

Corporate Services Overview and Scrutiny Committee

17 September 2015

Review of Warwickshire County Council's Performance in Bidding for External Resources

Recommendation

That the Corporate Services Overview and Scrutiny Committee is asked to note and comment on the performance of the authority in bidding for external resources.

1. Introduction

- 1.1. Arising from discussion at the Council meeting in July, the Chair requested that a report was brought to this Committee that looked at the performance of Warwickshire County Council when bidding for external funding. This report fulfils that request. The report outlines the bids made in the last two years, the success of these and the financial control and governance arrangements in place when a service manager is considering bidding for external resources. Finally, in Section 4, the report documents where arrangements are in place for ensuring we are able to respond quickly when any funding initiatives are announced.

2. Funding Applications

- 2.1. In conducting the review, information on all bids for funding submitted over the last two years has been collated. In total £58.3 million funding has been secured. The total amount requested in the 37 bids made was £89.2 million. The amount awarded therefore represents 65% of the total bid value, with only 5 of the 37 bids submitted completely unsuccessful.

2.2. A list of all the bids is included at **Appendix A**. It shows amounts bid for and awarded and where bids were wholly or partially unsuccessful commentary on why this may have been the case.

2.3. Communities Group

Across the authority most of the bids were made by the Communities Group. The Group itself made 21 bids for funding, totalling £66.5 million. 100% of the funding requested was awarded in 14 cases, partial funding was received for a further 4, with 3 bids unsuccessful. The total amount awarded was £36.9 million (56%).

Minimal feedback has been received on those bids that were only partially successful or were unsuccessful. The main feedback received is that the amount of funding was oversubscribed and bids were either scaled back or did not sufficiently meet the success criteria.

In addition to the above bids, the Economic Development Business Unit contributed to 10 bids made in conjunction with other partners. These bids totalled £9.2 million.

There is inevitably a time lag between when bids for funding are made and the outcomes are known. Currently there are a further 8 bids totalling £22.5 million that have been submitted where the outcome is not known. These are listed in the Appendix for completeness but are not included in the totals.

2.4. Resources Group

Resources Group has made four bids over the last two years totalling £9.8 million. Three were 100% successful, with the amount applied for awarded in full. One was rejected as, at the time, the LEP did not want to support broadband infrastructure through the Local Growth Fund.

2.5. Fire and Rescue

Fire and Rescue have made 2 bids totalling £3.6 million were submitted and both were awarded 100% of the amount bid for.

2.6. People Group

People Group have made no bids for external funding over the last two years. This is because most relevant bid-based funding is targeted at the voluntary sector. Funding for social care initiatives is usually allocated on a formula basis across all authorities.

3. Governance of External Funding Applications

- 3.1. As a local authority it is important we have controls and governance arrangements in place to manage any risks inherent in bidding for external resources, to ensure that any conditions attached to funding are carefully considered to ensure that the bid is consistent with and supports the delivery of the authority's priorities.
- 3.2. The authority to approve the submission of bids for external funding is delegated to Portfolio Holders. This requirement then flows through into the detailed financial rules that underpin the authority's internal control framework. There are four key aspects to this control framework that it is worth noting:
- The Head of Service is responsible for obtaining Portfolio Holder permission to bid for grant funding.
 - This reflects the delegated authority from the Leader and also ensures Elected Members are aware of and support the application being made.
 - The Head of Service must have agreed plans in place on how the grant funds will support service plan objectives.
 - This should be part of the information provided to the Portfolio Holder so they can make an informed decision as to whether to support the bid.
 - Where match funding is required, approval must be sought from Cabinet for such funding.
 - This is required because in approving the detail of the budget at the start of the financial year Members have approved how the resources allocated by Council should be used. If the match funding requirement changes this, then this is a decision for Members.
 - Cost Centre Managers are required to adequately monitor and record grant expenditure, and maintain appropriate records of all documents, arrangements and agreements.
 - This ensures we can meet any reporting requirements from the grant issuing body and do not put the resources of the authority at risk by being required to repay funding.

3.3. There is no evidence from the review that these rules are not complied with. The only area where there appears to be a lack of clarity is the extent to which the agreement of the Portfolio Holder to submit the bid needs to be recorded as a formal decision. The Committee may wish to reflect on whether they think this is appropriate and in light of this discussion request that Corporate Board remind Heads of Service of the approval requirements when bidding for external resources. Any review of a specific bid would need to be undertaken by the relevant Overview and Scrutiny Committee, if they wished to do so.

