

# **Fragmented Funding**

**February 2020**

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# Executive Summary

Local authorities provide a wide range of interconnected services. They are struggling to maintain the quality of these services and support for their most vulnerable residents in the face of a disjointed funding system, characterised by short-term thinking. In the wake of significant reductions to core funding over the course of this decade, they are increasingly reliant on a host of small pots of funding. Many of these are subject to competitive bidding, which can be resource-intensive, with no guarantee of success.

This report draws on two main datasets on grant funding to local government, one maintained by HM Treasury and one by the Cabinet Office. It supplements the data from these with further information drawn from government web pages, correspondence with government departments, and other sources, such as official returns from local authorities themselves.

This has allowed us to carry out quantitative analysis of grant funding from 2015-16 to 2017-18, and a partial analysis of funding in the financial year 2018-19.

We have then looked more closely at four service areas: adult social care, homelessness, children and families, and public health. We have interviewed senior council officers working in these services. They have described to us their experiences of working within this system of fragmented funding and the impact it has on the services they deliver to their residents.

Our data analysis has shown that English local government receives over 200 grants each year. The largest grants are worth over £1bn across the country. However, these are only a few of the hundreds of grants paid each year. There are nearly 200 grants each year worth less than £100m, with 120-130 of them – half the grants paid each year – worth less than £10m across England.

Several major funding streams which officers see as strongly performing either no longer explicitly exist or have an uncertain future. Small pots of funding cannot replace these reductions, but in some cases are relied on for core parts of services.

This proliferation of relatively small grants does not appear to have been a conscious policy decision. Rather, it is a consequence of the way that new policies are developed in Whitehall. For the many new policies which involve local authorities, departments often either allocate funding through a competition or provide new burdens funding.

Competitive allocation is most often used where a policy intervention is being trialled in a small number of geographic areas. Around a third of the grants we have identified were partly or entirely allocated using competitive bidding<sup>1</sup>. Some of these bids were

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<sup>1</sup> Based on a sample of 366 grants - that is, 82% of grants in our database.

complex with short timescales. Such funding is dependent on the skills of the bid writer and the capacity of the local authority to apply for it, rather than strictly on need. Frequent bidding either puts a strain on already overworked senior officers or requires new staff to be hired for writing bids.

Where a new policy imposes a legal duty on a local authority, funding is provided under the New Burdens principle. These burdens are inconsistently funded; this is part of a wider problem with funding sometimes being insufficient to meet its stated purposes.

Furthermore, the principle of running short tests for new policy interventions, together with an unwillingness to commit beyond the end of a Spending Review period, has led to a situation where many grant programmes are only scheduled to last for a year or two. We found evidence of a high turnover of grants, both for day-to-day revenue spending and for longer-term capital investment in assets. Funding announcements were often made too late to allow for proper incorporation into budget planning and there was uncertainty over which grants would continue in the following year, let alone over a longer period.

While we heard from council officers that there was a role for short-term funding, for piloting new interventions, this became problematic when budget pressures led to it being used to fund core services.

In some cases, Government policies cut across traditional service boundaries and are developed by cross-departmental teams. We found examples of cross-departmental and interagency working on funding for services, and many of the grants we have looked at were for programmes which cut across different service areas. However, local authorities deliver a wide range of services, and departments are constantly developing policy on them. There is critical issue with the funding provided for these services being fragmented across many teams working across many departments. We found that over the three years from 2015-16 to 2017-18, 14 different departments issued grants. Around a third of these grants are issued by around 20 Non-Departmental Public Bodies and government agencies.

There is still a tendency towards silo-based thinking and a lack of strategic thinking. Procedures and cultures differ between departments and sometimes between teams in departments. This leads to such inconsistency in announcing, recording and publishing grant data that nobody in central government or local government can have a clear overview of the funding jigsaw. We heard that the monitoring regimes required of councils were also highly inconsistent between grant programmes.

This situation that has evolved of dozens of teams issuing hundreds of grants each year, with many of them small in scale and limited in duration, necessarily has an impact on how services are delivered.

Some service areas had seen many new announcements of funding programmes over a relatively short timescale. For example, 11 to 13 new grant programmes for funding

homelessness services were announced between October 2016 and March 2019 (depending on how you count them). We heard that sometimes the aims of grant programmes did not take account of existing local provision by councils or assumed it was the same everywhere.

The uncertainty over future funding is causing problems for recruitment and staffing, for planning and for commissioning. Also, frequent changes to funding could lead to frequent restructuring of services. For service users, this means confusion and a lack of continuity of care.

The lack of coordination and integration between public bodies is particularly acute when affected by budgetary, legal and geographic constraints. This could lead to gaps in services and, for some public health services, waiting lists for these services.

Based on this analysis, we make 24 recommendations, covering core funding, funding for pilot programmes, new burdens, coordination and integration, monitoring and evaluation, general improvements in planning and announcing grants, and improving procedures and data consistency.

In particular, one-off, time-limited funding should be reserved for genuine pilots. Application processes should be simple, and funding made available for all interested authorities. The programmes should last long enough for meaningful but light-touch monitoring and evaluation. Core funding should be set out in multi-year rolling settlements. Successful and popular programmes should be built on or restarted and funded through primary funding sources. New burdens should be adequately funded, following accurate assessments and in accordance with Treasury guidance.

Funding announcements should be made well before the start of budget-setting processes and should state the duration of the funding stream explicitly. Principles for consistent monitoring and evaluation should be agreed through consultation and should include consideration of equality and diversity implications.

All grant allocations should be published in a common format, with consistent grant names and formats for local authority names. Departments should cooperate to ensure MHCLG has a comprehensive list of all grants, and grant datasets across government should be integrated, or at least consistent.

These datasets of existing grants can then be used as important background for the development of new policy. Policy development should include consideration of existing policy across all relevant departments and agencies and existing provision within local authorities, as well as the differing characteristics of the areas they serve. It should also consider indirect costs to the state and any savings that the policy could generate, including costs and savings from welfare policy.

# 1. Introduction

Fragmented funding is a serious problem in local government funding. It causes severe difficulties for councils in preparing budgets and delivering services. It has a direct impact on the users of those services.

Local government has long recognised the way that this fragmentation is holding it back. This report clarifies the sheer scale of the problem and illuminates it with statistics and views from a range of local authorities.

The Local Government Association (LGA) has published several reports on fragmented funding. Its 2012 report *Hidden Talents*<sup>2</sup> examined the fragmentation of provision and services for young people, including the funding for these services. While there would be “significant simplification of funding streams by 2013 ... there remains a highly complex system”. Much of the funding and many of the services discussed in it were outside the scope of the present report, as “Local Authorities now have very limited direct control over the services”. However, its findings for these services broadly reflected what we have found for local government grants, for example “there is substantial fragmentation, complexity, confusion and duplication across funding streams for services and provision”.

The 2014 report *Fragmented Funding*<sup>3</sup> was commissioned from Shared Intelligence. This considered the fragmentation of central government funding for economic development and regeneration. Its introduction stated that “The LGA and its member authorities have for a long time identified the plethora of centralised departmental funding streams as an impediment to joined-up policy making and effective delivery of local services”. Again, although limited to a particular service area, it looked much wider than funding to local authorities only – it looked at all funding from central government to local areas for these purposes. It focused on the single year of 2013-14 and used departmental and agency budgets and business plans to map this funding. A summary table of the output from this mapping exercise was appended to the report. Shared Intelligence also interviewed practitioners in skills and growth projects in Essex, Newcastle and Croydon, whose observations included:

*“You are constantly trying to stitch funding sources together... Sometimes it’s the project that fits the funding rather than the funding source fitting the project”;*

*“HLF took a particularly long time and you needed a lot of documentation... It took two people the best part of 18 months to put that bid together” and*

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<sup>2</sup> [\*Hidden Talents - Analysis of fragmentation of services to young people\*](#), Centre for Economic and Social Inclusion (for LGA), January 2012

<sup>3</sup> [\*Fragmented Funding\*](#), Shared Intelligence (for LGA), April 2014

*“The reporting methods are different; the timelines are different and there are different objectives. They all need to be reported in different ways and at different times, using different paperwork, which is a complete nightmare”.*

In these interviews, officers were clear that there would be many benefits to joining up these funding pots and streamlining the administrative requirements.

This analysis was updated in the 2016 report *Is the grass greener...? - Fragmented Funding for Growth 2016/17*<sup>4</sup>. Detailed departmental plans were not available to Shared Intelligence this time, so they used documents from the Autumn Statement and Budget, along with Single Departmental Plans, for this 2016-17 update. They identified funding streams from the first report which were still active, some which were no longer live, and some for which their status was unclear, as well as new funding streams. They paid particular attention to the impact of devolution on these funding streams and gave them red, amber and green ratings according to the involvement of local government in the funding process.

The Total Place programme in 2009<sup>5</sup> and the *Growing Places*<sup>6</sup> report in 2017 made the case for flexible, long-term funding for local government, to enable it to address complex policy issues effectively. *Growing Places* also argued for greater certainty over future funding for both local authorities and schools.

Uncertainty over future funding was an issue that was raised repeatedly in 2019. For many grant streams, it was unknown what would happen to them beyond the end of the Spending Review period. This was brought up, for example, by the County Councils Network in relation to adult social care<sup>7</sup>, by the House of Commons Education Committee in relation to schools<sup>8</sup>, and by the LGiU’s Local Finance Taskforce<sup>9</sup> more generally.

TRL Insight was commissioned by the LGA to continue its analysis of the fragmentation of local government funding.

What makes our report unique, as far as we know, is that we have attempted to map the entirety of local government funding across the full range of service areas, over a number of years.

Some other publications have contained lists of grants across service areas, but these have generally focused on exclusively on larger grants. They have not reported on the

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<sup>4</sup> [Is the grass greener...? - Fragmented Funding for Growth 2016/17](#), Shared Intelligence (for LGA), May 2016

<sup>5</sup> [Total Place](#), Leadership Centre for Local Government, 2009 (supported by LGA, DCLG, IDeA)

<sup>6</sup> [Growing places: building local public services for the future](#), LGA, 4 July 2017

<sup>7</sup> [Over £2bn of vital social care funding at risk next year as councils warn they will start to decommission services](#), CCN, 29 August 2019

<sup>8</sup> [A ten-year plan for school and college funding](#), Education Committee, 19 July 2019

<sup>9</sup> [Local Finance Taskforce: A roadmap to a sustainable future](#), LGiU, 15th July 2019

plethora of much smaller grants which councils are increasingly having to rely on, as their core budgets are coming under ever greater pressure.

For example, until 2013-14, the Local Government Finance Settlement (LGFS) contained a document called “Key Table 2”, which listed revenue grants to local authorities. This usually had a number of footnotes which explained that the final allocations of some of these grants had not yet been decided. The LGFS in the final year was a two-year settlement, so the last Key Table 2 published was a provisional one for 2014-15. This listed 37 grants.

And in June 2014, the National Audit Office (NAO) published *Local government funding: Assurance to Parliament*<sup>10</sup>. This had an appendix called “Government grants paid to local authorities, 2013-14”. 61 grants were listed – both revenue and capital grants. The quoted figures were taken from budget plans. The name might suggest that this was a complete list, but the text of the report made clear that grants for schools (at least some of them), welfare and training were excluded, and the first page of the report mentioned “61 main grants paid to local authorities”.

By contrast, we have drawn on several years’ data from two major Government datasets, which in theory should contain all grant funding to local government, alongside other funding/spending data. We have supplemented this with data from other sources, considering grants of all sizes and all allocation methods. This has enabled us to compile a database of 448 grants.

We have performed various analysis on this database, looking at the sizes of the grants, the service areas they cover, the departments and agencies that have issued them, the number ending each year, the methods used to allocate them and evaluations carried out on the grant programmes.

We have also held 10 interviews with 12 council officers working in four service areas: adult social care, homelessness, children and families, and public health. These interviews have shed light on the impact that the fragmentation of funding has had on the way councils and their partners deliver services.

The report is structured as follows. Section 2 describes the data sources we have drawn on to compile our database. Sections 3 to 9 explain our findings from analysing this data and related data. Appendix 1 explains in more detail the methodology we have used to compile the database and carry out the analysis. Section 3 presents our findings for total grant received in 2015-16 to 2018-19 and the numbers of grants issued in these years. Section 4 looks at what this funding pays for, considering the way this is dominated by payments for which local government acts merely as a distribution agent and by a few small grants, but also looking at the range of services covered. Section 5 looks at the Government departments and their agencies issuing grants – the number of grants issued by each department, the proportion issued by agencies and the range of

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<sup>10</sup> [\*Local government funding: Assurance to Parliament\*](#), National Audit Office, 25 June 2014

agencies involved. Section 6 looks at the methods used to allocate the grants. In section 7, we look at the issue of “churn” or “turnover” of grants, focusing on the numbers paid in 2015-16, 2016-17 and 2017-18 which were not paid the following year. Funding after 2018-19 is covered in Section 8 – we look at announcements in fiscal documents and the end dates of grants listed in GGR 2017-18 to get a sense of how many grants continue over a longer period. Section 9 looks at the extent to which grant programmes are evaluated for effectiveness.

Section 10 draws out some lessons from the analysis – what it has revealed about the policy-making process in Whitehall and how such a complex grant-making landscape has arisen. This also draws on Appendix 3, which contains observations about the inconsistencies between the data sets we have drawn on and their deficiencies, and what these tell us about the culture of the departments issuing them.

Section 11 takes a closer look at Adult Social Care. It describes the grants provided for this service area, with more detail on the Better Care Fund given in Appendix 2. It then describes our findings from the interviews we carried out with senior officers. Sections 12 to 14 do the same for three other service areas: Homelessness, Children and Families, and Public Health. Section 15 presents our conclusions and recommendations, with the recommendations given in bullet points. The database of grants itself is attached as Appendix 4.

## 2. Our sources of data

There is no single data source which covers all the grants being issued to local authorities in an appropriate form to use in this study. However, there are datasets which attempt to capture spending across central government or across local government. Unfortunately, all those that exist have severe limitations and are not at all integrated, being set up for different purposes by different departments. They are extremely challenging to reconcile.

We have tried to use outturn figures wherever available – the actual amounts paid. In many cases, though, these were not available, so we have either estimated them or drawn solely on figures from the time a grant was announced or the allocations of the grant were announced.

This section explains the datasets and sources of information we have used and considered using. Further detail is given in Appendix 1.

### PESA and OSCAR

The amount each department has available to spend is initially set by the Treasury in the Spending Review or Spending Round. The last multi-year Spending Review was in November 2015. A Spending Review was scheduled for 2019, but in the event, this was replaced by a one-year Spending Round. These departmental settlements are updated in Budgets and other fiscal events.

The actual spending by departments is monitored by the Treasury and reported in various documents, including the annual Public Expenditure Statistical Analyses (PESA). Among the tables included in PESA publications are ones which show the amount of current (revenue) and capital grant paid to local government by each department over preceding years.

There are flaws with this data, as explained in Appendix 1, which mean we have not been able to use it directly in the analysis below. However, the figures in these tables have been compiled from extracts from the Treasury's OSCAR database. The Treasury has very kindly supplied us with these extracts. (Extracts from OSCAR are routinely published, but these are not identical with those used to compile the PESA tables.)

The data in OSCAR is listed by "sub segment". Some of these correspond to actual grants, whose names would be recognised by council officers and for which there is information published on Government web pages<sup>11</sup>. Some do not. This tends to vary from department to department, and sometimes between teams within a department.

However, there are particular advantages of working with OSCAR data. Firstly, it is comprehensive, or at least should be, as it is used to compile the tables in PESA, which

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<sup>11</sup> A complication is that there is not always a clear understanding of what constitutes an individual grant. Funding can be broken down in different ways in different documents.

are National Statistics. Secondly, it has specific entries relating to capital and current grant funding to local government alone. Thirdly, all the figures in it are outturn figures – this is useful, because as we will see, the amount budgeted for a grant is not always what is actually paid out. Fourthly, the geographic coverage and “organisation” issuing the grant are always listed. The geographical coverage may be wider than England, that is, the payment may also be to Scottish, Welsh and/or Northern Irish local authorities. This listing is not always correct, however<sup>12</sup>. Similarly, the “organisation” is usually the department or agency issuing the funding. However, there are examples where the organisation listed is the core department, when the funding is actually issued by one of its agencies<sup>13</sup>.

## Government Grants Register

Because the sub segments listed in OSCAR are not always recognisable grants, we have drawn on other data sources. The main one of these is the Government Grants Register (GGR), maintained by the Cabinet Office. This began in 2013-14 and has gradually become a more comprehensive and robust record of grants issued by central government over time. However, it is worth bearing in mind that it does not have the rigorous standards of national statistics. Furthermore, we have been making use of the records in it going back to 2015-16, when, as the Cabinet Office told us, it was a “beta version”. It does not just record grants to local government, but also to other organisations and sectors. For each grant in it, the sectors which are recipients are listed – and sometimes there is more than one sector for a grant. For example, for some construction grants, both local government and the private sector are listed as recipients. There is no way to tell how much funding each received. Similarly, the grant may have both capital and revenue components, and these are not distinguished in the record. Neither does it state the geographical coverage of the grants. Finally, the notes state that for some departments, the figures cited are allocation figures, rather than outturn figures. For all other departments, it is unclear which they are, and the Cabinet Office have told us that the register holds a mixture of both.

Nonetheless, it does use recognised names for grants. Another advantage is that it lists the method to allocate the grant, putting each grant into one of four categories. We make use of this in the analysis below.

## Local authority returns

Local authorities also record data about the funding they have received and are expecting to receive. Once budgets have been set, they complete Revenue Accounts (RA) forms for revenue finance and Capital Expenditure Returns (CER) forms for capital

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<sup>12</sup> For example, funding for Coastal Communities Teams is listed in OSCAR as having a coverage of “England and Wales”, but actually only English local authorities are recipients.

<sup>13</sup> For example, there are OSCAR sub segments where the “organisation” is recorded as “Department for Education” but the name makes it clear that it was issued by the Education Funding Agency (EFA).

finance. These are processed by the Ministry of Housing, Communities and Local Government (MHCLG) and compiled into datasets which are published. Following the end of the financial year, local authorities record outturn values in Revenue Outturn (RO) forms for revenue finance and Capital Outturn Returns (COR) forms for capital finance. Again, MHCLG compiles and publishes this data.

We have looked into using this data. Unfortunately, values are only published for a small number of the largest individual revenue grants. For the remaining revenue grants, values are provided only for the sum of all such grants. MHCLG kindly provided us with some additional data on this, but it was not in a suitable format for use in our analysis. No breakdown into individual grants is given at all for capital grants. (Only the total capital grant funding to each local authority is listed). We have therefore made fairly limited use of it.

### Other sources we have used

We have supplemented the data from OSCAR and GGR with information about individual grants. We have taken this from Government web pages and web pages of third parties and from communications with civil servants. Some civil servants have spent considerable time in answering our queries and we are most grateful for this.

In parallel with the work undertaken by TRL Insight for this report, the LGA has been updating the tables in *Is the grass greener...? - Fragmented Funding for Growth 2016/17* for internal purposes. This update has been based similar data to that report, covering the announcements of individual grant allocations. As before, it is not focused solely on funding to local authorities, but is focused on economic development and related service areas (such as housing, transport, business support and energy). We corresponded with the LGA on this update, hoping that this could contribute significantly to our analysis.

However, the challenges in reconciling the main datasets we were using and our focus on the four service areas of homelessness, adult social care, children and families and public health, meant that there was insufficient time to carry out any meaningful reconciliation with the outputs from this update. Consequently, we have just referred to these outputs occasionally, for insights into particular grant programmes which were holding up the compilation of our database. Again, our thanks to the LGA for sharing this data. It could be that a fuller reconciliation of these two datasets in the future could help to smooth some of the edges in our outputs and fill in some gaps in the data.

As well as providing data for analysis, all of these sources have helped to build up a picture of the culture in the departments and departmental teams responsible for issuing these grants. This has helped to illuminate the causes of the trends we have observed.

### GrantNav

One further source of grant data has come to our attention late in this research. This relates to a charity called 360Giving which was started by philanthropist Fran Perrin in 2015. The charity worked with experts and with support from the National Lottery

CommunityFund, Nesta and Nominet Trust to develop a common format for grant makers to share information about their funding, known as the 360Giving Standard<sup>14</sup>. Data on all grants available under the 360Giving Standard is made available publicly through the GrantNav platform<sup>15</sup>. Some Government departments have committed to the standard and local authorities are amongst the recipients. However, the grants to local authorities from central government in GrantNav are limited to those from certain agencies which provide charitable funding, such as the National Lottery Heritage Fund and the Big Lottery Fund (now called The National Lottery Community Fund). Extracting totals for all English local authorities by financial year appears to be a complex task; due to this, the limited data it provides and finding it late in our research, we have not drawn on this source.

## Interviews

We have also held 10 interviews with 12 council officers working in four service areas: adult social care, homelessness, children and families, and public health. The results of these interviews are described in Sections 11 to 14. We want to express our thanks to them for taking time from a busy schedule to share their experiences with us. These interviews have shed light on the impact that the fragmentation of funding has had on the way councils and their partners deliver services.

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<sup>14</sup> See [360Giving](#) for more information.

<sup>15</sup> [GrantNav](#)

### 3. Total funding and the numbers and sizes of grants

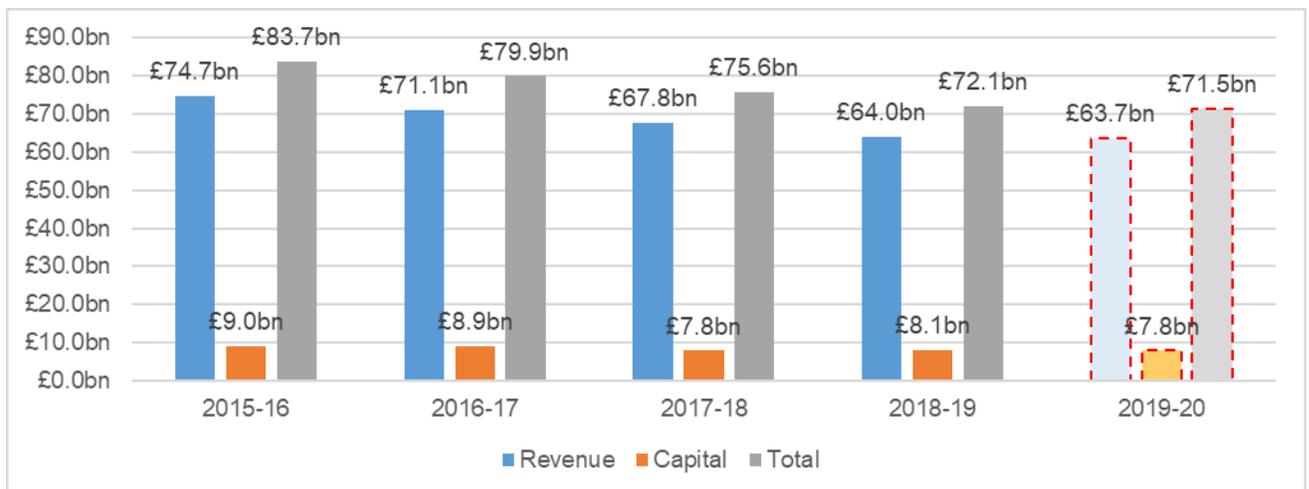
#### Total funding

By using analysis taken from OSCAR and other sources, we have calculated total revenue and capital grant funding for English local government for each year from 2015-16 to 2018-19. By comparing with budget figures published by MHCLG, we have also forecast grant funding totals for 2019-20. (See Appendix 1 for a fuller explanation.)

It should be noted that this only includes funding which goes directly to councils. In particular, it excludes funding from the NHS for social care through the mechanism of the Better Care Fund (though it includes grants paid directly to local government which they are then required to pay into the Better Care Fund). The working of the Better Care Fund (BCF) is explained in Appendix 2. It also excludes other funding for local areas, examples of which can be found in previous LGA publications on Fragmented Funding. This is explained in Appendix 1, along with the definition we have used of grant funding for English local government.

We found that total grant funding for English local government fell each year from 2015-16 and is likely to have fallen again in 2019-20, as shown in Figure 1 below. Within this, revenue grant funding fell each year and is likely to have fallen again in 2019-20. Capital funding fell across the first three years but increased slightly in 2018-19. Our forecast is for it reduce slightly in 2019-20, although this draws on budget figures which have differed considerably from the outturn figures we have calculated in recent years. These figures imply a reduction of 15% in revenue funding over the period, a reduction of 13% in capital grant funding and a reduction of 15% in total funding.

**Figure 1 - revenue, capital and total funding to English local authorities, 2015-16 to 2019-20**



English local government therefore receives over £70bn per year in grant funding from central government. However, most of this is not ultimately spent by councils. Instead, they act as payment agencies for schools, housing benefit recipients and others. Their discretion over the distribution and spending of this money varies from very little to none at all. This is a point we return to in Section 4.

## Numbers of grants that we have identified

Our database of grants includes 198 grants which are taken directly from GGR. The entries in GGR are intended to be individual grants. Where we have managed to cross-reference these grants with other sources, we have generally found this to be the case, but a few entries have turned out to be wider programmes composed of several grants. (Examples include funding for adult skills/education and funding for special educational needs.) We have assumed that an entry in GGR is an individual grant, unless we have found evidence to the contrary.

Many grants in GGR are paid to a wider range of recipients than solely local authorities. Even where a grant is paid only to local authorities, it may go to local authorities in Scotland, Wales or Northern Ireland as well as/instead of England. For most grants, this is not specified in GGR, but some mention the geographic coverage in the name, and we have identified it from other sources for some grants. Similarly, GGR does not specify whether a grant is for revenue or capital purposes, but in some cases we have determined this from other sources. Figures are allocations or departmental estimates and only relate to 2015-16 to 2017-18, as GGR has not yet been published for 2018-19.

The database also includes 169 grants taken directly from OSCAR. Entries in OSCAR are for internal government accounting, so many of them do not correspond to individual grants. We have only included an entry if it is clear it corresponds to an individual grant – we have largely ascertained this by cross-referencing with other sources. Figures are outturn data for all four years. All of the grants we have included in this way are for England local authorities only and are listed as either revenue or capital.

Finally, we have included 81 other grants. Some of these are ones from OSCAR or GGR which we have adjusted, or for which we've calculated or estimated England-only figures; some are taken from other sources. Most of these are for English local authorities only, but some have wider sectoral and/or geographic coverage. For all but one of them, we have determined whether they are capital or revenue grants. Figures cover all four years and are a mix of outturn figures, allocations and estimates.

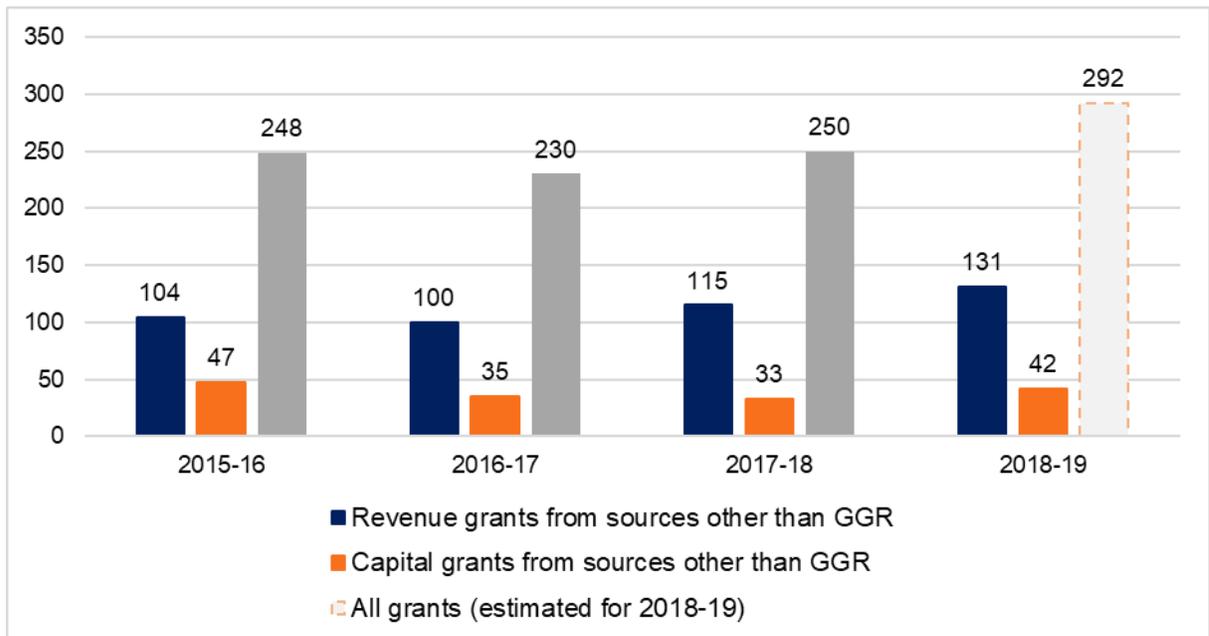
This gives us a total of 448 grants.

