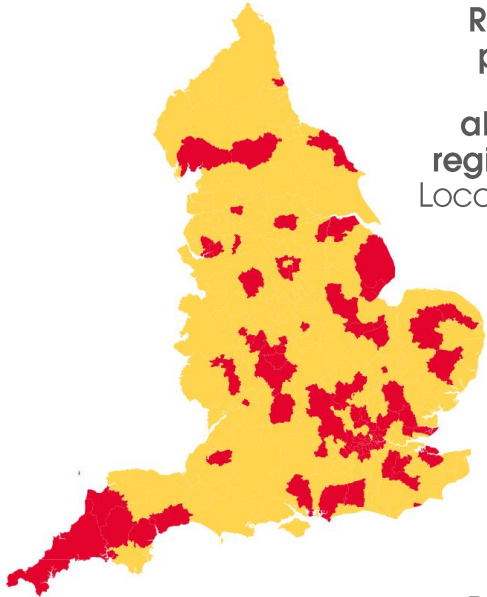
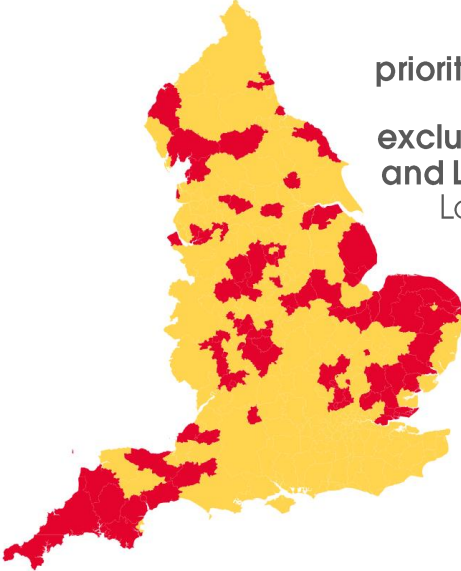Local authorities, England, 2020, per cent

Highest density decile
9
8
7
6
5
4
3
2
Lowest density decile

0   5   10   15   20   25   30

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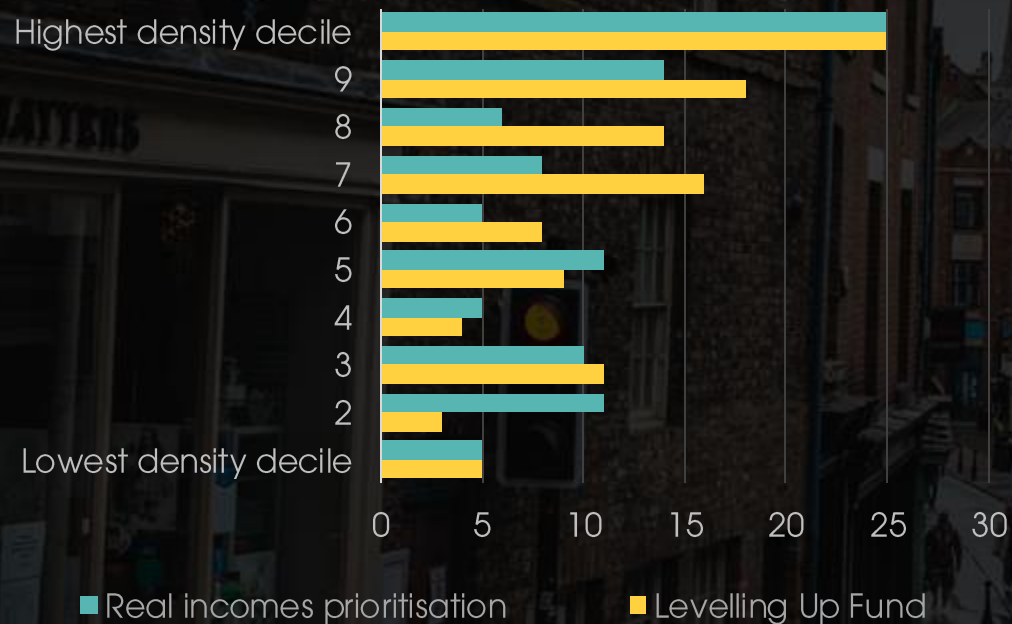
Real incomes prioritisation: poverty alleviation, excluding South East and London and local authorities scoring 'high' on Levelling Up funding criteria

