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| Title: | External Funding Opportunities |
| Purpose: | Committee topic investigation: Findings and proposed recommendations |
| Committee date: | 17 th June 2014 |
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Introduction

1. In the process of examining a range of topics at committee, and through committee inquiries (including reviews of Transport for Bucks, S106 funding, and Local Enterprise Partnerships), the Environment, Transport and Locality (ETL) Services Select Committee highlighted that the general topic of external funding was an area of Council business worthy of further investigation. Areas of particular interest related specifically to the ETL select committee remit, included transport and planning infrastructure, and whether the Council is maximising opportunities to secure all available external funding.
2. It was first agreed at committee on 25th September 2013 (with updates at following meetings and also further questions raised at 4th March 2014 in relation to the role of Local Enterprise Partnerships) that the Chairman, Warren Whyte, and Tim Butcher, supporting committee member, would carry out further exploratory research in more detail outside of committee meetings to examine questions and issues raised within committee.
3. The objectives of these meetings were:
 - To identify how the Council unlocks investment (particularly in relation to transport/planning infrastructure funding),
 - To identify whether the Council is seeking and using all appropriate opportunities (working with providers and other organisations) to successfully bid for external and EU funding that is available.
 - To report findings back to the committee in the summer and identify any areas that may require further examination by the committee.
 - To highlight observations and findings to the Leader and to inform Future Shape requirements.

4. Members held three informal working group sessions in which they had discussions with relevant officers around their key lines of inquiry. The officers who assisted the members were, Stephen Walford Senior Manager Place, Jim Sims, BTVLEP¹, and Richard Harrington BTVLEP Chief Executive Officer (in relation to the approach within the Place service and role of LEPs (ETL remit)). These discussions highlighted a need to discuss the organisational processes and approach to ensure that the findings were not applicable to just one service area. Members therefore met with Peter Hardy, Cabinet Member for Finance and Resources, Richard Ambrose, Finance Director, Rose Younger, Commercial Manager, and Matthew Strevens, Finance Business Partner, to discuss the council wide approach, the role of the commercial board and the opportunities for improvement through the Future Shape planning and requirements.
5. These discussions between Members and officers have highlighted a number of key themes and findings along with recommendations outlined below that, if endorsed by both the ETL committee and Finance committee, will be sent in a letter of recommendation to the Cabinet Member for Finance and Resources to consider and respond to.

Systems, processes and monitoring

6. During the first discussion it became evident that BCC currently has no formal (corporate approach) mechanism or internal arrangements to ensure that all relevant external funding opportunities (which would assist the council in delivering its core strategic priorities) are proactively sought.
7. This has resulted in an ad hoc approach with the onus on officers within individual service areas to identify opportunities and take applications forward. There is no formal rigorous structure or process in place, nor is there a corporate register of all bids made (successful or not) which would enable a coherent monitoring and review process. This means that in reality it is often down to an individual officer making a judgement on whether or not a funding opportunity would be worthwhile or not.
8. It was apparent to members throughout their meetings that the lack of a clear process and structure demonstrates the need for BCC to decide who is responsible for identifying and seeking external funding opportunities, particularly as the authority begins implementation of Future Shape proposals (operating via Business Units, in a more commercially-minded manner via commissioning/contracting).
9. The above points in mind, it was raised that service areas (and going forward Business Units) and the Council as a whole organisation, shouldn't be looking to bid

¹ Buckinghamshire Thames Valley Local Enterprise Partnership.

for funding that doesn't contribute towards the Council's strategic objectives, or has little chance of bidding success, being mindful of the fact that putting bids together can be resource intensive and that bid development may detract from focusing on existing core priorities (the "day job"). It was also highlighted that we would need to be mindful that a successful one-off funding bid may lead to on-going permanent costs.

10. It was also highlighted that many external funding streams also require the Council to match-fund any grant received. This being so, BUs will need to ensure that they have the budget to be able to do this and also the resource to be able to meet all the conditions of the funding (which can often be onerous in terms of reporting how the authority spends funding and how outcomes have been improved as a result).

Draft Recommendation - We recommend that BCC develop a clear corporate approach towards identifying and securing external funding, including use of data, how approaches are to be written into terms of reference for Business Units and contracts, and how any joint funding arrangements with partners are to be developed.

Draft Recommendation - We recommend that corporate capacity for overseeing, coordinating and sharing intelligence for external funding bids be developed across Business Units in order to maximise opportunities to secure and use external funding, and minimise duplication and/or isolation of bidding activity.