This is not a complete and accurate list, even for the first three years. There are grants missing from GGR in this period, particularly in the first year or two, when the system was new. We have been told by NHS England that they have paid various grants to local

authorities over this period, which are not listed<sup>16</sup>. It is also possible that as GGR is based on allocations, some of the grants in it might have been cancelled, or the recipient sectors might be listed inaccurately. However, it is the fullest, most accurate list of grants to English local government yet compiled.

The numbers of grants awarded each year are summarised in Figure 2. We have estimated the total number of grants in 2018-19, by assuming that this increased from the previous year in proportion to the number grants from sources other than GGR (i.e. those for which we have data for all four years).

**Figure 2 - Numbers of grants each year**



It is worth reiterating that these numbers of grants are far higher than in previous analyses, as described in Section 1. This may partly be because our analysis has included grants which councils bid for – sometimes alongside other organisations.

These grants vary widely in size. The largest grants are worth over £1bn (12 in 2015-16 and 2016-17, 13 in 2017-18 and 2018-19). At the other end of the scale, over 50 grants were worth less than £1m in 2015-16, 2016-17 and 2017-18, as shown in Table 1. More than half the grants in our database were worth less than £10m in 2015-16 and 2016-17, as shown in Table 2, while it was exactly half of them in 2017-18. This equates to less than one fortieth of the budget for a typical metropolitan district, London borough or

<sup>16</sup> We only know the name of one of these, Healthy New Towns – see [NHS Chief announces plan to support ten healthy new towns](#), NHS England, 1 March 2016. OSCAR also includes capital funding to local government through routes such as Clinical Commissioning Groups (CCGs), NHS England and NHS Blood and Transplant, but we have been unable to identify these with grants listed in other sources.

county council<sup>17</sup>. (We have not included 2018-19, as the absence of GGR data makes the remaining grants unrepresentative.) It should be noted that some of these grants had a wider coverage than just local government – the total amounts going to English local authorities would have been even smaller.

**Table 1 – Numbers of grants of different sizes, 2015-16 to 2017-18**

<b>Total value</b>	<b><u>2015-16</u></b>	<b><u>2016-17</u></b>	<b><u>2017-18</u></b>
Under £1m	58	54	54
£1m-£10m	69	67	71
£10m-£100m	66	57	69
£100m-£500m	33	31	35
£500m or more	22	21	21

**Table 2 - Percentage of grants of different sizes, 2015-16 to 2017-18**

<b>Total value</b>	<b><u>2015-16</u></b>	<b><u>2016-17</u></b>	<b><u>2017-18</u></b>
Under £1m	23%	23%	22%
£1m-£10m	28%	29%	28%
£10m-£100m	27%	25%	28%
£100m-£500m	13%	13%	14%
£500m or more	9%	9%	8%

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<sup>17</sup> The average total expenditure on services (net of service-level income) in 2017-18 for county councils was £915m, for London boroughs it was £412m and for metropolitan districts £470m (source: Revenue Outturn data).

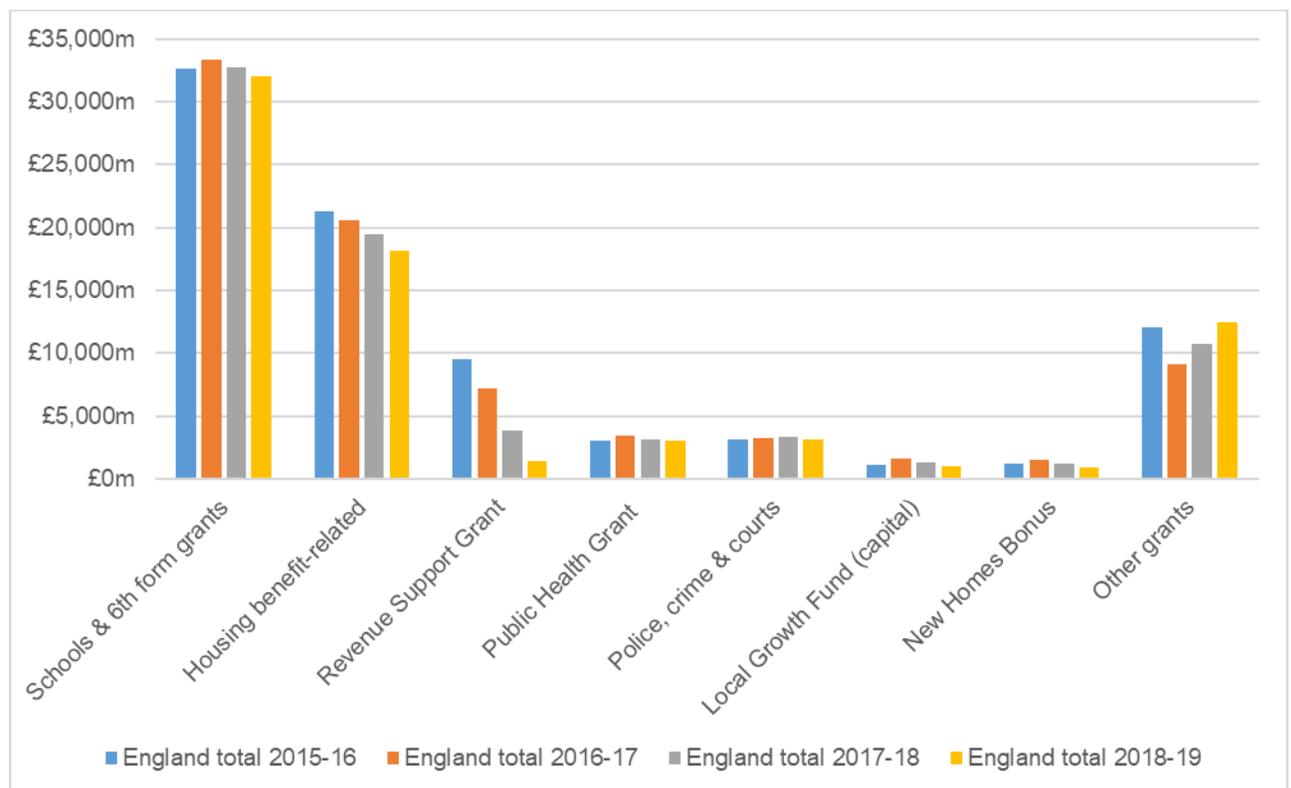
## 4. What the funding pays for

### High-level breakdown

Figure 3 breaks down the total funding exclusively for English local government each year in an informative way. We have aggregated the grants for schools and sixth forms, as local authorities have very little discretion over the spending of these – the grants are, on the whole, “passported” straight through to schools. Similarly, we have aggregated housing-benefit related funding. We have aggregated funding for police, crime and courts as these are specialist services outside the normal functions of local authorities.

There are also separate columns for Revenue Support Grant, Public Health Grant, Local Growth Fund (capital) and New Homes Bonus. All of these were worth £1bn or more in each year in the series, apart from New Homes Bonus in 2018-19, when it fell to just under £1bn. They may be considered “core funding”. The remainder of the funding is shown in the final set of columns.

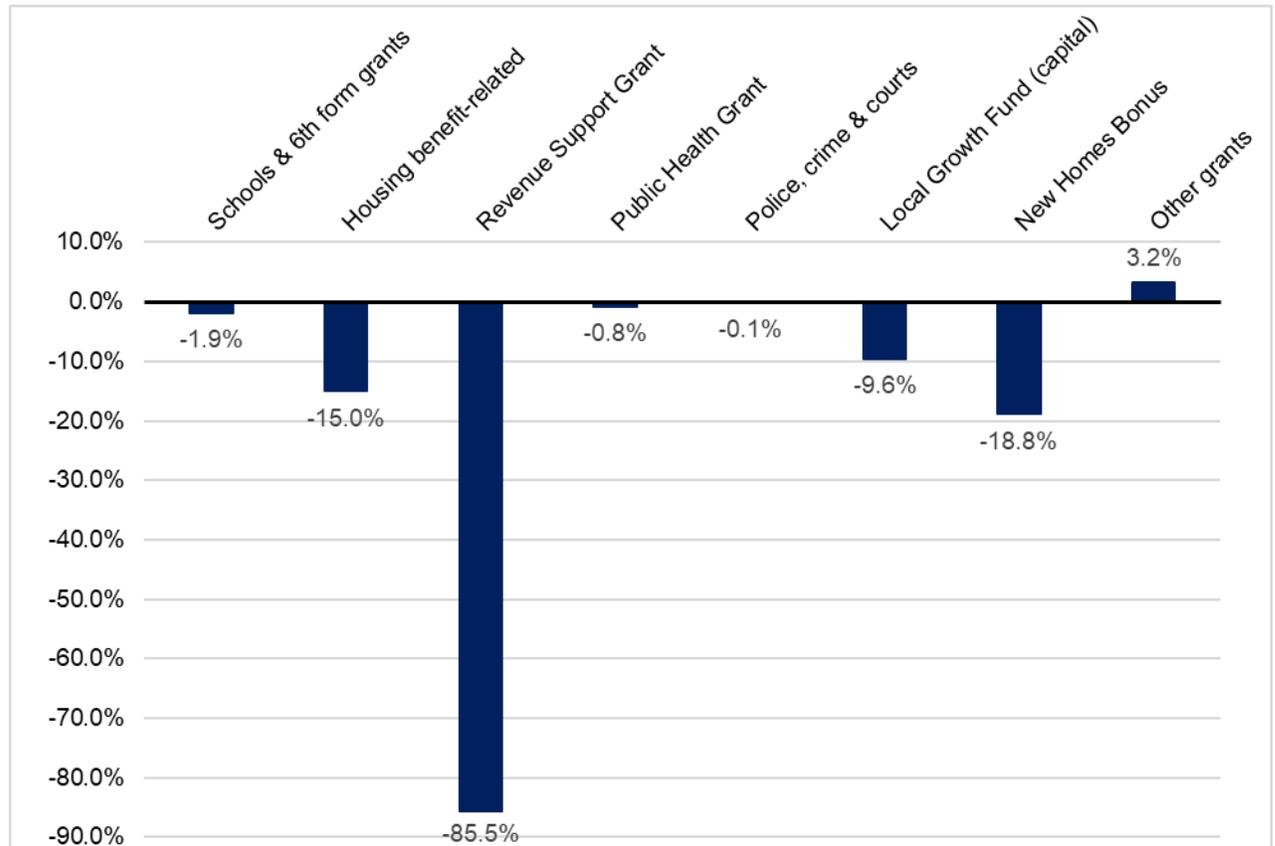
**Figure 3 - total funding for English local authorities from 2015-16 to 2018-19**



This demonstrates the extent to which the funding totals above are dominated by schools and sixth form funding and housing benefit-related funding. In their two highest areas of apparent spend, local authorities are acting largely as delivery agents for central government.

Perhaps of more interest is the percentage change in each of these categories over the four-year period. This is shown in Figure 4, in cash terms.

**Figure 4 - Change in funding between 2015-16 and 2018-19 – cash terms**



The largest change here is clearly in Revenue Support Grant (RSG). This has decreased so sharply for two reasons. Firstly, RSG is used as a balancing item within the Business Rate Retention (BRR) system. In the period up to 2017-18, the Government was keen to reduce the total amount of funding coming to local government through the BRR system. However, Business Rates (BR) yields automatically increase with both inflation (or more precisely, with annual increases in the business rates multipliers) and the growth of the BR base. To ensure that the totals kept falling while the BR yield was increasing, RSG was cut very significantly. In 2018-19, the totals supplied through the system have also been held down, meaning RSG has still had to be cut back, albeit less sharply.

Secondly, greater numbers of authorities are “pilots” which retain more than the 50% default “local share” of business rate yield. These authorities have given up RSG in exchange for keeping more of their business rates.

The cut to New Homes Bonus (NHB) is also well known. NHB was designed before the BRR system was introduced. The lack of year-on-year equalisation for council tax yield

in the BRR system meant that it became increasingly unaffordable for the Treasury. The spending envelope for the grant set out in the Spending Review 2015 was smaller than was likely to be necessary under the scheme at that time. The government therefore consulted on changes to the scheme in 2015, publishing the outcome a year later. This involved reducing the number of years the scheme related to over time and setting a baseline for growth. This overshot the target and the savings were recycled as social care grants. (For more detail on this, see Section 11 below.)

The reductions in funding for schools and sixth forms and housing benefit-related funding are also worth commenting on. The latter includes a grant for administering housing benefit, but most of it is actual benefit, paid to a mix of council tenants, private tenants and those in temporary accommodation. The introduction/rollout of universal credit will have had a major impact on the amount of this paid to local authorities. However, an individual's entitlement to both housing benefit and universal credit depends upon the Local Housing Allowance (LHA) rate. Since April 2013, the LHA rates have increased in line with the Consumer Prices Index (CPI), rather than rent levels. This means that for some tenants, there may be a squeeze on their finances. Where this increases deprivation in a neighbourhood, there can be increased demand for council services.

When considering the reductions in schools and sixth form funding in this graph, it is worth remembering that many schools have converted to academies over this period. This means that they are funded directly by an agency of central government, rather than through local authorities. The largest grant for schools, the schools block of the Dedicated Schools Grant (DSG), is rising in cash terms faster than the increase in pupil numbers. However, in real terms, per-pupil schools block funding is falling. Increasing costs are soaking up all of the per-pupil increase in funding<sup>18</sup>. Furthermore, other schools grants have been cut back (the Education Services Grant for local authority central spend has disappeared entirely – it was scaled back before rolling it into DSG.). This combination of funding pressures for schools and pressures on local authority budgets has resulted in strains on a number of services, with particular concerns around home-to-school transport, support services for pupils such as counselling, and provision for children with special educational needs and disabilities (SEND).

The “Police, crime and courts” category is, unsurprisingly, very dependent on how local government is defined. In most of England, policing is the responsibility of Police and Crime Commissioners (PCCs), and police funding is channelled through them. These are not included in our definition of local government. However, in London, policing is the responsibility of the Mayor's Office for Police And Crime (MOPAC) – part of the Greater London Authority (GLA) – and the City of London. We have included police funding to these authorities, in as far as figures for these are publicly available. Most of the funding in this category is London police funding, but it also includes, for example, funding to tackle youth violence and rogue landlords.

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<sup>18</sup> See, for example, [School funding pressures in England](#) (EPI 2018).

The funding from other grants (387 of these) has increased by 6.1% over this period. However, this period has seen the introduction of the Improved Better Care Fund and the Adult Social Care Support Grant (see Section 11 and Appendix 2), which together were worth £1.58bn in 2018-19. If these are deducted, the remaining grants have **reduced** by 7.3%. It is worth noting that a small number of the “Other grants” are included in the Government’s measure of Core Spending Power<sup>19</sup>, but most are not.

### The service areas the grants cover

These grants relate to a wide variety of different service areas. We have managed to categorise 282 of the grants into one or more of 22 service categories, which include three categories used in Figure 3 and Figure 4 above, as shown in Table 3. We have assigned service categories to 37% of the grants taken directly from GGR and 84% of the grants from other sources. This imbalance reflects the fact that greater time was expended in assigning categories to grants in the early parts of the analysis, when only OSCAR data was being used. This will introduce biases into the figures below, because some departments are largely represented by OSCAR data, while others are largely represented by other data sources, such as GGR. We have also concentrated on completing the assignment of categories in relation to the four service areas covered later in this report, and in relation to queries we have received from the LGA over the course of this project. Nonetheless, we believe the results of this analysis give some insight into the distribution of grants across service areas – if only to show how widely the grants are spread.

Many of the grants do relate to two or more service areas. Indeed, some funding, such as that for City Deals, is intended to cover many service areas. To illustrate this, the final row of Table 3 shows the proportion of all the grants in the total sample which have been assigned to more than one service area.

**Table 3 – % of grants (by number of grants) in total sample by service area, 2015-16 to 2018-19**

Service area	2015-16	2016-17	2017-18	2018-19	All years
Adult skills	2%	3%	3%	4%	2%
Adult social care	4%	3%	4%	5%	4%
Child social care	5%	6%	4%	8%	6%
Civic (elections, tax, community rights & cohesion)	3%	2%	1%	5%	3%
Culture, Tourism & Sport	2%	3%	4%	1%	3%
Economic growth	8%	7%	8%	12%	8%

<sup>19</sup> In 2018-19, these were: compensation for under-indexing the business rates multiplier, funding for the Improved Better Care Fund, the NHB returned funding (sometimes called the “adjustment grant”), Rural Services Delivery Grant, Transition Grant and the Adult Social Care Support Grant.

Environmental	6%	7%	8%	5%	6%
Fire	2%	1%	1%	1%	1%
Homelessness	0%	1%	3%	6%	3%
Housing benefit-related	3%	3%	3%	3%	2%
Immigration & national borders	3%	6%	4%	2%	4%
Improvement & transformation	2%	2%	2%	3%	2%
Other housing grants	9%	7%	8%	16%	9%
Planning	3%	2%	2%	3%	2%
Police, crime & courts	5%	5%	4%	6%	4%
Public Health	3%	3%	4%	2%	3%
Schools & 6th form grants	7%	8%	8%	12%	7%
Other children & families	5%	6%	2%	3%	4%
Transport	10%	9%	11%	11%	8%
Utilities & related infrastructure (inc broadband)	2%	1%	1%	2%	2%
General <sup>20</sup>	4%	5%	8%	8%	5%
Other	2%	2%	2%	2%	1%
<i>Proportion assigned more than one category</i>	15%	16%	16%	23%	18%

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<sup>20</sup> We have used “General” for grants such as Revenue Support Grant that councils are given to fund the whole range of services.

## 5. Departments and agencies issuing funding

Grants may be issued directly by central government departments. However, some departments and teams have almost entirely shifted responsibility over to a funding agency attached to the department – although it is always clear which the “responsible department” is.

Table 4 shows the number of revenue grants we have identified from sources other than GGR which were issued directly or indirectly by each department. (Where departments which have changed name and/or functions, we have mapped grant to the relevant current department.) Table 5 does the same for capital funding.

**Table 4 – revenue grants from sources other than GGR issued by each department, 2015-16 - 2018-19**

Department	2015-16	2016-17	2017-18	2018-19
Cabinet Office	2	0	0	0
Defence	1	1	1	0
Digital, Culture, Media and Sport	4	4	4	4
Education	17	21	21	26
Electoral Commission	0	1	0	0
Environment, Food and Rural Affairs	2	3	3	3
Health and Social Care	3	2	2	3
Home Office	10	9	9	11
Housing, Communities and Local Government	52	47	62	71
International Trade	0	1	1	1
Transport	8	6	7	7
Work and Pensions	5	5	5	5
<i>Total</i>	<i>104</i>	<i>100</i>	<i>115</i>	<i>131</i>

**Table 5 – capital grants from sources other than GGR issued by each department, 2015-16 - 2018-19**

Department	2015-16	2016-17	2017-18	2018-19
Digital, Culture, Media and Sport	3	4	4	4
Education	4	5	3	5

Environment, Food and Rural Affairs	2	2	1	1
Health and Social Care	2	1	1	1
Home Office	3	1	1	1
Housing, Communities and Local Government	24	15	16	25
Transport	9	7	7	5
<i>Total</i>	<i>47</i>	<i>35</i>	<i>33</i>	<i>42</i>

Adding in the data taken directly from GGR, we get the figures in Table 6 below. As the GGR has not yet been published for 2018-19, we have excluded figures for this year, as this would be misleading. Also, it should be remembered that there may be missing data or inaccuracies in GGR, particularly in the early years.

**Table 6 – all grants in our database issued by each department, 2015-16 - 2017-18**

<b>Department</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Business, Energy and Industrial Strategy	4	4	0
Cabinet Office	2	0	1
Defence	1	1	1
Digital, Culture, Media and Sport	23	24	26
Education	31	32	27
Electoral Commission	0	1	0
Environment, Food and Rural Affairs	15	22	20
Health and Social Care	10	6	8
Home Office	29	32	26
Housing, Communities and Local Government	86	64	80
International Trade	0	1	1
Justice	4	4	2
Transport	33	29	33
Work and Pensions	10	10	25
<i>Total</i>	<i>248</i>	<i>230</i>	<i>250</i>

We see that 14 different departments issued grants to local government over the four years (indeed over the first three), if the Electoral Commission is included. Secondly, the highest numbers of grants are issued by MHCLG, by a significant margin. The responsibility for local government matters sits with this department, so Government policies on local government matters are generally channelled through MHCLG. The number of grants it issues reflects the extent to which central government micromanages

local government and the complexity of relations between them. It is worth noting that some of the MHCLG grants relate at least in part to services covered by other departments – for example, social care grants, Troubled Families and funding for developments which include transport interchanges. Large numbers are also issued by the departments for Transport, Education, the Home Office, Environment, Food and Rural Affairs, Digital, Culture, Media and Sport and Work and Pensions.

These are the responsible departments, but we have also looked at funding through agencies (“Non-departmental public bodies” or NDPBs). We have identified the following agencies as issuing grants:

- ◆ *Arts Council of England*
- ◆ *Broadband Delivery UK*
- ◆ *Ebbsfleet Development Corporation*
- ◆ *Education and Skills Funding Agency (ESFA)<sup>21</sup>*
- ◆ *Electoral Commission<sup>22</sup>*
- ◆ *Environment Agency*
- ◆ *Historic England*
- ◆ *Homes And Communities Agency (HCA – now Homes England)*
- ◆ *Information Commissioner's Office (ICO)*
- ◆ *National Lottery Heritage Fund*
- ◆ *Natural England*
- ◆ *NHS England (formerly known as NHS Commissioning Board)*
- ◆ *Office for Low Emission Vehicles (OLEV)<sup>23</sup>*
- ◆ *Partnership for Schools<sup>24</sup>*

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<sup>21</sup> Together with, for the period we are considering, its predecessor organisations: the Education Funding Agency (EFA) and the Skills Funding Agency (SFA).

<sup>22</sup> Technically, this is an agency, but it does not have a responsible department, so we treat it as though it were a department in our analysis.

<sup>23</sup> A cross-departmental team, or “High Profile Group”

<sup>24</sup> A joint venture company which involved DfE

- ◆ *Public Health England*
- ◆ *Sport England*
- ◆ *The National Forest Company*
- ◆ *VisitBritain / VisitEngland*
- ◆ *Youth Justice Board*

The data we have also suggests that over this period, the following agencies may have also issued funding:

- ◆ *Churches Conservation Trust*
- ◆ *Disclosure and Barring Service (DBS)*
- ◆ *National Crime Agency*
- ◆ *NHS Trusts/Foundation Trusts*
- ◆ *United Kingdom Anti Doping*

(These are recorded as issuing funding in OSCAR, but this funding has proved extremely difficult to match up with recognised grants.)

For the majority of the grants in our database, we have identified whether or not they were issued by an agency. (Where a grant is recorded in OSCAR as being issued by an agency, we have assumed this to be true. However, for some grants where OSCAR lists the responsible department as the issuing “organisation”, we have in fact found the grant to be issued by an agency). The results are set out in Table 7.

**Table 7 - Grants issued by agencies, 2015-16 to 2018-19**

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Percentage of grants sampled	61%	59%	59%	82%
Number of grants in sample issued by an agency	53	44	45	36
<b>Percentage of grants in sample issued by an agency</b>	<b>35%</b>	<b>33%</b>	<b>31%</b>	<b>25%</b>

## 6. How grants are allocated to local authorities

As mentioned in Section 1 above, many of the grants are subject to competitive bidding procedures. However, there are also many grants which are allocated to all local authorities, or all authorities with the relevant responsibility – these are generally distributed using a formula. There are cases where the Government agrees funding with a specific authority or small group of authorities without a competition, for example funding to the GLA for major transport projects or funding in the wake of a local disaster such as the Manchester Arena bombing. There are also cases where the Government issues funding only to local authorities which meet set criteria, for example, those that have frozen council tax or those that qualify for funding to tackle contaminated land or a flooding event.

In the GGR, each grant is put in one or more of these four categories. We have carried out some limited validation of this data and also found the allocation method used for many of the grants from other sources, such as OSCAR. One issue we have found is that the descriptions of the categories are so vague that in many cases, there is a real ambiguity about which category to place a grant in. In our analysis, we have used slightly tighter definitions (see Appendix 1); this has led us to re-categorise some grants, with improved consistency in recording.

Of the resulting 366 grants (82% of those in our database), we find the following:

**Table 8 – Grant allocation methods**

<b><u>Allocation method - short name</u></b>	<b><u>Number</u></b>	<b><u>Percentage</u></b>
Formula	103	28%
Competed	117	32%
Criteria-based	27	7%
Un-competed	83	23%
More than one allocation method	36	10%
<b>Total</b>	<b>366</b>	<b>100%</b>

We see that nearly a third of grants received by local authorities are subject to competition. This is more than the number of grants allocated by formula. In later sections of this report, we explore the impact that bidding for so many grants is having. 83 grants are un-competed, highlighting the number of bespoke deals the Government is making with individual authorities or small groups of authorities.

## 7. Grants ending by 2018-19

Figure 1 above shows that the number of grants issued has stayed relatively constant over the four years we are looking at. However, underlying this is a lot of churn – grants being terminated and new grants being issued.

Of the 104 revenue grants from sources other than GGR in 2015-16, 27% were not issued in 2016-17. Of the 100 in the 2016-17, 15% weren't issued in 2017-18. And of the 115 in 2017-18, 11% were not issued in 2018-19.

The situation for capital funding is similar. Of the 47 capital grants from sources other than GGR in 2015-16, 38% were not paid in 2016-17. Of the 35 in the 2016-17, 29% were not issued in 2017-18. And of the 33 in 2017-18, 24% were not issued in 2018-19.

This is even more concerning, as these are payments for capital projects, particularly for building assets and major renovations, which can take many years to complete.

If we add in the grants from other sources, we find that of the 248 paid in 2015-16, 34% were not issued in 2016-17. And of the 230 in the 2016-17, 36% were not issued in 2017-18. However, these figures should be treated with caution, due to the issues with GGR data mentioned above.

It should be noted that there are a few of these grants which were not actually terminated in 2016-17 or 2017-18, because they were issued again in the following year. This may signify a scheduling issue – for some reason, grants were not paid in the year that they were intended for; rather, payment got delayed into the following financial year. On the other hand, we know that a capital grant from Public Health England has actually been allocated in some years and not others. We heard that this is due to it being found from budgetary underspends (see Section 14 below) – a practice which has occurred previously in grant funding from central government.

The above statistics are broken down by department in the tables below.