4. Preparation for Future Funding Applications

4.1. There are two main reasons for bidding for external resources:

- To substitute or increase the authority's own funding to deliver investment that is necessary to maintain service delivery or to meet new service delivery requirements. This is primarily the case when bidding for resources to support investment in schools infrastructure.
- To invest in activities that support the delivery of the organisations priorities but that without external funding would be unaffordable.

4.2. In respect of the former then preparation for future funding applications is part of 'normal' service planning. For example Members have approved a school sufficiency strategy which will underpin the determination of the future need to deliver additional school places. The level of need is known and work is continuously underway to turn these needs into specific projects. If external funding becomes available then existing plans can, subject to fine-tuning to meet the funding conditions, be advanced and brought forward.

4.3. For those areas where, without external funding, investment would be unaffordable are more difficult. In many cases there is not the capacity to develop bids on the chance that at some point an external funding opportunity may become available. For these cases bidding tends to be sporadic and proposals are only developed once the funding is announced.

4.4. However, for other areas there is a continual stream of external funding opportunities from a variety of sources. In these areas it is possible to develop a pipeline of potential schemes. Investment to support and drive economic growth in particular is an area where this occurs. Our approach is outlined more fully below.

4.5. Economic Growth Plan

To reflect the central government interest seeing economic-led strategic growth programmes rather than one off projects, the authority has been developing an Economic Growth Plan. This is an area where the authority is being proactive in preparing projects ahead of anticipated funding opportunities.

The Warwickshire Economic Growth Plan has five key aims, which relate back to the main economic opportunities and challenges facing the county. Underneath these key aims are a number of strategic programmes, which seek to link together a range of identified and potential projects, bringing together transport and infrastructure schemes, business support interventions, employment and skills projects, and regeneration initiatives to present a more coherent and transformational approach. This work is being developed in close partnership with the District and Borough Councils.

The Growth Plan will help identify where funding gaps exist, and to filter and prioritise projects depending on the type of funding opportunity available. Different funding streams often have different priorities and different requirements. With a suite of pipeline projects within the plan, we can link the right ones to the most suitable and appropriate funding stream at any given time.

5. Conclusion

- 5.1. The analysis has shown that in excess of 65% of funds applied for by the authority have been granted, that most bids were 100% successful in that we are awarded what we ask for and that where bids are over-subscribed we are still partially successful. It is only on the rare occasion that bids are entirely unsuccessful. The authority will never be successful with every bid made and, if it was, this would suggest that a very prudent approach was being undertaken which might have led to missed opportunities. If the success rate is very low then it would suggest that bids may be too speculative and not an effective use of the organisation's limited capacity. The 'right' level of bidding will always be a matter of judgement but the conclusion from the review is that there is nothing to suggest that the authority is making the wrong decisions when it comes to bidding for external funding.

6. Background Papers

6.1. None.

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List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Resources Group							
BDUK	Capital	Superfast Broadband	8,125	8,125	100%	Assist in rolling out broadband to rural communities	
LEP Local Growth Fund	Capital	Superfast Broadband	1,230	0	0%	Assist in rolling out broadband to rural communities	LEP did not wish to support broadband infrastructure at the time.
DCLG	Revenue	Warwickshire Counter-fraud Partnership Grant	239	239	100%	To support local authorities during the implementation of the Single Fraud Investigation Service and increase the capacity and capability of local government to tackle losses from non-benefit fraud.	
Home Office	Revenue	Police & Crime Panel Grant	185	185	100%	Annual bid for funding to support the Police & Crime Panel in carrying out its functions as set out in the Police Reform and Social Responsibility Act 2011	
	4	Total Resources Group	9,779	8,549	87%		
Fire and Rescue							
CLG Transformation Grant	Capital	Transformation Programme	1,837	1,837	100%	To provide two new response locations and enhance on-call firefighter arrangements. This will support the delivery of quicker attendance to life risk incidents across the whole of Warwickshire.	
CLG Fire Control Grant	Capital	Joint Control with Northamptonshire Fire and Rescue Service	1,800	1,800	100%	Joint and resilient control facilities with NFRS to allow savings and greater resilience across two locations.	
	2	Total Fire and Rescue	3,637	3,637	100%		

