

# Finance and Resources Committee

2pm, Wednesday, 7 May 2014

## Resource Opportunities Team

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|-------------------|-----|
| Item number       | 7.4 |
| Report number     |     |
| Executive/routine |     |
| Wards             | All |

### Executive summary

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This report proposes a pro-active “Whole Council” approach to external funding. The objective is to lever in new resources to alleviate pressure on core Council budgets.

### Links

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|--------------------------|---------------------------|
| Coalition pledges        | P28, P30                  |
| Council outcomes         | CO7, CO8, CO9, CO25, CO26 |
| Single Outcome Agreement | SOA1                      |

## Resource Opportunities Team

### Recommendations

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- 1.1 The Committee is asked to agree:
  - the development of a new Council resource opportunities team;
  - £100,000 of “Spend to Save” funding be invested to recruit two specialist posts - to be repaid by a 5% management fee over two years;
  - the criteria on which bids would be made as stated in 3.8; and
  - to the first three year targets as set out in 4.1.
- 1.2 Refer this report to Council for approval to use the ‘Spend to Save’ fund for this purpose.

### Background

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- 2.1 As a result of unprecedented pressure on Council budgets, the BOLD team has been set up to explore new ways of generating value. One early idea has been the development of a new “Whole Council” resource opportunities team. This paper proposes action to initiate this activity.
- 2.2 There are many sources of potential co-funding. They include the European Union (EU), the Heritage Lottery and wider lottery funding, Scottish Government, UK Government, philanthropic organisations and sources of corporate social responsibility. At directorate level, the Council has always made good use of European funding but there is significant untapped potential.
- 2.4 This paper concludes that there are a number of factors that act as barriers to the leveraging of external resources: These include:
  - A lack of detailed information on funding opportunities;
  - Lack of dedicated resources to identify, bid for and manage complex external funding streams;
  - A competitive funding landscape - with some cities providing considerable focused resource to seek out external funding;
  - Requirement for core match funding, particularly with European funds; and
  - The cost of administration and audit support.
- 2.5 Finally, there is a constantly shifting external funding landscape. The current review of EU Structural funds and the new programme proposed for 2014 -2017 requires Local Authorities to act as “Lead Partners”. Whilst this may result in

easier access to EU funding, it places a new burden on Councils. The Council needs to ensure it is in a position to respond to these additional responsibilities.

## Main report

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- 3.1 In light of the issues set out above, the Council has an opportunity to update its approach to external funding in the following ways:
- Adopting a more corporate and strategic approach by creating clear criteria, themes and targets;
  - Pooling expertise and experience to provide a core funding team linked to a wider, dispersed Council-wide network;
  - Prioritising the search for external funding to ensure that it supports focused core activity and does not lead to “mission creep”;
  - Prioritising easier maintenance funding sources;
  - Reviewing service plans to identify activities which can be supported and enhanced through targeted external funding;
  - Setting challenging but realistic annual targets for funding leverage; and
  - Putting in place closer and more proactive monitoring to ensure that opportunities are maximised, good practice shared, and that unsuccessful bids are analysed, reviewed and the lessons disseminated.

### **Proposal for a resource opportunities team**

- 3.2 It is proposed that a new resource opportunities team be set up. The role of the team will be to source new resources, pull together propositions, draft and submit applications and then file progress returns. This would initially require two posts hosted by the Economic Development Service and supported on the ground by the Buchanan Scholars.
- 3.3 The Economic Development Service already achieves high levels of leverage through European funding and partnership working. It also hosts the External Relations team which provides expert information, guidance and support to all Council Services on EU funding opportunities.
- 3.4 Given that the External Relations team (intertwined with investment support) is already based within Economic Development, there is a strong case for locating the initial core team there.
- 3.5 It is proposed that an initial investment be made from the “Spend to Save” fund. This would be in the region of £100,000 repayable over two years. The investment would be for two specialist fund raising and bid writing posts. These functions would be supported by a Council wide reference group. The purpose of this network will be to map inter service opportunities, co-ordinate and maximise external funding activities, advise and guide the new team and support new applications with evidence and content.

- 3.6 Both the loan and the resource would be maintained through a 5% management fee charged on successful bids. Where it is not possible to claim the fee from the external resources (as is the case with European funding), the service receiving winning new external funds, will need to agree this fee directly. In most cases this would be built into the match funding.
- 3.7 Any additional revenues generated from the resource opportunities team would be added to the Council's corporate resources. There would be no additional income generated for the Economic Development Service other than for the financing of the core team.

## Criteria

- 3.8 It is proposed that the following criteria be used in determining an application:
- As stated above, match core funding will often need to be identified. Applications will therefore only be made where this relieves internal funding pressures. This is not a resource for investing in new activity unless it adds significant value to Capital Coalition pledges.
  - Applications will not be progressed for amounts of less than £50,000.
  - The 5% success fee will be agreed up front. With European funding, it is important to note again that the management fee cannot be deducted. It will therefore need to be included in the match funding requirement if these initiatives are to be cost neutral.
  - As stated above, the team roles are to source funding, pull together propositions, draft and submit applications and file progress reports. If the bid is successful, wider project management capacity will need to be identified to run the programmes themselves. Sometimes this can be funded in part by the external bid.

## Measures of success

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- 4.1 Below are the suggested targets for creating external funding leverage for the next three years.

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|---------|------------|
| 2014/15 | £500,000   |
| 2015/16 | £2,000,000 |
| 2016/17 | £4,000,000 |

## Financial impact

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- 5.1 This initiative is designed to add to efforts to relieve pressure on core Council budgets by seeking external funding sources.
- 5.2 Initial funding of £100,000 is requested from the 'Spend to Save' fund. This will be repaid over two years.

## Risk, policy, compliance and governance impact

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- 6.1 There is a risk that the team becomes "funding-driven". This can be mitigated by careful monitoring and by seeking funds that fully reflect Council core objectives.
- 6.2 Another risk is being unable to meet record keeping, contract or audit requirements. The Council has significant experience in ensuring a clear audit trail is respected, particularly in terms of European funding.

## Equalities impact

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- 7.1 There are no direct equalities impacts arising from this report. Indirect positive impacts could arise from new projects which target equalities outcomes. For example, if appropriately supported, regeneration schemes could create employment opportunities for hard to reach client groups.

## Sustainability impact

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- 8.1 Given that there are substantial funds related to sustainability and low carbon objectives, the implementation of the recommendations in this report should lead to positive impacts.

## Consultation and engagement

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- 9.1 This proposal has received full support from CMT. It is intended that a Council wide reference group be set up to act as a consultation and advisory board on priorities for the bidding for external resources.

## Background reading / external references

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# Links

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|---------------------------------|--|
| <b>Coalition pledges</b>        | P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city<br>P30 - Continue to maintain a sound financial position including long-term financial planning  |
| <b>Council outcomes</b>         | CO7 - Edinburgh draws new investment in development and regeneration<br>CO8 - Edinburgh's economy creates and sustains job opportunities<br>CO9 - Edinburgh residents are able to access job opportunities<br>CO25 - The Council has efficient and effective services that deliver on objectives<br>CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives |
| <b>Single Outcome Agreement</b> | SOA1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all   |
| <b>Appendices</b>               |  |