**Table 9 – number of pre-existing grants not paid in each year by department – revenue grants from sources other than GGR**

Department	Grants from previous year not paid in this year		
	2016-17	2017-18	2018-19
Cabinet Office	2	0	0
Defence	0	0	1
Digital, Culture, Media and Sport	0	0	0
Education	1	3	0
Electoral Commission	0	1	0
Environment, Food and Rural Affairs	0	0	0
Health and Social Care	1	0	0

Home Office	1	0	0
Housing, Communities and Local Government	21	11	12
International Trade	0	0	0
Transport	2	0	0
Work and Pensions	0	0	0
<i>Total</i>	<i>28</i>	<i>15</i>	<i>13</i>

**Table 10 – number of pre-existing grants not paid in each year by department – capital grants from sources other than GGR**

Department	Grants from previous year not paid in this year		
	2016-17	2017-18	2018-19
Digital, Culture, Media and Sport	0	0	0
Education	0	2	0
Environment, Food and Rural Affairs	0	1	0
Health and Social Care	1	0	0
Home Office	2	0	0
Housing, Communities and Local Government	12	5	5
Transport	3	2	3
<i>Total</i>	<i>18</i>	<i>10</i>	<i>8</i>

**Table 11 – number of pre-existing grants not paid in each year by department – all grants in our database**

Department	Grants from previous year not paid in this year	
	2016-17	2017-18
Business, Energy and Industrial Strategy	3	4
Cabinet Office	2	0
Defence	0	0
Digital, Culture, Media and Sport	2	12
Education	5	10
Electoral Commission	0	1
Environment, Food and Rural Affairs	0	8
Health and Social Care	5	1
Home Office	12	18
Housing, Communities and Local Government	43	18
International Trade	0	0

Justice	1	3
Transport	10	6
Work and Pensions	2	2
<i>Total</i>	85	83

## 8. Grant funding after 2018-19

This leaves the question of what will happen to those grants issued in 2018-19 and grants that are being issued in the current financial year. This is difficult to determine, as we have an incomplete list of grants for 2018-19 and no outturn data has been published for 2019-20. However, it is possible to identify some basic principles, and there is also some limited quantitative data available.

The principles are based on looking back at Spending Review 2015 and the Budgets, Autumn Statements and Spending Round that have been announced since then, while the quantitative data comes from GGR.

### Funding announcements in fiscal documents

As explained in Section 2, the Spending Review set the amount each department had available to spend. More precisely, it set the main budgets, known as Departmental Expenditure Limits (DEL) as follows:

- ◆ *Resource (current) DEL for the Department of Health, the Ministry of Defence and the Single Intelligence Account for the years up to 2020-21;*
- ◆ *Resource (current) DEL for all other departments for the years up to 2019-20;*
- ◆ *Capital DEL for all departments for the years up to 2020-21.*

Budgets since then, in 2017 and 2018, have updated these figures. They have also forecast total public sector spending across all departments for further years, but these figures represent forecasts, not policy decisions. Figures for individual departments have not been given. However, future funding levels have been stated in relation to some multi-year strategies and individual programmes. We have identified the measures shown in Table 12 which could or will impact local authority grant funding.

**Table 12 – Spending commitments (potentially) affecting grant funding beyond 2019-20 announced prior to Spending Round 2019**

Announcement	Policy	Last year funded
June 2018, Prime Minister	NHS to receive increased funding of £20.5bn “in real terms per year by the end of the 5 years compared to today”. This funding to support a 10-year plan <sup>25</sup> , launched in January 2019 <sup>26</sup> .	2023-24
Autumn Budget 2017	Loan funding for estate regeneration: a £400m programme	2022-23

<sup>25</sup> [Prime Minister sets out 5-year NHS funding plan](#), Government press release, 18 June 2018

<sup>26</sup> [NHS Long Term Plan launched](#), DHSC press release, 7 January 2019

Autumn Budget 2017	National Productivity Investment Fund (NPIF): most measures funded up to 2020-21; Transforming Cities Fund (for transport improvement) and the Tyne and Wear Metro funded up to 2021-22; Housing and Infrastructure Fund and Land Assembly Fund up to 2022-23.	2022-23
Autumn Budget 2017	Affordable Homes Programme	2020-21
Autumn Budget 2017; Industrial Strategy White Paper <sup>27</sup>	Budget stated “The government’s plans mean that by the end of this Parliament public investment in economic infrastructure will have doubled in a decade, from £12 billion in 2012-13 to at least £24 billion in 2022-23”	2022-23
Autumn Budget 2017	Benefit fraud and error: reducing these through greater use of real-time information	2022-23
Autumn Budget 2017	Targeted Affordability Funding: funding to increase some LHA rates (and hence housing benefit payments) in areas where private rents have been rising fastest.	2022-23
Autumn Budget 2017	Air Quality Plan funding and Clean Air Fund, to be paid for from car taxes	2020-21
Budget 2018	Children's Social Care improvement pilots	2022-23
Budget 2018	Centre for Public Sector Leadership: funding to establish and run it, based on recommendations of a taskforce	2021-22
Budget 2018	Skills training pilots in Greater Manchester for young people and the self-employed	2020-21
Road Investment Strategy 2, October 2018 <sup>28</sup>	RIS2 covers the years 2020-2025, but does not contain actual sums to be distributed	2024-25?

On 4 September 2019, the Chancellor announced the Spending Round 2019. This set out spending plans for 2020-21; it focused on resource spending, leaving existing capital budgets for the year largely unchanged.

It set out the overall departmental settlements, but also listed budgets within these for particular policy measures. Some key pledges are listed in Table 13. Almost all of these relate only to the year 2020-21. School spending is an exception – here, the Spending Round confirms “the government’s commitment to a £7.1 billion increase in funding for schools by 2022-23 (£4.6 billion above inflation), compared to 2019-20 funding levels”

<sup>27</sup> [Industrial Strategy White Paper](#), BEIS, 27 November 2017

<sup>28</sup> [Road investment strategy: post-2020](#), Department for Transport, Highways England, and Office of Rail and Road, 29 October 2018

and also sets out increases for the intervening years. Similarly, the five-year settlement for the NHS is reaffirmed.

**Table 13 – Key pledges in Spending Round 2019**

<b>Amount in 2020-21</b>	<b>Policy</b>
£2.6bn increase	School funding (excluding funding to compensate schools for increase in employer pension contributions)
£49.1bn (estimated)	Core Spending Power (depends upon council tax precepts – see below)
£3.5bn (of which £1bn new)	Grant funding for adult and child social care
£0.5bn	To be raised through adult social care precept (subject to consultation)
3.4% real terms increase	NHS contribution to BCF
Real terms increase	PH grant
£1.1bn	Strategic Road Network
Over £200m	Transforming bus services: reducing emissions and providing on-demand services
£422m (of which £54m new)	MHCLG budget for homelessness & rough sleeping
£5m	Office for Veteran’s Affairs, including medical treatment, training and skills, and providing “targeted interventions to prevent veteran homelessness”.
£23m	DWP budget for a range of measures, “including support for vulnerable claimants and people with complex needs migrating to Universal Credit, additional outreach activities to support those who are homeless, and increasing the number of Armed Forces champions to support veterans when entering the labour market”
More than £30m increase	Funding for air quality
Additional £30m	Terrestrial and marine biodiversity measures
£400m	Further education (£190m increase in core funding and £210m for targeted interventions)
£66m increase	Early years: increase in hourly rate paid to childcare providers
No figure given	DCMS to develop proposals for Youth Investment Fund, for building youth centres, refurbishing existing centres and delivering services to young people
£241m	Funding from Towns Fund to support high streets, town centres and local economies - also see emails 10-11/9
Additional £10m	Integration Areas Programme – second wave for English as a second language provision
£150m (continuing)	Global Resettlement Programme for resettling refugees
Additional £110m	For asylum system
Additional £30m	Safeguarding children from sexual exploitation and abuse
Additional £24m	Building Safety Programme – on top of existing £600m for removing aluminium composite cladding

Most measures have little detail in the Spending Round document, but setting these out these spending envelopes has allowed departments to develop policy and make subsequent announcements about funding. Consequently, September saw announcements on funding for Town Deals<sup>29</sup>, historic high streets<sup>30</sup>, coastal communities<sup>31</sup> and flood defences<sup>32</sup> in 2020-21, and more have been announced since then. (We can also get a sense of what policy announcements may be forthcoming from the Queen’s Speech, but this does not contain detail on funding.)

## End dates in GGR 2017-18

GGR 2017-18 gives an “end date” for each grant. For grants going to local authorities (often among other recipients), we have grouped them into financial years:

**Table 14 – Grants in GGR allocated in 2017-18: number ending in each financial year**

Financial year	Number of grants going to LAs
2017-18	197
2018-19	13
2019-20	6
2020-21	1
2021-22	2

The fact that such a large proportion of them are listed as ending in 2017-18 itself, when we are finding that over 60% of grants continue the following year, suggests that civil servants are recording the grant as ending at the end of the financial year by default, when this is not actually the case. However, the way the grant numbers tail off after this again suggests that very few are actually planned to continue for more than a few years. The grant ending in 2020-21 is an air quality grant, which fits with the observation from the Autumn Budget 2017. The grants ending in 2021-22 are for funding from the Information Commissioner’s Office and the Arts Council.

## Conventions and working assumptions

For many grant programmes, there is an explicit acknowledgment that the programme is only for a set number of years. We will see some examples of this in Sections 11-14. In most cases, the working assumption is that if a grant programme keeps running up to the end of the Spending Review period, there is no guarantee that it will continue beyond this. There are exceptions to this. For example, very large grants which form the core

<sup>29</sup> [100 places to benefit from new Towns Fund](#), MHCLG, 6 September 2019

<sup>30</sup> [£95 million to revive historic high streets](#), DCMS, MHCLG, HM Treasury, 14 September 2019

<sup>31</sup> [Government announces over £10 million for 5 more coastal communities](#), MHCLG, 20 September 2019

<sup>32</sup> [Government pledges £62m flood funding for communities in England](#), MHCLG, DEFRA, HM Treasury, Environment Agency, 10 September 2019

funding for a service are usually expected to roll on from year to year, unless there is a forthcoming review – Dedicated Schools Grant and Public Health Grant are examples of this. However, even in these cases, the allocations of these grants are not usually known in advance. Another example is that when the Chancellor announces new business rates reliefs, councils are recompensed for the loss in yield through grants. Some of these reliefs are temporary, while others are permanent. For the permanent ones, the reliefs are expected to continue, at least until the BRR system is “reset”. This has yet to happen since the system was introduced in 2013-14, but is expected in 2020-21. Similarly, Revenue Support Grant rolls on from one year to another, but has been cut back substantially as explained above, and is expected to be cut back significantly again in the BRR reset.

This expectation that some large core grants will continue seems to be more of a convention – and a working assumption that local authorities are forced to make – than a formalised principle. This raises the question of where the dividing line is – at what point is a grant sufficiently core to running a service, that councils can assume it will continue into the next Spending Review period? As we shall see in Section 11 below, there is such vagueness around this that different councils make different assumptions.

## 9. Evaluations

When a new policy initiative is started by the Government, particularly if it is on a trial basis, it may be monitored closely to determine its effectiveness. Many grants therefore come with monitoring requirements. In Sections 11 to 14, we look into the experiences of local authorities with these monitoring requirements in particular service areas. In theory, this monitoring should be used in an evaluation of the grant programme. We were interested in the extent to which such evaluations have taken place.

We therefore took a sample of 29 grants across departments and service areas and searched for evaluations of these grant programmes. (See Appendix 1 for our methodology.) For 16 (55%) of these, we could find no evaluation or anything similar. For the remainder:

- ◆ *One was evaluated by a third party, independently of Government (Centre for Cities critiqued the Local Growth fund);*
- ◆ *One was a core grant to a transport body (Nexus), and the only thing approaching an evaluation was the annual report of that transport body;*
- ◆ *For one grant stream, impact assessments were published for some case studies of funded projects;*
- ◆ *For one grant stream, there was a performance monitoring regime for all funded projects and a requirement to confirm spend;*
- ◆ *For three grants, a full evaluation had been carried out, while for a fourth, evaluations of each funded project were done separately, and for a fifth, an evaluation of at least part of the scheme was carried out, as well as a review of the whole programme it sat within;*
- ◆ *For one grant, a document said that an evaluation was due in 2019-20;*
- ◆ *Three grants had been the subject of an annual report, an interim report or a value-for-money assessment.*

It should be noted that the fact we could find no evaluation for 15 of them does not mean that no evaluation was undertaken. It could be that the programme was evaluated internally within Government but not published. None of the evaluations we found carried out an assessment of the equalities and diversity impact of the grant programme in a clear, explicit and systematic way, although some gave limited consideration to some aspects of this. For example, the review of the Disabled Facilities Grant naturally looked at the impact on people with different types of disability and of different ages. It could be argued that for a few of these grants, an equalities and diversity assessment would not be appropriate, as the grant was the result of an ongoing commitment to support a single body.

Beyond this sample, we have come across 20 full evaluations of grant programmes undertaken by the Government whilst we have been carrying out more general research on these grants. We have also found 7 grants for which part of the grant stream or the programme it relates to, or a predecessor grant stream, has been evaluated, and one for which the Government has committed to a review. We have also found six grants about which the NAO has carried out an investigation and published a report.

# 10. What our research and analysis has revealed about the grant-making process

The issuing of such huge numbers of grants, many of them very small in size, which change so much from year to year, is strong evidence of a problem across Whitehall. Some of the complexity we have uncovered is an inevitable consequence of society growing ever more complex. But the more we have looked into the details of this funding landscape, the more obvious it has become that this fragmentation is largely due to a piecemeal, ad libbed approach to local government funding. There is no strategic overview of council funding and little coordination between programmes, particularly where they span departments. Too many grants seem to be the result of ministerial pet projects or a desire to be seen to be “doing something” about the hot issue of the day. Consequently, funding rises and falls for service areas as issues move in and out of the media spotlight.

Now, ministers and departments seeking to deal with pressing problems in public policy is something to welcome in general terms. Where a problem has emerged over time, for example as a result of changing demographics, a gap in existing funding or historical silo-based policy making, it is right that the Government seeks to address it. It is also right that the Government listens and responds to criticism and advice from practitioners when developing funding policy. In many cases, the funding changes we have been investigating are the Government’s response to exactly these challenges, sometimes pushed for by the local government sector itself. We look at one example of this, the Better Care Fund, in Section 11 and Appendix 2 of this report.

However, the array of funding streams listed in Appendix 4 is testament to the variety of demands on Government from modern society. The Government is trying to deal with the demands of rural areas, urban areas, coastal communities, floodplains, areas with rapidly increasing populations, areas with stalling local economies, areas with lack of housing, tenants, the police force, the fire service, the young, the old and everyone in between. They are trying to do this with structures, cultures and procedures which simply are not up to these demands.

In Appendix 3, we look at the approaches adopted by different departments to grant-making in their service areas. We describe the different methods used to report information on these grants to the public and look at the inconsistencies in announcing, recording and publishing grant data. This variation and inconsistency mean that it is simply impossible for anyone in central government or local government to have a clear overview of this funding jigsaw.

The consequence is that local authorities have to handle a bewildering array of grants from vast numbers of different teams in departments across Whitehall. In the next four

sections, we look more closely at four particular service areas. To provide background on the funding of these services, we draw on the above analysis and a review of existing literature. We then summarise our interviews with senior council officers in these four service areas. As we shall see, the issues of silo-based working within Whitehall, a lack of a strategic approach and the consequent array of small, short-term, competitively allocated grants came up repeatedly in our interviews. They reveal the stresses this puts on local authorities and how it ultimately impacts on the experiences of service users.

# 11. Adult Social Care

## The funding landscape

### *Pressures on the service and the policy environment*

Over the last decade, caseloads for adult social care have been rising, both for the over-65s and for working age adults. This has been as a result of both increases in the population as whole and increases in the percentage of the population requiring social care. Additional pressures on budgets have resulted from the Apprenticeship Levy, additional National Insurance contributions and most significantly, the introduction of the National Living Wage. It has long been recognised that these pressures mean that the current funding model is unsustainable. This was highlighted in the recommendations of the Dilnot Commission. However, the system has not been overhauled – reform has been gradual and partial. Changes were introduced in the Care Act 2014 which placed new duties on local authorities. But it is recognised, including by the Government, that this journey of transforming the system is far from complete.

There has also been a recognition of the importance of integrating the social care and health systems, with focus being concentrated on reducing delayed transfers. Governance structures such as Health and Wellbeing Boards (HWBs) have been set up to facilitate integration; some areas have made greater progress than others.

### *Better Care Fund*

This integration programme is now woven into the funding system, through the Better Care Fund (BCF). The BCF is a pooled budget with the NHS. It is funded from local authority grants, required contributions from CCGs and additional discretionary contributions. It must be spent in line with national conditions and plans set by HWBs, signed off by NHS England in consultation with ministers. In the first two years of the fund, 2015-16 and 2016-17, over £5bn was pooled, with nearly £2bn of that spent on “protecting social care”. From 2017-18, additional resources of over £1bn were added to it through local government grant funding, which have now risen to around £2bn. Further detail is given in Appendix 2.

### *Grants in our database*

There are 18 grants in our database relating to adult social care, including the local authority grants which are paid into the BCF. These are shown in Table 15. The total amounts we have for them and the status and coverage of these totals are shown in Table 16. Most of them are described, within their policy context, in the sections following the tables.

**Table 15 – Adult social care grants 2015-16 to 2018-19 – Departments/agencies, capital/revenue and allocation methods**

<b>Grant</b>	<b>Department</b>	<b>Agency (as far as identified)</b>	<b>Capital or revenue?</b>	<b>Allocation Methods</b>
Staying Put grant	DfE	None	Revenue	Formula?
Extending Personal Adviser support to age 25	DfE	None	Revenue	Formula
Leaving Care (UASC) - England	Home Office	None	Revenue	Un-competed
Disabled Facilities Grants	MHCLG	None	Capital	Formula
Social Care (capital)	MHCLG	None	Capital	Formula
Care Act implementation funding	MHCLG	None	Revenue	Formula
Independent Living Fund	MHCLG	None	Revenue	Criteria-based
Adult Social Care Support Grant	MHCLG	None	Revenue	Formula
Improved Better Care Fund	MHCLG	None	Revenue	Formula
Adult Social Care Winter Pressures	MHCLG	None	Revenue	Formula
Local Digital Fund	MHCLG	None	Revenue	Competed
Local Reform & Community Voices grant	DHSC	None	Revenue	Formula
Deprivation of Liberty Safeguards grant	DHSC		Revenue	Formula
Helping People Home (reducing delayed transfers - revenue)	DHSC		Revenue	Formula
Social Care in Prisons grant	DHSC	None	Revenue	Formula
Integrated Digital Care Fund	DHSC	NHS England	Unknown	Competed; Criteria-based
War Pensions Scheme Disregard Grant	DHSC	None	Revenue	Formula
Work & Health Programme (WHP)	DWP	None	Unknown	Criteria-based

**Table 16 - Adult social care grants 2015-16 to 2018-19 - totals (inc status and coverage of figures)**

<b>Grant name</b>	<b>Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Status of figures</b>	<b>Sectoral &amp; geographic coverage</b>
Staying Put grant	£22m	£22m	£23m	£23m	Yr 1 estimate yrs 2-4 allocations	English LG only
Extending Personal Adviser support to age 25	-	-	-	£3m	Allocations	English LG only
Leaving Care (UASC) - England	£12m	£12m	£12m	£12m	Yrs 1-2 estimates; yr 3 from GGR; yr 4 estimate	English LG only
Disabled Facilities Grants	£220m	£394m	£473m	£523m	Outturn	English LG only
Social Care (capital)	£138m	-	-	-	Outturn	English LG only
Care Act implementation funding	£285m	-	-	-	Outturn	English LG only
Independent Living Fund	£140m	£177m	£171m	£166m	Outturn	English LG only
Adult Social Care Support Grant	-	-	£241m	£150m	Outturn	English LG only
Improved Better Care Fund	-	-	£1,107 m	£1,430m	Outturn	English LG only
Adult Social Care Winter Pressures	-	-	-	£240m	Outturn	English LG only
Local Digital Fund	-	-	-	£1m	Outturn	English LG only
Local Reform & Community Voices grant	£32m	£3m	£33m	Unknown	Estimates/ allocations (GGR)	UK(?) LG only
Deprivation of Liberty Safeguards grant	£26m	-	-	Unknown	Estimates/ allocations (GGR)	UK(?) LG only
Helping People Home (reducing delayed transfers - revenue)	£12m	-	-	Unknown	Estimates/ allocations (GGR)	UK(?) LG only
Social Care in Prisons grant	£11m	£10m	£11m	Unknown	Estimates/ allocations (GGR)	UK(?) LG only
Integrated Digital Care Fund	£5m	-	-	Unknown	Estimates/ allocations (GGR)	UK(?) LG only

War Pensions Scheme Disregard Grant	-	-	£14m	Unknown	Estimates/ allocations (GGR)	UK(?) LG only
Work & Health Programme (WHP)	-	-	£1m	Unknown	Estimates/ allocations (GGR)	English LG only

### *Funding for Care Act duties*

There were initially four elements of the new Care Act duties funded by central government:

- ◆ *Cap on care costs - early assessments. The Dilnot proposals for a cap on care costs were scheduled to be implemented at the end of the year, and it was expected that there may be some assessments before this. This would require additional social workers to carry out these assessments; this funding element was to cover their pay.*
- ◆ *Deferred payments. The idea was that social care clients could defer payments until after their deaths, to be paid for from their estate. Hence there was a requirement in the Care Act 2014 for all authorities to offer deferred payments. This funding element was to cover the interest on the borrowing this would entail.*
- ◆ *Carers and Care Act Implementation Grant. This was funding to cover other costs associated with implementing the Care Act 2014, including higher volumes of carers' assessments. This grant was provided because it was felt that that funding through the BCF was inadequate.*
- ◆ *Social care in prisons. The Care Act contained a new duty to provide social care to prisoners; as not all local authority areas contained prisons, not all authorities (with upper-tier responsibilities) received it.*

*In 2015-16, the first three of these elements were bundled up in a single grant of £285m, both in allocation documents and in OSCAR. In 2016-17, the funding for deferred payments and for carers and related Care Act costs was rolled into RSG. It was substantially increased to £308m, but appears to have included funding for further duties as well<sup>33</sup>. (It was listed as two separate lines within RSG.) This funding has remained in RSG since then, increasing to £514m in 2019-20<sup>34</sup>.*

*The funding for social care in prisons was paid as a separate grant worth £11.2m in 2015-16 and has been paid each year since, always totalling between £10m and £11m.*

<sup>33</sup> [Adult Personal Social Services: Specific Revenue Funding and Grant Allocations for 2016/17 \(LASSL\(DH\)\(2016\)\)](#), DoH, April 2016

<sup>34</sup> [Core spending power: visible lines of funding](#), MHCLG, 29 January 2019

### *Local Reform and Community Voices and DOLS funding*

*There were three duties/services funded through a grant called “Local Reform and Community Voices” in allocation documents:*

- ◆ *Deprivation of Liberty Safeguards (DOLS) in hospitals;*
- ◆ *additional local Healthwatch funding;*
- ◆ *funding for the transfer of Independent Complaints Advocacy Service (ICAS) to local authorities.*

*(The heading “Local Reform and Community Voices” had also included other elements in 2014-15, but these had been transferred into BCF from the start of 2015-16.)*

*Local Reform and Community Voices is listed as an individual grant in GGR, for all three years for which it has been published. However, in the spending power documents in the Local Government Finance Settlement, this grant was bundled up with the funding for social care in prisons, under the heading “Department for Health Revenue grant”. This broader grant had an England total of approximately £44m.*

*It appears from GGR that there was also funding for DOLS separate from Local Reform and Community Voices, in 2015-16 only.*

### *Funding for children leaving care*

There is also grant funding for children leaving care. Some of this in relation to the duty in the Children and Families Act 2014 for local authorities to support young people to continue to live with their former foster carers once they turn 18. For most such children, this is provided by DfE in the “Staying Put Implementation Grant”, worth around £24m in 2019-20. However, this duty also covers unaccompanied asylum-seeking children (UASC). Funding in relation to their leaving care support is issued by the Home Office. A review of this funding is currently underway<sup>35</sup>.

The Children and Social Work Act 2017 imposed another new duty on local authorities in relation to care leavers. It requires them to offer Personal Adviser support to all care leavers up to age 25. Funding for this started in 2018-19 and totalled £3m.

### *Adult Social Care Support Grant*

Several major grants for adult social care have been introduced in the last three years. The first of these was the Adult Social Care Support Grant, which was introduced in 2017-18. The amount of money provided was tied up with reforms to NHB (see Section 4). In essence, the Government committed to bringing down the costs of NHB in the 2015 Spending Review. They consulted on reforms to it, but without accurate data they

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<sup>35</sup> [Unaccompanied asylum seeking children and leaving care: funding instructions](#), Home Office, June 2019

had to estimate the savings that would result. When the data was finally available to carry out accurate calculations, it was found that reforms had saved more money than was required by the Spending Review. Given that there was such a demand from local government for extra funding in adult social care, they decided to use the surplus savings of £241m for supporting this service, for one year. It was distributed to local authorities according to the Adult Social Care Relative Needs Formula.

In February 2018, it was announced that the fund would continue in 2018-19, with £150m distributed on the same basis. The funding would be taken from anticipated underspend in existing departmental budgets.

In October 2018, the Budget promised “£410 million in 2019-20 for adults and children’s social care”. It stated that

*“Where necessary, local councils should use this funding to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children.”*

This was confirmed in the Local Government Finance Settlement.

Spending Round 2019 committed to continuing this funding in 2020-21 and paying a further £1bn. The Technical Consultation on the 2020-21 Local Government Finance Settlement<sup>36</sup>, published on 3 October, proposes to use the Adult Social Care Relative Needs Formula for distributing the resulting £1,410m, “with £1,260m of direct allocations plus an equalisation component. We propose to use the remaining £150m to equalise the impact of the distribution of the adult social care council tax precept, using the current improved Better Care Fund equalisation methodology”<sup>37</sup> (see Appendix 2). The consultation states that the grant will not be ringfenced and there will not be conditions or reporting requirements. Local authorities may use their discretion as to how much will be spent on adult social care and how much on child social care.

### Winter pressures funding

Additional funding of £240m was provided in 2018-19 and is provided again in 2019-20 for adult social care to alleviate winter pressures on the NHS. This “winter pressures” funding is again allocated to local authorities based on the adult social care relative needs formula. The Technical Consultation on the 2020-21 Local Government Finance Settlement proposes to provide £240m again in 2020-21 but to roll it into the BCF.

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<sup>36</sup> [Local government finance settlement 2020 to 2021: technical consultation](#), MHCLG, 3 October 2019

<sup>37</sup> The methodology is described more precisely in an Annex to the consultation, where indicative allocations are provided.

## The Precept on Council Tax

Finally, while it is locally-raised funding and therefore outside the direct scope of this report, it is worth mentioning the Adult Social Care Precept.

From 2012-13, any increase in council tax rates beyond 2% would be subject to a local referendum. The Local Government Finance Settlement in 2016-17 announced that councils with social care responsibilities would be able to increase their Band D rate by up to an additional 2%, provided that the extra yield is spent on adult social care.

The Local Government Finance Settlement in 2017-18 announced a modification to this “social care precept”. Councils with social care responsibilities could levy a 3% precept in either 2017-18 or 2018-19, subject to the rise over these years and 2019-20 totalling no more than 6%. This effectively meant that these councils could bring forward council tax rises to help them cope with immediate pressure. This modification would not affect yield at the end of the period, but there could be extra resource in the first two years if councils wanted to take it up.

The Technical Consultation on the 2020-21 Local Government Finance Settlement proposes a 2% social care precept again for 2020-21.

## Interviews with senior officers

From our interviews with senior council officers, TRL Insight has found the following. Views expressed in this section reflect those of the sources, not the author or the LGA.

