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Levelling up funding to local government

Twenty-First Report of Session 2023–24

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Summary

"Levelling up" is a government-wide policy to reduce geographical inequality in a broad range of economic and social measures across the UK. Of the £10.47 billion total funding across three significant funds from central government to be spent over the period 2020–21 to 2025–26, by December 2023 local authorities (the recipients of the funds in most cases) had received only £3.70 billion and, furthermore, £1.24 billion had actually been spent and was therefore making a difference on the ground (as of the latest data for September 2023). Also, of the projects actually underway, many have been delayed despite being picked for funding because they were supposedly "shovel-ready": over 80% of the Levelling Up Fund Round 1 projects are already set to miss their March 2024 completion deadline. The Department for Levelling Up, Housing and Communities, or DLUHC ("the Department") is the lead Department for the three Levelling Up funding streams, but could not give us any compelling examples of what had been delivered so far. The Department cited project specific issues and the impact of the pandemic and inflation for a lower-than-anticipated level of spending to date, but that its spending was now more aligned to its budgets than in the earlier years of the funds.

As we have found before, optimism bias has meant impactful bids to the Levelling Up Fund may have missed out at the expense of so-called 'shovel-ready' projects, some of which have nevertheless been affected by delays. As a result, the Department has extended the deadline for local authorities to spend their government funds for the Future High Streets Fund and Rounds 1 and 2 of the Levelling Up Fund, which demonstrates problems with the original assessments.

We are concerned that there is as worrying lack of transparency in the Department's approach to awarding funds. This approach has wasted scarce public resources and caused some local authorities to miss out. The Department changed the rules for the Levelling Up Fund as it went along, for example only after submitting their bids for Round 2 of the Levelling Up Fund did local authorities learn that they had no chance of being successful if they had already secured Round 1 funding. Also, only after Round 3 had launched did the Department decide that, rather than consider new bids, it would only allocate Round 3 funding to unsuccessful bids from Round 2, meaning those local authorities that had waited to submit bids in Round 3 missed out. The Department claimed that, on balance, this approach to Round 3 was the best way to remove the significant effort from local authorities of bidding. In future, the Department must give organisations applying for funds more assurance of the principles and implications for awarding funds under different scenarios and not change them once published, in order to save considerable time and money in preparing and submitting ineligible bids.

It is right that the Department is working to simplify the funding system and reduce the administrative burdens on local authorities, including simplifying the variety and complexity of multiple funding streams and reducing the burden of data collection. In order to make this a success, the Department needs to continue to do more to embed the changes it has started to make.

The Department is providing focused support to a small number of local authorities, but it remains to be seen how it will spread the learning across all local authorities. We recognise the Department is now putting in place plans to carry out evaluations of these levelling-up funds. However, we are disappointed that it has no long-term plans to measure the impact of these funds into the future.

Introduction

The Department for Levelling Up, Housing & Communities, or DLUHC ("the Department") has a lead role in Levelling Up funding, which forms a key part of the government's levelling-up agenda to reduce geographic inequality by targeting a broad range of economic and social measures across the UK. There are three significant funds to support local places:

- Towns Fund – consisting of Town Deals and the Future High Streets Fund (England only);
- Levelling Up Fund (UK wide); and
- UK Shared Prosperity Fund (UK wide).

Each of the funds started in different years and have different end dates by which government funds needs to be spent, but all funding must be spent by 31 March 2026. Between them, these funds will allocate up to £10.47 billion to be spent during the period 2020–21 to 2025–26. As of December 2023, the Department had given out £3.7 billion to local places. The Levelling Up Fund and the UK Shared Prosperity Fund involve several other government departments in aspects of their design and delivery. All three funds have overlapping investment themes around regeneration, culture and transport, but the Department allocated funds in different ways. Some funds were allocated by a competitive process after local authorities had submitted bids: this includes the Future High Streets Fund and Rounds 1 and 2 of the Levelling Up Fund. Round 3 of the Levelling Up Fund was allocated exclusively to some of the unsuccessful bids from Round 2, rather than being open to new bids, which was the Department's original intention. The Town Deals were offered to 101 selected towns. The UK Shared Prosperity Fund was allocated to places based on a formula. The Levelling Up Fund and Towns Fund are supporting more than 1,300 individual projects between them, while the UK Shared Prosperity Fund is supporting more than 3,000 projects.

