

# New Directions in Local Government Funding

Today, local authorities are faced with a multitude of challenges as uncertainty looms in a post-referendum landscape, and year-on-year cuts to government funding threaten vital local services and overall financial stability.

This briefing explores how local authorities have adapted to the government funding cuts in attempts to maintain the delivery of efficient and cost-effective services. It takes an in-depth look at the importance of external funding; the role of the external funding officer in local authorities, supplemented with UK-wide examples; and the benefits and challenges that come when competing for resources.

## Background

### **Statistics: past, present and future**

Government funding – along with council tax revenue, fees and charges, and business rates – is one of the four main sources of income to local authorities.

Since 2010, this funding stream has been steadily decreasing year on year as part of overall spending cuts to reduce the UK's deficit and to counter the after effects of the economic downturn.

Headline statistics:

- > Over the 2010 spending period, government funding for local authorities fell by 28% in real terms<sup>i</sup>
- > Spending per person was cut by 23% between 2009-10 and 2014-15<sup>ii</sup>
- > Local authorities in England lost 27% of their spending power between 2010-11 and 2015-16 in real terms<sup>iii</sup>
- > In 2015-16, the funding of central government grants amounted to £68.5 billion, a decrease from £72.4 billion in 2014-15<sup>iv</sup>

These trends show no sign of abating any time soon. In the 2016 Budget, George Osborne announced a further £3.5 billion in cuts to public sector funding by 2019-20, and Communities secretary Greg Clark said that council funding would be reduced by 6.7% between 2016 and 2020.

The Local Government Association (LGA) has projected that by 2018-19, councils will face a combined annual funding gap of over £10 billion.<sup>v</sup>

There have been concerns raised by Parliament UK<sup>vi</sup>, and in a poll of council leaders and chief executives conducted by PwC, that if the current trajectory of funding continues, local authorities are at risk of a serious financial crisis.

### **Increasing pressures**

Although local authorities are continuing to balance their budgets and fulfil their statutory obligations through reduced spending on services, inevitably this has led to pressure on council-provided services, and some authorities are feeling the strain. Reports from local auditors said that 16% of single tier and county councils had difficulties in delivering their 2013-14 budgets, with 22% of metropolitan districts struggling too. In 2013-14, 33% of metropolitan districts required unplanned reductions in service spend in order to balance their budgets.<sup>vii</sup>

Although many savings have been made through greater efficiency, some authorities are using up their reserves more quickly than others in order to maintain their service portfolio.



This is an increasing risk to the future funding of these services. In 2015-16 local authorities were budgeting to draw down £2.2 billion from their reserves to help finance their revenue expenditure.<sup>viii</sup>

Research by the LGA<sup>ix</sup> suggests that once the gains made from efficiencies dry up, savings will need to be made through service reductions. This report predicted that 2015-16 would be the tipping point for councils, where service reductions would start to account for a higher proportion of savings than efficiencies.

## 2 How the cuts have affected services

The time of slashing spending without communities feeling the effects has long gone. Where studies have suggested that the impact of the cuts has been mitigated by efficiency measures, reports have found a marked shift to reduction in frontline services.

A report by the Public Policy Institute for Wales<sup>x</sup> (PPIW) compared the net current spend on different council-run services in England in 2009-10 and 2014-15. The largest cut had been on transport, which decreased by £2.5 billion, while spend on planning and development had been cut by around £1.2 billion.

Table 1: Real terms changes in current net spend (2009-10 to 2014-15)

Service area	Net current spend 2009-10 (£ million)	Net current spend 2014-15 (£ million)
Social care	23,064	22,602
Transport	7,184	4,547
Environmental	5,828	4,940
Cultural	3,811	2,670
Housing	2,990	1,826
Planning and development	2,519	1,294

Source: DCLG (2011 and 2015a). 2009-10 figures given at 2014-15 prices using HM Treasury GDP deflators.

Some services, such as planning and discretionary social care, have seen cumulative cuts of up to 45%.<sup>xi</sup>

A report by the Institute for Fiscal Studies<sup>xii</sup> (IFS) states that cuts to net service spending have tended to be larger in those areas that were initially more reliant on central government grants (as opposed to locally-raised revenues) to fund spending. The cuts to spending per person were also higher on average in areas that saw faster population growth. As a result, London boroughs, the North East and the North West have seen the largest average cuts to spending per person.