Capacity, skills and training

11. Unlike some other local authorities (e.g. Kent), BCC currently does not have either dedicated EU or external affairs/funding officers and overall there is currently a lack of emphasis or adequate resource in seeking external funding opportunities. As noted above, members felt that the ad hoc nature of the process has resulted in a lack of clarity over appropriate skill levels in-house to ensure that the authority is proactively maximising opportunities to identify and bid for external funding.
12. As explained above, as and when funding opportunities arise, individual officers develop bids, often in isolation of other teams and departments. Members were informed that training took place a few years ago with approx. 40-50 officers taking part in bid writing training which was positively received. However, the training did not lead to any increase in successful bid applications the following year, and impetus for similar training has not been maintained. Members were keen to find out why the drive for training wasn't continued and what lessons can be learnt to inform any further training within Future Shape operation. Members are keen for any future training to be valuable and not superficial. It should be focussed on key staff to ensure quality of the skills developed, not quantity of staff undergoing training.

13. From research it is clear that sources of external funding and routes to securing funding is changing. Funding is increasingly moving (wholly or partially) to other public sector partners and other organisations to achieve the outcomes/objectives of the Council resulting in the need to consider how the Council applies for such funding. BCC needs to consider the changing funding landscape and the impact on the local authority in terms of skills for identifying, applying for, securing, using and monitoring external funding. Members noted that the coalition government have changed funding mechanism dramatically, and as such the Council needs to be increasingly flexible and reactive to the continuous changing funding streams.
14. There was consensus within the meetings from both officers and Members that capacity and capabilities need to be developed within Future Shape requirements - Business Units and at corporate (HQ) level, to ensure that more emphasis is placed on external funding and income generation. As part of this the Council should ensure that it looks across all service areas/BUs and to providers to identify and tap into required skills and capacity to maximise opportunities and avoid duplication.
15. Members were concerned that due to the ad hoc nature of bidding the Council is missing significant opportunities. It was felt that the opportunity must be taken to review how the Council coordinates its approach to external funding.

Draft Recommendation - We recommend that, to eradicate an ad hoc approach to external funding, a clear position (across Business Units) on officer time and coordination in relation to external funding be developed, and that appropriate training of officers on how to secure external funding be delivered in accordance with Future Shape commercial activity proposals. (It may be more efficient to employ an officer with targets etc. A simple business case would need to be developed to aid the decision).

Visibility, Accountability, Transparency

16. Concern was raised around the fragmentation of putting bids together and the need to ensure that this did not continue through any silo approach of Business Units once they begin operation under Future Shape proposals. As mentioned above, with the lack of central recording and monitoring of bids, or any central function, there is no visibility or transparency around which bids have been made, by whom and to which organisations, whether bids were successful, how much funding was secured and how funding was used.
17. An option that was discussed during research meetings was the consideration of monitoring and reporting the success of bids via Cabinet Member annual reports. Within the annual reports, Cabinet Members could highlight and track the information listed in the above paragraph and could capture how secured funding met strategic

outcomes and priorities. In addition to annual reports, a monitoring report could go to Cabinet every quarter (as part of wider financial reporting) to monitor and communicate funding activity.

18. It was suggested within the discussions, that it would be beneficial to have one document which brings together all of the financials/income in one place. The current commercial board or any future equivalent within the Future Shape proposals would be an ideal place to consider this. Members highlighted that there is often confusion over the role of the current commercial board, with both members and staff often unsure of the role of the board in potential bids and the support the board could or should offer. These concerns should be considered within any Future Shape proposals which consider the future role of the commercial board and how it may evolve. It was suggested that references and guidance on external funding could be included within the Value for Money framework / toolkit being produced as part of the Future Shape plans.
19. This would also ensure that the Council is spending the money in accordance with the rules, whilst allowing officers to undertake a cost/benefit analysis – i.e. is the time spent on applying for external funding costing us more than the income generated through the success of the bid. The Council should ensure that the wording around external funding within its financial procedures / instructions is strengthened when they are revised to meet future shape requirements. With the above points in mind, members felt the following recommendation would mitigate the points raised within this section.

Draft Recommendation - We recommend, in order to ensure transparency and accountability, that external funding applications be captured in a central register and/or in published documents such as Cabinet Member annual reports, Commercial Plans, or financial quarter reports. This would allow the authority to develop a 'corporate memory' of lessons to learn from funding bids, share best practice/intelligence, and to raise the profile of external funding impacts.