### *Short-term funding, short notice and the damage caused by uncertainty*

Officers told us that fragmentation in adult social care is not a new phenomenon. Funding through many pathways, many of them short-lived, is a feature of the system they have always known. However, this can present a considerable challenge in planning and running a service. Grant allocations – or even the existence of a grant – can be announced at very short notice. For example, one council told us they would be informed whether winter pressures funding would be available, and how much, in September, October or even November, for the following winter months. Naturally, they set annual budgets, so it was difficult to manage the funding turning up in the middle of the year. While they were always very pleased to receive it, if they were not informed until November, it could not be spent until the winter was almost over.

Officers were having to make judgements about which grants were likely to continue in future years. Two pointed out to us that they did not know whether iBCF would continue beyond 2020-21. One even mentioned in passing that it was not completely certain that the BCF itself would continue. However, another thought that it would be ridiculous for the Government to end this so he was planning on the basis it would continue<sup>38</sup>. Officers

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<sup>38</sup> These interviews took place in summer 2019. This concern about the possible end of social care grants, including iBCF, was raised in research by the County Councils

were trying to plan for the long-term, developing multi-year strategies, and this was made very difficult by such uncertainty over funding.

Furthermore, there were two major challenges in adult social care: finance and workforce. The difficulties around workforce could be compounded by a lag in recruitment due to timing issues with grants.

There were other ways short-term funding and short notice could harm the quality or value for money of the service. For example, it could mean that there is insufficient time for running a procurement exercise, forcing the authority to provide the service in-house. (This is in line with a finding by the House of Commons Health and Social Care and Housing, Communities and Local Government Committees, that “funding pressures had led to local authorities taking a short-term approach to market shaping and commissioning”<sup>39</sup>.)

### *Mitigation measures*

Councils could adopt approaches to minimise the risks associated with this uncertainty. For example, one council in the South West had set up a very flexible arrangement with a community interest company to deliver most of its services. The fragmentation across funding streams had not really affected this arrangement and indeed the flexibility had helped considerably with managing the funding.

Another council told us that they had a “mature”, corporate approach to financial planning which helped considerably. Nonetheless, uncertainty still presented considerable challenges. Consequently, they were faced with the possibility that they may have to shut down successful schemes. They were having to develop exit strategies for these.

### *Experiences with the Better Care Fund*

Experience with the BCF was mixed, depending on local circumstances. Outcomes in one London borough had improved dramatically, using the fund.

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Network: see [\*Over £2bn of vital social care funding at risk next year as councils warn they will start to decommission services\*](#), CCN, 29 August 2019. This was before Spending Round 2019 and the subsequent Technical Consultation. These confirmed that iBCF and BCF would continue in 2020-21 and that the winter pressures funding would be rolled into BCF, as explained above and Appendix 2. It’s worth noting that even now, there is no commitment to the BCF continuing beyond 2020-21.

<sup>39</sup> [\*Long-term funding of adult social care\*](#), House of Commons Health and Social Care and Housing, Communities and Local Government Committees, June 2018

However, one officer said that he was finding the BCF “quite cumbersome”. Part of the reason for this was that before the BCF was introduced, his authority had decided to pool funding with the CCG through a Section 75 agreement – this was worth around £460m. The local BCF when originally launched was worth only £10m. It has proved frustrating that they now have to report through the BCF procedures on a small element of the total £460m being pooled. As he put it, “Put a national solution over a local area and it doesn’t always work”.

We asked about experiences with the Disabled Facilities Grant being pooled in the BCF. Two officers in all-purpose authorities said that this made little difference to them, but it could be a problem in two-tier areas. An authority in a two-tier area told us that managing it was difficult for them. The issue here is that the grant is paid by the Government to the County Council, which then has to pool it in the BCF, but ultimately it pays for adaptations provided by the District Council.

The BCF is administered according a suite of documents, including the “planning requirements”. This document is issued on an annual basis. One officer pointed out that while it does not change much from year to year, it did not help them that the planning guidance for 2019-20 was not published until July 2019 – three and a half months into the financial year<sup>40</sup>.

We also heard differing views on another issue relating to the BCF that had been picked up by the Institute for Government’s Performance Tracker<sup>41</sup>. This suggested that the rapid decline in delayed transfers of care (DTOCs) from hospital since March 2017 may be due to the reduction of delayed transfers being an explicit target in the revised BCF guidance. This focus on DTOCs could mean that “local authorities and NHS trusts were “putting more effort into reducing delayed transfers than other important issues, such as the sustainability of care providers.”

One council told us that difficulties in commissioning services were exacerbated by a previous Secretary of State talking about clawing money back if targets on DTOCs were not met. Resources had ended up being too focused around meeting this target and it had increased overspends. This was stretching an already fragile care market, in which it was difficult to find placements.

Another told us that this preoccupation, known in the sector as the “DTOC twitch”, did not cause them concern. They were happy to deliver on this particular ministerial priority and it would not prevent them delivering the service according to local needs.

### *New burdens funding*

When it comes to funding new burdens on councils, we heard that in some cases, the funding is sufficient, in other cases it is not. A London borough told us that the funding to

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<sup>40</sup> [Better Care Fund planning requirements for 2019 to 2020](#), DHSC, 18 July 2019

<sup>41</sup> [Performance Tracker 2018 – Adult social care](#), Institute for Government

cover the costs of Part I of the Care Act 2014 was sufficient. In contrast, while they welcomed the new responsibilities for supporting care leavers up to the age of 25, the new burdens funding was “a complete joke” – they had received less than £30k to cover over 300 care leavers<sup>42</sup>. (However, they were by this stage already intending to bid for innovation funding for their care leavers programme – a bid in which they were successful.)

An officer from a council in the South West also said that the funding for the Care Act was welcome and covered broadly the right areas of spend. He did, however, think that funding in relation to Deprivation of Liberty Safeguards was insufficient, in the light of a 2014 Supreme Court ruling<sup>43</sup>. Regulations on DOLS are due to change and he urged that there should be sufficient funding after these changes.

### *Bidding and monitoring*

Two of the authorities we interviewed said that there were relatively few funding streams in adult social care which were subject to competitive bidding. (This is very different from the situations in homelessness and children and families – see later sections of this report.)

However, one officer told us that there were issues with Government departments’ requirements for monitoring the spending of grants. Monitoring varied massively between grant streams – for some, there was a huge amount, and for others, very little. There was little consistency in their requirements, or information on what the data they provided was used for.

### *Complexities and inequalities in the system*

We did also hear concerns about the distribution of funding. One authority made the point that the adult social care precept on council tax raises funding in proportion to tax base, rather than reflecting need. While this distribution is taken into account in the distribution methodology for iBCF<sup>44</sup>, this does cause unhelpful complexity in the funding system. (A similar point is made in a briefing note by the Institute for Fiscal Studies<sup>45</sup>. This notes that if councils are raising more of their core funding from local taxation, very different levels of available finance could result. It raises the question of how this fits with a national drive towards greater standardisation of care quality.)

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<sup>42</sup> This funding is due to increase from £3m nationally in 2018-19 to £12m in 2020-21, according to the [Extending Personal Adviser support to age 25 new burdens assessment](#) (DfE, February 2018)

<sup>43</sup> [Supreme Court ruling heralds sharp rise in Deprivation of Liberty Safeguards cases](#), Community Care, March 2014

<sup>44</sup> And, it is now proposed, in the distribution methodology for the Social Care Grant.

<sup>45</sup> [Adult social care funding: a local or national responsibility?](#), Institute for Fiscal Studies, March 2018

Another council raised another concern with us – what they called the “fragmentation of health structures”. By this, they were referring to the variety of different organisations involved in delivering health and social care services, all with different cultures and different geographical and operational boundaries. The fact that there were so many of them meant that none could deliver to the best of their ability. The complexity of delivering services in this system meant that they were all over-worked. They thought that the system felt “over-complex” and “you could get better value for the public pound”. A particular issue for them was the extent to which boundaries of the CCGs differed from those of the local authorities. They reflected that in places where the boundaries are co-terminous, you can “get better things delivered more quickly”.

While user satisfaction seems to be strong, this system could lead to unequal services between localities. For example, in some cases, there were differences in dementia care or what adaptations were provided under DFG between one village and the next. Their overall take on this situation was perhaps summed up in the phrase “I can’t help thinking, you wouldn’t start from this point, would you?”

An officer in the South West recommended simplifying the funding system, suggesting that all the funds for Adult Social Care should be rolled up into one grant. Councils should be told that they could use it flexibly, as long as they met the requirements of the Care Act.

# 12. Homelessness

## The funding landscape

### *Rising levels of homelessness and the grant regime for tackling them*

Levels of homelessness are affected by many factors, including unemployment and underemployment, levels of LHAs, other features of the welfare system such as benefit caps and the rollout of universal credit, the availability of housing of each tenure type and the use of short custodial sentences. Individual cases of homelessness can be affected by an even wider range of factors, including alcohol and drug dependency, relationship breakdown, bereavement, mental health, discharge from the armed forces and time spent in prison.

The Homelessness Monitor, an annual publication by Crisis, looks at the impact of many of the national factors. It describes four categories of homelessness. The most visible type of homelessness is rough sleeping. The second category is “core homelessness” – in addition to rough sleeping, this includes people living or sleeping in a range of unsuitable locations, such as vehicles, tents, other people’s sofas, squats, non-residential buildings and hostels. Councils have a duty to a wider group – those experiencing “statutory homelessness”. The final category is “wider homelessness”, which includes other types of “hidden homelessness”, an ongoing situation of unmet housing need such as overcrowding, or a risk of future homelessness.

It reported that rough sleeping increased by 165% in England between 2010 and a release of statistics in Autumn 2018<sup>46</sup>. It also estimated that core homelessness rose by 28% between 2010 and 2017. Statutory homelessness had also risen since the start of the decade: “homeless – main duty accepted” cases (households deemed unintentionally homeless and in priority need) rose by 42% between 2009/10 and 2017/18.

The funding regime for homelessness services has changed considerably over this time. At the start of the decade, a key programme was Supporting People. This was funded through a grant which was worth £1.6bn in 2010-11. It was rolled into Formula Grant in 2011-12, but there is still an expenditure line for it in RO data.

In our research on the subject, we have observed how homelessness has again become a focus of Government attention over the last few years. Policy has been developed over the whole of the period we are looking at. New funding streams have accompanied these changes, as described below.

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<sup>46</sup> [The Homelessness Monitor: England 2019](#), Crisis, 15 May 2019

### *Spending on homelessness*

Local authority spending on family homelessness rose between 2008-09 and 2017-18, while the amount spent on single person homelessness fell by half, according to a report by WPI Economics for St Mungo's and Homeless Link<sup>47</sup>. This report found that the reduction in spending on services to single people was "entirely due to the fall in Supporting People expenditure after 2010/11". Spending on temporary accommodation, on the other hand, "has increased significantly since 2013/14".

Not all of the fall in spending on Supporting People represented a reduction in services; interviewees said that some genuine efficiencies had been found, particularly in the early years of budget reductions. Nonetheless, the report stated that "there is little doubt that further reductions have led to reduced services".

Even within family homelessness, spend on temporary accommodation was increasing as a proportion of overall spend. This suggests that demand on the service is increasing and the report sees this as a "a form of 'crisis management' or sticking-plaster".

These differential changes to spending are identified with statutory duties, particularly a shift of spending from preventative services to crisis management:

*"This reduced focus on upstream prevention is unfortunate, but also understandable. When budgets don't stretch to both prevention and crisis management, crisis management will take priority –because the outcome of not providing it is known (and failing to provide crisis management is more likely to be in breach of a local authority's statutory duty)."*

Low- and medium-level support services had been reduced, meaning that

*"people are left to manage for themselves – and support is increasingly only available when someone reaches crisis point, which imposes extra costs on service providers who then have more complex cases to manage".*

Even where Supporting People activities still had significant levels of funding, "it had to be fought for internally year on year, reducing capacity of those teams to commission strategically".

Partly as a result of this shift from preventative services to crisis management, the needs of service users when they first access services were becoming more complex. The complexity of service users' needs can also be affected by reductions in other services provided by local government and the wider public sector, such as substance dependency services. The use of short custodial sentences can also have an effect, with offenders losing access to medication, accommodation and support services in prison.

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<sup>47</sup> [Local authority spending on homelessness](#), WPI Economics (for St Mungo's and Homeless Link), April 2019

*Grant funding from 2015-16 to 2018-19*

The grants we have identified for this service are shown in Table 17. The total amounts we have for them and the status and coverage of these totals are shown in Table 20. Most of them are described, within their policy context, after the tables.

**Table 17 – Homelessness grants 2015-16 to 2018-19 – Departments/agencies, capital/revenue and allocation methods**

Grant	Department	Agency (as far as identified)	Capital or revenue?	Allocation Methods
Discretionary Housing Payments	DWP	None	Revenue	Formula
Rough Sleeping Grant	MHCLG	None	Revenue	Competed
Homelessness Prevention Trailblazers	MHCLG	None	Revenue	Competed
Homelessness - Social Impact Bonds	MHCLG	None	Revenue	Competed
Homeless Reduction Act new burdens funding	MHCLG	None	Revenue	Formula
Housing First Pilot Grant	MHCLG	None	Revenue	Un-competed
Access to Private Rented Sector Grant	MHCLG	None	Revenue	Competed
Flexible Homelessness Support Grant (FHSG)	MHCLG	None	Revenue	Formula
Rough Sleeping Initiative	MHCLG	None	Revenue	
Rough Sleeping Strategy (revenue)	MHCLG	None	Revenue	Competed
Rough Sleeping Strategy (capital)	MHCLG	None	Capital	Competed
Work & Health Programme (WHP)	DWP	None	Unknown	Criteria-based

**Table 18 - Homelessness grants 2015-16 to 2018-19 - totals (inc status and coverage of figures)**

Grant name	Total 2015-16	Total 2016-17	Total 2017-18	Total 2018-19	Status of figures	Sectoral & geographic coverage
Discretionary Housing Payments	£105m	£127m	£156m	£144m	Allocations	English LG only
Rough Sleeping Grant	-	£6m	£6m	£6m	Estimates	English LG only
Homelessness Prevention Trailblazers	-	£7m	£7m	£7m	Estimates	More than LG (incs Housing Partnerships)

Homelessness - Social Impact Bonds	-	-	£3m	£3m	Estimates	English LG only
Homeless Reduction Act new burdens funding	-	-	£25m	£23m	Allocations	English LG only
Housing First Pilot Grant	-	-	-	£8m	Estimates	English LG only
Access to Private Rented Sector Grant	-	-	-	£20m	Allocations	English LG only
Flexible Homelessness Support Grant (FHSG)	-	-	£187m	£227m	Outturn	English LG only
Rough Sleeping Initiative	-	-	-	£34m	Outturn	English LG only
Rough Sleeping Strategy (revenue)	-	-	-	£2m	Outturn	English LG only
Rough Sleeping Strategy (capital)	-	-	-	£1m	Outturn	English LG only
Work & Health Programme (WHP)	-	-	£1m	Unknown	Estimates/ allocations (GGR)	English LG only

In October 2016, MHCLG launched a “programme of targeted interventions to reduce homelessness”. This includes application forms for three funding streams: Rough Sleeping Grant, Homelessness Prevention Trailblazers, and Entrenched Rough Sleeping Social Impact Bonds. The results were announced in December 2016<sup>48</sup>. The first two of these ran from 2016-17 to 2018-19, while the third was to run from 2017-18 to 2020-21.

The Homelessness Reduction Act was enacted in April 2017 and came into force in April 2018. It placed a number of new duties on local authorities<sup>49</sup> and in line with Government policy, new burdens funding was provided for these from 2017-18 onwards.

Also in 2017-18, the Flexible Homelessness Support Grant (FHSG) was introduced. This replaced the Temporary Accommodation Management Fee (TAMF), which had been distributed as part of housing benefit subsidy. This was a flat rate payment per eligible temporary accommodation unit. The allocation of FHSG took into account DCLG homelessness data, but also ensured that no authority lost out from the replacement of TAMF.

<sup>48</sup> [Homelessness Prevention Programme](#), MHCLG, 21 December 2016

<sup>49</sup> For a list of these duties, see [Homelessness Reduction Act: new burdens assessment](#), MHCLG, February 2018 (page 3)

In November 2017, MHCLG published an impact evaluation of an earlier Social Impact Bond in London, which followed a previous qualitative evaluation of the programme<sup>50</sup>.

In March 2018, the Government announced the rough sleeping initiative, in which 83 areas with the highest number of rough sleepers shared £30m. Allocations were published in June 2018<sup>51</sup>. We refer to these areas below as ‘Rough Sleeping Areas’.

In May 2018, the Government announced it was awarding £28m funding to three projects in Greater Manchester, Liverpool City Region and the West Midlands. These were based on Housing First, an “internationally-proven approach to supporting rough sleepers into long-term accommodation”. They would “offer individuals intensive support to recover from complex health issues, for example substance abuse & mental health difficulties, and sustain tenancies”<sup>52</sup>.

The Rough Sleeping Strategy was published in August 2018<sup>53</sup>, and confirmed “up to £45 million to continue the work of the Rough Sleeping Initiative”. It also announced £17m funding for approximately 15 “Somewhere Safe to Stay pilots” for rapid assessment and rehousing of people at imminent risk of homelessness. It did not state which years this would be paid in; however, an answer to a question in Parliament revised this to £16m over two years<sup>54</sup>.

The same month, a prospectus was published for the Move On Fund<sup>55</sup>. This Fund would provide capital and revenue grants over the two years 2019-20 and 2020-21. The purpose of these was to develop “affordable move-on, or second stage housing” for rough sleepers, those in hostel accommodation and victims of domestic abuse in refuges. Bidding was “open to all organisations who are, or intend to become, qualified as Homes England investment partners”, including “housing associations, local authorities, private sector developers and community groups among others”. The fund was part of the package of measures announced in the Rough Sleeping Strategy.

OSCAR data from 2018-19 shows an outturn of £34m for spending on the Rough Sleeping Initiative and £2m for spending on the Rough Sleeping Strategy.

In October 2018, the Government issued a bidding prospectus for the £20m Private Rented Sector Access Fund. This would fund schemes to help those who were homeless or at risk of it to secure and sustain private sector tenancies.

In December 2018, the “Rapid Rehousing Pathway” was launched. Under this programme, 11 areas would be “early adoptors” for Somewhere Safe to Stay and would

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<sup>50</sup> [London homelessness social impact bond evaluation](#), MHCLG, 14 November 2017

<sup>51</sup> [James Brokenshire announces £30 million immediate support for rough sleepers](#), Government press release, June 2019

<sup>52</sup> [Housing Secretary James Brokenshire awards funding to reduce rough sleeping](#), Government press release, May 2018

<sup>53</sup> [The rough sleeping strategy](#), MCHLG, August 2018

<sup>54</sup> [Sleeping Rough: Written question – 229222](#), 6-11 March 2019

<sup>55</sup> [Move On Fund](#), MHCLG, 13 August 2018

also provide three other interventions where a need for them had been identified: Navigators, Supported Lettings, and Local Lettings Agencies. In February 2019, a further announcement was made. This stated that the 11 areas would deliver Somewhere Safe to Stay, while 42 additional areas would deliver the other three interventions.

In March 2019, it was confirmed that £46m would be paid out towards implementing the initiative. This would include “£34 million for the 83 Rough Sleeping Areas and an additional £12 million for other areas of the country”<sup>56</sup>. MHCLG also published an evaluation of the homelessness prevention trailblazers<sup>57</sup>.

In May 2019, Public Health England (PHE) invited partnerships between local authorities and CCGs to bid for a share of £1.9m for rough sleeping projects. The projects are to focus on improving access to health services for people with both substance misuse problems and mental ill-health who are sleeping rough or at risk of returning to it<sup>58</sup>.

While there have been a lot of new funding streams in recent years, they are limited in size and scope. The WPI Economics report, *Local authority spending on homelessness*, remarked that

*“Recent moves to provide additional funding streams are welcome, but too often are only for short periods, which constrain local authorities and providers—and they barely begin to replace the spending falls our research has revealed.”*

and described the additional funding as “dwarfed by the money that has been lost in this time”.

### *Spending Round 2019*

In Spending Round 2019, MHCLG’s settlement for 2020-21 includes “£422 million resource funding to help reduce homelessness and rough sleeping, including an additional £54 million in 2020-21”. At least £374m of this has now been announced: £200m in FHSG, £63m in Homelessness Reduction Grant<sup>59</sup> and £111m in Rough Sleeping Initiative funding<sup>60</sup>.

The Spending Round also announced funding for homelessness through two routes other than local government. Firstly, DWP is to provide “additional outreach activities to support those who are homeless”. An announcement of £3m funding for jobcentre staff

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<sup>56</sup> [James Brokenshire confirms funding to help people off the streets](#), Government press release, March 2019

<sup>57</sup> [Homelessness prevention trailblazers: evaluation](#), MHCLG, 25 March 2019

<sup>58</sup> [Grant announced to help improve the health of rough sleepers](#), PHE and DHSC, 10 May 2019

<sup>59</sup> [Flexible homelessness support grant and homelessness reduction grant: 2020 to 2021](#), MHCLG, 23 December 2019

<sup>60</sup> [Rough Sleeping Initiative: 2020 to 2021 funding allocations](#), MHCLG, 28 January 2020

to join outreach teams came on 13 January 2020<sup>61</sup>. Secondly, the Cabinet Office will provide “targeted interventions to prevent veteran homelessness”. This has been started with £5m to establish an Office for Veterans’ Affairs (OVA)<sup>62</sup> in the Cabinet Office.

Also in September 2019, MHCLG published an evaluation of the impact of the Rough Sleeping Initiative funding paid to the 83 Rough Sleeping Areas in 2018-19<sup>63</sup>.

## Interviews with senior officers

From our interviews with senior council officers, TRL Insight has found the following. Views expressed in this section reflect those of the sources, not the author or the LGA.

### *Inadequate levels of funding*

One officer from a district in the North East was keen to stress that Supporting People had brought together all the appropriate people in the relevant agencies. He told us that end of the Supporting People regime and the scale of the consequent cut in funding “has blown out of the water” the small funding pots issued in recent years. While many of the statutory duties that have recently been placed on districts were good ideas in theory, the responsible teams had been cut back so much that they would severely struggle to implement them. Even high-profile schemes were threatened by funding reductions. Similarly, an officer in a London Borough described the funding for the service as “completely inadequate”<sup>64</sup>.

### *Lack of considered and joined up policy making*

The London Borough officer also pointed to a lack of joined-up, strategic thinking from the Government on homelessness. While there was a Rough Sleeping Strategy, rough sleeping only accounted for one or two percent of homelessness in his borough and there was no overall strategy for the policy area. Furthermore, the Government needed to take account of the impact of welfare reforms on homelessness. These deficiencies in national policy, together with the inadequate resources overall, were why rates of homelessness keep rising across England, despite the Government’s high-profile announcements of new funding.

He described funding as “totally fragmented” and said that it was determined by central government in a way which does not suit local circumstances. (For example, a particular

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<sup>61</sup> [Jobcentres to receive new £3 million fund to support homeless people](#), DWP and MHCLG, 13 January 2020

<sup>62</sup> [Government kickstarts Office for Veterans’ Affairs with £5m funding](#), Cabinet Office, HM Treasury and Ministry of Defence, 2 September 2019

<sup>63</sup> [Rough Sleeping Initiative 2018: impact evaluation](#), MCHLG, 12 September 2019

<sup>64</sup> Since our interview, the Spending Round 2019 has promised an increase in MHCLG funding for homelessness of 13% in real terms in 2020-21, with some other small pots from other departments (see above). While this will be welcomed by local authorities, it is unlikely to make any fundamental difference to our findings.

issue for his area was that only 2% of properties fell within LHA levels.) He voiced the opinion that you “can’t have a one-size-fits-all” approach to funding for this service.

We heard that every few years, homelessness gets more attention as an issue, and then “the knee-jerk reaction of Government is to throw money at it”. Not only does this policy seem to be developed by MHCLG in isolation from what the rest of the Government is doing, it then expects local authorities to act as delivery agents to do its bidding. Two consequences of this approach were:

- ◆ *Grants often being issued with conditions relating to very specific outcomes, such as the number of sessions of a particular course that service users should attend. These didn’t take account of what local authorities were already doing. If local authorities had the freedom to spend it in keeping with existing local structures and services, in pursuit of higher level “systems outcomes”, they could achieve more for what they were getting. Instead, we heard that there was a need to “constantly refocus services around what the Government wants”.*
- ◆ *Lack of consistency in the conditions placed on grant funding, with some funding having very demanding monitoring requirements. One officer told us that for the Rough Sleeping Initiative funding, the bidding process wasn’t too onerous, but he had never seen so much monitoring and scrutiny for any funding. In the first three weeks after it was paid, he had received something like two calls and two emails from civil servants, on top of the requirement for quarterly accountability reporting, all asking the same questions. For FHSG, on the other hand, while it was ring-fenced, there was far less monitoring, for a much larger grant.*

### *The demands of bidding for funding*

As described above, many funds are subject to competition. Some larger authorities bid for most of this funding – this was the case for the London Borough we spoke to, which has some of the highest rates of homelessness in England. We were told that this constant bidding “feels like Repetitive Strain Injury”. The officer we spoke to has been involved in every bid they have submitted and so far they have all been successful. However, this is placing extra stress on already over-worked officers – his standard working day is already over 16 hours long, so he is forced to work on bids at weekends.

The bids can require extensive documentation and the windows for submitting them can be short. There was a one-month window for the Rapid Rehousing Pathway. We were told that the window for the Rough Sleeping Initiative funding was slightly longer, at a month and a half, but this had required a whole strategy to be worked up and submitted.

Also, success is dependent on the skills of the bid-writer. When we asked the London officer what would happen if he were to leave the authority, he told us “who knows” if their success rate would continue.

On the other hand, not all authorities submit bids for many funding pots. We heard from a district council that it does not make sense for them to devote resources to bids, as the criteria are looking for lasting improvements, which it is difficult to guarantee after the funding runs out. Consequently, they had only submitted a bid for one pot. This officer told us that there is an assumption in the reasoning behind short-term funding that it will be what local authorities need to unlock lasting savings in temporary accommodation. However, in the context of recent reductions in base budgets, it is unlikely the funding will do this – “there’s not much scope for spend-to-save”.

Other problems caused by so much competitive bidding were picked up by WPI Economics in *Local authority spending on homelessness*:

- ◆ *“because of wider funding cuts, this money was not just trialling new types of projects, but delivering essential services needed by people experiencing homelessness, such as outreach workers and emergency accommodation”, and “these services are still likely to be needed after the funding stops”;*
- ◆ *the necessity of bidding for as many pots as possible “due to unmet need ... diverted resources away from delivery, commissioning, and oversight”;* and
- ◆ *the short bidding period made an extensive commissioning exercise difficult, so “existing contracts were often simply extended, regardless of whether that was the most appropriate thing to do”.*

We heard from an authority in the South West that their way of working is along these lines – they have ongoing partnerships and these partnerships jointly work up the bids for funding. The short lifetime of grants would not allow for proper commissioning.

#### *Short-term funding and the damage caused by uncertainty*

Even where commissioning was taking place, short-term or scarce funding could cause problems. One authority told us that partner organisations from which they were commissioning services were constantly asking about future funding, and they were unable to answer. Another said that when they had tried joint commissioning with the health service and housing associations, the idea had met with approval, but funding constraints had got in the way. Experience had shown that when money is tight, different authorities and agencies tend to retreat and entrench – largely because they need to ensure that their legal responsibilities are met.

Short grant lifetimes and the consequent uncertainty over future funding were issues that came up repeatedly in our interviews. We heard from an officer in the South West that

small pots of money could lead to well-designed projects, but these would necessarily be limited in scope<sup>65</sup>.

Indeed, we heard from officers in two councils that the short duration of grants had meant that staff had all been appointed on short-term contracts. This can mean staff are frequently moving between posts – it causes uncertainty and distraction and can cause problems for recruitment. One of them told us that every bid they submitted included a requirement for new staff to be recruited. This does not sit easily alongside the authority’s direction of setting up a long-term contract for delivering services.

