



To bid or not to bid: calculating the costs of competitive funding processes

Research conducted by Localis on behalf of the Local Government Association

Executive Summary

Although the economy has pulled out of recession, growth remains the primary driver behind both national and local public policy. Central and local government alike are committing significant expenditure towards boosting jobs and the infrastructure, both physical and educational, required to support future growth. Government has devolved a significant chunk of infrastructure spend to local authorities; with devolved infrastructure spend totalling approximately £4.5 billion in 2013/14. However, local authorities and their partners are required to bid competitively against one another to secure much of this funding for their local area. This report has sought to identify the impact of this competitive approach to funding allocations on local authorities and their partners.

We found local areas incur significant financial costs by taking part in these competitive funding rounds. Average costs for the streams that we looked at ranged from approximately £20,000 to £30,000 per bid, with in some cases hundreds of officer days allocated to preparing the required documentation. The competitive bidding process is therefore costly to the public purse, given that funding streams receive hundreds of bids from councils across the country, plus of course the costs of assessing these bids centrally.

The length of the process also causes significant frustration. While a minority of bidding processes were completed in less than six months, many applicants for funding waited over six months, or even over a year, before they received a formal grant offer.

There were further problems too. A lack of stability, such as changing information requirements issued by central Government, or the need to re-justify bids at several stages, made the bidding more complicated than local areas thought necessary. This created uncertainty for partners and as such posed a significant risk to the delivery of schemes on the ground. Poor feedback, excessive monitoring, and the needless complexity of processes were also raised throughout our research. Over half of our survey respondents feared that inflexible funding arrangements made it difficult to get best value for money.

While the recommendations represent a summary of proposals on how to improve the current approach to devolving funding, this is only one element of a much broader debate about how funding, particularly funding relating to particular local circumstances, could be spent more effectively if raised and accounted for locally.