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Levelling Up capital projects: accounting officer assessment (March 2024)

Updated 6 March 2024

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1. Background and context

HM Treasury confirmed at Spring Budget 2024 that up to £24 million will be available to fund a small number of levelling up investments across England. Ministers have decided to allocate this funding to two unfunded high-scoring, low-cost Levelling Up Fund (LUF) bids. This is similar to the approach the Department took when investing in 16 capital regeneration projects at Spring Budget and Autumn Statement 2023.

2. Assessment against the Accounting Officer standards

a. Regularity

There are no regularity concerns. The Department holds the powers to issue grants to local authorities across England under Section 31 of the Local Government Act 2003.

Funding awards will be provisional subject to further checks on subsidy control.

Overall assessment

My assessment is that the regularity test is satisfied.

b. Propriety

The Department has drawn upon the approach taken at Spring Statement 2023 and Autumn Statement 2023, by focusing on high scoring, low-cost projects in England, to maximise the impact of the funding available. Compared to previous fiscal events, the Department has slightly lowered the scoring threshold from '74.25 and above' to '70 and above', due to the diminishing number of bids remaining, but has kept it high to ensure quality. There is a clear methodology for selecting the projects for funding, as follows:

- Place Based Filter: only bids from Priority Places according to the Levelling Up Need metrics were considered (more detail on this in [Annex B](#))
- Score Filter: bids must have score '70 and above'; and
- Cost Filter: bids must cost less than or equal to £15 million

Having applied these criteria this left 2 projects which were then selected for funding. The selection funds 2 projects in 2 places, costing £23.7 million. These are listed at [Annex A](#). Funding for Scotland, Wales and Northern Ireland will be provided under the Barnett formula in the usual way.

Overall assessment

My assessment is that the propriety test is satisfied.

c. Value for money

Bids submitted at the second round of LUF were at the time rigorously assessed against the published LUF assessment framework. This included a value for money assessment.

Bids were assessed over a year ago, and it is possible that changes to projects have resulted in changes to value for money. The Department will work with the local authorities to confirm each project on a case-by-case basis during validation and subsequent stages to ensure that any changes are within an acceptable threshold (in line with the [Project Adjustment Request process \(https://www.gov.uk/guidance/project-adjustment-request-par-changes-town-deals-levelling-up-and-future-high-street-funds\)](https://www.gov.uk/guidance/project-adjustment-request-par-changes-town-deals-levelling-up-and-future-high-street-funds)) and that they can meet the required standards on value for money.

To further safeguard value for money, reporting and evaluation requirements placed on grant recipients will help monitor delivery of expected outputs and outcomes. Further details on this are set out in the published [LUF monitoring and evaluation strategy \(https://www.gov.uk/government/publications/levelling-up-fund-monitoring-and-evaluation-strategy/levelling-up-fund-monitoring-and-evaluation-strategy\)](https://www.gov.uk/government/publications/levelling-up-fund-monitoring-and-evaluation-strategy/levelling-up-fund-monitoring-and-evaluation-strategy).

Overall assessment

My assessment is that the value for money test is satisfied.

d. Feasibility

Bids submitted at the second round were at the time rigorously assessed against the published LUF assessment framework. This included a deliverability assessment. All bids selected for funding have met a minimum score of 70/100 in England.

Bids were assessed over a year ago, and so it is possible that changes to projects have resulted in changes to deliverability. The Department will work with the local authorities to confirm each project on a case-by-case basis during the validation and subsequent stages to ensure that any changes are within an acceptable threshold (in line with the Project Adjustment Request process for rounds one and two) and that they can meet the minimum standards on deliverability.

The funding window for the programme ends in financial year 2025-26. This will encourage delivery to commence quickly but may also prove challenging. To ensure delivery happens within this window, the Department will work closely with those local authorities who are at an earlier stage of readiness to deliver or need to make proportionate adjustments to their projects. The Department will oversee the delivery of projects under our established LUF delivery framework, including robust monitoring in place to oversee the delivery of projects, coupled with risk-based performance management arrangements.

Overall assessment

My assessment is that the feasibility test is satisfied.

3. Conclusion

The above represents a summary of the key points which informed my decision. If any of these factors materially change during the lifetime of this project, I undertake to prepare a revised summary, setting out my assessment of them.

