Ministry of Housing,
Communities &
Local Government

# Local Digital Fund Prospectus - 2021/22

Supporting local government collaboration, learning and digital innovation projects

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# Introduction

1. On 4 July 2018 the Government made a commitment to help councils transform local digital public services, backed by original £7.5m of funding. Local Government Minister Rishi Sunak launched the initiative to help change the way councils use technology to design and deliver public services, share expertise and ensure the public get services focused relentlessly around their needs.

2. Local authorities provide a wide range of services to the public, and many of these services are common across the country. Councils collect waste and recycling, clean the streets, care for the most vulnerable, allocate school places, issue blue badges and so on. Often councils have designed, procured and delivered these services by themselves - either designing and building something in house or buying a complete, 'full stack' product from an IT provider that leaves them with little ability to modify and improve the service as their needs change. This creates inefficiencies in the market with missed potential for learning and collaborating, and perpetuates the use of inflexible technology. As outlined in the Local Digital Declaration, we want to support councils to solve their common problems more effectively, develop their digital capability and design and deliver high quality services.

3. The Local Digital Fund is intended to support all authorities and equip them with the requisite resources to deliver the agenda set out in the Local Digital Declaration.

4. This round of funding aims to help councils transform their digital services in line with the Local Digital Declaration. This is done through collaborative working which researches how new technology can be used to deliver services in new ways or create innovative services that did not exist before (see point 9 for thematic areas). We aim to:

    • help councils maximise efficiency savings by solving problems collectively rather than many times

    • fund work that benefits the collective, rather than work that individual councils would do anyway as part of their local efficiencies programme.

5. In the 2018/19 and 2019/20 financial years, four rounds of applications were accepted to the fund. A total of 23 unique projects were successful. A separate discovery project aimed at improving collaboration between local authorities was also commissioned by MHCLG. In 2020/21 this was followed by a special COVID-19 round that funded 12 additional projects and the launch of a Continuous Funding Model aimed at supporting previously funded projects.

## Overview

6. Support is offered to stimulate and support digital service transformation in a collaborative and joined up way that benefits the wider local government sector.

7. Funding is confirmed for 2021/22 and amounts of up to £350,000 per project will be awarded as proposals move successfully through the bidding process and assessment criteria, as defined in [Annex A](#).

8. Funding will be transferred to the lead applicant organisation via Section 31 of the Local Government Act 2003 grant.

9. Local authorities are invited to submit proposals for digital projects from two thematic areas:

   - Theme 1: modern user-friendly development platforms that enable councils to design and build different types of front facing services. This may include low code platforms, open source technology, or similar solutions aimed at end to end service transformation.

   - Theme 2: an open theme to tackle inflexible and expensive software in councils, develop new software solutions or services, and/or help reduce their cyber vulnerability. This may include utilising new digital services to address problems posed by inflexible or out of support software.

## Who can apply

10. Local authorities[1] in England are eligible to make an application to the challenge, noting the funding stream requirements and deliverables outlined in points 26 to 34 and the assessment criteria described in [Annex A](#).

11. Central government departments, third sector organisations, other public sector organisations and local authorities from elsewhere in the UK are not eligible to make an application but can be partners on a project.

12. Private and third sector organisations (on their own or in partnership with local authorities) are not invited to submit proposals to either of the funding streams. Winning bids can commission these organisations to work with them to deliver the project.

13. A lead council should submit the application on behalf of all project partners:
    - For theme 1, bids can be put forward by a single local authority and do not require contributions from other organisations.
    - For theme 2, all bids will need to be developed or contributed to by 3 or more local authorities, including the lead council.

14. Lead applicant and partner councils must be Local Digital Declaration signatories.

15. Each local authority can submit up to 2 proposals to lead the projects and can be a partner on as many projects as they can actively support.

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[1] local authorities - County Councils, District Councils, London Borough Councils, the Common Council of the City of London, Combined Authorities and Greater London Authority.

## Eligibility and assessment criteria

16. In making awards, priority will be given to those proposals that offer the greatest potential for immediate impact and benefits. In particular, potential savings and improvements for service users and operators. Full eligibility criteria can be found in Annex A.