The other told us that grants to third sector organisations were also only agreed for short periods. However, he told us that he was currently putting together a four-year strategy for the service, with four-year service level agreements with third sector organisations. Nevertheless, the uncertainty over future funding and the risk it caused was a key theme which kept coming up in this process. As an example, FHSO had helped with the staffing costs within the strategy, but it was not known whether this would continue after the current financial year. He also mentioned the new burdens funding for duties under the Homelessness Reduction Act as an example of short-term, small-scale funding: they only received £40k over two years. Another authority also mentioned uncertainty over this grant – but for them, it funds 10% of their workforce for the service<sup>66</sup>.

### *The opaque formula of FHSO*

Another issue they both mentioned was the opacity of the formula for FHSO. One described the way that the Government had distributed it as “quite shambolic as usual”. The other said that he had been on the body which had set the formula and he could say confidently that nobody fully understood it.

### *Gaps in service provision*

When it comes to gaps in the funding, again our findings are in line with *Local authority spending on homelessness*. We heard from a district council in the North East that the biggest budget pressure was around single homeless people, particularly men and particularly those with mental health issues and/or substance dependency. There was very little suitable accommodation available. These clients found it difficult to commit to the pathways to housing offered to them, in contrast to other clients. It is therefore

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<sup>65</sup> Again, this agrees with *Local authority spending on homelessness*: “given the timeframe needed to procure a service and set up and recruit staff for new provision, funding periods of typically two years did not allow for services to achieve as much as they could”

<sup>66</sup> MHCLG has committed to carrying out a post-implementation review of the Homelessness Reduction Act 2018 costs – see [Government response to the Housing, Communities and Local Government Select Committee Report on funding of local authorities’ children’s services](#), Her Majesty’s Stationery Office, July 2019 (para 26)

possible to help many other clients with the same resource that it takes to help one of these vulnerable individuals. The council would like to help them, but they are falling through the gaps because the wrap-around support that was available through Supporting People – crucially including supported housing, with all its supporting services – is no longer available. This places a measurable and direct cost on the district: they were having to pay landlords for temporary accommodation. There would also be costs for the county council, for example in social care, but these would be - harder to quantify.

For the London borough, a major issue is the shortage of temporary accommodation. What they have found is that many private landlords realise that they can increase their incomes by providing accommodation which is paid for on a nightly basis. They are forced to use this; they are aiming to phase it out by the end of 2020, but there is no funding available to help people out of this accommodation. (The Move On Fund does not cover this type of accommodation.)

We heard that adopting appropriate strategies and attitudes locally can mitigate against some of the effects of fragmented funding. For example, where a council works closely with other agencies – this can include things like multi-agency support packages, co-location and joint training exercises – this can prevent gaps in service provision opening up. Nonetheless, it can be a considerable challenge to maintain quality in the current funding environment. Furthermore, if short-term, fragmented funding leads to staff being redeployed or even, as we heard from one authority, teams appearing and disappearing, the perception of service users is likely to be one of confusion. This will be difficult for users of a single service, but could be highly distressing for users of multiple services.

Perhaps this is all best summed up in a statement made by one interviewee: “delivering person-centred outcomes requires long-term, sustainable funding”.

# 13. Children and families

## The funding landscape

### *Context*

Councils provide services relating to the whole of childhood, from neo-natal care, through pre-school years and the statutory years of schooling, to the transition to adulthood. These include children's centres and other early intervention, care and support for looked after children, safeguarding, home-to-school transport, distribution of grants for schools and early years providers, and other support for families.

Funding to local authorities for children's services is dominated by grants for schools and early years providers. Councils have very little control over this funding – almost all of it has to be paid over directly to schools and early years providers, with the local authority acting essentially as a payment agency for central government.

The services local authorities themselves provide are funded, according to the Housing, Communities and Local Government (HCLG) Committee of the House of Commons, "primarily through the local government core funding settlement"<sup>67</sup>. In 2017-18, around half of local government spending on these services (totalling around £9bn) was on looked after children. Another quarter was on safeguarding.

Research by the National Children's Bureau, Action for Children and The Children's Society in 2017 found that that central government funding for children and young people services had fallen by £2.4bn in real terms since 2010<sup>68</sup> – a fall of 24%. Over the same period, there was a considerable increase in demand on these services. For example, there was a 13% increase in the number of children in care and a 108% increase in referrals to children's social care services.

### *Grants in our database*

There are 30 grants for children and families services in our database which do not relate to schooling (in its widest sense – including sixth forms, early years and schooling for children in care). Those worth over £5m across the country over the four years covered by our database are shown in Table 19. The total amounts we have for them and the status and coverage of these totals are shown in Table 20.

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<sup>67</sup> [Funding of local authorities' children's services](#), Housing, Communities and Local Government Committee, May 2019

<sup>68</sup> [Turning the tide](#), National Children's Bureau, Action for Children and The Children's Society, 2017

**Table 19 – Children & families grants over £5m (excluding schools), 2015-16 to 2018-19 – Departments/agencies, capital/revenue and allocation methods**

Grant	Department	Agency (as far as identified)	Capital or revenue?	Allocation Methods
Children's Social Care Innovation Programme (inc. Partners in Practice)	DfE	None	Revenue	Competed
Armed Forces Covenant Fund Local Grants	Defence	None	Revenue	Competed
Staying Put grant	DfE	None	Revenue	Formula?
SEND preparation for employment	DfE	None	Revenue	
Early intervention youth fund	Home Office	None	Revenue	Competed
Unaccompanied Asylum-Seeking Children (UASC) - England	Home Office	None	Revenue	Formula
Leaving Care (UASC) - England	Home Office	None	Revenue	Un-competed
Disabled Facilities Grants	MHCLG	None	Capital	Formula
Troubled Families	MHCLG	None	Revenue	Criteria-based
Independent Living Fund	MHCLG	None	Revenue	Criteria-based
Youth Justice Good Practice	Justice	Youth Justice Board	Unknown	Formula
Unaccompanied Asylum Seeking Children (UASC) Enhanced Rates	Home Office	None	Revenue	Un-competed

**Table 20 - Children & families grants over £5m (excluding schools) 2015-16 to 2018-19 - totals (inc status and coverage of figures)**

Grant name	Total 2015-16	Total 2016-17	Total 2017-18	Total 2018-19	Status of figures	Sectoral & geographic coverage
Children's Social Care Innovation Programme (inc. Partners in Practice)	£46m	£44m	£17m	£30m	Allocations (shortly before payment)	English LG only
Armed Forces Covenant Fund Local Grants	£1m	£3m	£3m	-	Outturn	English LG only

Staying Put grant	£22m	£22m	£23m	£23m	Yr 1 estimate; yrs 2-4 allocations	English LG only
SEND preparation for employment	-	-	-	£10m	Allocations	English LG only
Early intervention youth fund	-	-	-	£11m	Allocations	More than LG (PCCs)
Unaccompanied Asylum-Seeking Children (UASC) - England	£60m	£98m	£137m	£155m	Yr 1 estimate; yrs 2-3 from GGR; yr 4 estimate	English LG only
Leaving Care (UASC) - England	£12m	£12m	£12m	£12m	Yrs 1-2 estimates; yr 3 from GGR; yr 4 estimate	English LG only
Disabled Facilities Grants	£220m	£394m	£473m	£523m	Outturn	English LG only
Troubled Families	£141m	£171m	£214m	£174m	Outturn	English LG only
Independent Living Fund	£140m	£177m	£171m	£166m	Outturn	English LG only
Youth Justice Good Practice	£85m	£69m	£71m	Unknown	Estimates/allocations (GGR)	UK(?) LG only
Unaccompanied Asylum Seeking Children (UASC) Enhanced Rates	-	£10m	£1m	Unknown	Estimates/allocations (GGR)	UK LG only

Our database also contains 30 grants which do relate to schooling. Those worth over £10m across the country over the four years covered by our database are shown in Table 21. The total amounts we have for them and the status and coverage of these totals are shown in Table 22.

**Table 21 – Grants for schooling, sixth forms and early years providers over £10m, 2015-16 to 2018-19 – Departments/agencies, capital/revenue and allocation methods**

Grant	Department	Agency (as far as identified)	Capital or revenue?	Allocation Methods
Sixth form funding for LA maintained schools	DfE	EFA/ESFA	Revenue	Formula
Devolved Formula Capital paid via LAs	DfE	None	Capital	Formula

School Condition Allocations funding paid to LAs	DfE	None	Capital	Formula
Additional capital funding for schools	DfE	None	Capital	Formula
Capital funding for new school places (Basic Need Allocations)	DfE	None	Capital	Formula
School Transport	DfE	None	Revenue	Formula
Healthy Schools Capital Programme	DfE	None	Capital	Formula
School improvement monitoring & brokering grant	DfE	EFA/ESFA	Revenue	Formula
Strategic school improvement fund	DfE	None	Revenue	Criteria Based
SEND reforms implementation grant	DfE	None	Revenue	
Dedicated Schools Grant (DSG) - Schools block	DfE	EFA/ESFA	Revenue	Formula
Dedicated Schools Grant (DSG) - High Needs block	DfE	EFA/ESFA	Revenue	Formula
Dedicated Schools Grant (DSG) - Early Years	DfE	EFA/ESFA	Revenue	Formula
Building Schools for the Future (BSF)	DfE	Partnership for Schools	Capital	
Pupil Premium Grant	DfE	EFA/ESFA	Revenue	Formula
PFI Grant - Schools	DfE		Revenue	Formula
Education Services Grant to LAs	DfE	EFA/ESFA	Revenue	Formula
IFD - High Needs Other	DfE		Revenue	
Universal Infant Free School Meals	DfE	EFA/ESFA	Revenue	Formula
Free school meals supplementary grant to LA Maintained Schools	DfE	EFA/ESFA	Revenue	Formula
Other Bodies - Initial Teacher Training	DfE		Unknown	Formula
Other Bodies - European Funding	DfE	EFA/ESFA	Unknown	Formula

**Table 22 - Grants for schooling, sixth forms and early years providers over £10m, 2015-16 to 2018-19 - totals (inc status and coverage of figures)**

<b>Grant name</b>	<b>Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Status of figures</b>	<b>Sectoral &amp; geographic coverage</b>
Sixth form funding for LA maintained schools	£695m	£598m	£538m	£475m	Outturn	English LG only
Devolved Formula Capital paid via LAs	£134m	£130m	£121m	£113m	Allocations	English LG only
School Condition Allocations funding paid to LAs	£690m	£661m	£620m	£579m	Allocations	English LG only
Additional capital funding for schools	-	-	-	£218m	Estimates	English LG only
Capital funding for new school places (Basic Need Allocations)	£1,100m	£1,575m	£1,501m	£1,237m	Outturn	English LG only
School Transport	£20m	£19m	£19m	£24m	Allocations (from GGR for first yr)	English LG only
Healthy Schools Capital Programme	-	-	-	£415m	Allocations	More than LG (incs academies)
School improvement monitoring & brokering grant	-	-	£30m	£50m	Allocations	English LG only
Strategic school improvement fund	-	-	£19m	£37m	Estimates	More than LG (incs academies)
SEND reforms implementation grant	£32m	£36m	£40m	£29m	Allocations	English LG only
Dedicated Schools Grant (DSG) - Schools block	£20,046 m	£19,309 m	£18,044 m	£16,755 m	Outturn (with estimated split between blocks in yr 1)	English LG only
Dedicated Schools Grant (DSG) - High Needs block	£4,771m	£4,827m	£5,251m	£5,493m	Outturn (with estimated split between blocks in yr 1)	English LG only
Dedicated Schools Grant (DSG) - Early Years	£2,735m	£2,700m	£3,284m	£3,617m	Outturn (with estimated split between blocks in yr 1)	English LG only

Building Schools for the Future (BSF)	£11m	£1m	-	-	Outturn	English LG only
Pupil Premium Grant	£1,668m	£1,563m	£1,432m	£1,351m	Outturn	English LG only
PFI Grant - Schools	£749m	£751m	£751m	£751m	Outturn	English LG only
Education Services Grant to LAs	-	£497m	£130m	£423m	Outturn	English LG only
IFD - High Needs Other	-	£116m	-	-	Outturn	English LG only
Universal Infant Free School Meals	-	£506m	£490m	£450m	Outturn	English LG only
Free school meals supplementary grant to LA Maintained Schools	-	-	£0m	£30m	Outturn	English LG only
Other Bodies - Initial Teacher Training	-	-	£218m	Unknown	Estimates/allocations (GGR)	English LG only
Other Bodies - European Funding	-	-	£202m	Unknown	Estimates/allocations (GGR)	English LG only

In the following sub-sections, we look more closely at the grant funding for particular parts of the service.

### *Early Intervention*

In 2010, various funding streams were pulled together into the Early Intervention Grant, including:

- ◆ *support for children's centres;*
- ◆ *information and advice for young people including careers services;*
- ◆ *teenage pregnancy and substance misuse services;*
- ◆ *young offender and crime prevention services;*
- ◆ *family support services;*
- ◆ *early years and children's social care workforce development*<sup>69</sup>.

However, the grant was rolled into the Business Rate Retention system when that was introduced in 2013-14. The funding for early intervention through this system has been

<sup>69</sup> [Early intervention funding faces 70% cut](#), The Children's Society, 1 March 2016

eroded since then. Analysis by the Children’s Society found that the value of this funding fell by more than half in real terms up to 2015, to under £1.5bn.

This reduction in funding, together with the increase in demand, has had profound effects on local authority provision. In the words of the LGA’s report *Bright Futures: our vision for youth services*<sup>70</sup>,

*“councils have been forced to concentrate funding on those children and young people in the most urgent need, rather than the preventative early help and edge of care services – including youth provision – that might reduce need later on. We know that providing early help to children and young people not only supports better outcomes, but it saves significant amounts of money further down the line.”*

### *Troubled Families*

A vital funding stream for many councils is for the Troubled Families programme, which is issued by DCLG. This was issued in each of the four years we have data for, with evaluations of the programme published in April 2017<sup>71</sup> and March 2019<sup>72</sup>. Until the announcement of Spending Round 2019, the programme was due to come to an end in March 2020.

This programme was considered by the HCLG Committee in its report *Funding of local authorities’ children’s services*<sup>73</sup> and was commented on in much of the evidence it heard. The Committee, on balance, viewed it positively. ADCS saw the continuation of its work as important (as does the LGA). Devon County Council stated that “there is no resource elsewhere in the Council that could plug the gap left by the Troubled Families Grant which is in the region of £2 million”. The Children’s Commissioner for England thought that it may need to be reshaped. The Minister for Local Government wanted “something like it” to continue. The HCLG Committee urged that the Government announce a successor “in advance of the 2019 Spending Review to provide local authorities with certainty over their long-term funding streams beyond 2020”.

In the event, the long-delayed Spending Round announced “continued funding for the Troubled Families programme, which is transforming the way public services are delivered to support families with complex needs”. A more detailed announcement came on 5 January 2020. This stated that “The programme was originally set to run for 5 years

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<sup>70</sup> [Bright Futures: our vision for youth services](#), LGA, 2017

<sup>71</sup> [National evaluation of the Troubled Families Programme 2015 to 2020: early findings](#), collection of reports on [www.gov.uk](http://www.gov.uk)

<sup>72</sup> [National evaluation of the Troubled Families Programme 2015 to 2020: findings](#), MHCLG, 19 March 2019

<sup>73</sup> [Funding of local authorities’ children’s services](#), Housing, Communities and Local Government Committee, May 2019

from 2015 to 2020 but was extended by a year in Spending Round 2019. Today £165 million of funding has been confirmed for 2020 to 2021<sup>74</sup>.

### *Children's Social Care Innovation Programme*

This was launched by DfE in 2014. It was originally announced as a two-year programme, but “the success of the programme led to a second phase beginning in 2016”<sup>75</sup>. CSCIP is delivered by Spring Consortium, a partnership involving Innovation Unit (an international social enterprise), Deloitte and Mutual Ventures. It funds projects run by 58 local authorities, along with other bodies, to “test innovative ways of supporting vulnerable children and young people”<sup>76</sup>. Some authorities are funded for more than one project. The total funding for all recipients across the six years of the programme (up to 2020) is either £200m or £300m, depending on which web page the reader believes.

Two further elements have been added to the programme in 2018-19. The Partners in Practice element is overseen by a board and focuses on identifying the most effective practices, how to disseminate this body of best practice most effectively, and providing peer support to authorities that need to improve. The second element relates to the Children and Social Work Act 2017, which provides for the replacement of Local Safeguarding Children Boards (LSCBs) with a new system of multi-agency arrangements. The Early Adopters are testing innovative approaches to delivering these safeguarding arrangements; the learning from this will support the national roll-out.

Grant determination letters for these grants have been published on a DfE web page<sup>77</sup>. One set of determination letters covers allocations to local authorities for both the main programme and Partners in Practice – the total amounts allocated in each year are as shown in Table 20 above. The total allocation for Early Adopters in 2018-19 was just £0.9m. The letters relating to 2019-20 imply that the main programme and Partners in Practice were to receive £13.9m.

The programme involves systematic evaluation; evaluation has taken place at both the project level and the programme level (with a report on the latter being published in November 2017). However, the Association of Directors of Children's Services (ADCS) has criticised the programme both for being too small to plug the growing shortfall in funding and for being limited to a small number of councils<sup>78</sup>.

The Government has been sufficiently impressed with three of these projects – run by Leeds, Hertfordshire or North Yorkshire – that it has decided to roll out their approach to

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<sup>74</sup> [Government confirms extra support for Troubled Families to succeed](#), MHCLG, 5 January 2020

<sup>75</sup> [Children's social care innovation programme](#), Innovation Unit

<sup>76</sup> [The Children's Social Care Innovation Programme](#), Department for Education

<sup>77</sup> [Children's Social Care Innovation Programme grant](#), Department for Education, 19 September 2019

<sup>78</sup> [Funding of local authorities' children's services](#), Housing, Communities and Local Government Committee, May 2019

other councils. It is calling this programme “Strengthening families, protecting children”. There are three “early adopters” for “Strengthening families, protecting children” being funded for this in the current financial year: Darlington, Cambridgeshire and Middlesbrough.

The Housing, Communities and Local Government (HCLG) Committee of the House of Commons commented on the CSCIP specifically and on innovation funding more generally in its report *Funding of local authorities’ children’s services*. The report stated that while innovation in the sector “is seen positively by many stakeholders”, getting the basics right should not be overlooked<sup>79</sup>. The new initiatives should “enrich and complement the delivery of good core services”. When innovation was successful, it should be “systematically rolled out to all local authorities with the appropriate long-term support and resources which that would entail”.

Furthermore, the Committee recommended putting more money into core funding and using project-based funding in a more targeted way. They stated that “Funding for children’s services should not be ring-fenced except in limited instances of time-limited one-off grant funding”.

As mentioned in Section 11, from the start of 2019-20, the social care support grant could also be used for child social care as well as adult social care.

### *Care leavers and asylum seekers*

Grant funding in relation to unaccompanied asylum-seeking children (UASC) is issued by the Home Office, including those who are eligible for Home Office leaving care support. A review of the latter is currently underway<sup>80</sup>. As described in Section 11, there is also funding from DfE in relation to the duties in recent legislation to support care leavers up to the age of 25. (This is an example of an issue that crosses service areas, relating to both adult and child social care. There are many others, not listed here.) A further new duty on local authorities is to provide an officer to promote the education of certain previously looked-after children, known as a Virtual School Head. Funding for this started in 2018-19 and totalled £5m.

Evidence to the HCLG Committee pointed out that funding for UASC was far short of costs. For Cambridgeshire and Peterborough, the shortfall was around £800,000 in that financial year, just for accommodation alone - not including costs such as social workers and personal advisers. Devon explained that for one young person received through the National Transfer Scheme, the cost was £10,300 per week, but they received just £637 per week from the Home Office. (A Government review of this funding has concluded

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<sup>79</sup> [Funding of local authorities’ children’s services](#), Housing, Communities and Local Government Committee, May 2019

<sup>80</sup> [Unaccompanied asylum seeking children and leaving care: funding instructions](#), Home Office, June 2019

since the Committee's report<sup>81</sup> and consequently the rates have increased – some by 20%, some by 25% and some by 61%. The figure of £637 quoted by Devon has therefore been uplifted to £798<sup>82</sup>. The Government has also stated that it “recognises there are wider issues to explore”.)

The Committee also highlighted a gap in funding in relation to immigration. Some immigrant families are admitted to the UK under the condition of “No Recourse To Public Funds”<sup>83</sup>. Local authorities have duties towards these families, but there is no funding for this. Not only is there no specific grant funding, but ADCS stated that this activity does not form part of “the funding formula which determines LA funding”. The Government has since confirmed that it has no plans to set up funding for such families, on the basis that their situation is not comparable with unaccompanied asylum-seeking children.

### *Youth violence*

The Home Office has been investing in tackling youth violence throughout the period we have looked at, but there has been a renewed emphasis on it since the start of 2018. It built on its previous Ending Gang and Youth Violence (EGYV) programme in January 2016, with a new Ending Gang Violence and Exploitation (EGVE) programme<sup>84</sup>. This was focused primarily on the 52 local areas that had been involved in the EGYV programme. It had six priorities, relating to gang and youth violence and the exploitation of vulnerable people by gangs.

Funding for local authorities from the EGVE programme is only listed in GGR for 2015-16, when it totalled only £98k nationally. However, the Serious Violence Strategy, published in April 2018<sup>85</sup>, implied that it had continued up until that time and was planned to continue until at least 2019-20.

In February 2018, the Home Office launched the Trusted Relationships Fund “to help youth workers, police, nurses and other professionals form close, protective relationships with children and young people at risk of sexual exploitation, county lines gang crime or relationship abuse”. Local authorities could apply for a share of the funding. This totalled “£2.45m in 18/19 and £3m in 19/20. A pot of £3m in 20/21 and £2.6m in 21/22 has been identified but this will be dependent upon the department's funding position and priorities following the 2019 Spending Review”.

The Serious Violence Strategy, in April 2018, described a range of initiatives to tackle serious violence, including a new Early Intervention Youth Fund. The Fund was actually launched in July 2018, by which point extra funding had been found, allowing the Home

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<sup>81</sup> [Government response to the Housing, Communities and Local Government Select Committee Report on funding of local authorities' children's services](#), Her Majesty's Stationery Office, July 2019

<sup>82</sup> [Funding to Local Authorities Financial Year 2019/20](#), Home Office, 1 April 2019

<sup>83</sup> [Who has 'no recourse to public funds' \(NRPF\)?](#), NRPF Network, May 2017

<sup>84</sup> [Ending Gang Violence and Exploitation](#), Home Office, 13 January 2016

<sup>85</sup> [Serious Violence Strategy](#), Home Office, 9 April 2018

Office to make available £11m in 2018-19 and £11m in 2019-20. This was funding for PCCs for projects with community safety partnerships (or local equivalent partnership) to support targeted early interventions and prevention activity, to reduce youth involvement in serious violence. We have not identified the proportion of this which has been paid to the London police authorities.

Other funding has been available for tackling youth violence to organisations outside the public sector, such as the anti-knife crime Community Fund. Also, in December 2018, the 10-year Youth Endowment Fund was launched<sup>86</sup>. It is unclear from the prospectus whether local authorities can be involved in applications for this fund, but it seems to be aimed at organisations outside the public sector.

### *Funding for children's health initiatives*

Since 2018, there has been a particular focus by the Government on promoting children's health.

In April 2018, a levy was placed on sugary soft drinks to encourage manufacturers to reduce the sugar content. The money raised from this has been paid to local authorities for them to pass on to schools and sixth form colleges. Schools and colleges can use this money to pay for sports facilities and after school activities and to support healthy eating and pupils with physical conditions or mental health issues. This is known as the Healthy Schools Capital Programme<sup>87</sup>.

In September 2018, the Government invited authorities to submit proposals for a new Childhood Obesity Trailblazer Programme<sup>88</sup>. 102 expressions of interest were submitted. 13 councils were selected for the 12-week "discovery phase", lasting from early February 2019 until the end of April. In June 2019, the Government announced that five of them would be awarded £100,000 each a year, for three years, to develop and deliver their plans<sup>89</sup>. This programme is being run by the LGA and they are keen to share learning from these trailblazers across local government. They have invited all councils that submitted an expression of interest to join a network set up for this purpose, but it is also open to other authorities<sup>90</sup>.

Another new DfE programme for involving local authorities started in 2019-20. This is a programme to provide free meals and activities for 50,000 children over 2019 summer

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<sup>86</sup> [Youth Endowment Fund: call for proposals](#), Home Office, 10 December 2018

<sup>87</sup> [New funding to boost schools facilities and healthy lifestyles](#), DfE, 28 February 2017

<sup>88</sup> [Local authorities supported to innovate against childhood obesity](#), DHSC, 26

September 2018

<sup>89</sup> [Tackling childhood obesity: £1.5 million funding for local projects](#), DHSC, 25 June

2019

<sup>90</sup> [Childhood Obesity Trailblazer Programme](#), LGA, June 2019

holidays. It was announced on 8 May, to be run by 11 “co-ordinators”<sup>91</sup>. Three of these co-ordinators are local authorities: Plymouth, Gateshead and Suffolk.

This programme has been criticised by Channel 4 News and The Guardian for failing to address the needs of many deprived areas. A joint Freedom of Information request from them found that the majority of funding bids from the most deprived areas in England were rejected:

*“The findings show that 88% of bids – 81 projects covering 64 English local authority areas – were unsuccessful, despite the fact that just under one-third of rejected bids were in areas with the highest rates of child poverty, including Tower Hamlets – where 33.6% of pupils are on free school meals, more than anywhere else in England – Hackney and Blackpool, where, respectively, 27.7% and 25.5% of pupils are on free school meals. Overall, there are nearly 500,000 children at risk of holiday hunger this summer across the rejected local authority areas, the findings show.”<sup>92</sup>*

## Interviews with senior officers

From our interviews with senior council officers, TRL Insight has found the following. Views expressed in this section reflect those of the sources, not the author or the LGA.

### *Budget pressures and shortages in funding*

Once again, we heard that there was insufficient funding, both for core budgets and in specific areas. One major area of spend which was underfunded was early intervention. The funding for this area had been cut when special grants were rolled into Early Intervention Grant, then cut again upon Early Intervention Grant being rolled into the BRR system. One county in the north of England told us that they have had to redesign their early help services three or four times because of the funding being reduced and restructured.

Another authority told us that pressures on their “early help system” had risen significantly over the years of budget reductions, and while demand on the service had recently stabilised, there was an existing pressure going unmet. Funding for Children’s Centres had halved. They had managed to avoid halving service levels by changing job descriptions and focusing their ways of working. This authority listed two other areas in which funding was clearly insufficient. Firstly, the youth service – this is not a statutory service and consequently has been significantly scaled back in many local authorities. Secondly, schools’ budget pressures had led to them cutting services, which the council had not got sufficient money to replace (this is returned to below).

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<sup>91</sup> [Free meals and activities for 50,000 children over 2019 summer holidays](#), Department for Education and Nadhim Zahawi MP, May 2019

<sup>92</sup> ‘Every day we see really hungry kids. They shouldn’t be living like this’, The Guardian, 14 August 2019

While the funding from new grants could be significant, there were some particular grants which came in for criticism. As mentioned in Section 11, one London Borough was critical, if not dismissive, of the funding provided for the new duties towards care leavers. The northern county also complained that they were only given a fraction of the costs of the new duty. Contrary to HM Treasury's Consolidated Budgeting Guidance<sup>93</sup>, they were asked to find efficiencies to cover the rest<sup>94</sup>. They also pointed to the Remand Accommodation Grant as an even more extreme example – they were paid just £600 to cover services which cost £40-50,000 per year.

Two authorities told us that despite taking action to provide a good/improving quality of service, funding problems would inevitably have an impact on service users. One stated that each time they had to respond to another funding shortfall or reshape services, they consulted with service users who could be affected. Recently they had run or were planning to run 10 such consultations with the same client groups. The other pointed to the emergence of waiting lists for some early help services and the scarcity of experienced social workers in the system.

