

Public Report with Exempt Appendices
Delegated Officer Decision

Committee Name and Date of Committee Meeting

Delegated Officer Decision – 24 April 2024

Report Title

Acceptance of Pathfinder Grant Conditions

Is this a Key Decision and has it been included on the Forward Plan?

No, but it has been included on the Forward Plan

Assistant Director Approving Submission of the Report

Simon Moss, Assistant Director Planning, Regeneration & Transport

Report Author(s)

Simon Powell, Senior Programme Manager

Ward(s) Affected

Borough-Wide

Report Summary

This report seeks for the Assistant Director, Planning, Regeneration & Transport to sign the Pathfinder Memorandum of Understanding between DLUHC and Rotherham Council.

Recommendations

1. To sign the final Memorandum of Understanding to confirm Rotherham Council's participation in the Pathfinder pilot programme, enabling realisation of the benefits offered through this initiative in terms of project flexibility and delivery timescales.

List of Appendices Included

Appendix 1 – Simplification Pathfinder Pilot Memorandum of Understanding

Appendix 2 – Town Board Terms of Reference, February 2024

Appendix 3 – Initial Equality Screening Assessment

Appendix 4 – Carbon Impact Assessment

Background Papers

Cabinet report 16 May 2022 - Town Deal and Levelling Up Fund: Update and Implementation

Cabinet report 21 June 2021 - Town Centre Masterplan Implementation Update

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Name of Committee – [Click here to enter a date.](#)

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Council Approval Required

No

Exempt from the Press and Public

No

Pathfinder Pilot – Acceptance of Memorandum of Understanding

1. Background

- 1.1 As a recipient of the Town Deal, Future High Streets Fund and Levelling Up Fund Rotherham Council is one of ten authorities invited to take part in the Department for Levelling Up, Housing & Communities (DLUHC) Pathfinder Pilot.
- 1.2 The pilot aims to give local authorities greater flexibility in the delivery of the funds and in March 2024 Rotherham Council received the Memorandum of Understanding which consolidates the Council's inclusion in the pilot.

2. Key Issues

- 2.1 The pilot aims to:
- Give authorities a greater ability to make local decisions to move funding between projects
 - Increase local flexibility, reduce bureaucracy and inefficiency
 - Streamline reporting to one 3 monthly RAG report and one 6 monthly delivery report
 - Provide one aggregated allocation of funding which can be managed flexibly across a portfolio of projects
- 2.2 As a requirement of the pilot in August 2023 Rotherham submitted its Investment Plan which aggregated outcomes and outputs across the programme and reprofiled spend across five intervention themes. The Council's progress will be monitored against this plan.
- 2.3 **Town Board**
- 2.3.1 Rotherham's Town Board was established in January 2020 as a requirement of the Town Deal funding, it has since taken oversight of the Town Centre Levelling Up projects.
- 2.3.2 A requirement of the Pathfinder is that the Town Board have oversight of all projects covered by the Pathfinder. This role was agreed by the Board in July 2023 with membership expanded to include external partners involved in delivery of the Levelling Up Leisure Economy and Skills projects. An updated Terms of Reference for the Board has been agreed and is attached as Appendix 2.
- 2.4 **Financial Arrangements**
- 2.4.1 Historically, payment of the various grants received from DLUHC have been made separately and throughout the financial year, either on the basis of spend profiles submitted at bid stage or dependent on forecasts presented within the periodic monitoring returns.
- 2.4.2 Under Pathfinder arrangements, the previously separate DLUHC funds have been combined into one allocation covering the period to 31st March 2026. With the Council having received payments of £41.67m in the financial years 2021/22 to 2023/24, remaining Pathfinder grant of £42.13m will be paid to the

end of the 2025/26 financial year. In line with the approved Investment Plan, this will comprise payments of £33.23m in 2024/25 and £8.9m in 2025/26.

2.4.3 These amounts will be paid on an annual basis at the beginning of the financial year subject to the Council submitting a Section 151 Officer signed Statement of Grant Usage and corresponding 6-monthly monitoring return alongside the quarterly RAG rating monitoring template.

2.5 **Changes to Investment Plan**

2.5.1 Pathfinder promotes delegation of decision making to a local level, enabling the expanded Town Board to authorise changes to the Pathfinder portfolio where these do not constitute a 'material change'. For the purposes of the Pathfinder programme, a 'material change' would include:

- Movement of funding between intervention themes above the £5m threshold; or,
- Movement of funding between projects within the same intervention theme above the £5m threshold.

2.5.2 Where the Council wishes to make a 'material change', details must be submitted to DLUHC through their change request template. For non-material changes, DLUHC approval is not required for changes to the Pathfinder portfolio, which may be reported through quarterly monitoring returns.

2.6 **Monitoring and Evaluation**

2.6.1 Prior to the Pathfinder regime, separate monitoring returns were required for each individual DLUHC fund, requiring completion of quarterly monitoring returns for Levelling Up funds and half-yearly returns for Future High Streets Fund and Town Deal.

2.6.2 With Pathfinder, DLUHC has combined these previous requirements to employ a 'light touch' approach. Through this, the Council is required to submit quarterly 'RAG Rating' templates providing an overview of performance against the Pathfinder Investment Plan's spend and delivery profiles. Alongside this, six-monthly monitoring returns will be required and it is expected that these will record more detailed reporting on progress against project spend, outputs and outcomes.