Conclusions and recommendations

1. **Local authorities have been able to spend only £1.24 billion, just over 10%, of the promised £10.47 billion from the government's three Levelling Up funds (as of September 2023). Furthermore, by December 2023 the Department had given £3.70 billion to local authorities out of the total allocation.** The Department knows that many projects are struggling so it has provided flexibility to local authorities to extend the deadlines to complete projects under the Levelling Up Fund Rounds 1 and 2 and the Future High Streets Fund. The Department told us that in December 2023 it had written to all Levelling Up Fund Round 1 and 2 projects asking for a status update, as well as to Future High Streets Fund projects where it had concerns the projects may be at risk of missing the programme deadline of September 2024. We are concerned these extensions are masking problems and backloading expenditure. The National Audit Office (NAO) reported the majority of projects were 'underway'. But the Department confirmed that this does not necessarily mean construction work has started on site. We were also concerned to hear that out of the 185 projects that had commenced under the Future High Streets Fund, 19 (just over 10%) had been paused and so risk not being completed.

    Recommendation 1: ***In its Treasury Minute response, and then by letter once every six months to this Committee, the Department should set out:***

    - ***the latest position on the amount of money that has been released to and spent by local authorities across the three funds; and***
    - ***provide an update on the progress of projects broken down by fund and project status.***

2. **We are concerned the Department did not do enough to understand the readiness of project proposals and the challenges facing local authorities before it awarded funds.** As we have found before, optimism bias has put impactful bids to the Levelling Up Fund at risk of missing out at the expense of so-called 'shovel-ready' projects. The Department gave many reasons why projects are delayed and how it needed to balance deliverability against requiring local authorities to have everything in place to start building as soon as they are awarded funds. But this optimism has meant the Department has had to allow local authorities to extend the deadline to spend their money for all projects in the Levelling Up Fund Rounds 1 and 2 and the Future High Streets Fund. So far, the vast majority (60 out of the 71) of Levelling Up Fund Round 1 projects which were due to have spent their government funds by the end of 2023–24 have reprofiled their spend into 2024–25 and the Department expects some of the remining 11 to do so as well. We found this astonishing given Round 1 of the Levelling Up Fund was awarded to 'shovel-ready' projects that were supposed to be completed and delivering for local people by March 2024. As Round 3 of the Levelling Up Fund has been allocated to those unsuccessful bids made under Round 2, the Department could not assure us these same delays would not be repeated. Furthermore, the Department could have been much more inquisitive about the realistic delivery timetable of each project it funded, for example in regard to obtaining planning permission and acquisition.

Recommendation 2: ***In its Treasury Minute response, the Department should set out what it has learnt to ensure proposals have the best chance of timely success, and how it will ensure this learning is applied to future funds. It should also set out how it is sharing its experiences with the Levelling Up programme both within the Department and across government to reduce the risk of similar mistakes being repeated in other programmes and projects.***

3. **The Department changed the rules for applying for the Levelling Up Fund during the application process, wasting scarce public resources, disadvantaging some local authorities and hindering transparency. The Levelling Up programme was sub-optimal in this respect and it is important that lessons are learnt.** There is as worrying lack of transparency in the Department's approach to awarding funds with the Department changing the rules for the Levelling Up Fund as it went along. Having seen how many bids were submitted, the Department decided that local authorities that were successful in Round 1 would not be awarded any funds in Round 2. On average, local authorities have historically spent £30,000 pursuing each competitive grant, such as Levelling Up grants, yet we now know that 55 local authorities who had received funding in Round 1 and then bid in Round 2 had, in fact, no chance of being successful in Round 2. The Department also changed the rules for Round 3, deciding it would not run a new competition but instead restrict the allocation of Round 3 funding to unsuccessful Round 2 bids, meaning those waiting to bid in Round 3 missed out. The Department said that, on balance, this was the best approach to remove the significant effort of bidding. But the downside is that local authorities that did not bid under Round 2 (for example, because they were not ready) did not get a chance to fund their projects. In addition, only around 25% of bids across Rounds 1 and 2 of the Levelling Up Fund were successful: the Department should have better anticipated the expected demand for funding and, given the available funding, set sufficiently stringent criteria to help avoid local authorities investing in bids that had little chance of success.

Recommendation 3: ***In its Treasury Minute response the Department should set out the principles it will apply and the decision-making process for awarding future Levelling Up funds for reducing regional inequality.***

The Department should carefully construct the criteria for all funding programmes before launching them—setting out any flexibilities and possible alternative options (and the circumstances in which these would be triggered) at the outset—and must not change the rules once they are published barring exceptional circumstances. We would trust that the rest of government also heeds this advice.

