

Committee: Policy and Resources – For decision	Date: 17 January 2019
Subject: Policy Initiatives Fund/Committee Contingency: multi-year analysis	Public
Report of: Chamberlain	For Decision
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Summary

This report provides the schedule of projects and activities which have received funding from the Policy Initiatives Fund (PIF) and the Policy and Resources Committee's Contingency Fund for 2018/19 and future years with details of expenditure in 2018/19. The current available balances for the Policy Initiatives Fund (PIF) and the Committee contingency for 2018/19 are £152,341 and £78,450 respectively.

This report also responds to Members' concerns in relation to bids PIF funding which fall across multiple years, as these can restrict the Committee's flexibility to respond to emerging needs (given that significant proportions of the total annual PIF pot might already be committed at the beginning of a financial year). The report therefore seeks to limit approaches for multi-year allocations and proposes a set of criteria for bids to aid Members in making funding decisions, as well as establishing measures by which the benefits or successes of each allocation can be assessed.

Members are asked to:

- agree the proposed changes to the criteria and administration of the PIF; and
- review the analysis of the existing multiyear PIF bids in paragraph 6 and re-prioritise them as needed or when current funding agreements come to an end.

The proposed changes to the PIF criteria:

1. limit multiyear requests to a maximum of two years, to reflect that the PIF is intended as a one-off funding source;
2. set aside a portion of the PIF specifically for multi-year bids to focus prioritisation;
3. establish clear success/benefits criteria which can be measured at a six monthly review to show how far progressed the work is or how effective the work/activities were which can be used for future consideration for new PIF bids for similar work/activities; and
4. if little to no money has been spent on works/activities 18 months after a successful bid, funding is returned to the fund so that the PIF is available for other PIF applications (unless there are legitimate reasons for the delay in spend).

Recommendations

Members are asked to:

- Note the report and contents of the schedules.
- Review the recommendations in paragraph 6 and reprioritise existing multi-year bids as needed or when current funding agreements come to an end.
- Approve the suggested changes to the criteria and running of the PIF as per below:
 - PIF bids are to be time limited to a maximum of two years funding (excepting grants for accommodation);
 - Allocate £600k from the PIF to be used exclusively for multiyear bids from 2019/20
 - PIF bid reports are to set out a measurable success/benefits criterion which will be reviewed at two 6 months intervals during the year on how far progressed works/activities are and how successful the work/activities were; and
 - If successful bids have not spent any of the allocated funding within 18 months of being approved the funding is to return to fund unless there is a legitimate reason for delays.

Main Report

Background

1. The purpose of the Policy Initiatives Fund (PIF) is to allow the Committee to respond swiftly and effectively with funding for projects and initiatives identified during the year which support the City Corporation's overall aims and objectives.
2. The Committee contingency is used to fund unforeseen items of expenditure when no specific provision exists within the Policy Committee budget such as hosting one-off events.
3. The current process for identifying which items should sit within the PIF are if they fall under the below criteria:
 - Items that relate to a specific initiative i.e. research;
 - Sponsorship/funding for bodies which have initiatives that support the City's overall objectives; and
 - Membership of high profile national think tanks.

Current Position

4. Appendices 1 and 3 list the projects and activities which have received funding for 2018/19 from the PIF (Appendix 1) and your Committee's Contingency Fund (Appendix 3) with the expenditure incurred to date. Appendices 2 and 4 show all committed projects and activities approved by this committee from the PIF (Appendix 3) and the Contingency Fund (Appendix 4) for this financial year and future financial years with the remaining balances shown. It should be noted that the items referred to in all appendices have been the subject of previous reports approved by this Committee. (The newly established Brexit Contingency Fund of £2m as agreed by your committee in November 2018 has not yet received any bids).

5. The balances that are currently available in the Policy Initiatives Fund and the Committee contingency for 2018/19 are £152,341 and £78,450 respectively.
6. Our review of the analysis in appendices 1 to 4 has identified the following shortcomings:
 - Currently PIF bids can be submitted for multiple years which results in PIF allocations for future years becoming depleted before the financial year has started. This may result in the future PIF budget not being able fund emerging opportunities and worthy works/activities which may result in the City not being able to respond to events in a timely manner.
 - It is difficult to assess how effective funding is in achieving policy aims as there is currently no review carried out on how successful work/activities are at a set time/on completion.
 - There are items that bid for PIF funding on a yearly basis, so it would be beneficial to review these regular PIF bids to assess if it is going to be a worthwhile exercise going forward and whether these items should be paid for from service committee/ departmental local risk budgets.
 - It also appears that some funding requests have been made with no clear timeframe for delivery of an activity- there are currently allocations in the PIF with little to no spend allocated against them; or where works/activities appear to be complete, but the surplus funding has not been returned to the PIF. At year end, departments are asked if funding is still required for their successful bids and it is rolled over if they have agreed that it is still needed. It is recommended that allocations that are not being used should be returned to the fund.