Local authorities, England, 2020, per cent

Highest density decile
9
8
7
6
5
4
3
2
Lowest density decile

0   5   10   15   20   25   30

■ Real incomes prioritisation   ■ Levelling Up Fund

Source: HM Treasury; Pragmatix Advisory Alternative Priority Areas Model (PAAPA)
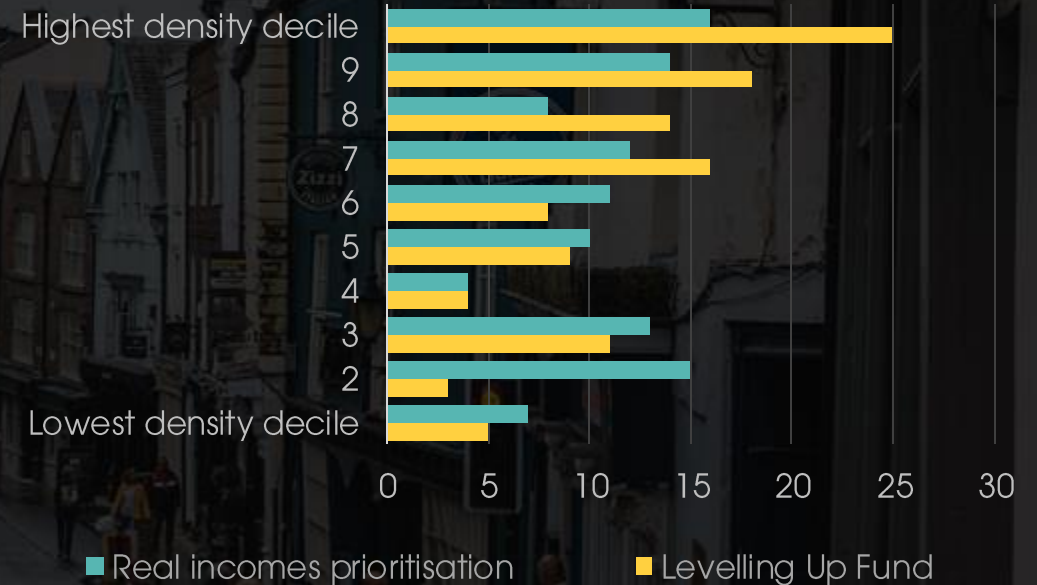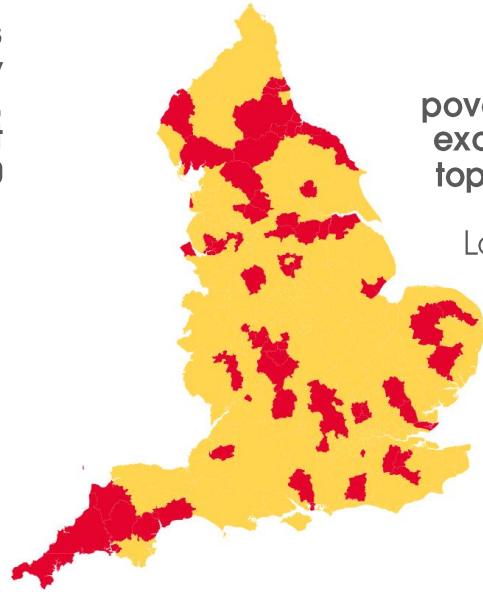
Real incomes prioritisation: poverty alleviation, all regions, top 100
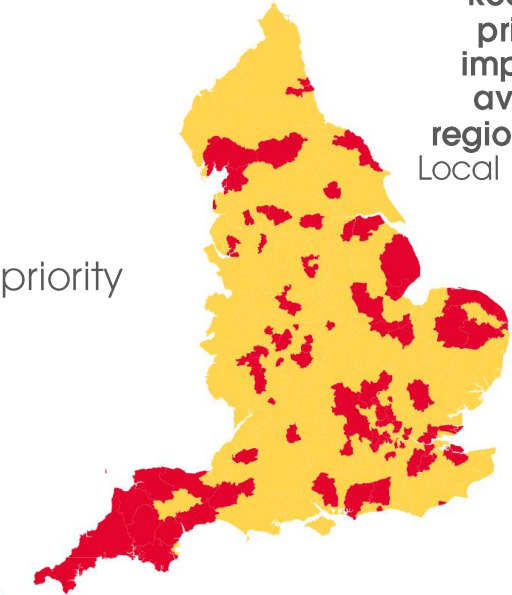Local authorities, England

