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# Levelling Up Fund Round 3: accounting officer assessment

Updated 6 March 2024

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# 1. Background and Context

The Levelling Up Fund brings together the Department for Transport (DfT), the Department for Levelling Up, Housing and Communities (DLUHC), and HM Treasury (HMT) to invest £4.8 billion in high value local infrastructure. The Fund is UK-wide with at least £800m set aside for Scotland, Wales and Northern Ireland.

The first two rounds of funding (announced in October 2021 and January 2023 respectively) were run on a competitive basis and invested £3.8 billion in 216 projects across the UK. Funding is mainly delivered through local authorities, and through some non-local authorities in Northern Ireland.

Earlier this year, the Secretary of State confirmed that Round 3 would take a new approach, in line with the objectives to make greater use of allocative methods set out in the Government's [Funding Simplification Plan](https://www.gov.uk/government/publications/simplifying-the-funding-landscape-for-local-authorities) (<https://www.gov.uk/government/publications/simplifying-the-funding-landscape-for-local-authorities>).

In Great Britain, funding has been allocated to bids submitted in Round 2. This is on the basis that there was a large volume of bids that had not yet been funded but had been assessed as high quality and ready to deliver. Learning lessons from the first two rounds of the Fund, the new approach is intended to maximise efficiency and reduce burdens on applicants.

Round 3 will invest £1 billion in 55 projects across Great Britain. In Northern Ireland, given the current absence of a working Executive and Assembly, the Government is not proceeding with this round of the Levelling Up Fund at this time.

## 2. Assessment against the Accounting Officer standards

### a. Regularity

There are no regularity concerns. Grants can be paid to recipients through use of the financial assistance powers in the UKIM Act 2020 (section 50) to make the Fund available to the whole of the UK.

Funding awards will be provisional, subject to further checks and departmental sign-off.

## Overall assessment

My assessment is that the regularity test is satisfied.

### b. Propriety

Bids submitted in Round 2 were robustly assessed in summer 2022. First, they were assessed against the published pass/fail gateway criteria set out under section 3 (for Great Britain) of the [LUF Round 2 technical note](https://www.gov.uk/government/publications/levelling-up-fund-round-2-technical-note#:~:text=The%20technical%20note%20sets%20out,complete%20the%20LUF%20aapplication%20form.) (<https://www.gov.uk/government/publications/levelling-up-fund-round-2-technical-note#:~:text=The%20technical%20note%20sets%20out,complete%20the%20LUF%20aapplication%20form.>). Alongside this assessment, officials also undertook a subsidy risk assessment for each bid.

Secondly, they were scored out of 100 on the following criteria: strategic fit, economic case, deliverability and characteristics of place (i.e. the local authority's position on the Fund's Index of Priority Places). The bids have not been reassessed for round three and, therefore, scores have not been changed.

In Round 3, to determine the selection of bids for funding, ministers had three main objectives:

- a. to prioritise places assessed as 'in need' according to the metrics set out in the LUWP, known as the 'Priority Places'. This is because the Levelling Up Need metrics draw on the extensive evidence base of what matters for levelling up set out in the [Levelling Up White Paper](https://www.gov.uk/government/publications/levelling-up-the-united-kingdom) (<https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>);
- b. to ensure a fair geographic spread so that the Fund can benefit all areas of the country across its lifetime;
- c. to support the pride in place and transport levelling up missions by focusing predominantly on regeneration and transport projects.

Recognising the role that culture continues to play in levelling up and the pride in place mission, we will also set aside £100m from the Levelling Up Fund budget for culture, the detail of which will be announced in due course.

Full details on the selection methodology are published in our [explanatory and methodology note on the decision-making process](https://www.gov.uk/guidance/levelling-up-fund-round-3-explanatory-and-methodology-note-on-the-decision-making-process) (<https://www.gov.uk/guidance/levelling-up-fund-round-3-explanatory-and-methodology-note-on-the-decision-making-process>).

Appropriate arrangements for recusal, which would see ministers recuse themselves from any decision that could be seen to affect their constituency, were also considered. In the event, no recusal was necessary.

## Overall assessment

My assessment is that the propriety test is satisfied.

### c. Value for Money

Bids submitted at the second round had already been rigorously assessed against the published LUF assessment framework. This included a value for money assessment. Based on assessment at round two, the average value-for-money of the selection is medium.

Bids were assessed over a year ago, and it is possible that changes to projects have resulted in changes to value-for-money. We will work with LAs 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 had already been rigorously assessed against the published LUF assessment framework. This included a deliverability assessment. All bids selected for funding have met a minimum score of 74.25/100 in England and Wales and 72.25/100 in Scotland.

Bids were assessed over a year ago, and it is possible that changes to projects have resulted in changes to deliverability. We will work with LAs 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 \(https://www.gov.uk/guidance/project-adjustment-request-par-changes-town-deals-levelling-up-and-future-high-street-funds\)](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 minimum standards on deliverability.

The funding window for the programme ends in financial year 2025/2026. This will encourage delivery to commence quickly but may also prove challenging for some Local Authorities. To ensure delivery happens within this window, my 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.

Alongside the Department for Transport, my 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**

20 November 2023

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