Future Shape, use of intelligence, and the role of members

20. The Future Shape proposals (agreed by Cabinet on 24 March 2014) will see the Council operate in a more commercially-minded way via commissioning/contracting, Business Units and Delivery Units. These proposals also present an opportunity to improve the authority's approach to identify, secure and use external funding. We would like to stress that this opportunity should not be missed and that the Council embed a proactive culture towards external funding (and income generation more widely), and that approaches to these areas should be built into the terms of reference

for Business Units, including approaches to prioritising bids, use of funding and involvement of members.

21. Given that BUs are to be responsible for the enhanced level of innovation sought by Future Shape, we believe that BUs should collectively take corresponding responsibility for developing and communicating external funding applications, including shared use of intelligence, officer capacity, reporting and progress towards outcomes. However, we also feel that some strategic capacity/oversight for external funding opportunities/monitoring should be located within the proposed HQ in order to ensure appropriate coordination, that a central register (or similar) be created and maintained, and that training and awareness across the authority be developed. This resource would then link with officers and members for continuity.
22. One of the reasons for putting services within alternative delivery vehicles is that they can often access funding that is not available to the authority (especially trusts). With this in mind, the businesses cases and option appraisals for future delivery of services should have a strong focus on the ability to attract additional funding, complemented with tight contract management to ensure that it is delivered.
23. Specifically on the role of members around external funding and within Future Shape proposals, we believe that Members should be given appropriate opportunities to input into funding applications and oversight of secured funding, in particular monitoring progress against sought outcomes. From our research, we feel that this could be achieved via greater clarity on the role of Cabinet Members when working with Business Units, and the role of select committees in overseeing and challenging funding proposals. As mentioned above, Cabinet Member annual reports would be a useful place to capture external funding activity.
24. Future Shape proposals outline an enhanced role for the authority in gathering and analysing local/customer intelligence. We are supportive of this proposal and recommend that external funding bids make use of this intelligence both in terms of shaping a bid but also towards delivering sought outcomes via external funding. More specifically, in terms of using local/customer intelligence, and local member knowledge, we felt that it would be useful to have a 'wish list' of core infrastructure and planning schemes for which the Council could seek external funding. This 'wish list' could contain a checklist or prioritisation scheme against which potential funding bids could be cross-referenced.

Draft Recommendation - We recommend that BCC uses the opportunity presented by Future Shape to enhance its approach to external funding with Business Units taking the lead for development guided by coordination from the corporate HQ and member input.

Draft Recommendation - We support the ambition for an enhanced customer insight function within Future Shape proposals and recommend that intelligence from this function

be applied to external funding bids and proposals along with cross-referencing against an external funding 'wish list' and prioritisation scheme.

Conclusion

25. It was apparent from the discussions that the council needs to up its game in terms of its approach to external funding. The Council needs to decide who is responsible for external funding and the increased importance within a commercially aware and minded council and incorporate appropriate requirements into the Future Shape proposals and operating framework.

Proposed next steps

26. As our research discussions progressed, it quickly became evident that initial areas of committee research on transport and infrastructure funding highlighted a wider issue around the lack of a coherent general Council wide approach to external funding. We believe that planning for Future Shape requirements presents a valuable opportunity to enhance the Council's approach to seeking and securing external funding which would aid delivery of core strategic priorities.
27. Given the nature of our findings, we propose that the findings and draft recommendations of this paper be noted by the ETL committee and then be passed to the Finance, Performance & Resources Select committee for endorsement (in line with their remit) before submission to the Cabinet Member for Finance and Resources as a letter of recommendation, requesting a Cabinet Member response and, if appropriate, to provide updates on progress against agreed recommendations as part of Future Shape developments.

Draft Recommendation Areas

1. **Draft Recommendation** - We recommend that BCC develop a clear corporate approach towards identifying and securing external funding, including use of data, how approaches are to be written into terms of reference for Business Units and contracts, and how any joint funding arrangements with partners are to be developed.
2. **Draft Recommendation** - We recommend that corporate capacity for overseeing, coordinating and sharing intelligence for external funding bids be developed across Business Units in order to maximise opportunities to secure and use external funding, and minimise duplication and/or isolation of bidding activity.
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5. **Draft Recommendation** - We recommend that BCC uses the opportunity presented by Future Shape to enhance its approach to external funding with Business Units taking the lead for development guided by coordination from the corporate HQ and member input.
6. **Draft Recommendation** - We support the ambition for an enhanced customer insight function within Future Shape proposals and recommend that intelligence from this function be applied to external funding bids and proposals along with cross-referencing against an external funding 'wish list' and prioritisation schemes.