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Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Communities Group							
Local Transport Board (LEP)	Capital	Kenilworth Station	3,490	3,490	100%	Will deliver a new station in Kenilworth	
Growth Deal 1 Plus	Capital	A444 Coton Arches	2,000	2,000	100%	Addressing a serious congestion issue which will facilitate employment and housing growth (including at the flagship Bermuda Park) and improve access to Nuneaton town centre.	
Access for All Funding	Capital	Stratford Station Footbridge	1,000	1,000	100%	New footbridge at Stratford upon Avon Station	
Pinch Point	Capital	Rugby Gyratory	1,000	1,000	100%	Improvements to traffic flow on Rugby Gyratory	
Heritage Lottery Fund	Capital / Revenue	Our Warwickshire	967	967	100%	Improvements to Market Hall Museum and development of community based website.	
Rural Development Programme for England	Revenue	Micro Enterprise Grant Scheme	500	500	100%	<u>Outputs in Defra-WCC grant agreement:</u> 20 micro-enterprises supported, 15 jobs created, 10 jobs safeguarded <u>Actual outputs - performance to-date:</u> 21 micro-enterprises supported, £681,000 private sector investment, 42.5 jobs created, 81 jobs safeguarded	
ERDF	Capital	Bermuda Connectivity Project	1,164	0	0%	Establishment of a new road link in Nuneaton, via Bermuda Bridge and associated highway works.	Funder prioritised other projects due to the limited funds available and concerns about the deliverability within the timescales available (all projects had to be delivered by December 2015).
Growing Places	Capital	Bermuda Connectivity Project	500	500	100%	Establishment of a new road link in Nuneaton, via Bermuda Bridge and associated highway works.	

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Growing Places	Capital	M40 Junction 14	250	250	100%	Major congestion alleviation scheme at M40 J14 connected with safety concerns on M40 and future growth of the Warwick/ Leamington area.	
Total Transport Pilot Fund	Revenue	Total Transport Pilot Fund	119	119	100%	Work to identify and confirm arrangements for a potential pilot scheme focused on transport provision for non-emergency hospital appointments. Joint ticketing on cross boundary journeys with Stagecoach and National Express West Midlands	
DEFRA	Revenue	Small Flood and Coastal Erosion Risk Management Scheme Pathfinder initiative	83	83	100%	Will be used for small schemes in local communities to help with flood alleviation	
Natural England	Capital	Reed creation at Kingsbury Water Park	50	50	100%	Creation of reed bed at Kingsbury Water bed for ecological benefit. WCC bid to do the work on behalf of Natural England.	
Pinch Point	Capital	M40 Junction 12	3,314	3,300	100%	Major congestion alleviation scheme at M40 J12 connected to JLR Growth site	
Regional Growth Fund	Capital	M40 Junction 12	500	0	0%	Further phase to major congestion scheme at M40 J12 connected to JLR Growth site.	Surplus RGF that was expected to be available at national level to support additional activity in existing, well-performing projects did not materialise despite BIS/ DCLG having invited CCC and WCC to apply.
New Stations Fund	Capital	Kenilworth Station	5,000	4,900	98%	Will deliver a new station in Kenilworth	Although we only were awarded £4.9m cash, a £100k liability was bought out by the DfT.
LEADER	Capital/ Revenue	Central & South Warwickshire LEADER	2,295	0	0%	Programme for rural businesses and communities.	Competitive national process - funder considered the delivery framework to be inadequately developed.
Growth Deal 1	Capital	A46/A425/A4177 Stanks Island	3,200	3200	100%	Highway improvements at the key junction of A4425 / A46	

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Highways Maintenance Challenge Fund	Capital	Street Lighting Lamp Replacement with LED technology	15,106	0	0%	Cost savings on Street lighting	Bid team included specialist consultant resource from Atkins. Rejected by DfT with minimal feedback.
Department for Education	Capital	Universal Infant Free School Meals	666	499	75%	Ensure all schools with infant age children can provide the new 'Universal Infant Free School Meals' i.e. there is enough dining space, dining equipment and kitchen facilities to provide hot meals to all infant age children	Bids were submitted for schools where initial DfE allocations were insufficient i.e. whole new kitchen was required. Schools supplied the expression of interest; WCC did not filter these. No feedback received.
Department for Education	Capital	16-19 Demographic Growth Capital Fund	1,291	885	69%	Provide additional school places for young people (age 16-19) with learning difficulties / disabilities	There was no success criteria or guidance published. Schools prepared the bids since they know their premises and learners requirements best.
Department for Education	Capital	Targeted Basic Need Funding	24,000	14,170	59%	Provide additional school places to respond to population growth	DfE timescale was extremely tight for submitting the bid. This was for exceptional growth, and required subjective assessment of the bid. No specific feedback received.
	21	Total Communities Group	66,495	36,913	56%		

In addition to these bids Communities Group submitted two successful applications to the 'Severe Weather Recovery Scheme' and the 'Pothole Fund'. These are not included in the totals as no specific amounts were bid for. We received £1.970 million and £1.708 million respectively.