2.7 **Assurance**

2.7.1 As with the previous regime, the Pathfinder programme will require the Council's participation in the CLGU Assurance and Performance Management Framework to ensure provision of accurate data and confirmation that the programme represents value for money/best value.

2.7.2 This process will include periodic completion of templates signed by the Section 151 Officer giving written assurance to DLUHC, such as an annual Statement of Grant Usage. The Council may also be required to collaborate with DLUHC to support further assurance through risk based 'Deep Dive' activity.

3. Options considered and recommended proposal

- 3.1 Officers' recommendation is to sign the Memorandum of Understanding received from DLUHC, which has been received and reviewed. Signing of the MoU will confirm the Council's participation in the Pathfinder pilot programme, enabling the benefits in terms of flexibility and delivery timescales outlined above to be realised.
- 3.2 Declining to sign the final MoU would preclude the Council from participation in the Pathfinder scheme. As such, this option has been rejected.

4. Consultation on proposal

- 4.1 Consultation with MPs regarding the Council's application to join the Pathfinder programme was undertaken in July 2023 via a letter from the Chief Executive. Following the Council's acceptance onto the pathfinder programme each MP receives an invitation to Town Board meetings and is issued with the minutes.
- 4.2 The Town Board agreed to take on oversight of the Pathfinder programme in July 2023 and remains supportive of the scheme.

5. Timetable and Accountability for Implementing this Decision

- 5.1 DLUHC issued a financial reconciliation on 7th February 2024 outlining DLUHC payments received to date and the expected payment of future years' grant in line with the approved Pathfinder Investment Plan.
- 5.2 Following the Council's confirmation that the financial reconciliation was correct, this payment profile has been incorporated into the final MoU, which was issued on 14 March 2024 and is attached at Appendix 1.

6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)

- 6.1 The Pathfinder approach amends administrative arrangements for grants previously awarded to the Council under the Government's Future High Streets Fund, Town Deal and Levelling Up Fund programmes and so does not represent receipt of any additional funds. It does, however, offer increased flexibility in their use, alongside extended timescales for their utilisation.
- 6.2 As with the previously separate grant programmes, under the Pathfinder, the Council will retain its role as accountable body for the programme and will be responsible for submission of quarterly monitoring returns to DLUHC. As with the previous regime, all such returns and any change requests arising will continue to require s151 sign off.

7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)

- 7.1 The provision of financial assistance by DLUHC to the Council will involve a subsidy, and where the assistance consists of multiple grants, is likely to involve a subsidy scheme. Legal understands that the Council complied with subsidy law in relation to entering the details of the DLUHC funding on the BEIS Transparency Database in 2023.
- 7.2 The DLUHC grant schemes are “legacy schemes” entered into prior to 3rd January 2023 and do not need to comply with the new subsidy control legislation. However, under Section 81 of the Subsidy Control Act 2022, any modifications to these legacy subsidy schemes that are implemented through the MOU must be treated as a new subsidy unless they are within one of the permitted exclusions.
- 7.3 The permitted exclusions allow modifications that are exclusively administrative in nature and those that make no significant changes to the funding available (an increase of up to 25% of the original budget or an extension by up to six years beginning with the date on which the subsidy scheme would have ended).
- 7.4 Legal has considered this issue with Finance and is satisfied that the MOU makes no significant changes to the overall funding budget or the duration of the scheme, and that the modifications are administrative in nature. It follows that there will be no requirement to register them as a new subsidy on the transparency portal.
- 7.5 If the levelling up grants are already registered as a subsidy scheme, then there may be a requirement to update the existing entry on the transparency portal within three months of the MOU to show the modification. Legal recommends seeking clarification on this point from DLUHC, as it has undertaken a portal search that discloses no such registration.
- 7.6 Additional implications relate to the practical arrangements for the modified administration of the scheme. The terms of reference of the Town Deal Board should be reviewed, as should any insurance cover arrangements for the members. None of these measures need delay agreeing the MOU.
- 7.7 As is generally the case, the MOU is not a legal contract, but it raises expectations of compliance; and the Council should regard each of its terms as mandatory unless it has received legal advice to the contrary.

8. Human Resources Advice and Implications

- 8.1 There are no human resource implications arising from the recommendations in this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no implications from the recommendations in this report.

10. Equalities and Human Rights Advice and Implications

10.1 This delegation refers specifically to the signing of a memorandum of understanding and therefore there is no equalities impact.

11. Implications for CO2 Emissions and Climate Change

11.1 This delegation refers specifically to the signing of a memorandum of understanding and therefore there is no climate change impact.

12. Implications for Partners

12.1. Pathfinder arrangements require that an expanded Town Board maintain oversight of the programme. The Board agreed to these arrangements in July 2023 and expanded its membership to include external partners involved in delivery of the former Levelling Up Leisure Economy and Skills projects.

12.2 Financial arrangements with external partners involved in delivery of the former Levelling Up Leisure Economy and Skills project are currently governed by funding agreements signed with the Council in 2022. These funding agreements will require revision upon signature of the Memorandum of Understanding to reflect the transition across to the Pathfinder regime.

13. Risks and Mitigation

13.1 Signature of the Memorandum of Understanding mitigates programme and project risk and secures increased flexibilities to enable delivery of the Council's DLUHC funded projects.

14. Accountable Officers

Simon Powell, Senior Programme Manager
Lorna Vertigan, Head of Regeneration

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp	Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	Click here to enter a date.
Head of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.

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