According to the report *Coping with the Cuts: Lessons from English Councils' Responses to Budget Reductions*, communities are feeling the effects of the cuts with an increasing proportion of households finding services inadequate, unaffordable, or simply not available anymore. A report by the Audit Commission found that 76% of single-tier and county councils (STCCs) reported increasing fees and charges for services to

cope with the cuts to their spending power.

In a report by UNISON Scotland<sup>xiii</sup>, Lilian Macer, UNISON's Scottish Convener spoke about the damaging effects of cuts to service provision:

**'It's a major assault on services everybody relies on. Some problems may become visible suddenly and dramatically if something goes wrong, for example in food safety, or hospital cleaning where lives can be put at risk. Others may not be noticed in headline news, but are also deeply damaging to the people affected, their families and communities. It could be libraries closing, or the rushed – and very impersonal – 15-minute care visits your grandmother gets, or children whose lives could have been helped and turned around with proper social work support and intervention. Then there is the isolation of people who relied on day care centres that have closed down.'**

Worryingly, a recent survey of council leaders and chief executives in England found that 80% believed that 'some local authorities will fail to deliver the essential services residents require' over the next five years.<sup>xiv</sup>

### Discretionary services

Statutory services have been relatively protected but spending on some discretionary (non-statutory services) has been cut by half.<sup>xv</sup>

Discretionary services are services which local authorities are not legally obliged to provide. They are non-critical services which are viewed as 'nice to have'. While many of these services are relied upon and are the foundation of communities (for example, parks, libraries, leisure centres, environmental conservation, and some youth services), local authorities are finding it difficult to afford the delivery costs.

Arts and heritage services seem to be the first on the hit list. According to figures from the BBC<sup>xvi</sup>, 343 libraries have shut since 2010 and another 111 are set to close this year, while 174 have been transferred to community groups and 50 handed to external organisations.

In a BBC article<sup>xvii</sup>, Cambridgeshire County Council leader Steve Count voiced his concerns about the consistent stripping back of discretionary services. He said:

**'If the government comes up with 40% cuts over the next five years the discretionary services will all but disappear, the roads will decay, and then we will struggle, we will really struggle with services to the vulnerable.'**



Count went on to say that the council intended to turn off street lights after midnight and is considering gritting fewer roads in order to save more money.

Many local authorities have expressed their concern that cutting discretionary services will not be enough to respond to the year-on-year cuts.

In the Guardian<sup>xviii</sup>, Lord Porter said:

**‘Even if councils stopped filling in potholes, maintaining parks, closed all children’s centres, libraries, museums, leisure centres and turned off every street light, they will not have saved enough money to plug the financial black hole they face by 2020.’**

### 3 Enterprising councils

#### *Thinking outside the box*

As local authorities reach the limit of what they can save through cost-cutting measures, they are tasked with looking beyond ‘what we have always done’ and thinking strategically for the long term.

The Department for Communities and Local Government<sup>xix</sup> believes that innovative service delivery is the key to managing service pressures and remaining financially resilient. Funding initiatives such as the Transformation Challenge Award, the Better Care Fund, and the Public Service Transformation Network have been introduced to support local authority service transformation, develop good practice in joining up services, achieve efficiency savings and reduce demand on public services.

Speaking about the latest round of the Transformation Challenge Award, Local Government Minister Kris Hopkins said: **‘By working with the local police, health bodies, Jobcentre Plus, voluntary groups and others they are eliminating waste and creating services which help people first time – not services which send people from pillar to post to get problems sorted.’**<sup>xx</sup>

Empowered by the introduction of the Localism Act 2011 – which gave local authorities greater financial freedoms – many authorities have adopted transformative and more commercial strategies to help generate alternative sources of income and meet future funding challenges.

*Commercial Councils – The Rise of Entrepreneurialism in Local Government*<sup>xxi</sup> found results indicating that councils are behaving innovatively in a number of ways:

- > 94% of authorities share some services with another council
- > More than half of councils (58%) own a trading company; and at the rate of increase, full coverage by 2020 is a possibility
- > Over half of councils (57%) operate a joint venture with the private sector
- > Over a third are using entrepreneurial methods in areas such as waste (46%), leisure and tourism (38%), IT/back office (38%) and housing (36%)
- > Without these entrepreneurial activities, 8/10 say they would have to cut services and raise taxes

The report also found that at present entrepreneurial activities currently make up 6% of council budgets – equivalent to approximately £10 billion in 2012-13.

However, respondents indicated that by 2020 this figure will rise to 18% – a sum potentially worth upwards of £27 billion. They estimated that this would generate up to £2 billion of additional savings each year; a sum equivalent to £100 off each 2019/20 council tax bill.