4. **We welcome the intentions to simplify the funding system, but the Department has more to do to implement its plans.** The Department published its plans for funding simplification in Summer 2023. This plan covers the whole of government and aims to simplify the approach to, and number of, funding streams available to local authorities. The plan includes, giving local authorities more flexibility in managing their projects and reducing the burden of data collection on local authorities. Currently, the Department collects over 400 indicators across 13 funds but recognises this is too much. It has established what it calls 'pathfinder

simplification pilots' that allow ten local authorities who are receiving money from multiple funds to pool these funds so they can manage their individual projects as one. However, it is yet to draw any conclusions from this initiative.

Recommendation 4: ***In its Treasury Minute response, the Department should update us on the progress with simplification including its work with other government departments and progress with the ten simplification pilots. In the future, it should update the Committee by letter once every six months of further developments in this regard, along with the costs and benefits (both to the Department and local authorities) arising from greater simplification.***

5. **The Department is providing focused support to some local authorities with project delivery, but it remains to be seen how the Department will use any learning from these activities to support all local authorities.** In addition to the flexibilities introduced in the pathfinder simplification pilots (see above), the Department is providing focused support to local authorities to help them unblock and deliver their projects. This includes area teams that work with local authorities and departmental experts that it is deploying into 25 local authorities to help them unblock delivery. The Department also has an additional £65 million to provide additional funding to local authorities who received funds under the Levelling Up Fund and to provide external experts to build capacity and capability in local authorities. But the Department's focused support is available to only a small number of local authorities. It remains to be seen how the Department is going to disseminate these lessons to support all local authorities and how they will use these lessons to improve their approach in the future.

Recommendation 5: ***The Department should set out in its Treasury Minute response the lessons it is learning from its local support work and how it will disseminate the lessons to all local authorities.***

6. **We recognise the Department's plans to evaluate these funds in the short-term, but we are concerned it has no long-term plans to measure the impacts.** The Department is playing catch up in its efforts to carry out robust evaluation. Having previously not considered evaluation well enough, it is now putting in place plans to carry out evaluation of the funds. Evaluating the impact and added value of levelling-up funds will be complex and will require a wider range of information than that used to award funds in the first place. It may be challenging to show clearly what outcomes can be convincingly attributed to the funding awarded. The Department expects findings from the evaluations to start becoming available from 2025. We are however concerned about how the Department will ensure robust data over the long-term and surprised that the Department has no long-term plans to know if these funds worked, for example, by reviewing over five, ten, and 15 years to find out how people have benefitted from the investments.

Recommendation 6: ***In its Treasury Minute response, the Department should:***

- ***update us on its progress with evaluation and provide us with regular updates thereafter; and***

- ***update us on how it will ensure it has the right data and how it will carry out evaluation over the long-term to assess whether the investments have led to sustained improvement.***

1 Progress of project delivery

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Levelling Up, Housing & Communities (the Department) about three significant levelling-up grants to local government.[1]

2. The Department leads on three significant funds, which the government's 2022 Levelling Up white paper identified as supporting the levelling-up agenda by providing investment into local places. The Towns Fund (consisting of Town Deals and the Future High Streets Fund), the three rounds of the Levelling Up Fund, and the UK Shared Prosperity Fund form a key part of the government's levelling-up agenda to reduce geographic inequality by targeting a broad range of economic and social measures across the UK. The Towns Fund is restricted to England, while the Levelling Up Fund and UK Shared Prosperity Fund are UK-wide funds and involve several other government departments in aspects of their design and delivery. The Levelling Up Fund and Towns Fund are supporting more than 1,300 individual projects between them, while the UK Shared Prosperity Fund is supporting more than 3,000 projects.[2]

3. The Future High Streets Fund and Rounds 1 and 2 of the Levelling Up Fund were allocated by a competitive process after local authorities had submitted bids. Round 3 of the Levelling Up Fund was an allocation based on Round 2 bids which were not initially successful. The Town Deals were offered to 101 selected towns and the UK Shared Prosperity Fund was allocated to places based on a formula.