Real incomes prioritisation: poverty alleviation, excluding South East and London, top 100
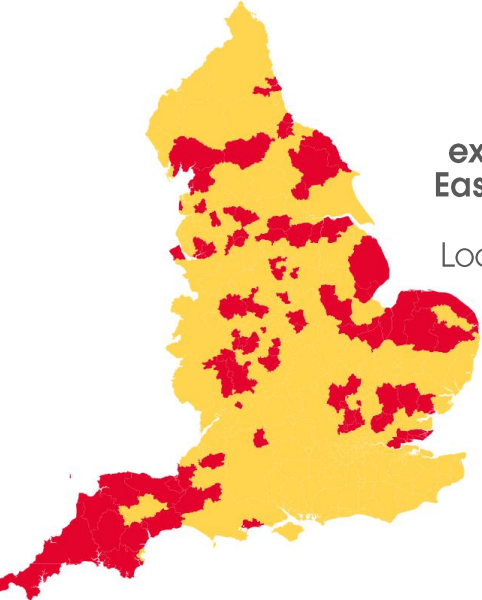Local authorities, England

Real incomes prioritisation: poverty alleviation, excluding London, top 10 within each region
Local authorities, England

Real incomes prioritisation: improving the averages, all regions, top 100
Local authorities, England

Real incomes prioritisation: improving the averages, excluding South East and London, top 100
Local authorities, England

Real incomes prioritisation: improving the averages, excluding London, top 10 within each region
Local authorities, England
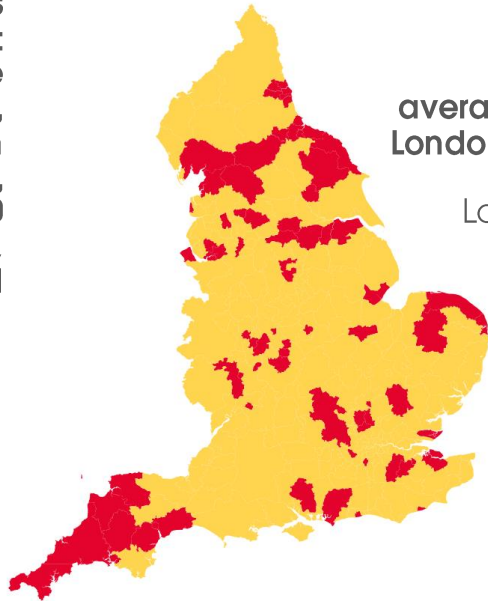
■ Priority
■ Lower priority

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**Keep
It
Simple,
Stupid**

- Simple / single metric
- Focus on the outcome that matters
- Let local authorities worry about and address the causes
- Accept political judgement – but at the margin for the hard cases and with clear and transparent rationale
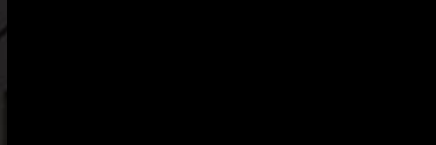
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