### 4 External funding and the External Funding Officer role

So where does external funding fit into the local authority income puzzle? It is clear to see that, in the current financial climate of reduced budgets, the need for local authorities to focus on supplementing their income is vital. Seeking alternative sources of funding to deliver local authority priorities and fight against funding loss has never been more important.

#### *External funding*

It is important to define what is meant by external funding in the context of local authorities and the organisations and communities they support.

‘External funding’ is defined as funding additional to local authorities’ annual allocation from central Government and extra to the funds which can be raised from local taxes, fees and charges. It is discretionary money not accounted for within the Formula Spending Share (FSS) or equivalent, actively sought and applied for and secured through a competitive process, and awarded for specific proposals.

Some local authorities also support local groups and organisations in sourcing and applying for funding. This type of activity will be explored further in the partnerships section. For the purpose of this report, external funding is **funding that is sought by a local authority for its own project needs.**

#### *The external funding officer*

The role of the external funding officer is to identify potential sources of income and work with the relevant teams and departments within the local authority to develop applications for funds.

Job guides such as those found on TES Growing Ambitions and Input Youth set out the daily activities that the external funding officer role is likely to include:

- > Researching possible sources of funding for internal and external partners using resources such as **GRANTfinder**

- > Producing reports and advising clients on how to compile effective bids
- > Putting together and giving presentations
- > Attending meetings with relevant and interested parties
- > Working with budgets and analysing statistics
- > Preparing, developing and monitoring funding applications
- > Organising events to disseminate information relating to funding opportunities

External funding officers must keep up to date with the latest funding initiatives and ensure that the relevant council officers and departments are aware of any significant news. They are also responsible for ensuring that different local government departments do not compete for the same funds.

They need to develop good working relationships with organisations that are in partnership with the council, such as the local health authority, fire service, and community and voluntary groups. External funding officers may also represent their area at a national level on committees.

An external funding officer's main responsibilities could include:

- > Researching and investigating possible sources of funding from external funding organisations and attending meetings with interested parties
- > Developing projects that might be eligible for funding
- > Gathering relevant information – such as objectives, criteria, deadlines – and presenting them to relevant council committees
- > Developing partnerships between various sectors in order to access funding for multi-agency initiatives
- > Liaising regularly with a range of departments and organisations including:
  - other council departments,
  - local enterprise partnerships,
  - voluntary organisations working in partnership with the council
- > Keeping and updating a comprehensive database of all external contacts and partners that relate to external funding
- > Advising council staff and partners who are looking for funding on issues such as how to submit bids
- > Setting up and running the matched funding application process
- > Monitoring the progress of applications and writing reports



### ***What skills should an external funding officer possess?***

External funding officers have the following skills:

- > Excellent communicators with good negotiation skills
- > Patience and diplomacy
- > Good writing skills – able to write in plain English
- > Good at giving presentations and reports
- > Competent organisers who can plan and prioritise their workload to meet deadlines
- > Able to work well under pressure
- > IT literate
- > Finance skills to help with budgets
- > Another language is helpful for European funding programmes
- > Able to interpret and present statistical analyses
- > Able to think laterally and innovatively
- > Able to work on their own initiative

### ***Changes in external funding and increasing importance***

#### **Reduced resource**

In 2004, a CIPFA survey<sup>xvii</sup> found 91% of local authorities had officers with dedicated responsibility for external funding, with an average six officers in full-time positions. It also found that local authorities with the lowest success in gaining external funding appeared to be those with fewer staff dedicated to bidding for such resources.

As competitive bidding for external funds became increasingly important to local authorities, many continued to invest in their external funding team in order to get ahead in the field. A report in the International Journal of Public Sector Management<sup>xviii</sup> found common traits and activities in seeking external funding. Pre 2010 many local authorities were:



- > Employing at least two teams of dedicated funding officers – one for Europe and one for SRB (single regeneration budget) funding, with varied responsibility for the Lottery – to seek additional funding from external sources
- > Increasing the size of external funding teams
- > Employing project managers, required for successful bids, from within the council

However, since austerity measures were introduced in 2010, cuts in staffing costs have meant that a growing number of authorities no longer have dedicated external funding teams or officers and their responsibilities have been absorbed by other roles. Between 2010 and 2013, local authorities reduced full-time equivalent posts by 16.6%.<sup>xxiv</sup>

This loss in dedicated resource and the external funding role being absorbed into other workloads could be viewed as a false economy. This is because core activity is either being side-lined for bidding activity or, most commonly, teams simply do not have the time and resource to engage in external funding over other priorities. Either way, this lack of dedicated resource places staff under pressure.

