

MEMORANDUM OF UNDERSTANDING

Between

Department for Levelling Up, Housing and Communities

And

Rotherham Metropolitan Borough Council

1. Purpose

- 1.1 This Memorandum of Understanding ('MOU') sets out the terms, principles and practices that will apply to the working relationship between Department for Levelling Up, Housing and Communities ('DLUHC') and Rotherham Council ('the Council') (collective 'the Parties') regarding the administration and delivery of the Simplification Pathfinders Pilot ('SPP') Rotherham investment plan. This MOU applies to financial years within your profile below.
- 1.2 This MOU supersedes any previous MOU or Project Adjustment Request in place for projects included in your Pathfinder Investment Plan that were previously delivered through the Levelling Up Fund, Towns Fund and Future High Streets Funds.
- 1.3 This MOU will be valid from the date of signature until March 2026. Changes will be made only where signatories deem it necessary.
- 1.4 The MOU sets out the universal fund wide conditions and expectations for appropriate spend of the SPP allocations.
- 1.5 This MOU is not intended to create legal or binding obligations. It describes the understanding between both parties for the use of funding specified in section 3 of this agreement.

2. Background

- 2.1 On 4th July 2023 HM Government announced the launch of the Simplification Pathfinders Pilot. The Council has been chosen to take part in the pilot and the Council has formally agreed to participate in the pilot via correspondence.
- 2.2 This MOU covers the funding commitments from DLUHC and the delivery, financial expenditure, reporting, communications and branding expectations between both parties and the steps the department could take in the event of underperformance if required. The department has published technical guidance to establish how local authorities can take part in the SPP. The department will notify the local authority of any changes to published documents.

3. Purpose of Funding

- 3.1 DLUHC considered the Investment Plan submitted by the Council for the Pathfinder proposal and agreed to allocate funding up to **£42,128,157** across FY2024-25 and FY2025-26. The indicative allocation for each year is set out in the following table:

Previous individual funding stream allocations		
	Funding Type	Total allocation
Total LUF Grant	CDEL	£39,539,059
Total FHSF Grant	CDEL	£12,660,708
Total Towns Fund Grant	CDEL	£31,600,000
	RDEL	£0
Total allocations	CDEL	£83,799,767
	RDEL	£0
Actuals paid to date		
Year	Funding Type	Total allocation
2020/21 LUF Grant Actual	CDEL	£0
2020/21 FHSF Grant Actual	CDEL	£0
2020/21 Towns Fund Grant Actual	CDEL	£0
	RDEL	£0
2021/22 LUF Grant Actual	CDEL	£3,638,273
2021/22 FHSF Grant Actual	CDEL	£2,175,284
2021/22 Towns Fund Grant Actual	CDEL	£1,580,000
	RDEL	£0
2022/23 LUF Grant Actual	CDEL	£6,651,507
2022/23 FHSF Grant Actual	CDEL	£3,539,320
2022/23 Towns Fund Grant Actual	CDEL	£2,460,471
	RDEL	£0
2023/24 LUF Grant Actual	CDEL	£10,644,093
2023/24 FHSF Grant Actual	CDEL	£6,946,104
2023/24 Towns Fund Grant Actual	CDEL	£4,036,558
	RDEL	£0
Total actual payments	CDEL	£41,671,610
	RDEL	£0
Total allocation remaining	CDEL	£42,128,157
	RDEL	£0
Remaining Pathfinder allocations (as per IP)		
Year	Funding Type	Total allocation
2024/25 allocation	CDEL	£33,232,899
	RDEL	£0
2025/26 allocation	CDEL	£8,895,258
	RDEL	£0
Total CDEL allocation	£42,128,157	
Total RDEL allocation	£0	

- 3.2 The funding is provided to form part of the necessary capital investment required for delivery of the Rotherham Simplification Pathfinders Pilot proposal. If the approved Investment Plan includes Revenue funding this can be used to support the delivery of the Pathfinder portfolio. DLUHC expects the Council to use the funding provided for the purposes outlined in the Investment Plan approved by DLUHC, and that evidence will be provided to demonstrate this. Grant funding will be paid in annual instalments subject to satisfactory performance. Assurance on project progress shall be borne out through the formal monitoring and assurance process set out in Clause 7 of this MOU.
- 3.3 The Investment Plan approved by DLUHC sets out the details of the projects, including budget, spending profile, scope, key assumptions, outputs. Together these project parameters set out the “ask” and “offer” expected by the Parties, and these are set out in Annex A.

