



**City of Westminster**

# Business, Planning and Transport Policy and Scrutiny Committee

<b>Date:</b>	<b>12<sup>th</sup> April 2018</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>External Funding</b>
<b>Report of:</b>	<b>The City Treasurer</b>
<b>Cabinet Member Portfolio</b>	<b>Cabinet Member for Finance, Property &amp; Corporate Services</b>
<b>Wards Involved:</b>	<b>All</b>
<b>Policy Context:</b>	<b>World Class City</b>
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## **1. Executive Summary**

This paper highlights the findings of a review into the current approach to external funding in Westminster and identifies future planned improvements to bidding for external funding, without dedicating additional resource to the approach.

## **2. Aims of the paper**

This paper aims to invite Scrutiny comments on the current approach to obtaining external funding in Westminster City Council and the future planned improvements to bidding for external funding.

## **3 Background**

External funding refers to monetary resources received outside of core government grants, council taxes, business rates and fees, charges and contributions. This source of funding is allocated on a predominantly competitive basis from European, national and regional bodies (Appendix 1).

Since 2010, central government funding for local authorities has fallen by 28%; for Westminster, this translates to a reduction in funding from £154 million in 2015 to £125 million in 2018<sup>1</sup>. This trend shows no sign of abating in the future. According to the Directory of Social Change, there are opportunities for the Council to access some of the £2.3 billion<sup>2</sup> of external funding from all levels of government sources. With the use of GRANTfinder, research found that there are approximately 22 open grants the Council are eligible to apply for as of February 2018, totalling a potential additional income of approximately £13.2 million)<sup>3</sup>.

In order to alleviate financial pressures on the Council's budget, additional funding sources can be exploited to add value to existing services or utilised to create innovative, discretionary services. The Council will have to enhance its strategic and creative approaches in seeking alternative sources of external funding to deliver the City for All vision and mitigate against funding loss, in a challenging economic landscape.

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<sup>1</sup> Projections of the Settlement Funding Assessment, provided by Corporate Finance in the City Treasurer's Directorate

<sup>2</sup> The Directory of Social Change, [www.governmentfunding.org.uk](http://www.governmentfunding.org.uk)

<sup>3</sup> The eligible grants were calculated from GRANTfinder by discarding grants lower than £10,000 and grants targeted towards registered charities, research organisations and for other activities not relevant to the Council (such as for agricultural purposes). Of the 22 available grants, 14 had an unknown or 'discretionary' financial value.

## **4 Current approach to external funding**

The Council relies on external funding as a key source of revenue income, generating approximately £21.3 million in 2016/17 across 25 bids<sup>4</sup>.

A number of Departments across the Council have consistently demonstrated success in obtaining external funding, most notably the Cross River Partnership, Community Safety and Economy teams. There are key matters to be aware of which can enhance the Council's success in securing grants, such as ensuring sufficient capacity within Departments to submit bids within a tight deadline, a clear understanding of the funder's criteria and collaborating closely with partners or supporting bids for grants in which only registered charities are eligible to apply. A fully co-ordinated enhanced external funding approach will by way of example make officers more aware of available grants, encourage collaboration with partners, highlight to others within the Council why a bid was unsuccessful by sharing lessons learned from missed opportunities and ensure bids sufficiently meet the funder's criteria.

The City Treasurer's Department maintains a grants register for the Council's annual accounts. The register records all successful grant awards and basic information about the grant, but it could be supplemented with the addition of bidding performance information, in particular why bids were unsuccessful and capturing the lessons learned.

In December 2017, an external funding workshop amongst key stakeholders in the Council confirmed that there is not currently a co-ordinated external funding approach with which to share opportunities, data and best practice across departments.

## **5 Benchmarking with other councils**

Many councils have a dedicated team to bid for external funding, a centralised strategy or a bidding protocol for officers to adhere to when applying for grants.

For example, the Royal Borough of Kensington and Chelsea (RBKC) has a well-developed approach to external funding and has generated an additional £4.3 million for the council in 2016/17 across 22 bids, according to their central grants register.

Although there is no definitive strategy to external funding, RBKC has a co-ordinated approach, which includes the following:

- A monthly list of up-to-date funding opportunities
- An external funding network
- An offer of GRANTfinder training
- A bidding protocol
- A decision-making framework and scoresheet
- A capacity-building function.

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<sup>4</sup> City Treasurer's grants register. The successful grants accounted for in 2016/17 included in the £21.3 million were grants that were outside of the core government grants and whereby the Council bid competitively for funding.

South Lanarkshire Council sets itself an annual target of obtaining £5 million in external funding, following the development of an external funding strategy in 2011. The Council exceeded this target in 2011/12, securing £8.3 million in external funding<sup>5</sup>.

A dedicated External Funding Team in South Lanarkshire Council identify priority funding for Departments and highlight funding opportunities. The Team also distributes a quarterly funding opportunities e-bulletin across the Council, liaises with 'funding aware officers' from each Department and produces annual reports to the Corporate Management Team on progress and opportunities. The Council estimates that each Funding and Development Officer hired can, on average, secure £1.5 - £2 million per annum in external funding. However, the Team has now dispersed into Finance and Community and Enterprise Resources due to funding pressures on staffing.