4. Between them, these funds aim to allocate £10.47 billion to local places to be spent over the period from 2020–21 to the end of 2025–26. In most cases, local authorities are the recipients of the funds.[3] Each of the funds started in different years and have different end dates by which government funds needs to be spent. The Department releases funding over the course of the funds' lifetime in response to funding requests from local authorities and by December 2023 the Department had given £3.70 billion to local places to spend.[4]

Amounts spent so far and project status

5. Delivery of both the Towns Fund (consisting of Town Deals and the Future High Streets Fund), and the Levelling Up Fund are behind where the Department expected to be at this stage.[5] The Department told us this was due to project specific issues and the impact of the pandemic and inflation.[6]

6. In its letter to us of 29 January 2024 (provided after our oral evidence session, which had taken place on 15 January), the Department told us that by December 2023 it had made payments to local authorities of £3.70 billion out of the total promised allocation of £10.47 billion across the three funds. This consists of £614 million from Round 1 and £195 million from Round 2 of the Levelling Up Fund, £748 million from the Future High

1 C&AG's Report, Levelling up funding to local government, Session 2023-24, HC 191, 17 November 2023
2 C&AG's Report, paras 1, 4, 6
3 Correspondence from Permanent Secretary, Department for Levelling Up, Housing and Communities, dated 29 January 2024; C&AG's Report, paras 4, 6
4 Q 6; Correspondence from Permanent Secretary, Department for Levelling Up, Housing and Communities, dated 29 January 2024
5 C&AG's Report Para 8
6 Qq 8, 77

Streets Fund, £1,320 million from the Town Deals and £834 million from the UK Shared Prosperity Fund.[7] At our evidence session we had pressed the Department on whether these payments had been spent by local authorities to help deliver their projects. The Department told us that it only releases funds to local authorities when they need it, and it was an indication that projects were being delivered. In its letter to us of 29 January 2024, it told us that as of September 2023, the latest date for which it has local authority spend data available, of the money paid to local authorities, they had spent: £418 million for Round 1 and £94 million for Round 2 of the Levelling Up Fund; £274 million from the Future High Streets Fund; and £381 million from the Town Deals. For the UK Shared Prosperity Fund the Department was still quality assuring the September 2023 data so could only tell us the spend up to April 2023, which was £84 million.[8] This totals £1.24 billion spent by local authorities across the funds, out of the £3.70 billion paid by the Department to local authorities.

7. The Department sought to fund 'shovel-ready' projects in both the Towns Fund and Levelling Up Fund. The Department told us the latest figures across Rounds 1 and 2 of the Levelling Up Fund show that 284 out of 308 projects have commenced. For the Future High Streets Fund, it is 185 out of the 242 and for the Town Deals, it is 488 out of the 604 projects.[9] We challenged the Department on its use of different terms for the status of projects. The Department told us that its use of the term 'underway' means a local authority has started to spend the government funding they have been given under these funds and could include, for example, activities such as feasibility studies, seeking planning permission, land acquisition, paying for design fees or site preparation.[10] We were also concerned to see that 19 projects under the Future High Streets Fund had been paused. The Department told us it would be in discussion with those local authorities about how to progress the projects.[11] By 31 March 2023 local authorities and other organisations had completed 64 projects across these funds.[12] We asked for three examples of projects that had delivered change. We felt the examples the Department gave us were, while important to their localities, relatively small scale compared to the substantial and convincing examples we would have expected the Department to have readily available at this stage.[13]

Projects behind schedule

8. Our report in 2022 on Local Economic Growth found there was an optimism bias in expectations for Round 1 of the Levelling Up Fund.[14] The recent NAO report found that the Department's monitoring reports are showing that projects are behind where it would expect to be at this stage of the Towns Fund (consisting of Town Deals and the Future High Streets Fund) and Levelling Up Fund.[15] We challenged the Department about how it had got the timescales so wrong and queried whether the Department had done enough to understand if projects were able to deliver within the 18 to 24 months they were given.

7 Correspondence from Permanent Secretary, Department for Levelling Up, Housing and Communities, dated 29 January 2024
8 Figures do not sum due to rounding
9 Q 48
10 Qq 41, 48; Correspondence from Permanent Secretary, Department for Levelling Up, Housing and Communities, dated 29 January 2024
11 Q 44
12 C&AG's Report Para 2.2
13 Qq 61-77
14 Committee of Public Accounts, Local Economic Growth, Fifth Report of Session 2022-23, HC 252, 8 June 2022
15 C&AG's Report Para 8

For example, we asked the Department whether local authorities should have planning permission, compulsory purchase powers approved or a feasibility study before they bid. The Department told us there is a balance between asking local authorities to have everything ready to go when they bid for funds against its desire for deliverability.[16]

