**Report to:** **Overview and Scrutiny Committee**

**Subject:** **Update report and interim recommendations of the funding review working group**

**Date:** **13 January 2025**

**Author:** **Democratic Services Manager**

**Working group members: Councillors Allan, Dunkin, Ellwood, Rachael Ellis, Roxanne Ellis, Hunt, Hughes, Najuk, C Pope, G Pope, Robinson-Payne, Sam Smith, and Wilkinson.**

## Purpose of the report

To present an update report and confirm the interim recommendations of the funding review working group.

## Background

The Overview and Scrutiny Committee established a working group to examine the feedback received following recently submitted funding bids, including the first two rounds of Levelling Up Funding (LUF). The working group was a result of a committee suggestions due to members' concerns around the effectiveness of past funding bids and to consider whether any additional learnings could be implemented.

The specifics of the review so far focused on key items including:

- Official Government feedback.
- Learnings report from Economic Development on LUF bids
- Discussion with the previous Assistant Director of Housing, Growth and Regeneration.

## Information

As of October 2024, the working group had convened for three meetings, the first of which Members considered the scope of the review, topics of study and which stakeholders could offer further information. The scope of the review is at appendix 2 for information.

Members were concerned that the working group might duplicate the work of officers and expressed an interest in hearing from the Economic Development team on lessons learned following recent bids. It was also agreed that the working group might benefit from hearing from other authorities, particularly those who were not successful in the first round but then achieved success in the second round of LUF.

Members agreed to provide regular feedback to Cabinet on the discoveries of the group to aid bids submitted prior to submission of the Working Groups final recommendations to the Overview and Scrutiny Committee.

Lastly, Members noted that they might benefit from some additional reading to inform their decision making when deciding on the direction the working group might take. It was agreed that reading material, particularly concerning research on funding bids, would be circulated ahead of the next meeting.

The following documents were circulated to Members ahead of the second meeting:

- Lessons learnt report from Economic Development.
- Decision notice for LUF round two funding bids.
- House of Commons government report detailing which areas had benefitted from LUF.
- Local Government Association Levelling Up Locally inquiry report.
- LUF Round 3 explanatory and methodology note on the decision-making process.
- New Levelling Up and community investments report.
- House of Commons Committee report on LUF to local government.

During the second meeting, Members expressed an interest in how much engagement Gedling Borough Council (GBC) had with the government during the bidding process and how much engagement they had with requesting information to inform their funding bids.

Members also expressed an interest in seeing the official government feedback that informed the learning report circulated by Economic Development. Members wished to view the feedback in tandem with the learnings report whilst also considering the Council's funding bid policy to inform their recommendations to Overview and Scrutiny.

Members sought clarity on the consultation avenues taken throughout the funding bid process and whether the consultant had offered advice based on previous feedback.

It was agreed that further information on the matters above would be circulated prior to the next meeting and to invite the Assistant Director for Housing, Growth and Regeneration to the next meeting.

The next meeting was significantly delayed due to staff capacity brought on by multiple elections held in 2024. The following documents were circulated ahead of the meeting:

- LUF Application Guidance.
- GBC External Funding Strategy and Toolkit.
- GBC Externally Funded Project Development Flowchart.
- Externally Funded Project Decision Process.

During the final meeting in October 2024, the previous Assistant Director for Housing, Growth and Regeneration delivered a report, updating Members in summary on the feedback received from Central Government on the first two rounds of LUF. It was explained that there had been an administrative error whilst submitting the most recent bid, which is why the feedback was not originally sent around to members. The official government feedback had then been circulated following the meeting. It was noted that deliverability was an issue with bids, as they did not have a lot of the things they wanted in place such as proper costings, project team, and more mature plans.

Members noted in the lessons learned report that many successful applications were from priority one local authorities which were awarded £125,000 capacity funding to support bid proposals whilst priority two local authorities received no financial assistance to support LUF applications. Considering the financial costs of submitting the bids, Members queried whether the Council had been aware that priority one authorities would have more success with applications.

The Assistant Director for Housing, Growth and Regeneration confirmed that prior to the submission of the bids, the Council had not received any indication suggesting that priority two applicants would have less success with their bids. A project team and a detailed cost analysis would contribute towards mature planning and would inform business case development for future bids. It was also noted that the feedback had been used to improve the bidding process going forward, confirming some of the above steps had already taken place with subsequent funding streams such as Ambition Arnold. The Assistant Director for Housing, Growth and Regeneration also noted that readiness testing via external consultation could strengthen future bids and engaging alternate funding bodies could help when seeking additional capacity funding.

Members highlighted the importance of only bidding for funding where the guidance is clear and transparent, and where the cost of bidding is carefully considered against the chance of success.

**Conclusions**

Given the groups consensus to provide regular feedback to Cabinet on the discoveries of the group, prior to the final submission of Scrutiny Working Group recommendations, the below interim feedback and subsequent actions have been produced.

In view of the feedback to members and the steps the Economic Development department had already taken regarding the government feedback, it was requested that all departments would review the lessons learnt and ensure the Council does not make the same mistakes in other areas for other bids. It was also agreed that future bids would need to undergo better consultation to ensure they were more robust and stood up to scrutiny.

Noting the uncertainty with how the new government might allocate funding, members felt that although more work needed to be done, the Funding Review Working Group should be placed on hold until the government had declared how the funding would be requested.

Future work of the group may include the following:

- Consulting with similar departments of other authorities who were successful
- Reviewing both successful and unsuccessful bids from neighbouring authorities, particularly where their first bid was unsuccessful and how their subsequent bid improved when successful
- Reviewing new governments policy on funding and how it is delivered and allocated to local government
- MP input and how they support bids
- Studying the success rate between political majorities

**The Overview & Scrutiny Committee recommends that the Council:**

1) Notes the update report and makes any comments, as necessary
2) Encourages all departments to review and record any lessons learnt to ensure the Council does not make the same mistakes with future bids
3) Encourages all departments to undertake more thorough consultation before sending in bids to ensure they are robust
4) Notes that the Funding Working Group be placed on hold until further clarity from the new government about the future funding frameworks is received