



Report to: Cabinet Meeting - 10 December 2024

Portfolio Holders: Councillor Paul Peacock – Strategy, Performance & Finance  
 Councillor Claire Penny - Sustainable Economic Development

Director Leads: Matt Lamb - Director - Planning & Growth  
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Report Summary	
<b>Type of Report</b>	Open Report, Key Decision
<b>Report Title</b>	Levelling Up Fund 3 Programme Update
<b>Purpose of Report</b>	To provide an update on the Levelling Up 3 (LUF 3) programme, and to present key recommendations to Cabinet to enable ongoing delivery of the Ollerton and Clipstone regeneration projects.
<b>Recommendations</b>	<p>It is recommended that Cabinet:</p> <ul style="list-style-type: none"> <li>a) notes the report, including the updates associated with the LUF 3 Programme; and</li> <li>b) receives an update prior to the Cabinet meeting itself on potential routes to secure the full £20m towards the delivery of the LUF 3 schemes and any necessary NSDC forward funding, subject to assurances on financial risk exposure.</li> </ul>
<b>Alternative Options Considered</b>	It remains an option for the Council to refuse to accept any future LUF 3 grant or decide not to provide further forward funding. This approach is not recommended as it would represent a missed opportunity to deliver genuine and impactful transformative change in the communities of Ollerton and Clipstone. Without additional forward funding, risk is elevated for both projects, particularly regarding timescales to deliver against LUF 3 funding requirements, potential loss of community and partnership momentum, and increased costs due to further delays. Acceptance of a partial, or full MoU, is expected to enable the Council to

	recover existing LUF 3 investment forward funded by the Council to date.
<b>Reason for Recommendations</b>	To ensure Members are aware of the recent updates, risks and developments associated with the LUF 3 programme, and to enable ongoing progression of both schemes for delivery within potential Government timescales.

## **1.0 Background**

- 1.1 In November 2023, Newark and Sherwood District Council were notified of the successful award of £20m grant funding to support the delivery of the ‘Shaping Sherwood’s Revival scheme’ via the Levelling Up Fund 3 (LUF 3) programme. The announcement followed the submission of the £20m bid in July 2022 to the Levelling Up Round 2, that was unfortunately unsuccessful given a retrospective change to funding criteria. The £20m funding will support the delivery of the two key district regeneration schemes including the redevelopment of Ollerton Town Centre and an enhanced commercial (Phase 1), sports (Phase 2) and education (Phase 3) offering located at Mansfield Road, Clipstone.
- 1.2 The LUF 3 grant was awarded on an ‘in-principle’ basis, subject to validation checks and departmental sign off. Confirmation of the completion of validation checks was received in Spring 2024, however the Council still remains without a Memorandum of Understanding (MoU), due to pauses in relation to the election period and a subsequent Government spend review, relating to their 2024 Autumn Budget Statement.
- 1.3 At the point of award notification in November 2023, the LUF 3 grant was caveated to a previously achievable spend deadline of March 2026. As reported recently to Cabinet, both projects are now unable to satisfy this spend deadline due to the unforeseen delays in receiving formal confirmation of funds, in the form of an MoU. In July 2024, Cabinet agreed to pause the release of any additional funding for both projects, beyond spend associated with existing, approved budgets, until the formalised funding commitment is provided from Government. Additionally, it was agreed the Council will continue to request assurance of funding from Government, alongside an amended spend deadline to reflect the postponements. Despite this position, the Council is able to demonstrate positive advances through RIBA Stage 2 (Ollerton) and RIBA Stage 3 (Clipstone), including negotiations with potential future Tenants, the completion of public consultation in July 2024, and refining of designs.
- 1.4 As verbally updated to Cabinet in November 2024, the latest Government budget (released 30 October 2024) confirms intended continuation of funding for all LUF 3 projects, subject to discussions with relevant Local Authorities and the completion of reporting. Following the budget announcement, Officers have discussed programme developments with Civil Servants, who have further reinforced the Governments’ commitment to the £20m funding for Sherwood. Whilst these announcements reflect positively for the local scheme, current conditions of the grant do not allow for an extension of spend beyond March 2026, despite the ongoing delays experienced. Furthermore, the Ministry for Housing, Communities, and Local Government (MHCLG) recently confirmed that flexibility of spend beyond March 2026, is subject to approval

through the Government's Spring Budget, April 2025. With this in mind, both projects are now projected to require a financial extension to March 2028, based on the Governments' current spend definition, and as a result of the prolonged release of funds, since the original announcement, 13 months ago.