#### *Lack of joined-up thinking and working*

The northern county thought there were particular problems caused by the Government treating children's services, education, mental health and so forth as separate services. While they told us that it was "rare we have double-funding for things", the Government needed to look at these services as a single system. There needed to be better communication and coordination between departments and with other relevant agencies<sup>95</sup>. (In the case of schools, while closer working had developed, funding pressures caused some tensions<sup>96</sup>.)

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<sup>93</sup> [Consolidated budgeting guidance 2019 to 2020](#), HM Treasury, 27 March 2019 (para 10.22)

<sup>94</sup> ADCS said in its evidence to the HCLG Committee that the "woefully inadequate" funding "was based on a relatively crude estimate of advisor's time" and did not consider "additional services or practical support" that may be required.

<sup>95</sup> The Public Accounts Committee of the House of Commons found that there was "little evidence of strong cross-government collaboration in improving children's social care". They also identified a disconnect between DfE policy-making and MHCLG funding allocations that "can only be a hindrance to improving services and needs resolving". ([Transforming children's services](#), House of Commons Committee of Public Accounts, 22 March 2019.) The Children's Society also argued for better co-ordination between departments over grant funding in its evidence to the HCLG Committee.

<sup>96</sup> At the time of the interview, there was a particular funding gap around special educational needs and disabilities (SEND), which the council was having to fill from central budgets. However, Spending Round 2019 has committed an extra £700m across England in 2020-21 and the Government is reviewing SEND provision. The LGA argues that the Government should use this review "to understand and fully fund" the pressures

Also, they told us, central government was very specific with local government about what funding should be spent on. This was in contrast with the NHS, in which you can “spend on what you want, when you want” – for example, the Futures in Mind grant for CCGs was intended for mental health provision, but in reality, only half the grant has been spent on this. This was the intended funding route for pupils’ mental health, but it was not reaching schools.

### *Short-term funding and the damage caused by uncertainty*

Our interviews were undertaken before the 2019 Spending Round, at which point it was unknown whether the Troubled Families programme would continue beyond April 2020. (The Spending Round committed to a further year of funding, but without any details – see above.) Consequently, we heard serious concerns about this from a metropolitan district in the north of England. This authority had a fairly stable workforce in children’s services, but this was threatened by the possible end of the grant – it would result in a significant loss of staff. The Strategic Director for this service told us that she does not want the system redesigned: it “has taken years to get it right” and is “monitored to the hilt”. If this system changes even slightly, it could result in major changes to their way of working. This could “disrupt huge amounts of work”. However, another authority told us that if the funding came to an end, this would not be treated as a funding issue for children’s services alone but as a corporate funding issue.

The short-term nature of other grants also caused difficulties, as we heard from the metropolitan district. It presented a considerable challenge to long-term, strategic planning<sup>97</sup> and was unsuitable for strategic commissioning or making long-term structural changes. Instead, such funding had to be used for a pump-priming initiative or for some short-term improvement. For example, a lot of the time, it was used for training and improving skills of the workforce. There were also pilot pieces of work running in many parts of the service – they were constantly being started and delivered well but then had to be reduced if further funding could not be found.

On the other hand, it could provide an incentive for swift action, as we heard from a London borough. This was generally helpful, but particularly important in the case of children in care. Every year in which something was not done affected them significantly. Thus funding for a reform programme in this area could substantially improve their lives and also reduce costs, freeing up council funding for other services and programmes. Furthermore, an innovative programme could potentially outlive the funding from the Government – if it were successful, the outcomes could be used as evidence in a business case to present to political leaders.

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on home-to-school transport budgets, as described in its November 2019 report [\*Understanding the drivers for rising demand and associated costs for home-to-school transport\*](#), another issue mentioned by the northern county.

<sup>97</sup> This point, and many others in this section and the next one, were also made by local authorities and others in [\*Funding of local authorities’ children’s services\*](#) (p12-13)

The question was whether such programmes could deliver a lasting benefit. Again, we heard different views on this. The London borough's programme for reforming their service for care leavers, reshaping it around service users' priorities, would be fully implemented before the innovation funding runs out. The metropolitan district, on the other hand, thought that there could be a struggle to keep going any pilot that was found to be valuable and maintain levels of staff skills which had been improved by funded training.

Short notice of funding could also cause a headache, as we heard from the northern county. For example, DSG was usually announced for one year at a time. The council had applied to DfE for a transfer from the schools block to the high needs block. The Secretary of State made the decision on this only one day before the council's statutory deadline for announcing allocations to its schools.

### *The demands of bidding for funding*

We heard that of the grants specifically for this service, much of the funding came from competitive, small, short-term pots of funding. Bidding for these was time-consuming. We were told "there's a lot going on – you've got to be on your toes".

Different authorities took different approaches to who writes the bids. In the northern county we spoke to, bids are led by staff within Children and Young People's Services, but they will draw in staff from elsewhere in the council to help as appropriate. In the metropolitan district, council officers (for example, heads of service working together) wrote most of the bids, but they were starting to share draft bids with expert bids writers in the region. The London borough had hired a bid writer, who wrote bids for funding from Government, but also for internal funding (though not many) and from other organisations. We were told that this was not an isolated case – there was a "whole industry developing in local government around bid-writing".

Our interviewee from the London borough expressed the view that bid-based funding "perpetuates inequality". If a council were really struggling, it would find it difficult to justify spending time on bidding or might simply not have the capacity to bid. Success is also dependent on the skills of the bid-writer, "though you can embed it" in the council's culture.

Our interviewee from the metropolitan district estimated that the average bid took three to four days' work to put together. Some bids took longer: one unsuccessful bid had taken 10 working days for officers at Heads of Service level. And one of the bids written in partnership with other authorities in the region had taken about three weeks.

When a bid is unsuccessful, notification of failure can come late in the process. We were told of one bid relating to a secure children's home. The bid seemed to progress well through the procedure and they received the green light to go ahead with detailed planning with the police, property services, etc. They carried out an assessment as required at this point. After feeding back the results, they were surprised to be told that in the Government's view, the assessment had not shown there was a need for such a

facility. The officers involved found it frustrating that they had not been told this earlier in the process – before wasting the time and effort of so many stakeholders.

#### *Variation in monitoring requirements*

We were told that the amount of monitoring or reporting which was required varied widely between grants.

Some larger grants were provided as Section 31 grants, which in theory meant that local authorities had quite wide discretion over spending. But in practice, there could be what one authority called “quasi-monitoring”. This could be unexpectedly imposed part way through the funding period. For example, they could be asked to collect and provide additional data or told that they needed to include a civil servant on the monitoring board from now on. One authority told us that the requirements tended to be more onerous for larger grants. However, for grants where there were many recipients, sometimes there was not a requirement to verify that the money had been spent.

#### *Councils’ approaches to working in the current funding environment*

All three councils we spoke to had adopted corporate approaches which seemed to alleviate some of the problems caused by the funding system. The London borough focused on the advantages of short-term funding mentioned above and looked to make rapid reforms with the funding it received for innovation. It worked closely with other London boroughs and welcomed challenges raised by its partners in order to improve its services. It used innovative approaches to delivering reforms, such as engaging a third sector organisation in its programme for care leavers. (This organisation was not subjected to the same monitoring DfE requirements as local authorities had been in other parts of the country.)

As mentioned above, the northern county adopted a corporate attitude to budget holding, so that if particular grants were ended, there would not be a sudden shock to the corresponding services.

Finally, the metropolitan district had set clear overarching priorities with partner organisations. These desired outcomes had then been translated into evidence-based service programmes, to be implemented by “hubs” for each locality. When new funding became available, they found it “pretty easy to weave it in” to these service programmes.

# 14. Public Health

## The funding landscape

Public Health became a local government responsibility in 2013-14. A single grant totalling around £2.7bn was provided for this. Allocations were based on a combination of existing levels of public spend in the area and “target allocations” assessed using a formula. The grant has continued since then and was worth over £3bn across England in each year we are considering, including 2019-20. Spending Round 2019 has promised a real terms increase in the Public Health Grant budget for 2020-21.

Besides this, for most of the period we have been looking at, there has only been one other grant specifically for public health, a capital grant from PHE for funding projects relating to drugs and alcohol recovery centres. This grant has fluctuated in size since 2015-16 (see Table 24). It has been announced that funding for 2019-20 will total £6m. A local government officer we spoke to suggested that this fluctuation is because it comes from budget underspends. This could also explain the fact that the announcement of funding for 2019-20 did not occur until 22 March 2019.

Three other grants have been added more recently. The first is the Children of Alcohol Dependent Parents Innovation Fund. This had an eight-week bidding window in summer 2018. 68 applications were received and in December 2018, nine were selected<sup>98</sup>. The successful projects will receive £4.5m over three years. The second is the funding for access to health services for rough sleepers mentioned in Section 12 above. This also had an eight-week bidding window. The third is the Childhood Obesity Trailblazer Programme mentioned in Section 13.

However, public health is affected by – and affects – many other service areas. Consequently, many grants which are either primarily for public health benefits or have this as a secondary impact are not explicitly designated as such. For example, there is funding for sports through Sport England and funding for improving air quality (including by retrofitting buses and making other transport improvements) through the Department for Transport (DfT) and the Department for Environment, Food & Rural Affairs (DEFRA). As mentioned in Section 13, there is also funding for pupils’ health from the soft drinks levy. Indeed, as the LGA points out in its guide for local authorities *Health, work and health related worklessness*, employment, skills and workplace wellbeing can significantly affect citizens’ health<sup>99</sup>. Thus funding for all of these can have an impact on public health.

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<sup>98</sup> [Funding to help improve the lives of those affected by alcohol](#), Government press release, December 2018.

<sup>99</sup> [Health, work and health related worklessness](#), LGA, May 2016

The grants in our database for which the aims and purposes clearly cover at least one public health issue are shown in Table 23. The total amounts we have for them and the status and coverage of these totals are shown in Table 24.

**Table 23 – Public health grants, 2015-16 to 2018-19 – Departments/agencies, capital/revenue and allocation methods**

<b>Grant</b>	<b>Department</b>	<b>Agency (as far as identified)</b>	<b>Capital or revenue?</b>	<b>Allocation Methods</b>
Public Health England (Executive Agency) (capital)	DHSC	PHE	Capital	Competed
Transformation Challenge Award	MHCLG	None	Revenue	Competed
Sustainable Transport (revenue)	DfT	None	Revenue	Competed
Public Health Grant	DHSC	None	Revenue	Formula
Alcohol and Drug Education and Prevention Information (ADEPIS)	Home Office		Unknown	Criteria-based
City Scheme - Capital	DfT	Office for Low Emission Vehicles (OLEV)	Capital	Competed
ITS - Compass4D Project - Newcastle CC	DfT		Unknown	Competed
MOPAC (Mayor's Office for Policing and Crime - GLA) Alcohol Abstinence Monitoring Requirement (AAMR) Pilot	Justice		Unknown	Un-competed
Sport England - Local Delivery	DCMS	Sport England	Unknown	Competed
Clean Bus Technology Fund 2017-2019	DEFRA	None	Unknown	Competed
Low Emission Partnership Hub	DEFRA		Unknown	Un-competed
Joint Air Quality Unit (JAQU) Bus Technology Retrofit	DfT		Unknown	Competed
Early Measures Fund	DfT		Unknown	Competed
Work & Health Programme (WHP)	DWP	None	Unknown	Criteria-based
Childhood Obesity Trailblazer Programme (discovery phase)	DHSC	None	Revenue	Competed

**Table 24 - Public health grants 2015-16 to 2018-19 - totals (inc status and coverage of figures)**

<b>Grant name</b>	<b>Total 2015-16</b>	<b>Total 2016-17</b>	<b>Total 2017-18</b>	<b>Total 2018-19</b>	<b>Status of figures</b>	<b>Sectoral &amp; geographic coverage</b>
Public Health England (Executive Agency) (capital)	£2m	£11m	£16m	£2m	Outturn	English LG only
Transformation Challenge Award	£96m	-	-	-	Outturn	English LG only
Sustainable Transport (revenue)	£76m	£37m	£24m	£21m	Outturn	English LG only
Public Health Grant	£3,036m	£3,388m	£3,091m	£3,011m	Outturn	English LG only
Alcohol and Drug Education and Prevention Information (ADEPIS)	£0m	-	-	Unknown	Estimates/allocations (GGR)	More than LG
City Scheme - Capital	£20m	£6m	£5m	Unknown	Estimates/allocations (GGR)	UK(?) LG only
ITS - Compass4D Project - Newcastle CC	£0m	£0m	£0m	Unknown	Estimates/allocations (GGR)	English LG only
MOPAC (Mayor's Office for Policing and Crime - GLA) Alcohol Abstinence Monitoring Requirement (AAMR) Pilot	-	£0m	-	Unknown	Estimates/allocations (GGR)	English LG only
Sport England - Local Delivery	-	-	£2m	Unknown	Estimates/allocations (GGR)	English LG only
Clean Bus Technology Fund 2017-2019	-	-	£18m	Unknown	Estimates/allocations (GGR)	UK(?) LG only
Low Emission Partnership Hub	-	-	£0m	Unknown	Estimates/allocations (GGR)	UK(?) LG only
Joint Air Quality Unit (JAQU) Bus Technology Retrofit	-	-	£43m	Unknown	Estimates/allocations (GGR)	UK(?) LG only
Early Measures Fund	-	-	£19m	Unknown	Estimates/allocations (GGR)	UK(?) LG only

Work & Health Programme (WHP)	-	-	£1m	Unknown	Estimates/ allocations (GGR)	English LG only
Childhood Obesity Trailblazer Programme (discovery phase)	-	-	-	£0m	Prospectus for applications	English LG only

This interconnectedness also means that changes to other services as a result of budget pressures, such as libraries, public transport, children’s services and leisure facilities, can have a public health impact, as pointed out by the Health Foundation<sup>100</sup>. This can lead to increased demand for public health services. There may also be additional pressures in areas where the distribution, affected by historical levels of funding, has not kept pace with demographic changes. Similarly, The Nuffield Trust has expressed “concerns that financial pressures are likely to result in difficult prioritisation decisions within local government”. This, they say, could harm public health services, “especially those serving vulnerable groups”<sup>101</sup>.

## Interviews with senior officers

From our interviews with senior council officers, TRL Insight has found the following. Views expressed in this section reflect those of the sources, not the author or the LGA.

### *Fragmentation of services over public sector agencies*

The situation in public health is rather different from the other services we have looked at. Core funding for the service is through the Public Health Grant and this, we heard, is sufficiently flexible for what local authorities need to spend it on. However, for directors of public health, collaborating across service areas and organisations is a central part of their job. It is in this collaboration that issues of fragmentation make things very difficult.

We heard from one director that where services were run within the council, such as their substance misuse service, they were able to design the service to avoid gaps in provision. However, in some services where they were collaborating with other organisations, there was not a “seamless pathway” for service users. This was particularly the case for mental health, where the situation was compounded by insufficient funding. (New funding for this tended to be used for plugging gaps in the service.)

Indeed, in some services, there were different tiers of service run by different agencies. Both authorities we spoke to mentioned obesity services as an example. One of them explained this in detail: the adult weight management service had four “tiers” of service, depending on the level of need of the service user. Tier 1 was funded by the district

<sup>100</sup> [Taking our health for granted - the Health Foundation](#)

<sup>101</sup> [Public health and prevention: Research summary](#), Nuffield Trust

council, Tier 2 by the county, and Tiers 3 and 4 by the NHS (a mix of CCGs and NHS England). This led to “gaps in the system”. If one tier was not adequately funded, this led to waiting lists for that tier of service, meaning that service users ended up accessing the next tier, which would not be so suitable and would create a pressure on that budget.

While this might have been the most extreme example, there were similar issues in other services. One county council mentioned as an example of overlapping responsibilities that they had responsibility for sexual health services whereas NHS England had responsibilities around HIV. (This fragmentation of services and care pathways, particularly for sexual health and HIV, was also identified by the Nuffield Trust in *Public health and prevention: Research summary*.) The other mentioned that there were issues for adult social care clients in accessing the most appropriate services for their circumstances, and similar problems in mental health services.

Furthermore, one director of public health told us that different agencies often had different priorities. The NHS had its own concerns and gave much lower priority to the needs of the county council, which it would deal with when it “got round to it”. (The LGA report *Public health transformation six years on* mentions both the importance of working in partnership with the NHS and the focus on NHS priorities<sup>102</sup>.) PHE also had its own priorities and views of how things should be done. They were not always very clear on their role within the Public Health system, sometimes “trying to performance manage”, or acting as “commentators”, rather than adding value to the system. It did not help when agencies were “faffing about with small pots of money”.

This fragmentation of public health services across agencies can have an impact on service users. We were told that this is particularly acute for those who had complex needs involving multiple services – for example, both substance misuse and mental health issues, particularly if they also had an insecure housing situation.

### *Uncertainty and limits on funding*

Many of the other council teams and external partners that public health services work with are affected by fragmented funding. One director gave several examples of collaborative projects he worked on which were funded by competitive or short-term funding streams:

- ◆ *A project on fuel poverty;*
- ◆ *A project on homelessness prevention;*
- ◆ *Interaction with the court system by people with complex/multiple needs.*

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<sup>102</sup> [Public health transformation six years on](#), LGA, 21 March 2019

He told us some projects were pilots in which the funding had to be focused on a specific geographical area or on neighbourhoods with particular characteristics. This could result in inequitable outcomes.

The other told us that they only delivered one service in-house, all the others were externally commissioned. The uncertainty over future funding had a significant impact on this, leading to commissioning for one year rather than five. Consequently, “you’re into redesigning services on almost an annual basis. The uncertainty [that this causes within service provision] can unsettle some service users”. He said that “We don’t know if we’ll have money this time next year” and described this as a “ridiculous way to plan”. He proposed that a longer-term funding settlement – maybe three to five years – would help authorities to cope with funding services on which demands are increasing.

### *Resource-intensive bidding*

Both officers had been involved in bidding for grants. Again, unlike the other services we have looked at, this was limited to adding to a collaborative effort or for very occasional one-off “trailblazers”, rather than a key activity for funding their core service. One said that about two hours per week were spent working on bids for other organisations, including assisting the voluntary and community sector with bids, such as for sports partnership funding. He said that “excessive” time was taken up on bids. For example, there was a 40-page bidding form for loneliness funding – there was only about £1m being distributed, so the most any authority could get would be around £100,000. This was “not a good use of officer time”.

The other told us that the choice of bid writer depended on the specifics of the bid, but most bids were done by their partners. Bid writing required a time investment and thus there was always a risk calculation in how to deploy resources.

### *Unfunded duties and funding from budget margins*

Finally, one of the officers made two observations in the interview that highlighted the extent to which funding is based not on need, but on how much money is available in the relevant departmental budget from time to time.

Firstly, he described the New Burdens principle as “utter nonsense which the Government ignores”. When the public health duty was transferred, he told us, some duties are unfunded, such as suicide prevention, while other duties were underfunded, such as Healthchecks. (Despite a funding increase for Healthchecks since then, he still believes this to be the case.)

Secondly, he described the capital funding and the innovation funding from PHE (see above) as “funny money”. He believed that these small, short-notice funding streams were given when there was found to be money left in the budget at the end of the year.

# 15. Conclusions and recommendations

## Core grants ending – and a profusion of small/competitive pots

Our analysis of grant data has revealed the number of grants issued to local authorities: over 200 grants every year of the period we considered. The deficiencies in this data mean that even with this careful analysis, we cannot be certain we have a complete list.

These grants range in size from the schools block of DSG at £16.8bn in 2018-19 all the way down to many grants worth considerably under £1m. Over the period 2015-16 to 2017-18, around half of these grants were worth less than £10m across England.

Furthermore, officers spoke to us about key programmes in their areas which no longer explicitly exist – early intervention funding and Sure Start/children’s centres, and the Supporting People regime. These were seen as strongly performing, but no replacement is currently proposed. Similarly, Troubled Families is now a crucial funding stream and there was great concern that this might come to an end. The grant has now been confirmed for one further year, but the concerns will persist about what will happen after this. We heard that core budgets have been cut back and small pots of short-term funding will not replace this reduction in funding.

- ◆ *We agree with WPI Economics that additional funding should be delivered through the primary sources of local government funding, rather than individual pots;*
- ◆ *As we move out of a period of fiscal consolidation and austerity into one with greater resources for the public sector, central government should consider restarting successful past programmes, such as Supporting People. It should consult with local government and its partners to determine which of these were genuinely valued and how they could be improved. Where schemes have been successful and popular, the Government should build on them, instead of trying to reinvent the wheel;*
- ◆ *All core funding should be set out in multi-year rolling settlements; these should cover the whole of a Spending Review period, and for at least the year before the period ends, should extend at least one year into the following period, as proposed by the HCLG Committee;*
- ◆ *Where current schemes are successful and popular, the Government should consider committing to them further into the next Spending Review period, as is currently done for a small number of programmes.*

We heard from senior officers that some of the new grants in recent years have been too small to cover what they are intended for. This includes new burdens funding for the extension of the duty to care leavers. Indeed, a couple of comments were sceptical about the new burdens principle and suggested that it is being applied inconsistently. The principle was examined closely by the HCLG Committee in its report *“Funding of local authorities’ children’s services”* which heard from the Minister for Local Government on the rigour with which the Government examines the cost of new burdens, and how some burdens are prioritised for this assessment. Consequently, the Committee recommended that

*“It is unrealistic to expect local authorities to successfully deliver new responsibilities without appropriate funding in the current financial climate. All new burdens must be financed adequately. The Government should evaluate its process for understanding the financial burden of new statutory duties on local authorities and consider how it could be made more accurate.*

*“Long-term inaccuracies in funding are likely to have a significant impact on local authority budgets. The Government should review new burdens regularly and consider removing the cap on the number of reviews per year in order to avoid any delays in adjusting payments if necessary. We would encourage the Government to prioritise the review of those new burdens, which were identified in the written evidence we received in the course of our inquiry as being underfunded such as support to care leavers up to the age of 25 years.”*

In its response, the Government stated that “We will look at how we can further improve our processes around New Burdens ... MHCLG will work with DfE to review the cases cited in the hearing as part of a programme of post implementation reviews of new burdens”, going on to mention two specific examples of new burdens funding that it had committed to review.

- ◆ *We agree with the HCLG Committee that the Government should evaluate its process for understanding the financial burden of new statutory duties on local authorities and consider how it could be made more accurate. We are pleased that the Government has committed to look into this. We also agree that the Government should review new burdens regularly and consider removing the cap on the number of reviews per year in order to avoid any delays in adjusting payments if necessary;*
- ◆ *We heard that there was a particular concern about underfunding in relation to care leavers, just as the HCLG Committee did; we are pleased that the Government will be reviewing some examples of this and urge the Government to fund these costs in full, as well as reviewing other underfunded costs mentioned in this report;*
- ◆ *The Government should take steps to ensure that all relevant departmental staff are familiar with their duties regarding new burdens under HM*

*Treasury's Consolidated Budgeting Guidance*<sup>103</sup>, including the duty to liaise on this with MHCLG, as per paragraphs 1.72 and 10.22.

Many other grants are allocated competitively: we identified 117 grants which were allocated through competition over the period we were considering – amounting to around a third of those for which we identified allocation methods. This took up a lot of staff time – either for existing staff, or in some cases, for new staff hired solely for writing bids.

Furthermore, we heard concerns that this meant that funding was not always provided to authorities with the greatest need. Councils with the most limited existing budgets might not have the capacity to submit bids or may feel that committing to bidding was too high a risk. Instead, funding was dependent on the skills of the bid writers. Indeed, even within authorities, if pilot programmes were concentrated in particular geographical areas, this could result in inequitable outcomes. The bids could also be complex and have short timescales.

John Fowler, Policy Manager at LGiU, has observed the problems with small, competitive funding pots in particular with funding from DfE:

*“The absence of a strategic overview gives the appearance that nobody is control within the DfE. Pockets of money are allocated here, there, and everywhere to meet the latest ministerial peccadillo. And so much time must be wasted by local authorities, individual schools, and Academy trusts in preparing bids that are not successful. And some of the successful bids result in tiny amounts of money. And it is often the same old names who get the money.”*

## **The problems caused by uncertainty and shifting budgets**

We also heard that funding announcements and decisions that affected funding often came too late to be properly incorporated into budget planning – either immediately prior to the start of the financial year, or in some cases, during the financial year for which they were intended. As the Public Accounts Committee has pointed out, there must be doubt that funding at such short notice provides value for money, especially when there is a short timescale for spending it<sup>104</sup>. (The Government has committed to analyse the impact of such late announcements of one-off funding on value for money by April 2020, in line with the Committee's recommendations<sup>105</sup>.)

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<sup>103</sup> [Consolidated Budgeting Guidance 2019 to 2020](#), HM Treasury, 27 March 2019

<sup>104</sup> [Local Government Spending](#), House of Commons Committee of Public Accounts, 6 February 2019. This point was also made by Frances Foster of SIGOMA and Councillor John Fuller of the District Councils Network in their evidence to the HCLG Committee – see [Local government finance and the 2019 Spending Review](#), HCLG Committee, 21 August 2019

<sup>105</sup> [Treasury Minutes on the Government response to the Committee of Public Accounts on the Seventy-Second to the Seventy-Seventh reports from Session 2017-19](#), HM Treasury, April 2019

We were told that this was part of a wider problem with uncertainty about future funding, with many grants scheduled to last for only a year or two. This caused problems for local authorities with recruitment and staffing, putting together long-term strategies and commissioning packages, and working with partners.

This finding is in line with evidence from Lord Porter, then Chair of the LGA, Dr Jonathan Carr-West, Chief Executive of LGiU and Councillor Paul Carter, Chair of the County Councils Network, to the HCLG Committee for its report *Local government finance and the 2019 Spending Review*<sup>106</sup>. Lord Porter said that without certainty, councils would have to prepare for the worst and “plan for service reduction the following year”. In some cases that may mean “people will be getting redundancy notices when they do not need to”. Dr Carr-West went further and said that

*“These are actual life and death issues that are managed and delivered by local government day in, day out, for communities around the country. We do not know how those are going to be funded this time next year”.*

Councillor Paul Carter explained what it felt like in a county council:

*“You need medium term financial certainty. You cannot run an organisation the size of Kent County Council with a budget of £1 billion a year if you do not have a clue what you are planning for next year. Most of the decisions that need to be made have to be made in December, for public consultation, before the cuts are actually made and taken. We are going to run out of time fast, and we have no idea what target we are aiming for.”*

- ◆ *All funding announcements and decisions should be made early enough for councils to take proper account of them in their budget-setting processes.*

We found evidence of a high turnover of grant streams between 2015-16 and 2018-19 in our data analysis (see Section 7). Concerningly, this is true for both revenue and capital grants. We have seen many examples of grants which were intended at the outset to run for a limited time – although some have subsequently had their lifetime extended or a second round of bids has been opened. For some other grants – particularly for the core grants for service budgets – there is an implicit expectation that they will continue indefinitely, or at least until a major review. However, there does not seem to be a universal understanding of which grants fall into this category. For most of the remainder, there is a working assumption that they will, or at least may, finish at the end of the Spending Review period. This, however, is not universally true – there are exceptions set out in fiscal documents where totals for grant programmes are set out beyond the end of a Spending Review period.

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<sup>106</sup> [Local government finance and the 2019 Spending Review](#), HCLG Committee, 21 August 2019

- ◆ *Each time the Government announces the allocations of a grant, it should announce the date at which the grant is expected to end – both to the recipient authorities and publicly;*

We heard that small, short-term funding pots were not entirely without merit. They could lead to good projects. Indeed, this approach to funding could sometimes provide an incentive for swift action – one officer told us that “going deeper, faster is sometimes the thing to do”. However, we heard many concerns that the results of the projects which were funded in such a way might not be sustained over the long term – or in some cases, not beyond the life of the grant. Furthermore, frequent changes to the funding regime for a service could lead to frequent restructuring of the service. The result for the service users was confusion and a lack of continuity of care.