4. Financial Arrangements

- 4.1 The agreed funds will be issued to the Council as grant payments under Section 50 of the United Kingdom Internal Markets Act 2020 ('UKIM'), for capital expenditure as agreed in the approved investment plan.
- 4.2 The Council agrees to use SPP grant payments issued by DLUHC for capital expenditure only as identified in profile at **Annex A**. The council will manage any revenue funding in line with profile and spend as appropriate. There is no opportunity to substitute capital expenditure for revenue.
- 4.3 Payments to the Council will normally be made on a yearly basis at the beginning of each financial year, subject to satisfactory performance. By exception, in FY2023-24 the first payment will be made subject to an approved investment plan.
- 4.4 Annual amounts for each financial year will be agreed by the Parties in principle. Release of these payments will be dependent on submission of a Section 151 Officer signed Statement of Grant Usage and corresponding 6-monthly monitoring return alongside the quarterly RAG rating monitoring.
- 4.5 The Council will report regular portfolio, project, financial, and risk reporting to DLUHC, in the format provided by DLUHC, demonstrating expenditure of the previous funding payment received and that outputs and outcomes are being met, in line with the approved investment plan.
- 4.6 This information will be taken into consideration by DLUHC before subsequent annual payments to the Council are finalised and paid. DLUHC may make appropriate adjustments to payments or withhold payments where there are significant concerns over delivery.
- 4.7 Requests by the Council to amend an annual spending profile will be considered by DLUHC but only with the submission of a 'Credible Plan' as set out in Clause 9.13. DLUHC will assess the Credible Plan but there are no guarantees that such requests will be accommodated.

4.8 The Council must spend all grant funding by the end of the funding period, 31 March 2026.

4.9 The Chief Executive, Section 151 Officer or Chief Internal Auditor (or equivalent) of the Council will sign and return to DLUHC a declaration, to be received no later than twelve months after the physical completion of the project(s), in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Rotherham SPP Grant Determination have been complied with.”

5. Duration and Review Point

5.1 This MOU applies to the financial years within your approved profile at 3.1.

5.2 This MOU will come into effect upon signature by the Parties and will remain in effect until it is terminated by either Party in accordance with the terms in Clause 11 of this MOU.

6. Branding and Communication

6.1 DLUHC will provide the Council with guidance on the Branding and Communication associated with SPP projects. The Parties agree to adhere to the guidance and any updates subsequently released by DLUHC.

7. Monitoring and Evaluation

7.1 DLUHC has provided the Council with the Simplification Pathfinders Pilot Technical Guidance which includes Monitoring and Evaluation Guidance.

7.2 DLUHC will provide grant funding subject to the Council hereby agreeing to full transparency, open-book working and a duty of good faith regarding all matters relating to the project, the Council, and this MOU.

7.3 The Council agrees to collect data on inputs, outputs and outcomes. DLUHC will lead on programme-level evaluation including data collection for outcomes and impacts. However, as described in the SPP M&E Guidance, DLUHC may require some evaluation assistance from the Council including collecting baseline data where alternative data sources are not available and facilitating meetings with key stakeholders.

7.4 The Council agrees to collaborate with DLUHC over monitoring and evaluation requirements, which will involve reporting quarterly on project expenditure, project progress, stakeholder engagement, risks, and any project changes. The Council will also collaborate with DLUHC to provide six-monthly reporting on project outputs and potentially some outcomes. This includes collecting accurate data and using the agreed metrics and methods as set out in the SPP M&E Guidance. DLUHC reserves the right to quality assure data and conduct site verifications.

- 7.5 The Council will promptly share information as and when requested by DLUHC, including:
- Current funding that has been spent
 - Planned expenditures
 - Updates on key project risks
 - Procurement and governance
 - Engagement and support from local stakeholders
 - Case studies for publicising investment
- 7.6 DLUHC may publish relevant data and use it to inform public statements.

8. Assurance

- 8.1 DLUHC will provide the council with the Assurance and Performance Management Framework setting out the assurance process.
- 8.2 The Council will collaborate with DLUHC over assurance requirements, which will include the Section 151 Officer using the templates provided to give periodic written assurance to DLUHC. This includes written confirmation that the project continues to represent value for money / best value and provisions of accurate data and information within the assurance cycle as set out in the CLGU Assurance and Performance Management Framework available on gov.uk. The Council will also collaborate with DLUHC if required to support further assurance through risk based Deep Dive activity. Deep Dives will include engagement with SRO, Section 151 Officer and Project Leads, alongside the provision of specified procurement, financial and decision-making evidence on request for review. DLUHC shall assist the Council where possible. Sample based Deep Dives will be retained as an option through the programme.
- 8.3 The Council will provide upon request evidence of a constituted SPP delivery board or that a pre-existing delivery board has formally adopted SPP governance within its Terms of Reference. Integration into the full governance arrangements of the Council should be evident.
- 8.4 The Council is expected to have the necessary governance and assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to, which may include, but not solely, state aid / subsidy control, equalities duties, procurement, health and safety and fraud.
- 8.5 The Council will ensure data can be shared for the prevention and detection of fraud by including the following clause in all agreements with companies or external entities: "Data may be shared with other enforcement agencies for the prevention and detection of crime."
- 8.6 The Council will fully comply with all obligations set out in the Fraud Risk Assessment guidance in Annex B to ensure the safe administration of grants and that appropriate measures are put in place to mitigate against the risk of both fraud and payment error.

