

REPORT FROM: DIRECTOR OF PLACE

TO: TOWN DEAL BOARD

DATE: 19 September 2025

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TOWN DEALS: FUNDING SIMPLIFICATION

PURPOSE OF REPORT

To update the Town Deal Board on changes to the MHCLG Town Deals and the Levelling Up Fund.

RECOMMENDATIONS

(1) To note the report.

REASONS FOR RECOMMENDATIONS

(1) For information.

1. On 2 September 2025, the Ministry for Housing, Communities and Local Government (MHCLG) announced broad changes to Town Deals and the Levelling Up Fund with the aim to “reduce the administrative burden on local authorities and maximise your freedom and flexibility.”
2. Town Deals and the Levelling Up Fund will be rolled into one pot – the Local Regeneration Fund (the Simplification Pathfinders Pilot Fund is also included in the new fund, but that’s irrelevant to Pendle Borough Council).
3. A local authority’s individual funds will be aggregated into a single allocation. The total MHCLG allocation cannot be exceeded, and capital/revenue splits must be maintained.

4. Town Deal and Levelling Up Fund payments for the full financial year of 2025/26 will be received in September but from 2026/27 onwards a combined payment will be made at the start of the financial year.
5. MHCLG encourages LAs to continue to make use of existing local governance structures such as Town Deal Boards, but it is up to the LA to decide what governance structure works best for them.
6. The MHCLG monitoring round due in October has been cancelled and so the first monitoring round will be in April 2026 and every six months thereafter. This will involve a combined monitoring return, though this will also be simplified. However, PBC will still ask project providers for monitoring information for April - September 2025, for its own monitoring requirements.
7. The funding allocation can be managed flexibly across a portfolio of projects within the local authority area. The expectation is that all current Town Deal and Levelling Up Fund projects will be completed but LAs can make changes to those projects or cancel projects and add new projects in response to local priorities and changing economic conditions, without seeking prior approval from MHCLG (ie the Project Adjustment Request process has been simplified).
8. LAs need to tell MHCLG what has changed or is likely to change, and why, in the combined monitoring return and in conversations with them in between formal reporting periods. They would particularly welcome advance discussions on significant changes.
9. The number of output and outcome indicators is being reduced from 150 to 45 and these only need to be reported at a portfolio level (not at project level).
10. MHCLG will conduct evaluation centrally, using data provided through monitoring returns etc. LAs will not be required to carry out local evaluations, but they may want to continue collecting project level data for their own local monitoring, reporting and accountability. MHCLG would still encourage LAs to conduct reflective exercises (ie lessons learnt) to help inform the development of their project pipeline.
11. Details can be found at www.gov.uk/government/publications/local-regeneration-fund/local-regeneration-fund-technical-guidance, and further guidance is expected soon.