



## Department for Levelling Up, Housing & Communities

**Sarah Healey**

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**Department for Levelling Up, Housing and  
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Dear Dame Meg,

### **Simplifying the funding landscape for local authorities**

I am writing to update you and the Committee on the Department for Levelling Up, Housing and Communities' (DLUHC) work to simplify the funding landscape for local authorities. The Levelling Up White Paper committed the Government to taking steps to deliver a more transparent, simple and accountable approach to funding. Our plans for this work are outlined in a document that has been published today.

#### Publishing a plan for funding simplification

We are committed to continually improving the way funding is delivered. High value and targeted funding can unlock the potential of local economies, creating visible improvements in places and communities. But selecting the right methodology for new funds is not a linear process, as different funding objectives mean there is no 'one size fits all' answer.

The plan we have published today sets out the Government's ambition for increasing the effectiveness and efficiency of the current funding system. By reducing administrative burdens and supporting local authorities to deliver, it will help to maximise the impact of government investment and deliver the best outcomes for places.

This plan will also support government to improve the way we deliver funding to local places whilst still fostering innovation and promoting value for money. This includes encouraging the use of existing funds where possible and considering a variety of allocation methods, not just competition, when designing new programmes.

The plan is structured around three phases of reform that will deliver a simpler and more transparent system:

- 1) Immediate steps DLUHC is taking to simplify the delivery of existing funds. This includes a new 'Simplification Pathfinder Pilot' to test the streamlined delivery of capital funding in a small group of local authorities.
- 2) A 'Funding Simplification Doctrine' requiring departments to strive for a simpler and more streamlined way of delivering funding to local authorities, including giving consideration to allocative distribution approaches.
- 3) Reforms to be implemented at the next Spending Review, including multi-year, single departmental-style funding settlements for the trailblazer Mayoral Combined Authorities and better join up across interconnected policy areas and investment programmes.

Together, these reforms support our Levelling Up White Paper commitment to streamline the local funding landscape. This will require a different approach to how central and local government work together. By piloting streamlined monitoring of CDEL spend within a small number of authorities, the Simplification Pathfinder Pilot will enable DLUHC to test this new approach. Delivery insights from the pilot will inform the design of future oversight and accountability arrangements.

#### Improving Monitoring and Evaluation of Local Growth Funding

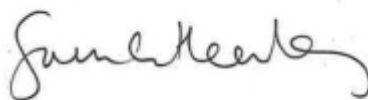
I understand that the Committee has previously discussed the monitoring and evaluation of local growth funding with my predecessor, Jeremy Pocklington. As outlined in DLUHC's Evaluation Strategy (published 18 November 2022), my department is committed to building a strong evidence base of what works and why, leading to more effective and efficient public policy interventions that deliver value for money. We have been making good progress in this area. The Department is procuring evaluation services for the Local Growth Fund, Getting Building Fund, Towns Fund, Levelling Up Fund, and the UK Shared Prosperity Fund, and hope to have evaluation activity starting early in the next financial year.

Measures to improve and streamline monitoring and evaluation processes for all local authorities are also included within the funding simplification plan. These measures are intended to drive greater efficiency and consistency across evaluation activity, whilst removing unnecessary administrative burdens from local reporting processes. They include the removal of the requirement for places to conduct local-led evaluations for some existing funds and will instead place greater emphasis on DLUHC-led evaluation activity. We will create a set of standardised monitoring indicators, improving consistency and transparency across new local growth funds. Other measures include making better use of data that government already holds (e.g., statistical releases or open data), which can help improve data consistency whilst also reducing reporting burdens on local places.

#### Next steps

The funding simplification plan is the first step in delivering the Government's commitment to simplifying the local funding landscape. We will continue to work closely with local authorities and other departments on funding simplification.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Sarah Healey', with a stylized, cursive script.

**SARAH HEALEY**