9. Changes to Approved Investment Plan

- 9.1 The Council will notify DLUHC of any planned changes to the SPP portfolio, that do not constitute a 'material change' (see 9.5 for definition of material change) through the quarterly Monitoring process. Quarter one and quarter three will be made up of light touch RAG rating reporting whilst quarter two and quarter four will require more detailed reporting.
- 9.2 The following do not constitute a material change and can be reported to DLUHC in the quarterly monitoring returns:
 - 9.2.1 Moving of funding between intervention themes below the £5 million threshold.
 - 9.2.2 Moving of funding between projects in the same intervention theme below the £5 million threshold.
- 9.3 The Council will not require approval from DLUHC for alterations to the SPP portfolio that do not constitute a material change.
- 9.4 Local Authorities should seek approval from DLUHC where they are seeking to make "material changes" to their Investment Plan.
- 9.5 A 'material change' is defined as a single amendment to the SPP portfolio that involves moving at least £5 million to a different intervention theme or moving at least £5 million between projects in the same intervention theme.
- 9.6 Where Local Authorities would like to make a "material change" to their Investment Plan, they must submit details of the proposal to DLUHC using a change request template. This should be provided in advance of any changes being made. DLUHC will assess the proposal prior to considering approval. Local Authorities should, as part of the request, evidence continuing support from governance boards, key local stakeholders, including the Member(s) of Parliament (MP(s)) covering the geography impacted by the proposed change.
- 9.7 Where the value of a project is changing, it is the responsibility of the local authorities to give due regard to Subsidy Control guidance.
- 9.8 Changes will be benchmarked against the Investment Plan agreed by DLUHC or against the position agreed as part of a previous change request.
- 9.9 If DLUHC is concerned about the size or intention of a particular change, we will discuss it with local authority teams and we reserve the right to reject a change on the grounds it would not secure value for money or meet the objectives of the funding.
- 9.10 Government may "call in" Pathfinder portfolios for review, for example where there is local disagreement, when changes are novel, contentious, or potentially suggesting a fundamental material change to a project (i.e. the outputs that are going to be delivered are fundamentally different, such as transport outputs rather than public realm outputs).

- 9.11 DLUHC will use the reporting cycle to monitor cumulative changes to baselines set in the Investment Plan. DLUHC may 'call-in' Pathfinder portfolios for review if cumulative changes already made breach the £5m threshold.
- 9.12 Where the local authority has made contractual or funding commitments to a third party or other public body, the local authority will be required to assess if the proposed change will have an impact on their ability to honour this commitment.
- 9.13 If a local authority wishes to reprofile underspend from one financial year into the next, a 'credible plan' should be submitted as part of end-of-year reporting. This should include but not be limited to:
- i. Details of grant payments received.
 - ii. Details of spend to date (actual defrayed costs).
 - iii. Amount of funds formally committed to projects and the profile of that spend, e.g. a grant funding agreement or other form of contract is in place.
 - iv. Amount of funds allocated but not committed to projects, and the profile of that spend
 - v. Plan for the allocation of unallocated funds, key milestones for the commitment of funds and spend profiles.
 - vi. Risk management, i.e. confirmation that plans are in place to manage risks relating to project pipeline and capacity.
 - vii. Confirmation from the S151 officer (or equivalent) that they are satisfied the plan and related expenditure profiles are achievable.
- 9.14 If local authorities can demonstrate a credible plan as set out above, they will receive their next annual payment in full at the start of the financial year. If, however, local authority plans to re-profile underspend are not credible, DLUHC reserves the right to withhold or delay payment. Remaining funding will be paid out pending demonstration of satisfactory performance.

10. Compliance with the MOU

10.1 The Parties to this MOU are responsible for ensuring that they have the necessary systems and appropriate resources in place within their respective organisations to comply fully with the requirements of this MOU.

10.2 Failure to adhere the terms of this MOU, may result in payments being withheld.

11. Changes to the MOU

11.1 The arrangements under this MOU will be kept under review. Changes to, including termination of this MOU, will be subject to written agreement between both Parties.

11.2 Future consideration might be given to adding further DLUHC funding Programmes to the SPP portfolio. This will be subject to Ministerial approval. Any approved additions will be dealt with through an Addendum to this MOU, a revised funding table as shown at Clause 3.1 and revised output and outcome tables currently included at **Annex A**

12. Resolution of Disputes

12.1 Any dispute that may arise as to the interpretation or application of this MOU will be settled by consultation between the Parties.

13. Legal Enforcement

13.1 This MOU is not legally enforceable. It describes the understanding between both parties for the use of funding specified in Clause 3 of this agreement.

Signed on Behalf of the Council (by Chief Executive / Section 151 Officer):

Name:

Job Title:

Date:

Signed on Behalf of DLUHC:

Name:

Job Title:

Date:

Annex A: Investment Plan



Rotherham
Pathfinder MOU Anne

Annex B: Fraud Risk Assessment



Fraud Risk
Assessment template.