The view expressed by Oxfordshire County Council in its evidence to the HCLG Committee on the funding of children’s services does not therefore come as a surprise:

*‘While there will always be a case for piloting some policies and interventions, we would support a reduction in the amount of funds which are distributed on a “bidding” basis, with more moved into mainstream or ringfenced funding, reducing the administrative burden on local authorities of the bidding process, and giving greater certainty over future funding levels.’*

The committee concluded that

*“Although additional funding available through one-off grants is welcome at a time of increasing financial pressure, and there is value in flexible responses to the challenges facing local authorities, there is no place for it to be seen as a replacement of reduced core funding. We are pleased that the Government recognises this.*

*“Local authorities would benefit from greater long-term certainty about the additional funding available. It would also be beneficial for Government departments to work together to a greater extent in order to pool funding and expertise when designing additional funding pots.”*

They recommended that

*“The application process for one-off grant funding should not be overly burdensome on, nor disadvantage some, local authorities. The Government should review ... the application and administration of its one-off grant funding to ensure that they do not place an unreasonable administrative burden on councils, and that capital and support is reaching all local authorities either directly or indirectly if they wish to participate in specific programmes. The lessons learnt from this review should be implemented in the design of all future one-off grant funding.”*

A similar recommendation was made by WPI Economics in their report for Homeless Link and St Mungo's:

*“Additional funding should be delivered through the primary sources of local government funding, rather than individual pots. Time-limited funding should be reserved for genuine pilots and new initiatives.”*

- ◆ *We agree with WPI Economics that time-limited funding should be reserved for genuine pilots and new initiatives;*
- ◆ *Where time-limited funding is provided, it should be provided for sufficient time to allow meaningful pilots to be carried out, monitored and evaluated;*
- ◆ *We agree with the HCLG Committee that such one-off grant funding should be available for all authorities that wish to participate, and that it should be distributed as quickly and efficiently as possible with any bidding process kept to a minimum. The application process should be simple rather than burdensome, with a sufficient window to ensure that it does not place unnecessary strain on the applicants.*

## **A lack of coordination**

Grants to local authorities were issued by 14 departments during the period we were considering, if one includes the Electoral Commission. Some of these were issued directly by the departments, but there was also a wide range of agencies involved in issuing grants. These grants related to a huge variety of service areas. Many of them were cross-cutting funding that covered more than one service area.

Nonetheless, we heard about numerous problems caused by a lack of coordination or integration between different agencies working in a local area. These are particularly in evidence when budgets are tight and there are legal duties to comply with, or when their geographical boundaries have a poor fit, or where there are simply too many agencies involved. Gaps in services could result from this lack of coordination; in public health, for example, we heard that this could particularly impact on people with multiple problems. Funding gaps or operational boundaries between agencies could also result in waiting lists for services.

We heard that to manage this, central government needed to stop seeing these various agencies as tackling separate problems and give greater consideration to the links between them. The impact of policies and funding pathways needed to be thoroughly thought through as they were developed – particularly when services were split between multiple agencies, including counties and districts. A mindset of working together needed to be encouraged in all public sector organisations.

And local authorities were not the only ones struggling with short-term funding allocated through competition. Many of their partner organisations were facing the same issues and experiencing the same challenges.

Developing joined-up, thought-through policy on issues involving local government is difficult in the absence of consistent, comprehensive and authoritative data on existing grants. If existing datasets were moved to a consistent basis, expanded and integrated, allowing summaries to be extracted, this would facilitate a proper overview of local government finance. This would be beneficial to both the Government and external research and analysis. It would help each department to develop policy in full awareness of what grants other departments were already providing and for what purposes.

At present, as described in Appendix 3, there is a lack of consistency between datasets, in terms of grant names (and indeed what constitutes an individual grant in some cases) and the names used for local authorities. There is a lack of integration between these datasets and many of them are published in formats which make them difficult to use.

MHCLG has a key role in this, as the department responsible for local government matters. It already publishes local government financial returns, which includes grant data, oversees the issuing of grants under section 31 of the Local Government Act 2003, and should be consulted on new burdens funding according to Treasury guidance.

- ◆ *Ensure that MHCLG records the details of the final grant allocations for all new burdens funding. Furthermore, expand this into a requirement for all departments to inform MHCLG of all grants issued to local government and for MHCLG to keep a list of all grants, including both allocation and outturn figures. It should cover all grants contained in the PESA totals for “current support to local government” and “capital support to local government” (Tables 7.2 and 7.3);*
- ◆ *Look into integrating GGR with OSCAR, and preferably with the grant list to be kept by MHCLG. Consider the extent to which this data can and should be made compatible with the 360Giving Standard;*
- ◆ *Whether or not these are integrated, use the same grant name consistently from year to year and between documents – grant names should only change between years if there are significant changes to the grant. This should include using the same names in GGR, OSCAR and RO forms;*
- ◆ *Use a common format for publishing allocations of all grants. These should use the same form for local authority names. The publication should include allocations in a spreadsheet, which should contain at least one code for local authorities (ONS long E-code, MHCLG R-code or MHCLG E-code);*
- ◆ *Collect data on individual capital grants in COR forms and publish it;*
- ◆ *For DfE grants which go to local authorities and academy trusts, publish details of the allocations to local authorities in separate documents (an additional document if necessary). This would help to ensure local authority totals are reported accurately and clearly;*

- ◆ *The Government should refer to the above datasets whenever it develops new policy which involves local government – it should always start with a full knowledge of what it is already providing;*
- ◆ *Whenever such new policy is developed, the Government should consult with local government and other appropriate stakeholders. In particular, it should seek views on how the new policy would interact with existing policies and which other departments and agencies are relevant;*
- ◆ *Where a policy is identified as interacting with those of other departments and/or agencies, a cross-departmental/agency team should be set up to ensure joined-up policy making;*
- ◆ *The Government should consider not just the direct costs of grant programmes, but also the savings they generate, and indirect costs to the state, stemming from unsolved problems and existing policies. This includes welfare policies, such as indexing LHA rates to CPI. More widely, it could also include, as recommended by WPI Economics, collecting and publishing costs of homelessness to other public bodies, particularly organisations in the justice and health systems.*

## Monitoring and evaluation, aims and objectives

For the Government to develop policy in a strategic, coordinated way, it needs to understand what works and what does not. This means that some approaches need to be piloted, and these need to be monitored and evaluated.

However, we heard that monitoring requirements can vary hugely between grants, sometimes in seemingly arbitrary ways. In some cases, monitoring was light-touch and officers raised no complaint. In others, the monitoring seemed excessive and onerous. We even heard of a few cases where new monitoring requirements were added partway through the lifetime of a grant and/or officers found themselves subject to management-level interference.

From the limited research we have carried out on the subject, it appears that this inconsistency in monitoring corresponds to inconsistency in evaluating grant programmes. Given the varied nature of the grants issued by the Government, some degree of inconsistency is inevitable. Nonetheless, there may well be scope for greater consistency between grants of similar types. This could provide a stronger evidence base on which interventions are the most effective.

- ◆ *The Government should consult with local government to establish a set of principles for monitoring and evaluating grant programmes. This should draw on best practice. The monitoring should be light-touch but should allow for sufficient data to be gathered for meaningful, high quality assessment and evaluation to take place. The monitoring requirements for a grant programme*

*should be set out before the grant is issued and should not be revised during the course of the programme unless it is to take account of changing or unforeseeable circumstances. Evaluations of all grant programmes should consider equalities and diversity implications;*

Similarly, for some grants, the aims and conditions on their usage were not problematic. In other cases, the grants did not fit within existing strategies or the area's priorities – the funding might have been used more effectively to achieve local priorities if it had been provided without conditions. Sometimes the grant aims did not take account of existing local provision – the Government was assuming it was starting with a “blank sheet” in implementing its policies. We heard from several officers across different service areas that there was a need for single pot of funding for their service with minimal strings attached.

- ◆ *When developing new policy that will involve local funding, the Government should consider existing local service provision and the differing circumstances, demographics and other characteristics of local authorities.*

## **Local mitigation**

The councils we spoke to were keen to point out that their services often continue to achieve high satisfaction ratings. However, they stated that this is due to attitudes within their authority. They feel they are succeeding *despite* barriers to that success put up by the funding system. The most important attributes, they said, were strong leadership and organisational culture. Providing services through well-designed local partnerships can also help. Some effects of fragmented funding can be mitigated by taking a corporate approach to setting budgets and by channelling funding into short transformation projects. And it is sometimes possible to avoid the funding system skewing local priorities by starting with a sufficiently clear vision for service.

However, we heard that even with these mitigating factors, the fragmented nature of funding from central government still caused considerable difficulties and often had a negative impact on the experience of service users. For the Government to succeed in its aims and provide joined-up services of the highest efficiency and quality, it needs to rise to the challenge of tackling fragmented funding.

# Appendix 1 – Methodology

## Scope

We have sought to identify each grant paid directly from the Government and its agencies to English local authorities, over the period 2015-16 to 2018-19.

We have tried to use a standard definition of local authorities throughout. The following table shows which bodies we have included and excluded from this definition.

**Table 25 - Recipients of grant funding in our analysis (our definition of "local authorities")**

Included	Excluded
Shire districts	Parish councils
Shire counties	Police and Crime Commissioners (excluding the Mayor's Office for Police and Crime (MOPAC))
Unitary authorities	Waste authorities
Metropolitan districts	National parks authorities
London boroughs	Other amenity authorities/companies, e.g. the Broads Authority, the National Forest Company
City of London (including police functions)	Academies
Greater London Authority (including police functions)	The National Fire Chiefs Council (NFCC)
Isles of Scilly Council	The Valuation Office Agency (VOA)
Fire and rescue authorities	Restorative Justice Council
Combined authorities	

Note that unlike previous analysis by the LGA, such as the previous *Fragmented Funding* reports<sup>107</sup>, we have excluded payments to other local agencies. This means that some of the grants included in the second of these, which covers some of the time period of this report, do not appear in this one. (We have, however, discussed payments to other local agencies in the text of this report. For example, payments by local NHS bodies into the Better Care Fund are mentioned in Section 11 and Appendix 2. In all the other quantitative analysis, we have only included the parts of the Better Care Fund which are first paid by the Government to local authorities.)

Also, we have used outturn figures wherever they are available. For some grants, this means we have different figures from those shown in the last *Fragmented Funding* report. (It drew largely from documents containing allocation figures.) This makes sense,

<sup>107</sup> [Fragmented Funding](#), Shared Intelligence (for LGA), April 2014; [Is the grass greener...? - Fragmented Funding for Growth 2016/17](#), Shared Intelligence (for LGA), May 2016

as outturn figures can differ significantly from allocations – at its most extreme, a grant can be cancelled altogether or delayed for a year. Most of our outturn figures are on a cash basis (i.e. the amounts actually paid within the financial year), rather than an accruals basis, so some figures may differ from those published elsewhere.

We have also only included in our analysis sums which local authorities would be likely to recognise as “grants”. For example, we have excluded the Manchester Housing Investment Fund, as this is a loan. We have included Section 31 grants paid to local authorities to refund them for loss of business rates yield, following changes to reliefs and a cap on the multiplier. However, we have taken the approach that we should exclude sums from our database which local authorities would view as part of the functioning of the Business Rates Retention system. We have thus excluded:

- ◆ *Tariffs and top-ups;*
- ◆ *Levy and safety net payments;*
- ◆ *The local share of business rates retained by authorities;*
- ◆ *Outturn adjustments to business rates yield and deficits on collection;*
- ◆ *Disregarded amounts reconciliation payments.*

(For the last of these, we did not find a detailed description of the quantity, so its exclusion is more questionable. Similarly, we have opted to retain “100% Retention Pilot Payments” in our database, although its precise meaning is currently unclear to us.)

## Process for compiling a list of grants with figures for each year

### *Grants explicitly in OSCAR*

We took the Public Expenditure Statistical Analyses (PESA)<sup>108</sup> as our starting point. Tables 7.2 and 7.3 of PESA 2019 show the current (revenue) grant funding and capital support to local government in each year of period we researched, by department. These tables are compiled from HM Treasury’s OSCAR database. The Treasury has provided us with the data from OSCAR used to compile these tables.

After excluding sums which are outside the scope of this report (see above), there are 419 entries or “sub segments” relating to these years<sup>109</sup>. Some of these are identifiable grants (or parts of identifiable grants) whereas others are just the budget headings used

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<sup>108</sup> [HMT Public Expenditure Statistical Analyses \(PESA\)](#), HM Treasury, 18 November 2019

<sup>109</sup> We also sense-checked the values of the sub segments, as some were negative and some were negligible. We only used values which were positive; furthermore, we excluded a sub segment altogether if its total value across the four years did not exceed a threshold of £10.

within departments. We identified 169 individual grants, for which we could use the figures in OSCAR directly, without any further manipulation. (Almost all of these appear in other sources that we have found. For the remainder, it is clear either from the name or from the way similar grants are treated in OSCAR that they almost certainly represent individual grants.

There are a few cases where grants are split across several sub segments, for example, for different regions of England, so we added up the figures as appropriate.)

There were some sub segments which represented individual grants, but we could not use the figures directly for one reason or another. (The sub segment did not cover all four years of the grant, the coverage was wider than English local government, or it needed to be adjusted in some way.) We dealt with these separately – see ‘Other grants’ below.

The remaining sub segments must be composed of grants which do not appear explicitly in OSCAR.

### *Grants taken directly from GGR*

We therefore turned to another major Government spending database: the Government Grants Register (GGR)<sup>110</sup>. This has been published for 2015-16, 2016-17 and 2017-18. It contains grants issued to all sectors. Across the three years, there are 676 entries which list “Local Government” as one of the recipient sectors.

In 33 of them, the name tells us that they related solely to Scotland, Wales or Northern Ireland. 15 of them are payments that local authorities are likely to regard as part of the functioning of the BRR system, rather than actual grants. 21 grants are excluded as they appear to be payments to bodies outside our definition of local government (private developers, academies, PCCs outside London the National Forest Company, the Restorative Justice Council and the Valuation Office Agency). We exclude all of these from our analysis.

The 607 remaining entries are not all separate grants – many grants are listed for more than one year, and some are broken into several separate entries, for example for different regions of England.

We worked to identify as many of these as possible with grants appearing explicitly in OSCAR. From the remainder, we identified 198 for which we could use the figures directly, without any further manipulation (adding up entries where necessary).

There were also the following: two grants we needed to split between nations of the UK; one grant where values were given for only two years in GGR but for three years of the period in another source; two “grants” which appear to be packages of grants, several of

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<sup>110</sup> [Government grants register](#), Cabinet Office and Efficiency and Reform Group, 29 November 2018

which are listed in other sources. We dealt with these separately – see ‘Other grants’ below.

### *Other grants*

Our analysis includes 81 ‘other grants’. For most of these, the annual totals are taken directly from other online sources. For one of them, the values come from an email from a civil servant. For the remainder, we have calculated or estimated the annual totals from online sources, sometimes including the use of figures from GGR or OSCAR.

The following table shows the process we have used for all the cases where we have not simply copied the values from online sources.

**Table 26 - Grants for which we have calculated or estimated the annual totals, or combined OSCAR/GGR with other sources**

<b>Grants</b>	<b>Basis of figures</b>
Adult skills grants (Apprenticeships, Traineeships, Learner Support, etc.)	Figures are based on SFA/ESFA publications of funding allocations to providers. We have summed the amount funded for each service, allocated to local authority providers in each academic year. (These figures may be underestimates, as providers whose final figures are not finalised to date have been excluded from the SFA/ESFA data.) We have then split the funding provided in each academic year pro rata between the two relevant financial years. (For example, funding for the financial year 2015-16 is half the amount from the academic year 2014/15 plus half the amount from 2015/16.) For the financial year 2018-19, as final figures are not yet available for the academic year 2018/19, we have projected the increase between 2016/17 and 2017/18 on, to get projected values for 2018/19, then used these in the calculation.
School Condition Allocations and Devolved Formula Capital	Figures include both local authority-maintained schools and voluntary aided schools. (Taken from published allocations.)
Additional capital funding for schools	We have assumed that this is split between local authorities and other recipients (such as Multi-Academy Trusts) in the same proportions as Devolved Formula Capital in 2018-19.
School Transport	Figure for 2015-16 is taken from GGR; figures for other years are taken from published allocations of Extended Rights to Free School Travel grant.
Referendum Funding	Taken from published costs of counting officers and regional counting officers – the sum of the figures for English regions.
Children’s Social Care Innovation Programme (inc. Partners in Practice)	Sums of allocations to individual authorities, for all the tranches of funding in each financial year (from grant determination letters).

Children's Social Care Early Adopters	Sums of allocations to individual authorities, for both tranches of funding (from grant determination letters).
Strategic school improvement fund	Funding was for improvement support starting and finishing sometime between September 2017 and March 2019. We have assumed 1/3 of the funding was paid in 2017-18 and 2/3 in 2018-19.
Rough Sleeping Grant	We have assumed that the published total for the programme is split evenly across 3 years.
Homelessness Prevention Trailblazers	We have assumed that the published total for the programme is split evenly across 3 years.
Homelessness - Social Impact Bonds	We have assumed that the published total for the programme is split evenly across 4 years.
Housing First Pilot Grant	We have assumed that the published total for the programme is split evenly across 3 years.
Staying Put grant	Figures for 2016-17 to 2018-19 are from published allocations. The figure for 2015-16 has been estimated by assuming the same percentage increase between 2015-16 and 2016-17 as there was between 2016-17 and 2017-18.
Main counter-terrorism funding - GLA (MOPAC)	Figures for 2015-16, 2016-17 and 2017-18 are taken from MOPAC annual accounts. Figure for 2018-19 is assumed to be the same as for 2017-18. (This reduced slightly from 2016-17, which was itself an increase on 2015-16.)
Counter-terrorism protective security grant - GLA (MOPAC)	Figures for 2015-16, 2016-17 and 2017-18 are taken from MOPAC annual accounts. Figure for 2018-19 is assumed to be the same as for 2017-18. (This increased slightly from 2016-17, which was itself an increase on 2015-16.)
Other SEND	This is the remaining funding cited in GGR after the following grants have been separated out: SEND reforms implementation grant; SEND reforms - regional leads; SEND preparation for employment.
Policing - Other reallocations and adjustments	This is composed of the following: Police Innovation Fund; Police Knowledge Fund; Police Special Grant; Major Programmes; Airwave; Direct Entry; Emergency Services Network; Transformation Fund; Police technology programmes; Strengthening the response to organised crime; Pre-charge bail. The totals for these for the whole of England and Wales have been taken from the Police Grant Report for each year. We have assumed that London's share of these is the same as its share of the main Police Grant in each year.
Unaccompanied Asylum-Seeking Children (UASC) – England	Figures for England in 2016-17 and 2017-18 are taken from GGR. The figure for 2015-16 is the UK amount from GGR multiplied by the percentage of funding which went to England in 2016-17. Daily rates per child did not increase between 2016-17 and 2018-19 in cash terms. We have therefore estimated the figure for 2018-19 by applying the percentage increase in UASC between March 2018 and March 2019 (13%).

Leaving Care (UASC) – England	Figure for England in 2017-18 is taken from GGR. The figures for 2015-16 and 2016-17 are the UK amounts from GGR multiplied by the percentage of funding which went to England in 2017-18. As each of these three round to £12m, we have assumed funding in 2018-19 is the same as in 2017-18
Bus Services Operators Grant (capital)	We have used published allocations to English local authorities and figures from OSCAR for England and Wales to calculate the percentage of revenue funding which went to English local authorities (91% in 2015-16, 88% in 2016-17 and 90% in 2017-18). We have then applied these to the figures for capital funding to England and Wales from OSCAR. (For 2018-19, OSCAR data shows BSOG (capital) as being zero for England & Wales.)
PFI Grant – DCMS	The 2015-16 for England was taken from published allocations (£29m). We have assumed the same total for each succeeding year. It seems unlikely that any divergence from this would significantly affect our analysis.
PFI Grant – DH	The 2015-16 for England was taken from published allocations (£25m). We have assumed the same total for each succeeding year. It seems unlikely that any divergence from this would significantly affect our analysis
PFI Grant – DfT	The 2015-16 total for England was taken from published allocations. This represented 94% of the total for the UK from OSCAR. We have applied this 94% to the UK amounts from OSCAR for the remaining years. The resulting figures rise gradually from £302m to £307m.
Dedicated Schools Grant	This appears in OSCAR broken into its three blocks from 2016-17. For 2015-16, we have split the outturn from OSCAR into the three blocks pro rata to published allocations for these blocks.
Police pensions funding	Figures for all of England and Wales from OSCAR. Split between London (Met & CoL) and the rest of England and Wales (PCCs) using police officer numbers in 2019.
Fire pensions funding	Figure for all of England and Wales from OSCAR. Split between England (Fire authorities and other local authorities with fire responsibility) and Wales using FTE equivalent staff numbers in 2018.
Section 31 grants for changes to the business rates regime	The main payments are made at the start of the year, based on NNDR1 returns. These are given for each grant in OSCAR. Reconciliations are made at the end of the year, based on the difference between NNDR3 and NNDR1 figures. These are given in OSCAR, but totalled across the various grants. We have assumed that these reconciliation payments (both to and from billing authorities) are split pro rata to the main payments of the grants.

#### Other notes on funding figures:

- ◆ *We have not included counter-terrorism funding for the City of London or counter-terrorism capital funding for the GLA (MOPAC), as figures are not readily available.*

- ◆ *We have not included other capital grants to either the GLA (MOPAC) or the City of London, as figures are not readily available and England & Wales totals (including PCCs) are small.*
- ◆ *Figures for Discretionary Housing Payments are taken from DHP financial returns. In 2018-19, eight authorities did not provide financial returns and therefore the DHP spend and allocation for these LAs has not been included.*
- ◆ *For the Local Highways Maintenance Challenge Fund, it is unclear whether the allocations made were all intended to be paid in full within the year in which they were announced. We have recorded them as allocations for the year of announcement only.*

## Qualitative data about individual grants

### *Department*

For every grant appearing in OSCAR or GGR, we have taken the department from those records. Otherwise, it is taken from the online source we have got the figures from.

### *Agency*

These are in general listed in OSCAR under the heading “Organisation”. However, we have in some cases found that this listing is incorrect and we have corrected it. For all other grants for which an agency is listed, we have taken this from the other online data sources we have identified. For some grants, we have recorded the agency as “None”. We have only done this if it is clear from the sources we have that the funding is directly from the department.

### *Capital or revenue*

Our OSCAR data is, as explained above, broken into capital grant data and revenue grant data. For grants from other sources, we have recorded them as revenue or capital if the source makes this clear or it is clear from the nature/description of the grant. If this is not clear, we have recorded it as “Unknown”.

### *Service categories*

We have assigned service categories to the grants based on their purposes and the information we have found on them. We have adopted category names which will capture a reasonable number of grants, yet are specific enough to be meaningful, and where possible, will be helpful to the analysis in this report.

### *Status of figures*

Here we describe the status of the annual totals for the grant. Figures from OSCAR are outturn figures (on a cash basis). For some grants in the Government Grants Register, the annual totals recorded are the allocations for each individual year. However, for multi-year grant programmes, the recorded annual amounts may simply be the total for the multi-year programme divided by the number of years. We have therefore listed the status of all GGR figures as “Estimates/allocations (GGR)”. The figures relating to other grants are a mix of estimates, allocations and outturn, as listed in this column.

### *Sectoral & geographic coverage*

Figures we have taken directly from OSCAR are for English local government only and are denoted “English LG only”. (In some, cases, OSCAR states the geographical coverage as wider than England, but we have checked these and found that they are only for England.)

The GGR includes grants issued to recipients across the UK. It lists the recipients by sector, but not by geographical location within the UK. Consequently, for grants taken directly from GGR: i) if a grant is only issued to local government and we have been able to ascertain which parts of the UK it relates to, we have put this; ii) if a grant is only issued to local government but we have not ascertained which parts of the UK it relates to, the sectoral & geographical coverage is listed as "UK(?) LG only; iii) if the recipients are wider than local government, the coverage is listed as "More than LG".

For all other grants, the figures relate either to exclusively English local authorities, or to a group of recipients that is wider than just local government. We have therefore recorded these as either “English LG only” or “More than LG” – in some cases, we have also specified which other bodies are recipients.

### *Allocation methods*

GGR records grants as “General Grant – Competed”, “General Grant – Un-competed”, “General Grant – Criteria Based” or “Formula grant”. Definitions of these allocation methods are published alongside the register<sup>111</sup>. For grants which appear in the GGR (whether we have taken the figures from GGR or from another sources such as OSCAR), we have carried out some limited validation of these entries, correcting these where it seems appropriate, but have mainly just accepted the records from GGR.

The challenge with any such set of definitions is that they must be precise enough that one can determine for any individual grant which category it belongs to, but general enough that as a set, they will cover all the grants in the dataset. In practice, this may not be possible – there may have to be a trade-off between these considerations. The definitions used in the GGR seem designed for a very wide range of grants which are

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<sup>111</sup> [Government Grants Definitions](#), Cabinet Office and Efficiency and Reform Group, 29 November 2018

paid to a very wide range of recipients. Consequently, there can be considerable ambiguity in applying them to particular grants. We have therefore adopted slightly tighter definitions, tailored more towards local authority grants:

**General Grant - Competed:** Authorities can only secure funding by involvement in a competitive process – bids are invited and assessed against a pre-published set of criteria, and awards made based on the outcome of the assessment. There will typically be successful and unsuccessful bids.

**General Grant - Un-competed:** A grant that is targeted at specific authorities, without applying criteria or requiring a competitive process.

**General Grant - Criteria Based:** Funding only awarded to authorities which meet set criteria. This will be a limited set of authorities, not all authorities of a given tier. As long as they meet the criteria, they will receive some funding – there is no competition. (The method of determining the amount of funding to each recipient is irrelevant to whether a grant falls in this category.)

**Formula grant:** Allocations are awarded to many authorities using a formula. Authorities do not have to meet any eligibility criteria other than being one of a class of authorities providing the services to which the formula relates, on an ongoing basis.

We have applied these definitions when validating the entries in GGR but also from grants we have identified from other sources.

#### *Intended outcome/ purpose of grant*

Again, this is provided in GGR. In many cases, we have reviewed and where necessary revised the description – either by simply summarising an overly-long description in GGR, or by drawing on other sources of information about the grant. For other grants, we have filled this in from information we have managed to find.

#### *End date (if relevant)*

We draw data on grant end dates from GGR, from OSCAR and from other sources. The process is fairly complex and if a grant appears in more than one source, we need to compare the dates from different sources. These may be in different formats – a financial year in one, a precise day of the year in another.

Each grant listing in GGR has an end date; this is given as the date of a precise day (e.g. 31 March 2016 or 31 August 2017). The default position is to record the end date of the grant as end date of the given year – for example, for GGR 2015-16, most grants have an end date of 31/3/2016. However, in some cases, the end date recorded in GGR is the intended end date for the programme. Furthermore, a grant may be listed in several years' releases and may not have the same date in each. We therefore take the following approach.

If the grant appears in GGR 2017-18, we are only interested in the end date in GGR 2017-18 – any different dates in earlier releases have been superseded. If that date is 31/3/2018, we have no idea whether the grant came to an end in 2017-18, as we do not have GGR for 2018-19 – in this case, we take the end date to be unknown. If the date in GGR 2017-18 is before or after this date, on the other hand, we can assume the date stated to be the actual end date for the grant programme.

If it only appears in GGR for the first two years, we take it to be the date of the end of the last financial year it appears in, unless the date recorded is earlier. (For example, if two grants appear in GGR 2016-17 with the end dates 2/6/2016 and 2/6/2017, we assume that the first one did actually finish on 2/6/2016 as planned, whereas the second was intended to finish on 2/6/2017 but actually came to an end on 31/3/2017, as it doesn't appear in GGR 2017-18. Similarly, if grants appear only in GGR 2015-16, the end date is “capped” at 31/3/2016.)

