

Report to:	Cabinet
Date:	14 September 2023
Title:	Funding Simplification Pathfinder Pilot
Report of:	Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building
Ward(s):	Newhaven North and Newhaven South
Purpose of report:	To provide information on the Funding Simplification Pathfinder Pilot that Lewes District Council has been invited to participate in.
Decision type:	Key decision
Officer recommendation(s):	<p>(1) To approve the content of the Council’s Investment Plan (copy attached) and authorise submission of the document to DLUHC by 15th September deadline.</p> <p>(2) To delegate authority to the Director of Regeneration and Planning, in consultation with the Director of Finance and Performance (S151 Officer) and the Lead Member for Finance, Assets and Community Wealth Building to take all necessary actions to progress the Pathfinder Pilot and to implement the Investment Plan, including determining the terms of, and authorising the execution of, all necessary documentation.</p>
Reasons for recommendations:	The Pilot will provide the Council with the flexibilities to deliver effectively in line with local priorities and reduce the administrative burdens of agreeing any minor changes.
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1 Introduction

- 1.1 On 30th June, DLUHC invited Lewes District Council along with only nine other Local Authorities in England, to participate in the Funding Simplification Pathfinder Pilot.

- 1.2 As part of this pilot, DLUHC will delegate decision making responsibility over three current programmes, allowing the department to evaluate the impact of a simplified and consolidated delivery model. The aim of this pilot is to reduce the administration burden for Council Officers and central government of delivering different funding programmes in parallel. The three programmes are:
- Future High Streets Fund
 - Towns Deal
 - Levelling Up Fund Round One
- 1.3 Local authorities currently in receipt of funding from all three of these capital programmes are eligible to participate in the pilot. As Lewes District Council has been allocated funding from all three, the Council was eligible to take part along with nine other Local Authorities in England.
- 1.4 The delivery model that will be tested through this pilot is built around the following principles:
- 1) A single aggregate allocation (replacing three programme allocations).
 - 2) A combined set of outcomes.
 - 3) A streamlined reporting process.
 - 4) A simplified change request process.
 - 5) A single point of contact within DLUHC for any queries about funding or the pilot.
- 1.5 On 17th July, Officers wrote to DLUHC to confirm that the Council intended to participate in the Pilot.
- 1.6 To take part, we are required to submit an Investment Plan to DLUHC. This plan will set out how the Council will use our allocation to deliver an aggregate set of outcomes and outputs that have been selected from an investment framework and will also include high-level information on the projects we will deliver.
- 1.7 Technical Guidance and a final version of the investment framework to support us in developing this plan were published in July and we have until 15th September to submit our Investment Plan to DLUHC.
- 1.8 A link to the Technical Guidance is provided below:
[Simplification Pathfinder Pilot: technical guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/simplification-pathfinder-pilot-technical-guidance)
- 2 Change Process and Reprofiling Funding - Freedoms and Flexibilities.**
- 2.1 DLUHC will take a proportionate approach to any changes to pilot investment plans, which means they will not be asking local authorities to submit individual project-level adjustment requests.
- 2.2 The Council will only need to seek approval from DLUHC where we are seeking to make “material changes” to our investment plan. A single amendment to funding plans is a “material change” if it involves moving at least £5 million to a different intervention theme or moving at least £5 million between projects in the same

intervention theme. This change will be benchmarked against the investment plan agreed by DLUHC or against the position agreed as part of a previous change request.

2.3 The aim of piloting this approach is to:

- provide local authorities with the flexibility to deliver effectively in line with local priorities;
- reduce the administrative burdens of agreeing all individual changes; and
- maintain proportionate controls to ensure that funding continues to deliver good value for money.

2.4 For the purposes of the pilot, LDC will be the accountable body through which all funding will flow. Building on the positive local role of Town Deal Boards, we are required to establish a consolidated governance structure which will oversee the total portfolio of projects. We have agreed with DLUHC that this will be the Newhaven Town Deal Board which will have expanded Terms of Reference to exercise strategic oversight over the portfolio.

3. Consultation

3.1 Alongside this plan, DLUHC require Officers and the Section 151 Officer, to confirm that we have consulted local stakeholders on participating in this pilot. The draft Investment Plan has been shared and agreed internally with the Leader, Legal Services and the S151 Officer. We have also shared the Plan with the Newhaven Town Deal Board who have agreed its content and are happy for it to be submitted to Government.

4 Corporate plan and council policies.

4.1 Prioritising investment into local economies across our district is identified as a Council priority in the Corporate Plan 'The Re-imagining Lewes District Corporate Plan 2020- 2024' under 'Building Community Wealth - A sustainable economy that enables a fairer place to live and work'.

4.2 The Pathfinder Pilot will support LDC's planning policy key strategic objectives under core policy 4 'Encouraging Economic Development and Regeneration'.

5 Financial appraisal.

5.1 Lewes District Council along with only nine other Local Authorities in England are to participate in the Funding Simplification Pathfinder Pilot giving LDC delegated decision making responsibility over three current programmes. The relevant programme totals are as follows:

Original Grant Allocation Totals	£m
Town Deal	19.3
Future High Streets Fund	5.0
Levelling Up Fund Round One	12.69
Total Grant Funding	36.99

- 5.2 The participation allows LDC to apply an element of flexibility in how funds are allocated, up to maximum of £5m without seeking additional approval from DLUHC.
- 5.3 The financial implications of becoming a pilot site are an increased ability to redirect funding to specific projects, ensuring continued alignment to the councils' strategic priorities and therefore maximising the outcomes of the total funding envelope across all three funding streams. There is also the additional opportunity to reduce the administrative cost of managing three separate grant schemes ensuring that the maximum grant amount is applied to each specific scheme.

6 Legal implications.

- 6.1 As the Accountable Body, the Council will be expected to enter into a revised funding agreement with DLUHC (a Memorandum of Understanding) that will set out the terms pursuant to which the funding should be delivered. The Council will in turn need to enter agreements with each funding recipient to ensure that any funding conditions are met, and the Council protected from any clawback. The nature of those agreements will depend on the project being funded.
- 6.2 Funding will need to be delivered in compliance with the Subsidy Control Act 2022 (the 2022 Act). The 2022 Act widens the **definition of a subsidy** to include measures that have a (potential) effect on competition or investment within the UK as well as on trade or investment between the UK and other countries. Where a subsidy is being granted the Council will need to assess compliance with this new regime and subsidies may be permissible under the Minimum Financial Assistance rules.
- 6.3 The Council will comply with public procurement rules where applicable and will act in compliance with its Contract Procedure Rules.

7 Risk management implications

- 7.1 LDC will be required to submit 3-monthly summary updates to DLUHC in the form of a RAG report, focussing on spend and progress.

8 Equality analysis

- 8.1 Local authorities participating in the Pilot have a duty to consider how policies, investment or decisions made within the scope of the pilot affect persons with the nine protected characteristics under the Equality Act 2010.

9 Environmental sustainability implications

- 9.1 There are no significant environmental sustainability effects as a result of the recommendations in this report.

10 Contribution to Community Wealth Building.

- 10.1 The Pathfinder Pilot will see the continued delivery of a multi-million pound investment in the area, with procurement focussed on the circular economy and community wealth building.

11 Appendices.

- 11.1 Exempt Appendix 1(a) – copy of Investment Plan
Exempt Appendix 1(b) – executive summary

12 Background papers.

- 12.1 [Simplification Pathfinder Pilot: technical guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/674222/Simplification_Pathfinder_Pilot_technical_guidance_-_GOV.UK.pdf) (also referenced in paragraph 1.8 of the report).