The loss of expertise is further exacerbated by the increase of temporary staff and consultants. Whilst consultants and temporary staff can be a cost-effective short-term solution, and can also inject new skills into the authority, they may also lack the organisational knowledge of permanent staff, which is essential in the funding officer role and vital to maintain a long-term, sustainable funding strategy. Recruiting skilled and experienced staff, and reducing the dependence on external skills, is crucial if local authorities are going to adopt change and to think more creatively in the future.

### External funding strategies

Since 2010, there has been a shift towards more strategic bidding for external funding. Both funders and local authorities have targeted their bids to meet strategic aims related to set outcomes which are driven by policy.

This move towards a more coordinated approach is led by Local Enterprise Partnerships determining the strategic local economic growth agenda, as well as councils' own strategic priorities.



In response to this coordinated approach, some local authorities have established external funding strategies, which help to reduce the duplication of projects, and the time and effort contributed by council officers spent on developing funding bids, whilst also weighing up risks and ensuring councils' strategic priorities are met.

North Lanarkshire Council's<sup>xxv</sup> external funding strategy provides an interesting example of the benefits of implementing a funding strategy, along with the risks associated with not having one.

Benefits of an external funding strategy	Risk of not having an external funding strategy
<ul style="list-style-type: none"> <li>• A co-ordinated, strategic and informed approach</li> <li>• Bids and services are complementing each other, and create better value</li> <li>• Higher quality and standard of applications submitted to funders</li> <li>• Reduced unforeseen work created for council services such as finance, procurement, legal and HR as they were already informed of the funding proposal in advance</li> <li>• Increased transparency and information sharing across service areas</li> <li>• Improved knowledge of which project and what proportion of the council's services come from external funding sources</li> <li>• An increased understanding among council staff and the public about the value that external funding contributes to council services</li> <li>• A single point of call for funders to engage with and communicate with when dealing with the council</li> </ul>	<ul style="list-style-type: none"> <li>• A lack of a co-ordinated approach</li> <li>• Duplication of bids and services</li> <li>• A poorer standard of application in the eyes of funders</li> <li>• Additional unforeseen work created for council services such as finance, procurement, legal and HR where funding has been granted when they were not previously informed</li> <li>• A lack of transparency across service areas</li> <li>• No clear knowledge of what proportion of the council's services and projects are funded from external funding sources</li> <li>• A deficit of understanding among council staff and the public about the value that external funding adds to council services</li> <li>• No single individual point of call for funders when they wish to engage with the council</li> </ul>

### Benefits of bidding for external funds

Many local authorities are dependent on external funding in order to deliver targeted services, above those they are legally required to provide, to their communities.

In seeking a committee for an external funding strategy for 2014-2020, Inverclyde Council said:

**'Although some organisations use external funding for non-mainstream activities, others see it as an essential part of delivering their objectives and more specifically a way of achieving their service plan targets under financial constraint. The more successful Inverclyde becomes at accessing additional resources the more we are able to extend the range and quality of our services.'**<sup>xxvi</sup>

Bidding for external funding also helps to encourage creative and more strategy-driven service delivery with clear priorities and outcomes. It helps develop greater co-operation between local authorities and other agencies, and a more corporate approach with tighter project management. It supports local authorities in offering improved services and facilities, which helps meet the needs of its residents and, in turn, strengthens the community as a whole.

#### Advantages of applying for external funding:

- > Finances activities that applicants would not normally be able to afford
- > Adds value to existing activities
- > Helps to maximise use of resources and enhance the quality of services
- > Builds the capacity of staff and organisations
- > Helps if applicants need 'one-off' funding – for example, to build a capital asset
- > Encourages partnership working
- > Enhances the reputation of the local authority externally
- > Provides a role for community leadership in developing and accessing funding opportunities
- > Encourages creativity and innovation and prompts organisations to try new ways of working
- > Builds networks of good practice across the country and internationally
- > Delivers additional services to residents and local organisations

#### Challenges of bidding for external funds

As local authorities have the capacity to raise their own source of income they have been viewed as an 'easy target' when it has come to government spending cuts. However, the road to generating revenue is not always a smooth one.