## **6 European funding context**

Despite the uncertainty with the UK leaving the EU, the UK will still be eligible to apply to European funding programmes until it officially leaves the EU. According to the Local Government Association (LGA), £8.4 billion was allocated to councils through the European structural and investment funds for 2014-2020<sup>6</sup>.

Central government has promised to set up a UK Shared Prosperity Fund to replace European Structural Investment Funds. However, the Council will need to delve further into alternative sources of funding, so that the transition from European funding – specifically from the EU regeneration funds – to UK funding is as seamless as possible.

## **7 Workshop findings**

The workshop findings confirmed that the absence of oversight in the external funding bidding process and horizon scanning that is undertaken by each department may lead to missed opportunities. Departments may take an opportunistic approach to bidding for grants, where bids are ad-hoc and there may not be sufficient planning ahead prior to when grants are available. The recommendations of the workshop included focusing the Council's efforts on information-sharing and partnership-working (both internally and externally).

A more co-ordinated approach, by utilising the internal resources that the Council already has, would ensure bids align with our priorities and objectives. It would also mitigate the risk of duplicating bids and minimise the negative impact of one bid on other Departments.

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<sup>5</sup> External Funding Strategy & Strategic Overview 2012-2016, South Lanarkshire Council, <http://ecas.southlanarkshire.gov.uk/viewSelectedDocument.asp?c=P62AFQDXDNNT0GUT>

<sup>6</sup> Beyond Brexit: Future of funding currently sourced from the EU, LGA, [https://www.local.gov.uk/sites/default/files/documents/2017-07\\_Beyond%20Brexit%20-%20LGA%20Discussion%20%28FINAL%29\\_0.pdf](https://www.local.gov.uk/sites/default/files/documents/2017-07_Beyond%20Brexit%20-%20LGA%20Discussion%20%28FINAL%29_0.pdf)

The findings suggested that such an approach could secure additional funding by:

- Investigating areas of good bidding practice
- Understanding what lessons could be learned from the departments that have been successful in applying for funding
- Identifying areas in which the Council is missing opportunities
- Horizon scanning future opportunities.

## **8 Recommendations**

There are a number of opportunities that the Council can pursue in order to develop a more co-ordinated approach to obtaining external funding, whilst not requiring a significant investment of resources:

### **8.1 External Funding Network**

An External Funding Network will offer the sharing of best practice and funding opportunities to officers involved in the bidding process. At least one representative from each Department would form the network to ensure that all Directorates benefit from its information-sharing and capacity-building function. It is important that a Funding Officer is allocated the responsibility of co-ordinating the network's activity and ensuring it operates in an inclusive way. This post would be an additional responsibility allocated to a key member of staff in a Department involved in significant funding activity.

The officer will have responsibility for managing the External Funding Network and co-ordinating the central data repository (see 7.2) across departments and with partner organisations. A list of funding opportunities that update monthly will also be circulated to the network, allowing departments to horizon scan all funding opportunities. At the beginning of each year, the network representatives will set out their Department's key funding opportunities that will arise during the year, in order to help other officers plan ahead, identify areas of department or partner collaboration and prioritise bids.

### **8.2 Central data repository**

A central data repository, via a SharePoint site, would share the following:

- City of Westminster data used for bids – including demographics, projections and partners. The Local Economic Assessment, City Survey, Ward and Borough Profiles and Core Facts & Figures from the BI team can provide this data to be circulated to the network. Integrity and consistency of data supporting bids will be an essential element of the bidding process. The aim will be to maintain data quality through identification of issues that result in poor quality data.
- Supporting information and guidance for applying for funding to support those bidding for funding, including:

- Policies and procedures (including a bidding protocol)
- Successful and unsuccessful bids (including lessons learned)
- Monthly list of funding opportunities
- Central grants register that builds on the City Treasurer's register, to add value by monitoring bidding performance and capturing why some bids have been unsuccessful. The developed register will collect additional information on grants, including:
  - Relationships with individuals, Departments and partner organisations
  - Bid timescales and status
  - Internal approval and sign-off process
  - Level of funding expected versus funding received
  - Feedback received
  - Lessons learned from unsuccessful bids

### **8.3 GRANTfinder subscription**

A subscription to GRANTfinder would enable officers across the Council to search for grants specific to their department, at a cost of £10,084 for a 2-year subscription. Officers who apply for funding can receive training from GRANTfinder to enable them to access funding opportunities that are specific to their requirements.

If the listed recommendations are pursued and the Council experiences an improvement in obtaining external funding, a second stage of the new approach will include developing an external funding strategy in the future.

## **Appendix 1: Funding sources for Local Authorities**

- **European Funding** – European Regional Development Funds and European Social Fund
- **Central Government Departments** – Department for Communities & Local Government, Department for Digital, Culture, Media & Sport, Department for Business, Innovation & Skills
- **Regional Government** – Greater London Authority
- **London Local Authorities**
- **National Association for Voluntary and Community Action**
- **Lottery Funding** – Arts Council, Sport England and Heritage Lottery Fund
- **Grant Making Trusts** – Charity Commission and National Association for Voluntary & Community Action
- **Company Giving** – Business in the Community, Arts and Business
- **Income Generation** – The Social Enterprise UK, Locality, Co-operative and Community Finance
- **Crowdfunding** – Local Government Information Unit research (2017)