

Report to the Cabinet

Report reference: C-125-2007/08.
Date of meeting: 10 March 2008.



Portfolio: Finance, Performance Management and Corporate Support Services.

Subject: External Funding Policy.

Responsible Officer: Chris Overend (01992-564247).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations:

- (1) That the policy on external funding set out in the attached document be adopted;**
- (2) That approval be given to the associated financial arrangements, including the links to the budget and strategic planning processes, as set out in the external funding toolkit attached;**
- (3) That a report be submitted to the Council recommending that external funding form part of the Finance, Performance Management and Corporate Support Services Portfolio; and**
- (4) That approval be given to the production of an annual report on external funding issues, to be submitted to the Cabinet.**

Introduction (Background to External Funding at Epping Forest District Council):

1. 'External Funding' has been defined by the CIPFA Statistical Information Service as 'discretionary money not accounted for within the Formula Spending Share (FSS), or equivalent, distributed by various UK and EU agencies on a business case or competitive basis requiring an application'. There are numerous sources of external funding, including: UK Government, Lottery, European Union, Private Organisations, Charities and Local Authority Partnerships.

2. In recent years, there have been several factors leading to the increasing use of external funding. Government initiatives, such as the Gershon Review, have also increased pressures on spending and the necessity to make efficiency savings. These have been exacerbated by other external pressures, which have forced local authorities to take spending and funding decisions. At the same time, the availability of statutory grants has dwindled, whilst discretionary activities have become more dependent on funding, and there has been an increase in competitive funding and partnership development opportunities.

3. A post of External Funding Officer was created in 1999. However, the postholder left the District Council in 2001 and a decision was taken to freeze the post and, ultimately, remove it from the establishment. It is possible, but by no means certain, that funding opportunities were lost as a result of not replacing the postholder. From 2001 onwards, service areas became responsible for identifying and securing funding for themselves, and there was no longer a co-ordinated approach or central point of reference.

4. An internal audit review of procedures and controls in place for the management and administration of External Funding was undertaken in August 2006 as part of the 2006/07 Internal Audit Plan. The report set out an aspirational view of where the Council should aim towards over the next few years based on best practice, and set out a number of recommendations in that regard. It was also recognised that there were quite significant financial/resource implications associated with some of the recommendations.

5. The findings of the audit review indicated that external funding was not treated as a priority within the Council, that there was a need for a strategic approach, corporate support, central co-ordination, dedicated financial and staffing resources and a framework to be put in place for securing and managing external funding. In identifying that there is a range of funding opportunities available to local authorities, the report also recognised that an investment of time and resources was required to create the capacity needed to take advantage of these opportunities to the benefit of the Council in meeting its key service objectives.

Role of External Funding Working Party:

6. The audit review put forward 20 specific recommendations for achieving the co-ordinated approach to external funding required. In 2007 the External Funding Working Party was set up to ensure implementation of those recommendations where practicable and resources permit.

7. The Working Party is comprised of Council Officers with relevant corporate responsibilities and experience. Its membership is subject to regular review in the light of changing circumstances. The Chairman of the Working Party is appointed by and its terms of reference approved by the (former) Management Board as follows:

(a) to be responsible for carrying out an annual review of the policy and the toolkit to ensure that the contents are up to date and reflecting current Council thinking and to consult with Heads of Service for their views;

(b) to carry out, as part of the annual review set out in (a), a review of the way in which external funding procedures are operated in relation to the guidance contained in the policy and toolkit and, where necessary, to draw attention to any concerns;

(c) to ensure that advice is available to the Council and outside agencies in both written form and through the website and intranet; and

(d) to meet in exceptional circumstances to give advice on specific projects where this is requested by a Head of Service, the Management Board or the Council.

8. The Working Party was first convened in March 2007 and, to date, has met six times. The main focus in the meetings so far has been on finalisation of the policy and toolkit, now before members. The intention is that the Working Party will continue to meet approximately once every six months to oversee the effective implementation of the policy once it has been agreed.