*The cost of the cuts: The impact on local government and poorer communities* reported that:

**'The huge variation between local authorities in their capacity to raise revenue must not be overlooked and the risks attached to local revenue streams (which vary massively from year to year) can undermine an authority's capacity to plan strategically.'**

#### Challenges of bidding for external funding are:

- > Tight timescale to prepare bids
- > Difficult to predict the amount of resource needed to prepare a bid
- > The shaping, or refining, of priorities that takes place to meet the criteria set by funding body
- > Diversity of funding timetables
- > Frequent lateness of approvals
- > Pressure upon staff when time is spent on bid preparation
- > Reluctance of staff to devote time to an activity where the outcome is uncertain
- > Successful bids receiving less funding than originally sought
- > Insufficient resources available to fund the management of successful bids



- > Resource identified as in-kind match funding is already fully utilised
- > The increasing burden of monitoring successful projects and managing expectations
- > Lack of feedback from some funders if application unsuccessful
- > Poor communication and working arrangements between departments
- > Difficulties in seeking, coordinating and implementing funding bids at the same time
- > General reductions in funding availability
- > Lack of knowledge of key contacts within funding organisations
- > Funding criteria can be very specific and restrictive
- > External funding can divert resources from the core business
- > Applications for funding can be driven by the local organisational interests rather than by identified priorities
- > Significant financial risk can exist if projects fail. Funding can be clawed back if the project fails to achieve its objectives, particularly in relation to EU funding
- > It can be difficult to keep track of workforce issues and external funding can create complex employment matters with its emphasis on contracts and secondments

Sustainability is also highlighted as a main problem, with many authorities interpreting this as obtaining further funding support to enable the project to continue. It was also determined in *What Price Competition? The Management of Competitive Funding in UK Local Government* that even a small and successful scheme was likely to run into difficulty in achieving sustainability.

There are concerns from authorities that where funding had been used to enhance services, they could revert to how they were if no further funding was found, leading to potential staff frustrations.

## Match funding

Match funding can cause issues too. As one authority outlines in the *What Price Competition? The Management of Competitive Funding in UK Local Government* report, it can skew local authorities' priorities as to be acceptable for match funding, spending must relate to the project. This money may not otherwise have been spent in this way.

Therefore local authorities are less able to determine their own priorities but are increasingly being pushed towards the objectives of funding bodies – which most often means central government.

The report says that this approach to funding

**'exacerbates the paradoxical situation of encouraging decentralisation of operational activities while requiring centralisation of control and monitoring.'**<sup>xxvii</sup>

If staff time is offered as in-kind match funding, where staff are already employed on other activities, then there needs to be recognition of the impact upon those activities.

## Shifting eligibility

Many funds are targeted to deprived areas and this can cause a problem in terms of uneven distribution across a local authority. For example, many parts of East Riding of Yorkshire do not meet funders' criteria and therefore miss out on opportunities, whilst Bridlington, Goole and South East Holderness have been successful in attracting funds due to their 'deprived' status.<sup>xxviii</sup>

Shifting socio-economic variants can also mean that local authorities that were once eligible for funding are no longer able to apply. In mid-2010 Boston Borough Council moved out of the bottom 12 most deprived district authorities and therefore they were no longer eligible for European Regional Development Fund (ERDF) support.<sup>xxix</sup>

## Partnerships

Many local authority external funding teams also work closely with the voluntary and community sector to support them in bidding for funding. This has become as important to local authorities as securing funding for themselves, as voluntary sector organisations have increasingly had to fill gaps in service provision where council services have been cut or diminished.



However, the VCSE sector has also faced similar funding and staffing reductions as local authorities. A London School of Economics and Political Science report<sup>xxx</sup> stated that voluntary and community sector providers of services for under-fives, young people, and older people were receiving substantially less in grants income than in 2009-10. Like local authorities, the sector has been adapting to survive by seeking to sell services and becoming suppliers of commissioned services.

What is clear is that the knock-on effect of funding cuts affects everyone from the top to the bottom – from the local authority providing much-needed services, to the community group that was involved in the council's funding bid to raise essential funds to provide that service, to the person in the community who relies on the service to live their life.

## Multi-sector bids

The VCSE sector is a vital partner in achieving local authorities' objectives. It is therefore critical that the sector is supported to access the funding that is available to them.

Over the past five years an increasing number of funders have placed an emphasis on multi-sector bids. It has become more common for funders to stipulate the inclusion of the VCSE sector on proposals, especially where funding outcomes are designed to meet the needs of communities. VCSE organisations are often the only lead applicants eligible to submit a bid, or alternatively, applicants are instructed to work in collaboration or gain input from the VCSE sector on a partnership bid.