9. We asked for assurance that Round 1 projects of the Levelling Up Fund would be able to spend their government funds by the 31 March 2024 deadline. The department told us that it had provided flexibility to local authorities and allowed them to extend Round 1 projects to March 2025 and Round 2 projects to March 2026.[17] For Future High Streets Fund projects, the deadline has been extended from 31 March 2024 to 31 September 2024.[18] The Department told us its position is to extend deadlines as this protects value for money for a project that has already been invested in.[19] For Round 3 of the Levelling Up Fund the Department told us that it is sticking to the March 2026 deadline but it could not assure us that these projects would not suffer delivery issues.[20] When the Department wrote to us after our evidence session, it confirmed that so far 60 out of 71 Levelling Up Fund Round 1 projects had extended their spending into 2024–25, and it expected some more of the remaining 11 to also extend their spending.[21] We had already been told that if a local authority was struggling to deliver their project because of inflation, then they could rescope it.[22] We therefore asked the Department what would happen if a local authority could not complete a project with the money available and whether it expected to see an emerging pattern of unfinished projects. It told us while it did not want to see unfinished projects, there was no extra money for these funds. The Department told us it would be able to absorb financial pressures that fall into a following financial year through its day-to-day management of its budgets.[23] It did not feel there was an emerging problem because its spending is beginning to match its budgeted spend much more closely.[24]

10. We challenged the Department about whether allowing local authorities to extend the deadline to spend government funds for all projects in the Future High Street Fund and Rounds 1 and 2 of the Levelling Up Fund was a sign that there was a problem with how the funds were set up. It told us that the early years of the projects were very seriously affected by inflation and supply chain issues, as well as the impact of the pandemic but its spending was now more aligned to its budgets than in the earlier years of the funds.[25]

The changing application process

11. Evidence we received from the South East Councils told us that the bidding process for funds had led to a 'begging bowl' culture where Councils were required to spend too much time and money to meet ever-changing demands of ministers, rather than planning for the long-term to truly deliver for their communities.[26] The Local Government Association

16 Qq 29, 30
17 Q 9
18 Q 43
19 Q 13
20 Qq 34, 36
21 Correspondence from Permanent Secretary, Department for Levelling Up, Housing and Communities, dated 29 January 2024
22 Q 16
23 Qq 120, 121
24 Q 121
25 Qq 15, 59, 78
26 Q 101, LFG0002

(LGA) estimated the average cost to councils of pursuing each competitive grant to be in the region of £30,000 (with each local authority spending roughly £2.25 million a year chasing down various pots of money distributed from across Whitehall).[27]

12. The NAO reported that local authorities and other bodies submitted 834 bids across Rounds 1 and 2 of the Levelling Up Fund. Of these, 216 bids were successful with a value of £3.78 billion, and 618 (just under three-quarters) were rejected, with a value of £9.74 billion.[28]

13. We questioned the Department on why it changed the rules for the Levelling Up Fund between the rounds. It told us that having seen how many bids were submitted for Round 2 of the Levelling Up Fund, ministers decided that local authorities that were successful in Round 1 would not be awarded any funds in Round 2.[29] This decision was made during the assessment process and was not communicated in advance.[30] The Department said it understood the frustration this caused by not taking this decision 'up front'.[31] The NAO reported that this decision directly affected 55 local authorities who had received funding in Round 1 and had also bid in Round 2.[32]

14. Round 3 of the Levelling Up Fund was run as an allocation to some of the unsuccessful bids that were submitted in Round 2. We challenged the Department that this disadvantaged some local authorities who might have wanted to submit a bid in Round 2 but decided not to, because they did not think they would be able to deliver their projects within the Round 2 timetable. They could have achieved it within the Round 3 timetable, but they did not get a chance to bid, because Round 3 was announced without any bidding.[33] We were told by the Department that there was still a role for competition, but following feedback from local authorities that competitions required significant effort, the Department felt it was more appropriate to restrict the allocation of Round 3 funding to unsuccessful Round 2 bids, rather than run another open bidding round.[34] The Department accepted this would have consequences for local authorities but on balance ministers had taken the view that the chosen approach was the better way forward.[35]

15. The Levelling Up Fund is UK-wide.[36] We noted that the prioritisation of local places used criteria that was Great Britain wide, as well as three separate sets of criteria for Scotland, England and Wales. A different approach to delivering the Levelling Up Fund was taken in Northern Ireland, which took account of the different local government landscape including that there was no prioritisation of places.[37] We challenged the Department about how the funds were allocated in Scotland as issues such as local regeneration, local transport and local government are devolved to the Scottish Parliament.[38] We also asked the Department what discussions they had held with Scottish local authorities and the

27 Q 103, LFG0003
28 Q 54, C&AG Report Para 1.9
29 Q 102
30 C&AG's Report, para 1.14
31 Q 102
32 C&AG's Report Para 1.14
33 Q 35
34 Qq 35, 84
35 Q 35
36 C&AG's Report Figure 2
37 DLUHC, Levelling Up Fund Round 2: technical note, July 2022; DLUHC Levelling Up Fund technical note, May 2021
38 Q 127