External Funding Policy/Toolkit – Rationale:

9. The Working Party felt there was a need not just to set out the principles behind ensuring maximum use is made of funding opportunities available to the Council in the form of a policy, but also to provide guidance to the individuals responsible for so doing. Hence the final document is in two parts: one dealing with the policy, the other a 'toolkit' to assist fundraisers in planning their bids and their approach to attract financial support.

Policy:

10. The key elements covered are summarised below:

- **Definition of External Funding** - The definition is set out in the document and this emphasises that external funding is money secured by the Council, which is over and above monies received from central government, council tax or fees and charges.
- **Links with the Corporate Objectives** - It is vital that external funding is linked with the Council's corporate objectives, and that funding bids are not submitted in respect of isolated projects which will have no impact on priorities.
- **Need for Corporate Co-ordination** - There needs to be co-ordination at a corporate level with member involvement and a reflection of the external funding proposals in the Council and service plans.
- **Project Planning** - In most cases the expectation will be that external funding bids will be in respect of specific, defined projects.
- **Sources of Advice** - The document points to other source of advice on external funding matters the use of which can avoid an over-reliance on software applications. This is particularly important given that there is no External Funding Officer post.
- **Legal/Finance Appraisal** - The award of grant following a successful bid is often dependent on certain conditions being met and, in some instance, there are legal liabilities.
- **Match or Joint Funding** - Often the criteria for Funding Schemes encourage match or joint funding from other sources and, sometimes, grant will be awarded only if such funding is obtained.
- **Risk Assessment** - It is imperative that a full risk assessment is undertaken of the consequences of a failed external funding bid.

Toolkit:

11. The toolkit provides information on the various types of funding sources (including European, national and local sources) and advice and guidance on pulling together a bid to increase the likelihood of success. It also contains a section on the project management of successful bids, without which there is the risk of, not only the project funding, but corporate objectives not being realised.

12. The policy and toolkit are available on the Council's intranet for use by staff. They are also available on the website with the aim of assisting community groups and individuals for best practice on external funding matters.

Business Planning/Budget Process:

13. It is essential that the external funding policy is integrated with business plans and the annual budget process. Guidance on business planning will therefore need to be cross-referenced with the new policy.

14. In relation to the budget, the policy requires transparent accounting for external funding, both past and future. In terms of budget planning, therefore, income from external funding and

provision for match/joint funding will need to be included. A pro forma has been devised to provide for an annual reporting process at budget time.

Annual Report:

15. Better inclusion of external funding in business planning and budget provision would give the Council an opportunity to publish an annual report illustrating its success in securing funding. The first such annual report would be produced at the commencement of the 2009/10 financial year and it is proposed that the report be submitted direct to Council for consideration.

Training:

16. In addition to the toolkit taking responsible officers through the steps necessary to make an effective funding bid, it is felt that there needs to be an awareness session for relevant staff. It is proposed that this be included in the corporate training programme from the 2008/09 Council year.

Portfolio Holder Responsibility:

17. It is recommended that external funding form part of the Finance, Performance Management and Corporate Support Services Portfolio.

Statement in Support of Recommended Action:

18. It is recommended that the strategy be adopted. In addition to the advantages set out in this report, it represents a vital step towards a co-ordinated and consistent approach to external funding across the Council and limits the likelihood of missed funding opportunities.

Other Options for Action:

19. The Cabinet could choose to adopt the strategy and toolkit with or without amendments or could reject them.

Consultation Undertaken:

20. Internally through the External Funding Working Party.

Resource implications:

Budget provision: None required at this stage. Recommendation that external funding is included within Finance, Performance Management and Corporate Support Services Portfolio.

Personnel: Each Directorate to nominate specific postholder with responsibility for external funding issues.

Land: N/A.

Council Plan/BVPP reference: No specific reference at this stage but external funding issues to be highlighted in future plans.

Relevant statutory powers: N/A.

Background papers: N/A.

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A.

Key Decision reference (if required): Key Decision – External Funding Strategy.