From a bidding perspective, it is therefore imperative that local authorities work collaboratively with VCSE organisations so that the full range of potential sources of income is made available.

## 5 Ten tips to fast-track your funding knowledge

### 1. Know your priorities

Before starting up a project and identifying relevant funding opportunities, make sure you have clearly identified the need for what you are proposing to do, and ensure it is in line with your authority's corporate priorities. A strategic and coordinated approach will help with an efficient application process and will ensure best use of staff resource.

### 2. Impact on resources

Coupled with enthusiasm for applying for funding should be an understanding that bidding success will require project management resource, buy-in from the Finance team (who will need to lend support in terms of auditing) and a commitment to developing strong working relationships with partners. Where existing resource is used there should be clear guidance about priorities, in recognition that not all the extra requirements may be absorbed into current workloads.

### 3. Bid readiness

Being 'bid ready' is essential when working to tight funding application timescales. When a decision is made to apply for funding, thought should be given to preparing contingency plans for a range of outcomes. As well as having to dedicate staff time to the project, you will also need to ensure that you have the tools in place to help you deliver, for example, suitable administration systems, timesheeting, software etc.



### 4. Stakeholders and beneficiaries

When preparing your project, take a close look at its stakeholders and beneficiaries. With any grant application, funders will always want to know that the grant they have provided is making a long-term difference to the lives of the people benefitting from the activity. The further your project reaches with its benefits, the more the funder will feel they are supporting something worthwhile and getting more for their money than anticipated.

### 5. Quality of the bid

The main factor in how successful a funding application is boils down to the quality of the bid writing. Authorities should ensure that it has sufficient staff with experience of bid-writing and the ability to access expert external resources where these are required.

### 6. Partnership

Bidding often requires support from partners, especially when bidding for EU programmes.

All partners must agree on shared values and measurable outcomes for the partnership to be successful. Clear and open communication is required between partners to help agree on roles, responsibilities and processes.

### 7. Match funding

Many funding sources require significant match funding and applications require careful planning to locate the necessary resource.

Match funding can cause significant problems when attempting to synchronise the funding to fit the timescale of your project. This issue can, however, be solved quite easily by planning your project in stages (e.g. September-March and April-July).





## 8. Effective monitoring

Most funders will expect to see project monitoring and a number of measurable outputs to enable them to assess how successful their investment has been, and to judge whether the project is really making a difference.

To ensure success, you must think about monitoring at the planning stages of your project and try not to leave it until you get your grant.

Set specific targets that you want to measure or milestones that you want to reach, and make a decision about how you are going to measure whether you have achieved them.

## 9. Sustainability

Authorities must think long-term and establish whether the project is a pilot project or an ongoing activity.

You must be clear on how the project will continue after the funding period and think about an exit strategy.

## 10. Avoid the pitfalls

In a highly competitive funding climate, it is a good idea to be familiar with the common reasons why funding bodies reject applications to prevent such issues from arising.

The most common factors include the following:

- > Applicants fail to illustrate why their project is needed, and do not make their plans explicit and concise on their application form.
- > The project is poorly planned and there is no indication of what the money will be spent on.
- > The funder's guidelines have not been examined accurately and applications fail to demonstrate they fulfil the criteria.
- > Applicants budget inaccurately and do not display good financial management.
- > It is not shown that the organisation is well managed and capable of successfully running the project, including effective monitoring and evaluation of the activity.



## 6 Conclusion

As we have seen, economic recessions can occur and more recently, with the EU referendum result, there can be significant shifts in funding arrangements and opportunities.

If local authorities want to future-proof themselves against these realities, a proactive and innovative approach to service delivery, and the funding of these services, will be critical for their financial sustainability.

It is evident that the loss of resource and funding at government level has hit local authorities hard. But what has emerged out of the 'austerity measures' is the resilience of local authorities and the communities they support.

Councils have evolved in the past to help reduce the impact of the economic and political climate on their communities, and they are proving they will evolve again – with greater localism powers and a leap towards more innovative and coordinated thinking – and in response to this it is likely that funding programmes and policy priorities will evolve with them too.



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- > **iv, viii** Local Authority Revenue Expenditure and Financing: 2015-16 Budget, England
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- > **xix, xxiv** Financial Sustainability of Local Authorities 2014
- > **xxiii, xxvii** What Price Competition? The Management of Competitive Funding in UK Local Government