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Communities Group - joint with other partners							
Leader/ NWBC	Capital/ Revenue	North Warwickshire and Hinckley & Bosworth	1,416	1,416	100%	Programme for rural businesses and communities.	
Regional Growth Fund/ CCC	Capital/ Revenue	Coventry and Warwickshire Wave 2 City Deal	2,700	2,700	100%	Major business support project across Coventry and Warwickshire (and Hinckley & Bosworth).	
Big Lottery/ CSWP	Revenue	Talent Match Coventry and Warwickshire	3,167	3,167	100%	Programme for long term unemployed young people across Coventry, Nuneaton & Bedworth and North Warwickshire	
DCLG Transformation Grant	Revenue	Youth Employment Support Partnership - Coventry and Warwickshire	100	100	100%	Research and development into a partnership for the transition of young people from education to sustainable employment.	
ERDF/ CCC	Capital/ Revenue	C&W Enterprise and Business Growth Package - Extension	748	748	100%	Extension to business support package inc. support for start-ups in Nuneaton & Bedworth and grants for sub-regional businesses.	
ERDF/ CCC	Capital/ Revenue	C&W Enterprise and Business Growth Package - Extension	500	500	100%	Extension to access to finance strand of sub-regional business support package.	
Growth Deal/ SDC	Capital	Progress House	450	450	100%	Conversion of empty property into new business centre for start-up and early stage businesses.	
Growing Places/ WDC	Capital	26 HT Gaming Incubation Unit	108	108	100%	Conversion of disused property into incubator hub for start-up and new gaming companies.	
ERDF/ CCC	Revenue	C&W Enterprise and Business Growth Package - Extension	39	39	100%	Funding to allow extension to Rural Growth Network start-up support programme.	
ERDF/ CCC	Revenue	ERDF Technical Assistance - Extension	20	20	100%	Funding to provide technical support to ERDF applicants and projects as well as support development of new ESIF programme.	
	10	Total Joint Bids	9,248	9,248	100%		
	37	Total Bids	89,159	58,347	65%		

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Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Bids/ Outline Applications Submitted with Outcome Pending							
ERDF	Revenue	Coventry & Warwickshire SME Growth Programme - Warwickshire County Council	1,677	pending		302 new businesses supported, 139 start-up and early stage businesses supported, 119 businesses supported including 89 innovation-led/ knowledge-based SMEs, 89 new jobs created	Outline application approved. Full application in development. Portfolio Holder approval to submit full application being sought on or after 18 September 2015.
Growth Deal 1 Plus	Capital	A426 Avon Mill / Hunters Lane	4,500	pending		Promoting economic growth by reducing traffic congestion problems at bottle neck on A426 / Leicester Road	
ERDF/ CCC	Revenue	ERDF Technical Assistance	238	pending		Funding to provide technical support to ERDF applicants.	Outline application approved. Full application in development.
ESF/ CCC	Revenue	ESF Technical Assistance	238	pending		Funding to provide technical support to ESF applicants.	Outline application approved. Full application in development.
ERDF	Capital/ Revenue	CSW Broadband - Extended Rollout	3,803	pending		Support for further phase of roll-out of superfast broadband in rural Warwickshire.	Outline application approved. Full application in development. Cabinet approval to submit full application being sought in October 2015.
ERDF/ CCC	Capital/ Revenue	C&W Low Carbon Economy Programme	5,800	pending			Outline application approved. Full application in development.
ERDF/ CCC	Capital/ Revenue	Innovative Coventry and Warwickshire	1,700	pending			Outline application approved. Full application in development.
ERDF/ CCC	Revenue	Coventry and Warwickshire SME Growth Programme - Coventry City Council	4,500	pending			Outline application approved. Full application in development.
Total - outcome pending			22,455	0			