This summary will be published on the government's website (GOV.UK). Copies will be deposited in the Library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Sarah Healey

6 March 2024

Annex A: List of capital projects funded at Spring Budget

LA Name	Bid Name	ITL1 Region	ITL2 Region	Bid Value (£)
Ashfield	Levelling Up Fund Round 2 Application for Hucknall	East Midlands (England)	Derbyshire and Nottinghamshire	£9,281,283
Bradford	Revitalising Bingley	Yorkshire and The Humber	West Yorkshire	£14,462,213

Annex B: Selection and priority place methodology

Priority place selection

In line with what has been done previously, we prioritised the priority places in England, Scotland, and Wales. This list has been updated since Round 3, due to an update of the underlying Levelling Up Need metrics. We will publish further information on the methodology for the Levelling Up Need metrics and priority places in due course.

Levelling Up Need and Spring Budget 2024 update

The original methodology to derive places most in need of levelling up was derived before Spring Budget 2023 to select local authorities for an initial 20 [Levelling Up Partnerships \(https://www.gov.uk/government/publications/levelling-up-partnerships-methodology-note/levelling-up-partnerships-methodology-note\)](https://www.gov.uk/government/publications/levelling-up-partnerships-methodology-note/levelling-up-partnerships-methodology-note) in England. This methodology is based on 4 metrics originally set out in the Levelling Up white paper which can be combined to understand place performance.

These metrics cover skills, pay, productivity and health. For each metric, the 3 most recent UK-wide statistical releases are averaged to reduce volatility in the data and ensure the outputs are robust.

The methodology has been updated to reflect the most up-to-date data releases and updates to local authority boundaries, with the updates as follows:

- Updated Median Gross Weekly Pay data. The original calculations were based on a 3-year average of 2019-2021 data, which has been updated to a 3-year average of 2021-2023 data.
- Updated GVA per Hour Added data. The original calculations were based on a 3-year average of 2018-2020 data, which has been updated to a 3-year average of 2019-2021 data.
- Updated Lower-Tier Local Authority boundary data. The original calculations were based on 2021 boundaries, which have now been updated to 2023 boundaries

Full details of the metrics are set out in the table below.

Metric	Source
NVQ Level 3+ (% of total population)	ONS annual population survey, Nomis (https://www.nomisweb.co.uk/)
Healthy Life Expectancy	ONS Health state life expectancy at birth and at age 65 years (https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/lifeexpectancies)
Median Gross Weekly Pay (£)	ONS annual survey of hours and earnings (https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandproductivity) Northern Ireland data can be accessed from NIRSA (2021, 2022 and 2023 (https://www.nisra.gov.uk/publications/employee-earnings))
Gross Value Added (GVA) per Hour Worked	ONS Sub-regional Productivity: labour productivity indices by region (https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandproductivity)



*Data released in 3-year intervals and used for 2016-2018, 2017-2019 and 2018-2020.
 **Upper tier local authority data used for all component lower tier local authorities as lower tier data does not exist in a consistent fashion. This affects the 24 county council areas in England.
 ***For Northern Ireland, the national average is used for GVA and NVQs.

Local authorities are scored according to their relative performance against each metric to generate an overall score for levelling up need. We score places

from 0 to 1 for each metric using a min-max normalisation technique, which reflects an areas performance relative to the rest of the UK, and then average across each of the 4 min-max normalised scores, giving an overall score for each local authority.

Selecting priority places

A 'no losers policy' was also applied such that any place that was a priority place under the old metrics remains a priority place irrespective of its position in the new data.

England

- Based on the methodology laid out in the Levelling Up white paper (page 18) for each metric, all lower tier local authorities across the UK are ranked and those that fall into the bottom quartile are assigned a value of "1". The number of times each place is in the bottom quartile against each of the 4 metrics is then summed to give a bottom quartile count out of 4.
- A priority list of local authorities within England was created which includes all local authorities in the bottom quartile against 3 or more of the 4 metrics. With a no losers policy applied between original and updated data, this gives a list of 49 Priority Places in England.

Place selection

To select projects, projects were taken from the remaining unfunded bids from Levelling Up Round 2. The following filters were applied:

- Place Based Filter: only bids from Priority Places according to the Levelling Up Need metrics were considered
- Score Filter: bids must have score '70 and above'
- Geographic filter: bids must have come from England only; and
- Cost Filter: bids must cost less than or equal to £15 million

Having applied these criteria, the 2 remaining projects were then selected. The proposed selection in England funds 2 projects in 2 places, costing £23.7 million.

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