## Fund timescales

17. Timescales

| Applications open | 6 September 2021 |
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| **Slack Q&A session** | 13 September 2021, 10:00am - 12:00pm |
| **Applications close** | 26 September 2021 at 11:59pm |
| **Panel interview (as needed)** | 13 - 14 October 2021 |
| **Selected projects announced** | October 2021 |
| **Outputs due** | To be agreed with your collaboration manager, we expect alphas to be delivered in approximately 12 weeks and betas in 6 months. |

## Application process

18. Application forms will be made available to councils from 6 September 2021, via the Local Digital Website.

19. All applications must be submitted by 11:59pm on 26 September 2021, by a lead authority.

20. Applicants will be expected to robustly demonstrate their readiness to meet the fund eligibility criteria outlined in this prospectus Annex A, as well as availability to start the project from October 2021.

21. Shortlisted beta applications and applications under theme 1 may be invited to present their proposals to a panel for final review and scrutiny.

## MHCLG as a partner

22. Funded projects will be partnered with a Collaboration Manager from the MHCLG Local Digital Collaboration Unit (LDCU). The Collaboration Manager will provide oversight, support and guidance to projects and provide a link to MHCLG.

23. Projects may also be asked to work with the LDCU to develop the wider benefits case for the sector and support delivering the ambition of the Local Digital Declaration.

24. Projects will be expected to adhere to local governance procedures and processes including, but not limited to, data privacy and protection obligations.

## Funding streams available

25. Local authorities will be invited to apply for funding to develop projects in alpha or beta stages of development.

**1. Alpha (testing options with hypothesis) funding and required deliverables**

26. Alpha projects aim to build and test something for which we are sure that there is a need. We know that groups of councils and shared services around the country have been working out great solutions to common problems, but perhaps lacked the resources to further validate their user research, test their products with more organisations and document the work for others to use.

27. We'll consider 2 types of alpha projects:
    a. creating reusable assets (for example a shareable pattern) for a solution that has solved a local service problem very effectively and in line with Local Digital Declaration principles. The focus of these projects will be to test the assumptions and designs of the existing solution with other users, and either create a toolkit that makes it simple for others to adopt it and/or bring together a committed collaborative team to take the development of the solution forward.

    b. projects that have produced the discovery outputs listed above. At the end of an alpha project, applicants will be able to share user-tested demos that prove that they've designed a great solution to the common problem. This will form part of the evidence for any application for further implementation funding.

28. We'll offer up to a maximum of £150,000 for applicants who want to carry out an alpha project and commit to delivering:

    a. a business case or benefits case that explains the cost of the problem and the solution's potential for savings to the councils involved and if rolled out nationally. This will need to be supplemented by a Monitoring and Evaluation framework that defines the theory of change and helps quantify the impact for the sector. Additional guidance and a template for the framework will be provided in due course.

b.  A user research report, documenting user research undertaken during this phase

c.  An accessible product or service that shows others how to implement it. This could take the form of a prototype, user experience demo, set of instructions, design pattern

d.  A conclusion proposing either: what product or service you should develop in a beta project; that another alpha is needed to determine that you can create something cost effective that meets users needs; that the project should stop as your findings from discovery are no longer valid

e.  where appropriate, an application for additional funding from the Local Digital Fund to progress the project via Continuous Funding Model.

29. All outputs will be published on our website and should be designed to be easy to read, accessible and in the case of a prototype, available for others to access and interact with.

## 2. Beta (building and refining options) funding and required deliverables

30. Beta projects aim to take the best idea from an alpha stage and start building it for real. It also involves thinking about how your service will integrate with (or start to replace) existing services and preparing for the transition to live.

31. The beta phase will also require fund recipients to develop a clear plan about how they propose to scale their product more widely across the sector, enabling other local authorities to use the outputs of the project to solve their common problems. This might range from open sourcing the service design pattern and code with detailed guidance about how to implement the services through to drawing up proposals for a multi-tenant Software as a Service (SaaS) solution.

32. Structure your beta phase so you can roll out the service to real users - while minimising risk and maximising the potential to learn and iterate the service. Make sure the project team has the capacity to sustain that learning and iteration throughout the beta period and beyond.