Scottish Government before the prioritisation was decided for Scotland.[39] The Department told us it had conversations across the devolved administrations but ultimately the decisions were made by UK government ministers.[40]

16. We also questioned the Department on the future role of MPs in 'signing-off' bids and whether they have a veto. The Department said it was clear that ministers wanted MPs to have a role, but that MPs did not have a veto although a policy decision had been made that MP support can be a factor. When pressed, the Department agreed that MP support had been a 'deciding factor' in the Levelling Up Fund Round 1, but not a veto.[41]

39 Q 125
40 Qq 124-129
41 Qq 104-107

2 Simplification and Evaluation

Plans for simplification of funding to local authorities.

17. The Department published its plans for funding simplification in Summer 2023. The plan covers the whole of government and aims to simplify the number of separate funding streams available to local authorities.[42] The Department told us it has introduced several practical and concrete ways to make the system more responsive and flexible with plans to reduce the burden of data collection on local authorities. The Department told us it has quarterly or half-yearly monitoring which gives it an 'absolute ton of data' and that it is collecting 400 indicators across 13 funds – which it said was too many.[43] The Department explained the 'pathfinder simplification pilots' to us by telling us that it is testing how having one set of data, one delivery timescale and one payment schedule helps local authorities.[44]

18. The Department told us that there are a lot of delegated flexibilities. For example, local authorities can move money between years, without seeking approval from the Department.[45] The NAO reported that part of the simplification plan was to allow local authorities to make changes within individual programmes up to a threshold of a 30% change to agreed project outputs and outcomes, or changes to project timetables. For example, reducing the amount of new open space or length of a new cycle path, or swapping from providing business support to supporting jobseekers.[46] There was also the same 30% flexibility threshold to move spending between financial years without seeking departmental approval.[47] The Department wrote to us after the evidence session to clarify that while a local authority does not have to seek permission to make changes up to the 30% threshold, it does need to let the Department know through its regular reporting. It told us that as of December 2023, its latest reporting period, seven places have made changes within the 30% threshold for Town Deals and 29 places have made changes within the 30% threshold for the Levelling Up Fund.[48]

Learning what works

19. During our evidence session we questioned the Department about how local authorities were supported to deliver their projects and what it is learning from this.[49] As part of its simplification plans the Department told us it has allowed ten local authorities who are receiving money from multiple funds to each pool their funds so they can manage their projects collectively.[50] We queried what the Department had learnt from these so-called pathfinder pilots. It told us it was still relatively early days for the pathfinders, but it planned to publish what it has found later this year. The Department also hoped to use

42 Q 84
43 Q 55
44 Q 91
45 Q 50
46 C&AG's Report Para 1.16 footnote 8
47 C&AG's Report 1.16
48 Correspondence from Permanent Secretary, Department for Levelling Up, Housing and Communities, dated 29 January 2024
49 Qq 10, 16, 89
50 Q 91; C&AG's Report 1.17

the findings to inform its approach to the next spending review.[51] Similarly, when the Department talked about the 30% project flexibility, it told us it was 'early days' but it would consider this policy and any learning from it in conjunction with the pathfinders.[52]

20. The Department said it had locally-based area teams who knew their local authorities and can provide support across all the funding sources they may be accessing.[53] We asked about support for local authorities who were struggling. The Department told us it had a 'discovery team' who were working with 25 local authorities who were at risk of missing deadlines to help accelerate delivery,[54] for example, by providing support in contracting or in giving their match funding providers confidence to release funding. The Department explained these 25 places were not necessarily those in the most trouble but those that the Department thought it could make the most difference and move delivery along.[55]

21. In addition to the support already mentioned, the Department told us it had an additional £65 million of funding to provide further support to local places and procure expert support. The funds were split across: £6 million for Delivery Associates; £38 million in direct grant support to local areas; £11 million to mayoral combined authorities; and some funding to the Department for Culture, Media and Sport for specific heritage support.[56] The Department explained the delivery associates were specialist experts in, for example, procurement or commercial negotiation.[57]

Evaluation

22. In our report on Local Economic Growth, we were critical of the Department for not yet having developed the promised overarching monitoring and evaluation framework for local growth.[58] The Department told us that, in response to recommendations from the Committee, it was putting in place robust plans for evaluation that will give it 'unparalleled insight'.[59]