- 1.5 The Council continues to engage with MHCLG to complete key reporting returns and provide details of local spend requirements for both projects. Further updates from the Department regarding the approach to issuing MoU's, as well as any possible future amendments to grant conditions and spend requirements, are expected in due course. In addition, the Council is currently exploring options with MHCLG to potentially draw down a deliverable proportion of the LUF 3 grant (forecasted spend by March 2026), in advance of confirmation of an extension beyond March 2026. It is anticipated that an updated position can be agreed in principle with MHCLG between agenda print and the Cabinet meeting. A further update will therefore be provided.
- 1.6 It is important to note that the key risks associated with the Ollerton and Clipstone schemes remain as presented previously to Cabinet. Aside from the absence of the LUF 3 grant, most prevalent risks comprise land acquisition, Business Case approval, planning permission and unconfirmed match funding.

#### Ollerton Project

- 1.7 In order for the Ollerton scheme to meet the revised forecasted March 2028 spend deadline, an element of forward funding may be required of up to £500,000 in advance of an MoU from Government (the July Cabinet report approved the release of this funding upon the receipt of the MoU from government). The Director for Planning & Growth and s151 Officer are meeting with the civil service between agenda print and Cabinet with a view to exploring the degree to which this Council can consider further financial exposure by forward funding some capacity. This will enable key works to progress including the RIBA stage 3 and finalisation of land acquisitions, up to Spring 2025. A further update will be provided to Cabinet prior to the meeting.
- 1.8 Officers continue to negotiate with stakeholders to secure the remaining match funding required to deliver the scheme in full, including a capital investment of £3m from Nottinghamshire County Council towards the library element of the scheme. Prior to submission of the planning application, a resolution to this match funding is required, alongside finalisation of legal land acquisition and Business Case approval.

#### Clipstone Project

- 1.9 Similar to the proposed approach to progress the Ollerton project, it is likely that forward funding of capacity may be required of up to £200,000 in advance as opposed to upon receipt of an MoU from Government. A further update will be provided prior to Cabinet.
- 1.10 As previously agreed, any further spend, (beyond the proposed amount detailed in paragraph 1.10) associated with the Clipstone project (Phases 2 and 3) will continue to pause until finalisation of an MoU, no demonstrable funding gap to deliver the scheme in accordance with the Council's approved capital budget, and all required land-take to deliver the scheme being secured, or within control of the District Council.

## **2.0 Implications**

- 2.1 In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

### **Legal Implications**

- 2.2 The execution of a memorandum of understanding by Government for any funding streams noted within this report would provide assurance to the Council regarding funding commitment, although it does not create a legal obligation.

### **Financial Implications (FIN24-25/5847)**

- 2.3 Officers continue to work on the possibility of forward funding in advance of the MoU with Government, subject to discussions with MHCLG. A further update will be provided prior to Cabinet on any financial implication of electing to do this.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

#### **Levelling Up Fund Round 3**

Levelling Up White Paper, 2022

Levelling Up Fund Prospectus and Guidance, 2022

Sherwood Levelling Up Bid, July 2022

Cabinet Report, Levelling Up Submission and UK Shared Prosperity Fund, June 2022

Cabinet Report, Sherwood Levelling Up Fund Update, November 2022

Cabinet Report, Ollerton Hall, July 2023

Cabinet Report, Ollerton Town Centre Regeneration and Bank purchase, December 2023

Cabinet Report, Sherwood Levelling Up 3 Update – Ollerton & Clipstone, March 2024

Cabinet Report, Sherwood Levelling Up 3 Update 2 – Ollerton & Clipstone, June 2024

Cabinet Report, Levelling Up Fund (LUF) 3 Update, July 2024

Cabinet Report, Sherwood Levelling Up, Long Term Plan for Towns Fund and UKSPF / UKRPF Fund Update, November 2024