Proposals

7. To restrict the depletion of funds in future years, a two-year time limit is proposed (except for accommodation grants). It is also proposed that the Committee revisit the currently approved multiyear bids and reprioritise if the work being done is adding value and if they should be continued or not. The allocations are analysed in appendix 5 and recommendations are shown below:
 - Items that are ending in 2018/19, it is recommended that these remain as they are, but review in future years, especially on whether the activities can be accommodated by reprioritising current local risk budgets.
 - Grants for accommodation (£157k per annum) are typically for 5 years; review whether to continue support when the grant comes to an end; and review whether funding levels remain appropriate. Although typically ongoing funding requirements would be included within local risk budgets, it is not recommended that funding for these three grants are hypothecated to local risk as priorities on recipients may change.
 - £84,500 per annum is typically spent on think tank memberships. This amount at less than 10% of the PIF seems reasonable, although it is recommended that the analysis to ensure that support is proportionate across the left and right leaning think tanks is carried out annually.

- Typically over £200k per annum is spent on annual events and conferences- there is a mix of support for events historically bid for year on year; and 2-3 year funding commitments. It is recommended that the spend on the annual party conferences be maintained, but review all other commitments for effectiveness before renewing funding.
 - Support for new initiatives range from London or square mile focused to new international or European organisations. Typically these are two or three year grants with a natural cut off. Any requests for continuing funding should be reviewed in light of effectiveness and strategic relevance.
 - Largest value item is the £250k per annum lead sponsorship of Innovate Finance. It is recommended that funding levels are reviewed.
8. To ensure prioritisation within the multiyear bids, it is suggested that the PIF for the financial year 2019/20 and onwards has £600k of its total budget put aside for multiyear bids with the rest set aside (£650k) for one off allocations, with the option to 'top up' the multiyear allocation from the balance if members agree to do so. This will ensure that there should always be enough in the PIF to fund emerging one-off opportunities as they come up.
 9. It is suggested that all future PIF bids include a measurable success/benefits criterion in the report so that the successful bids can then be reviewed to see what the outcomes are and if the works/activities met the objectives of the PIF. In line with the guidance on the newly established Brexit contingency fund, a review of all successful bids will be undertaken at six month intervals as an additional appendix to the current PIF/Contingency report. Such a review will aide members to see the effectiveness/benefits of PIF bid supported works/activities which can be taken into consideration when approving similar works/activities in the future.
 10. When a PIF bid has been approved there should be a reasonable amount of progress/spend on the works/activities within 18 months of approval which allows for slippage and delays. If there has not been enough spend/activity on a PIF bid, it is suggested that the allocation is returned where it can utilised for other works/activities. If the department requires funding for the same works/activities again at a later date, it is suggested that they re-bid for the funding. A summary of these items would be reported on in the regular PIF/Contingency report.
 11. Members are asked to approve that for items that had had little to no progress on activities/spend on bids approved after 18 months to have the allocation return to fund with departments having to rebid for PIF funding if it is required in the future. If there is a legitimate reason, out of the departments influence, that have caused delays to progress to spend it is recommended that a these are reviewed as needed.

Corporate & Strategic Implications

12. Although each PIF application has to be judged on its merits it can be assumed that they may be helping towards contributing to a flourishing society, supporting a thriving economy and shaping outstanding environments as per the corporate plan.
13. Each PIF application should be approved on a case by case basis and departments should look to local budgets first before seeking PIF approval, with PIF requests only being submitted if there is no funding within local budgets available.

Appendices

- Appendix 1 – PIF 2018/19 expenditure
- Appendix 2 – PIF 2018/19 & Future FY Committed
- Appendix 3 – Contingency 2018/19 expenditure
- Appendix 4 – Contingency 2018/19 & Future FY Committed
- Appendix 5 – Multiyear PIF items to review

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