23. We questioned the Department on its approach to evaluation.[60] The NAO had reported that the Department had published its overarching evaluation strategy in November 2022.[61] The NAO report said the Department was behind where it wanted to be with the procurement of its evaluation work, so we asked the Department what it had done to correct this.[62] In response the Department said it had now published feasibility studies and made progress on procuring evaluation for the funds and was working to strike the balance between having in place a robust methodology and speed of delivery. The Department told us it expected to have findings on impact and value for money of the funds between 2025 to 2027.[63] In addition, it told us about two other activities that will provide information more quickly: it is carrying out 36 place-based evaluations looking at

51 Q 91
52 Q 99
53 Qq 10, Q16
54 Q 16
55 Q 52
56 Q 89
57 Q 86
58 Committee of Public Accounts, Local Economic Growth, Fifth Report of Session 2022-23, HC 252, 8 June 2022
59 Q 143
60 Qq 57, 115
61 C&AG's Report Para 3.3
62 Q 115
63 Qq 119, 147

the totality of funding intervention, and carrying out a survey of 180,000 people to seek to understand the impact that the UK Shared Prosperity Fund, in particular, is having on the pride in place mission set out in the Levelling Up white paper.[64]

24. We were interested to hear how the Department was going to provide a comprehensive evaluation of the £10.47 billion total that is being spent. It told us that there was always a balance, when doing place-based interventions, as to the timing of when you do them versus waiting for the outcomes you expect.[65] The Department explained its evaluation would cover more than just the measures used to prioritise places and would include measures such as the number of jobs created, or the gross value added to the economic productivity of an area. It also told us that, for the Towns Fund (consisting of Town Deals and the Future High Streets Fund), it would look to compare similar towns that received funding to those that did not.[66] The Department said it would also make sure there is a clear link with the funding that it had provided, and the improvements seen.[67]

25. We asked the department whether it had a plan to use publicly available data to have a snapshot review at different points, for example five, ten or 15 years after a project had concluded, so that the department could continue the learning about what works. The Department told us it did not have a specific plan to do so, but this was something it would consider.[68]

64 Q 138
65 Q 117
66 Qq 122, 136
67 Q 136
68 Qq 151, 152

Formal minutes

Monday 4 March 2024

Members present

Dame Meg Hillier, in the Chair

Paula Barker

Olivia Blake

Mr Jonathan Djanogly

Mrs Flick Drummond

Peter Grant

Sarah Owen

Ms Marie Rimmer

Levelling up funding to local government

Draft Report (*Levelling up funding to local government*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Twenty-first Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Monday 11 March at 3.30 p.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Monday 15 January 2024

Sarah Healey CB CVO, Permanent Secretary, Department for Levelling Up, Housing and Communities; **Will Garton**, Director General for Levelling Up, Department for Levelling Up, Housing and Communities; **Jess Blakely**, Director for Major Levelling Up Programmes, Department for Levelling Up, Housing and Communities Q1–154

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

LFG numbers are generated by the evidence processing system and so may not be complete.

1 Local Government Association (LFG0003)

2 South East Councils (LFG0002)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2023–24

Number	Title	Reference
1st	The New Hospital Programme	HC 77
2nd	The condition of school buildings	HC 78
3rd	Revising health assessments for disability benefits	HC 79
4th	The Department for Work & Pensions Annual Report and Accounts 2022–23	HC 290
5th	Government's programme of waste reforms	HC 333
6th	Competition in public procurement	HC 385
7th	Resilience to flooding	HC 71
8th	Improving Defence Inventory Management	HC 66
9th	Whole of Government Accounts 2020–21	HC 65
10th	HS2 and Euston	HC 67
11th	Reducing the harm from illegal drugs	HC 72
12th	Cross-government working	HC 75
13th	Preparedness for online safety regulation	HC 73
14th	Homes for Ukraine	HC 69
15th	Managing government borrowing	HC 74
16th	HMRC performance in 2022–23	HC 76
17th	Cabinet Office functional savings	HC 423
18th	Excess Votes 2022–23	HC 589
19th	MoD Equipment Plan 2023–2033	HC 451
20th	Monitoring and responding to companies in distress	HC 425

Session 2022–23

Number	Title	Reference
1st	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21	HC 59
2nd	Lessons from implementing IR35 reforms	HC 60
3rd	The future of the Advanced Gas-cooled Reactors	HC 118
4th	Use of evaluation and modelling in government	HC 254
5th	Local economic growth	HC 252