If a grant only appears in GGR, we take its end date to be that given by the procedure above.

If a grant appears in OSCAR but not GGR, we have identified the last year it was paid according to OSCAR. In this case, we only have the financial year, not a particular date. If this is 2018-19, we have no idea whether the grant came to an end in 2018-19, as we do not have OSCAR for 2019-20 – in this case, we take the end date to be unknown.

If a grant appears in both OSCAR and GGR, we have compared the last listed date in GGR with the dates shown for the grants being paid according to OSCAR. We only take the date from GGR if it is consistent with those from OSCAR – if it falls during the year of the last payment recorded in OSCAR, or falls after 2018-19. In all other cases, the financial year shown in OSCAR takes precedence, as it represents actual payments.

Finally, in some cases, we have more authoritative knowledge that the grant programme is intended to finish in a given year or is assumed to continue indefinitely, either from another data source or from our existing knowledge of the subject. In such cases, we have used this date or entered “Indefinite”.

## Total grant funding

### *2015-16 to 2018-19*

Again, this starts with the data from OSCAR used to compile the PESA tables. Effectively, what we have done is to calculate modified versions of the figures shown in PESA. For the total revenue funding from each department for each year, we have followed these steps:

- ◆ *Total all the grants which are listed in OSCAR as going to English local authorities only, other than those that are excluded for being outside the scope of the report;*

- ◆ *Add on funding which we know or have estimated goes to English local authorities only;*
- ◆ *Where grants are listed as having a wider coverage than England, but we have estimated the amount allocated to English local authorities, add this on;*
- ◆ *Add on the remaining funding from the following departments: Health and Social Care, Education, MHCLG, DEFRA (as their responsibilities are devolved matters, therefore the funding is likely to be for English local authorities only);*
- ◆ *Add on grants which we have found from sources other than OSCAR, which we know must have been omitted from OSCAR (because there are no sub segments which could possibly cover them, due to size and/or scope).*

Having got these values for each department, we add them up to get the total revenue funding paid to English local authorities each year.

The process is exactly the same for capital, except there are no grants we have found which we know must have been omitted from OSCAR.

#### *Forecasts for 2019-20*

Our forecasts are based on the budget figures for revenue and capital grants contained in RA data and CER data published by MHCLG, together with the totals described above.

For revenue grants, we find the totals of the following grants from RA data, for each year from 2015-16 to 2019-20 (for the authorities we are considering, as shown in Table 25):

- ◆ *Specific and special grants outside AEF;*
- ◆ *Specific and special grants inside AEF;*
- ◆ *Revenue Support Grant;*
- ◆ *Police grant;*
- ◆ *Local Services Support Grant.*

We find that the total outturn for 2015-16 to 2018-19, as we have calculated from OSCAR data, exceed these figures by 1.3% to 2.9%. We apply the average increase in outturn over budget (2.0%) to the budget total for 2019-20, to get our forecast for 2019-20.

For capital grants, we find the totals of the following grants from CER data, for each year from 2015-16 to 2019-20 (for the same authorities):

- ◆ *Specific and special grants outside AEF;*
- ◆ *Capital grants from central government departments;*
- ◆ *Capital grants from European Community Structure Funds (including ERDF);*
- ◆ *Grants and contributions from non-departmental public bodies;*
- ◆ *Capital grants from the National Lottery.*

We find that the total outturn for 2015-16 to 2018-19, as we have calculated from OSCAR data, differs from these figures by -14.0% to +3.4%. We apply the average change in outturn over budget (-4.3%) to the budget total for 2019-20, to get our forecast for 2019-20. Given the differences between budget and outturn figures in the years 2015-16 to 2018-19, this is naturally a very tentative central forecast – the actual figure could be considerably higher or lower. (It is, perhaps, unsurprising that this variation from budget has occurred over the years, as it only takes a late payment for a major scheme to affect the outturn, such as a reprofiling of a payment for a major regional transport scheme or a school improvement scheme.)

## Statistical analysis

Most of the statistical analysis is performed on the full list of grants, compiled using the method explained above. There are some tables which just look at revenue grants or capital grants from sources other than OSCAR – this is explicitly stated in the name of the table.

Only Table 14 is not based on either our full list of grants or any subset of it. The statistics in this are based directly on the grants listed in GGR 2017-18. (We have drawn from this, as it is a source which lists end dates for all grants contained in it, for a given year. Almost all of the funding covered by this list is contained in the list we have compiled, albeit indirectly in some cases – for example, split into two or more OSCAR grants, or with the proportion going to English local government estimated.)

There are a few other points worth noting here:

- ◆ *In Table 2, it is worth noting that some grants are worth exactly £1m (or one of the other boundaries between size ranges in this table). The range £1m-£10m therefore means “£1m or more, but less than £10m”, and similarly for the other ranges.*
- ◆ *For some grants, different allocation methods are listed in GGR for different years, while some have more than one allocation method listed for a single*

*year. Both are counted as having more than one allocation method in Table 8 – we are considering allocation methods across all the years for which we have data.*

### *Evaluations*

As explained in the report, we took a sample of 29 grants across departments and service areas and have searched for evaluations of these grant programmes.

We started with the grants for which we had already identified a website which provided information about that particular grant. This ensured that the grant stream was listed on the world wide web under that name in at least one location (other than in large datasets such as GGR and OSCAR).

From this subset, the sample was chosen to have a good spread across departments, years and sizes of grants and contain both revenue and capital grants. For each grant in the sample, we performed web searches for the following terms:

- ◆ *[grant name] “evaluation”;*
- ◆ *[grant name] “impact report”;*
- ◆ *[grant name] “review report”;*

adding the word “grant” or “funding” to the search terms. If this turned up results, we took care to ensure that the documents we found did actually represent an evaluation of the grant stream we were investigating.

## Appendix 2 – Better Care Fund

As stated in a House of Commons Library briefing paper, the Better Care Fund (BCF) is a “pooled budget which is intended to shift resources out of hospital into social care and community services, for the benefit of the NHS and local authorities. The power to create a pooled budget was introduced by the Care Act 2014, which amended the National Health Service Act 2006”<sup>112</sup>.

It was announced in the 2013 Spending Round, with the aim of “delivering better, more joined-up services to older and disabled people, to keep them out of hospital and to avoid long hospital stays”<sup>113</sup>. Planning for its operation developed over the following 21 months and it was finally launched at the start of 2015-16.

Health and Wellbeing Boards (HWBs) decide how the money is to be spent. These were established under the Health and Social Care Act 2012. There is one HWB for each local authority with social care responsibilities. The Board’s membership includes representatives of the local authority and each relevant Clinical Commissioning Group and Healthwatch and they are usually chaired a senior councillor.

HWBs set local plans for spending the money which must demonstrate how the area will meet set national conditions (see below). These must be signed-off by the relevant local authority and Clinical Commissioning Group(s) and approved by NHS England, in consultation with ministers.

Some of the pooled funding is contained in the figures cited earlier in this report. This is grant funding that is issued to local authorities, but then they are required to pay it into the pooled fund. Other funding comes from NHS budgets and from general local authority budgets.

In 2015-16, pool was funded as follows. There were two grants to local government which central government required authorities to pay into the BCF:

- ◆ *Disabled Facilities Grant (DFG), a capital grant worth £220m nationally (issued by DCLG), and*
- ◆ *Social Care Capital Grant (issued by DH), worth £134m.*

These two grants together only made up 7% of the total £5.3bn paid into the BCF in 2015-16. The remainder was a mixture of revenue funding that the Government required the NHS to pay into the fund and additional discretionary contributions from local authorities and the NHS. Of the funding the Government required the NHS to pay in, some was new funding for 2015-16, some was funding which had been transferred from

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<sup>112</sup> [Health and Social Care Integration](#), House of Commons Library briefing paper Number 7902, October 2017

<sup>113</sup> HM Treasury, [Spending Round 2013](#), Cm 8639, June 2013, para 1.30

local government grant budgets at the start of 2015-16 and some was funding streams which had been in NHS budgets for a number of years. A breakdown of the total £5.3bn is shown in Table 27 below.

**Table 27 – Funding for the BCF in 2015-16**

Funding stream	England total 2015-16
<b><i>LG grants required to be paid in (capital):</i></b>	
Disabled Facilities Grant	£220m
Social Care Capital Grant	£134m
<b>Sub-total</b>	<b>£354m</b>
<b><i>NHS funding required to be paid in (revenue):</i></b>	
Transfer from health to adult SC	£1,100m
CCG reablement funding	£300m
Carer's break funding	£130m
New funding from the NHS in 2015-16 <sup>114</sup>	£1,930m
<b>Sub-total</b>	<b>£3,460m</b>
<b><i>Additional discretionary contributions</i></b>	<b>£1.5bn</b>
<b>Sub-total</b>	<b>£1.5bn</b>
<b>Total</b>	<b>£5.3bn</b>

£1bn of the fund was linked to outcomes achieved – meeting particular targets.

The national conditions also required local plans to set out how adult social care services would be “protected”<sup>115</sup>. The definition of “protecting services” could be agreed locally but it had to be consistent with existing guidance<sup>116</sup>. This guidance talked about making “a positive difference ... compared to service plans in the absence of the funding transfer”. This could be for:

- ◆ *supporting new services or transformation programmes; and/or*
- ◆ *support existing services or transformation programmes where they would be reduced due to budget pressures in local authorities without this investment.*

In the event, £1.67bn of the Better Care Fund was spent on adult social care, as shown in Table 28<sup>117</sup>.

<sup>114</sup> This included £135m funding for councils to meet additional costs due to the Care Act 2014. Confusingly, there was also a grant for such costs to local authorities which was not paid into the Better Care Fund. (This followed concerns that £135m was insufficient to meet these costs.)

<sup>115</sup> [Better Care Fund Policy Framework](#), December 2014 (Annex A)]

<sup>116</sup> [Funding transfer from the NHS to social care in 2013/14 – what to expect](#) – letter from DH to NHS Commissioning Board, December 2012

<sup>117</sup> Reproduced from [ADASS Budget Survey 2016](#)

**Table 28 – Better Care Fund for 2015/16: areas of spend in protection of social care**

<b>Area of spend</b>	<b>Estimated national total</b>
Capital spending i.e. Disabled Facilities Grant (Not Care Act)	£283m
Care Act duties (including Capital spending)	£153m
For new or additional adult social care services	£137m
To avoid cuts in existing adult social services	£949m
To cover adult social care demographic pressure	£145m
<b>TOTAL PROTECTION OF SOCIAL CARE</b>	<b>£1.67bn</b>

The outcomes of this spending were closely monitored, allowing the Health Secretary, Jeremy Hunt, to announce at the LGA's annual conference in July 2015 that the achievements delivered through the BCF included:

- ◆ *“84,000 fewer hospital bed days; around 13,000 more older people remaining at home after discharge; and 3,000 more people being supported to live independently according to current plans*
- ◆ *“every part of the country now on track to start sharing records with the NHS, the most vital bit of integration ‘plumbing’*
- ◆ *“72 areas - around half the total - actually putting additional money of their own into the pooling arrangements because they’re so enthused about its potential to improve care” and*
- ◆ *“75% of the pooled budgets are being ploughed not into NHS acute care, but into social and community care”<sup>118</sup>.*

The full national conditions of usage for the BCF for 2015-16 were set out in the BCF Policy Framework<sup>119</sup>. The conditions have been revised several times since.

There were also changes to the funding of the BCF over the years. In 2016-17, the social care capital grant was discontinued. The Department of Health “concentrated its social care capital grant funding into the Disabled Facilities Grant, as research suggests it can support people to remain independent in their own homes – reducing or delaying the need for care and support, and improving the quality of life of residents”<sup>120</sup>.

<sup>118</sup> Rt Hon Jeremy Hunt MP, [Personal responsibility](#), 1 July 2015

<sup>119</sup> [Better Care Fund Policy Framework](#), December 2014

<sup>120</sup> [Adults’ Personal Social Services: Specific Capital Grant Allocations for 2016/17, LASSL\(DH\)\(2016\)](#), DH, February 2016

The total amount of DFG paid to local authorities and then pooled in the BCF was £394m. CCGs were required to pay in £3.519bn, making a total of £3.913m. The total BCF agreed for the year was £5.36bn. Of this, £1.84bn was spent in protection of social care<sup>121</sup>.

The Spending Review in 2015 set out an ambition to integrate health and social care services by 2020, in a way which would be “locally led”. There would be additional money put into the BCF from 2017-18. The additional money is generally referred to as “improved Better Care Fund” (iBCF), although in reality it is not a fund on its own – it is additional money paid into an existing fund. Further funding was provided in the Spring Budget 2017. This is set out in Table 29<sup>122</sup>.

**Table 29 – iBCF funding**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Spending Review 2015: Original iBCF	£105m	£825m	£1,500m
Spring Budget 2017: Additional iBCF	£1,010m	£674m	£337m
<b>Total iBCF</b>	<b>£1,115m</b>	<b>£1,499m</b>	<b>£1,837m</b>

This funding was provided as a grant to local authorities. The conditions on spending it were that it “may be used only for the purposes of meeting adult social care needs; reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported.”<sup>123</sup> In addition, quarterly reports needed to be made to the Secretary of State on how the “Additional iBCF” was being spent.

OSCAR data lists the outturn as being slightly lower than shown in the above table: £1,107m in 2017-18 and £1,430m in 2018-19.

Spending Round 2019 announced that the BCF would continue in 2020-21. NHS contributions would increase by “3.4 per cent in real terms, in line with the overall NHS long-term settlement”. This was reiterated in the Technical Consultation on the 2020-21 Local Government Finance Settlement. This also proposed that the iBCF continue at £1,837m in 2020-21 using the existing methodology. Finally, as mentioned in Section 0, it proposed that winter pressures funding be rolled into the iBCF, to be allocated using the Adult Social Care Relative Needs Formula.

<sup>121</sup> [ADASS Budget Survey 2017](#)

<sup>122</sup> [Improved Better Care Fund 2017-18: quarterly and year-end reporting](#), MHCLG, 18 October 2018

<sup>123</sup> [2017-19 Integration and Better Care Fund – policy framework](#), DH & DCLG, March 2017

## Appendix 3 – Data issues

During the course of the analysis in this report, we have encountered many difficulties with the data sources we have used. Sometimes two sources list exactly the same grant with the same name but have different figures for the England total for a given year, due to timing issues or accounting basis. These sources may have valid reasons for adopting their basis for reporting figures; this is nonetheless worth recognising and commenting on. However, a whole range of problems are caused by inconsistencies in naming grants or local authorities or with the formats used to publish the data. Some of these are specific to particular government departments and others are general issues that arise across Government. The issues which are specific to individual departments provide an insight into the cultures of those departments. This appendix casts an eye over all of these.

### Differences in the basis used for grant figures

As mentioned in the main body of this report, some of the datasets we have worked with relate to the allocations initially announced for a grant or set of grants, while others relate to the amounts actually distributed. These can differ considerably: payments can be delayed or changed and grants can be merged or ended entirely. Sometimes, the initial allocations are based on provisional data which is later updated, particularly in the case of grants based on payment by results. For example, allocations of Dedicated Schools Grant can be affected by updated pupil data, as well as academy conversions and school closures.

Even when the figures relate to actual payments, they can differ. For example, they may use a different accounting basis: a payment relating to March 2016 may get delayed to May 2016. A dataset based on cash payments would include this in 2016-17 figures whereas one calculated on an accruals basis would include it in 2015-16 figures. HM Treasury's OSCAR database, for example, holds records of cash payments. However, in this case, there are differences even between different extracts from the database relating to the same year. For a given financial year, OSCAR data is published each quarter. The final such publication is in the June following the end of the financial year. However, data in the PESA tables is based on extracts taken in July. Prior to this, HM Treasury contacts all the spending departments and urges them to ensure their records are up to date. This brings in many extra small grants - the number of revenue sub segments for 2017-18 increased by more than a third between the June 2018 extract and the one from July 2019 used in PESA 2019.

For any researcher working in this area, it is also worth bearing in mind that while most local and central government expenditure and income data is calculated on the basis of financial/municipal years, academies compile their budgets and accounts according to school years. This can feed into figures published by DfE/ESFA.

## General issues with how grant data is recorded and published

The Government records allocation and outturn figures for different grants across a wide array of different documents. These include:

- ◆ *Documents in the Local Government Finance Settlement;*
- ◆ *Documents published alongside the Local Government Finance Settlement to which links are provided on the Settlement web page;*
- ◆ *HM Treasury's OSCAR database;*
- ◆ *The Government Grants Register;*
- ◆ *Grant determination letters;*
- ◆ *Local Authority Social Services Letters (LASSLs);*
- ◆ *Local Authority Circulars (LACs);*
- ◆ *Publications of Revenue Outturn (RO) and Capital Outturn Return (COR) data collected from local authorities.*

Some of these are described in more detail in the following subsection. In addition to these, figures for totals of current and capital grants summed by department are given in HM Treasury's PESA publications, while departmental Annual Reports and Accounts in some cases report these summed by function.

Where allocations to individual local authorities are given, the authority names may vary widely between documents. For example, Telford and the Wrekin may be written as "Telford and the Wrekin", "Telford & The Wrekin", "Telford and Wrekin" or even just "Telford". Similarly, some documents will put just "York" or "Bristol" while others will put "York, City of" and "Bristol, City of" or other variants. Others will append "UA" after the names of unitary authorities. Some will hyphenate "Richmond upon Thames" and "Newcastle upon Tyne" and some will not, and others will use a shortened form. This causes significant difficulties for analysis, as it proves very difficult to read in allocations for different grants for a given authority.

Both MHCLG and ONS use codes for authorities to get round this problem. MHCLG uses "R-codes" or "ACCT" codes, such as R229, and "short E-codes", such as E3031, while ONS uses "long E-codes" or "LAU1" codes, such as E07000170. Having three codes for each authority is not really a problem, as long as they are unique and you have a mapping between them. However, many grant allocation documents do not use any of these codes.

Allocation data for many grants does not appear to be available online and certainly cannot be found easily. This is increasingly the case as you go back a few years – it is often considerably more difficult to find allocation data for a grant that ended in 2015-16 or 2016-17 than a current set of allocations. In some cases, where such allocations are online, they are in a scanned document. There seems to be little if any software or resources which can extract tables from these, meaning that any analysis using this data involves time-consuming transcription by hand. Even where PDF documents have been created by converting other digital formats, there can be considerable difficulty extracting the data, as described below.

## Departments and the grant data they publish

In this section, we discuss particular issues we encountered when working with the data published by some departments. These tended to be the departments which issued large datasets and large numbers of grants, and those responsible for funding for the four service areas we looked into most closely.

### *HM Treasury*

As explained in Section 2, we have drawn extensively on OSCAR data in our analysis. The OSCAR data is directed and compiled by the Treasury. In theory, each department records all of its expenditure in the OSCAR database. Each item of expenditure is assigned a large number of codes. Under one of these, some expenditure is coded as “Current grants to local government” or “Capital grants to local government”. These are used for compiling the tables in PESA which show the amount of current (revenue) and capital grant paid to local government by each department. These tables are National Statistics.

One would therefore expect all current grants to local government to be coded as such in OSCAR and similarly for all capital grants. This generally is the case; unfortunately, there are exceptions. We have identified three of these. Firstly, in each of the years 2015-16 to 2017-18, there was £2.3-£2.9bn of funding provided by SFA/ESFA for adult skills, apprenticeships and similar. Some of the providers of these services were local authorities. These authorities received funding for the following:

- ◆ *19+ Apprenticeships;*
- ◆ *16 to 18 Apprenticeships and Agency-funded 16 to 18 Traineeships;*
- ◆ *Discretionary Learner Support & Adult Loans Bursary;*
- ◆ *Community Learning;*
- ◆ *Other Adult Skills Budget/Adult Education Budget.*

The funding totalled around £0.3bn in each of the three years. There is a sub-segment relating to it for 2015-16, but not for the later years. Secondly, the Ministry of Defence has funded many projects under its Armed Forces Covenant Fund Local Grants scheme. Again, local authorities have been amongst the recipients of this funding, but this has not been included within “current grants to local government” in OSCAR. Thirdly, in one of the published extracts we looked at – that from June 2017 – the public health grant was coded as “Purchase of goods and services”. However, this appears to have been a genuine error that was corrected in the July extract (unpublished) used for compiling the PESA tables.

In our communications with departments, we have found that handling OSCAR data is often the responsibility of one person within the department. There is very little familiarity with the dataset in the wider department and often little awareness of it. Other finance staff within the departments often record grant data in very different ways, leading to inconsistencies between the datasets, as explained below.

### *Cabinet Office*

The Cabinet Office maintains the GGR. It appears that this data is drawn from the Government Grants Information System, entered by departments through the Government Grants Hub.

This data is in a fairly user-friendly format, in the sense of being comprehensible to the non-specialist user. However, it has deficiencies, as described in Section 2. It is undergoing improvement from year to year, and for 2018-19, the Cabinet Office is holding it back, to ensure it is as comprehensive as possible before publication. It would be helpful in future publications to have a common understanding of what constitutes an individual grant. In particular, it would be helpful to have revenue/resource and capital components of funding separated out in all cases, and to avoid figures representing whole service areas (as in the case of adult skills funding). While for our purposes, it would be helpful to separate out funding for the different nations of the UK, it would help to be consistent on whether to provide a regional breakdown or not, as is currently done with some migration-related grants. An additional column describing the status of the figures (whether they are outturn figures, allocations for the specific year, or estimates calculated by splitting the total allocation over a number of years, as is done in Appendix 4 and the tables in Sections 11 to 14) would also be of benefit.

### *MHCLG*

MHCLG issues the highest number of grants of any department – we have identified 151 over the four years 2015-16 to 2018-19, as described in Section 5.

For some service areas, MHCLG is more consistent and helpful than other areas and departments in the way it records grant data. (This may be because working with local government is such a large part of its daily work and this aids smooth relations between the sectors.) For example, where grant allocations are published, they are usually in spreadsheets with one authority per row and codes used for each authority (see below).

Also, the names given to grants are fairly consistent across documents, even to the extent that many OSCAR codes are used in its entries in the Government Grants Register.

However, in other service areas, this is not always the case. Take, for example, homelessness (see Section 12 for more on this). There is an OSCAR sub segment for “Preventing Homelessness”, but this is a programme heading rather than a single grant. For three funding homelessness streams in 2015-16, we have only been able to find allocations published in tables in a single PDF document. This causes considerable practical difficulties for any researcher wishing to carry out analysis on this data.

Furthermore, in this case, most of the awards were to partnerships of local authorities (and in one case, a housing partnership). Each partnership is provided in a single row in the table, with local authorities mainly separated by commas. However, there are many inconsistencies in the formatting, including commas appearing in authority names (e.g. “Bristol, City of”). This causes even greater practical difficulties for analysis. One entry even lists East Lancashire as a recipient, when there is no such local authority. (By cross-referencing with the website for this project, it appears to be a shorthand for Lancaster and Chorley Councils, but this is not explained.)

MHCLG is also the department responsible for collecting budget and outturn (expenditure and income) data from local authorities, in several suites of forms. Limitations in the published data were described in Section 2.

The RO forms do collect data about all individual revenue grants through “Memorandum boxes” on the forms, which list some grants that authorities may be receiving and have many blank rows. Authorities are asked to enter the amount they received for the listed grants and add in any others that are not listed. For the years we were looking at, these lists were out-of-date and many grants were not included. These grants had been described in various documents issued by Government under multiple names, so the returns from local authorities naturally had many names for some grants. The team responsible for issuing these forms and collating the data tell us that they have attempted a refresh of the list of grants for the latest versions of these forms.

We therefore conclude that MHCLG does not keep a full and accurate list of the grants it provides to local government.

### *DfE*

For DfE, core schools funding and other funding are handled in different ways.

The largest revenue grant is DSG. This has been reformed over recent years. As such large amounts are at stake in a service that evokes great passions, this has taken place very gradually, with many consultations. These have been accompanied by spreadsheets on allocations and indicative allocations. There has also been a lot of data issued in relation to other core school grants, often with allocations. However, allocations are often listed by school, mixing local authority-maintained schools with academies. It is

then difficult to confirm whether totals cited for local authority funding are genuinely only for local authority funding, or whether they also contain some funding for academy trusts. Relatively little data is provided on outturn, which can differ from allocations for reasons explained above.

Two major school renovation programmes were started under Labour: the Primary Capital Programme (PCP) and BSF. Under the Coalition Government, DfE initially put the brakes on BSF and started to overhaul it. Since then, it appears that school renovations have remained in a state of flux. Consequently, DfE expenditure on major programmes in recent years has been a mix of those started under Labour and those started since. There seems to be little data on these.

With regard to ongoing capital funding, more data is available. Unfortunately, there seems to be little explanatory material available for the terms used in these datasets and it is hard to see how they match up. For example, a DfE web page entitled “School Capital Funding” explains that Devolved Formula Capital and School Condition Allocations are to help maintain and improve the condition of school buildings and grounds<sup>124</sup>, but does not explain the difference between them. A separate page covers “basic need capital funding”, which is for additional school places – this seems to include “targeted basic need”<sup>125</sup>. OSCAR, meanwhile, has entries with names which include “targeted capital” and “devolved capital”, but not “basic need” or “school conditions”, so it is difficult to understand the relationship between these figures. This is particularly the case if one is interested in particular types of school – for example, we wanted to isolate figures for local authority-maintained schools and voluntary aided schools, and exclude funding going to academies.

Finally, for some documents, it can be unclear whether they are likely to be found on DfE’s website or that of the ESFA.

For non-core schools funding and most non-schools funding, very little data seems to be available. For most of the entries in OSCAR, we were unable to identify another source which explicitly mentioned them, despite enquiries with DfE. The same is true for grants in GGR. Many names for OSCAR sub segments changed in 2016-17, often by prefixing an acronym for the DfE team or agency administering the funding.

### *DfT*

In some cases, such as road maintenance grants, grants are given similar names. Often, it will not be clear for two grants from different sources with similar names and different national totals, whether one includes the other or whether they are entirely separate grants. For example, the national totals for “Local authority road maintenance” in OSCAR are about 30-40% higher than the published allocations for “Highways Maintenance Funding formula allocations”, for the years 2015-15 to 2017-18. Following

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<sup>124</sup> [School capital funding](#), DfE, 18 July 2019

<sup>125</sup> [Basic need allocations](#), DfE, 20 May 2019

correspondence with DfT, we believe that there are other grants included within the OSCAR totals. For these grants, we have used data from other sources.

Furthermore, some grants which are spent by the Highways Agency locally have similar names to grants from DfT to local authorities, as shown in the 2016 Shared Intelligence report for the LGA, *Is the grass greener...?: Fragmented Funding for Growth 2016/17*.

### *DHSC*

DHSC frequently issues allocations in letters to local authority officers: Local Authority Social Service Letters (LASSLs) and Local Authority Circulars (LACs). These are usually the only published source containing these allocations and can be quoted in other documents. These generally have the same defects as the homelessness funding allocation documents mentioned above: tables in PDF files, which often use inconsistent or non-standard forms of local authority names. Around the introduction of the BCF, there also seems to have been a tendency to shunt small pots of grant funding between headings, classifying/grouping them differently for different purposes.

### *Home Office*

Funding from the Home Office to English local authorities is dominated by funding for police services and for police and fire service pensions. We could find very little information on the grant funding for police and fire pensions.

For funding for police services, we were interested in funding going to the London authorities with policing responsibilities, as opposed to the PCCs in the rest of England and Wales. Most of this funding is through the Police Grant, for which allocations are readily available, in an annual report. However, there are also large numbers of smaller grants, and for most of these, we were unable to find allocations data. (We therefore added up the national totals and estimated a proportion of this funding which went to the London authorities.)