Number	Title	Reference
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government’s contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra’s animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions’ Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children’s social care	HC 38
28th	Improving the Accounting Officer Assessment process	HC 43
29th	The Affordable Homes Programme since 2015	HC 684
30th	Developing workforce skills for a strong economy	HC 685
31st	Managing central government property	HC 48
32nd	Grassroots participation in sport and physical activity	HC 46
33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132

Number	Title	Reference
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
45th	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22	HC 1254
46th	BBC Digital	HC 736
47th	Investigation into the UK Passport Office	HC 738
48th	MoD Equipment Plan 2022–2032	HC 731
49th	Managing tax compliance following the pandemic	HC 739
50th	Government Shared Services	HC 734
51st	Tackling Defra's ageing digital services	HC 737
52nd	Restoration & Renewal of the Palace of Westminster – 2023 Recall	HC 1021
53rd	The performance of UK Security Vetting	HC 994
54th	Alcohol treatment services	HC 1001
55th	Education recovery in schools in England	HC 998
56th	Supporting investment into the UK	HC 996
57th	AEA Technology Pension Case	HC 1005
58th	Energy bills support	HC 1074
59th	Decarbonising the power sector	HC 1003
60th	Timeliness of local auditor reporting	HC 995
61st	Progress on the courts and tribunals reform programme	HC 1002
62nd	Department of Health and Social Care 2021–22 Annual Report and Accounts	HC 997
63rd	HS2 Euston	HC 1004
64th	The Emergency Services Network	HC 1006
65th	Progress in improving NHS mental health services	HC 1000
66th	PPE Medpro: awarding of contracts during the pandemic	HC 1590
67th	Child Trust Funds	HC 1231
68th	Local authority administered COVID support schemes in England	HC 1234
69th	Tackling fraud and corruption against government	HC 1230
70th	Digital transformation in government: addressing the barriers to efficiency	HC 1229
71st	Resetting government programmes	HC 1231
72nd	Update on the rollout of smart meters	HC 1332

Number	Title	Reference
73rd	Access to urgent and emergency care	HC 1336
74th	Bulb Energy	HC 1232
75th	Active travel in England	HC 1335
76th	The Asylum Transformation Programme	HC 1334
77th	Supported housing	HC 1330
78th	Resettlement support for prison leavers	HC 1329
79th	Support for innovation to deliver net zero	HC 1331
80th	Progress with Making Tax Digital	HC 1333
1st Special Report	Sixth Annual Report of the Chair of the Committee of Public Accounts	HC 50
2nd Special Report	Seventh Annual Report of the Chair of the Committee of Public Accounts	HC 1055

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Number	Title	Reference
1st	Low emission cars	HC 186
2nd	BBC strategic financial management	HC 187
3rd	COVID-19: Support for children’s education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
7th	Adult Social Care Markets	HC 252
8th	COVID 19: Culture Recovery Fund	HC 340
9th	Fraud and Error	HC 253
10th	Overview of the English rail system	HC 170
11th	Local auditor reporting on local government in England	HC 171
12th	COVID 19: Cost Tracker Update	HC 173
13th	Initial lessons from the government’s response to the COVID-19 pandemic	HC 175
14th	Windrush Compensation Scheme	HC 174
15th	DWP Employment support	HC 177
16th	Principles of effective regulation	HC 176
17th	High Speed 2: Progress at Summer 2021	HC 329
18th	Government’s delivery through arm’s-length bodies	HC 181
19th	Protecting consumers from unsafe products	HC 180
20th	Optimising the defence estate	HC 179

Number	Title	Reference
21st	School Funding	HC 183
22nd	Improving the performance of major defence equipment contracts	HC 185
23rd	Test and Trace update	HC 182
24th	Crossrail: A progress update	HC 184
25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
26th	Lessons from Greensill Capital: accreditation to business support schemes	HC 169
27th	Green Homes Grant Voucher Scheme	HC 635
28th	Efficiency in government	HC 636
29th	The National Law Enforcement Data Programme	HC 638
30th	Challenges in implementing digital change	HC 637
31st	Environmental Land Management Scheme	HC 639
32nd	Delivering gigabitcapable broadband	HC 743
33rd	Underpayments of the State Pension	HC 654
34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
43rd	Reducing the backlog in criminal courts	HC 643
44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164

Number	Title	Reference
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

Session 2019–21

Number	Title	Reference
1st	Support for children with special educational needs and disabilities	HC 85
2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406
17th	Immigration enforcement	HC 407
18th	NHS nursing workforce	HC 408
19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653

Number	Title	Reference
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
55th	Environmental tax measures	HC 937
56th	Industrial Strategy Challenge Fund	HC 941