33. We will offer up to a maximum of £350,000 for applicants who want to carry out a beta project and commit to delivering:

a.  a business case or benefits case that explains the cost of the problem and the solution's potential for savings to the councils involved and if rolled out nationally. This will need to be supplemented by a Monitoring and Evaluation framework that defines the theory of change and helps quantify the impact for the sector. Additional guidance and a template for the framework will be provided in due course.

b.  an accessible product or service with evidence of iterative user testing that could be used across multiple local authorities.

c.  guidance on how other local authorities could access or implement your product or service; this could take the form of a set of instructions, design pattern, open code or solution (see GOV.UK Prototype Kit code and guidance)

d.  a plan for scaling the private beta. Include evidence regarding the technical, operational and commercial considerations that support scaling/re-use.

e.  where appropriate, an application for additional funding from the Local Digital Fund to progress the project via Continuous Funding Model.

34. All outputs will be published on our website and should be designed to be easy to read, accessible and in the case of a beta, functioning and available to demo or test.

# Further information

35. All Local Digital Fund related information will be routinely published and updated on https://localdigital.gov.uk/fund/round-5. If you have any specific questions about the fund you can use the #mhclg-fund Slack channel in the LocalGovDigital workspace. All questions and answers will be published on: https://localdigital.gov.uk/fund/questions-about-applying-to-round-5.

36. Local authorities wishing to sign the Local Digital Declaration can do this online at https://localdigital.gov.uk/sign/.

# Further funding for successful projects

37. Funded projects that demonstrate impact and the potential to deliver greater benefits may be invited by MHCLG to apply for further funding via the Continuous Funding Model.

# Annex A: Eligibility criteria

The criteria below will be used to determine whether proposed projects are eligible for the Local Digital Fund. Eligible applications will be assessed in line with the principles outlined in the Local Digital Declaration. When completing an application into the fund, each project proposal will need to evidence how its team and project will work to meet these criteria.

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**1. Solve common problems**

For application under theme 2, the problem should be common to multiple authorities[2]. For applications under both themes, the problem should also be appropriate in relation to the phase of the project, the time available, identified risks and any other related work in the sector.

The defined problem should demonstrate an understanding of how the current market, tools and products are addressing user needs in the context of your project.

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**2. Focus on and involvement of users**

The problem should be solving a problem for a user. Demonstrate the potential for, or evidence of, improvements for service users and/or operators' experience of the service, through evidence of user research and testing.

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**3. The right team and an approach to work collaboratively**

The proposed team should have the right skills and experience appropriate to the phase of the project. The team should consider how they are going to work together, especially when they may be geographically dispersed. They should also consider governance and how they will ensure engagement from senior stakeholders and subject matter experts.

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**4. The plan**

The project should have an appropriate plan in place for the project, taking into consideration the agile principles and work in any previous phases of the project. This should cover the methodology and resources, both financial and human, providing a clear breakdown of how the funding from MHCLG and other contributions will be spent.

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**5. Share learnings and outputs**

The project should have a plan for how they will share progress, learnings and products with stakeholders and the sector to help build wider engagement and understanding, to determine the likelihood of wider adoption and scalability of the proposed solutions.

Consideration should also be given to how the learnings and products can be reused and contributed to by others beyond the end of the project.

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[2] Proposals must aim to improve a local public service that is delivered by more than 20 organisations.

**6. The potential level of savings for the sector**

Covering both the potential social and financial benefits, including forecasting return on investment and the potential when scaled across the collaborative partnership and nationally.

The granularity and confidence in the evidence for these benefits should increase as the project progresses through the agile phases of development.

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**2. Development platform (Theme 1 only)**

For applications under theme 1, the project should already have a development platform in place, or have approval to procure a platform e.g. written a business case and the business case has been approved. Consideration should also be given to whether the platform has a library of modules/code that other councils can access.

# Annex B: Glossary of terms

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| **Lead authority** | The local authority which takes the responsibility for leading the project through to completion. This tends to also be the authority which instigates the project but might not necessarily be the case. This authority must have signed the Local Digital Declaration before funding can be awarded to the project. |
| **Partner authorities** | The local authorities which are actively involved in developing the project. These authorities will be listed on the application form and must have signed the Local Digital Declaration before funding can be awarded to the project. |
| **Project lead** | The person from the Lead authority who personally takes the responsibility for leading the project through to completion. |
| **Local Digital Declaration** | The Local Digital Declaration is a shared ambition for the future of local public services written in 2018 by a collective of 45 local authorities, sector bodies and government departments. |
| **MHCLG** | The Ministry of Housing, Communities & Local Government's (MHCLG) job is to create great places to live and work, and to give more power to local people to shape what happens in their area. |

| **LDCU** | The Local Digital Collaboration Unit is a team within the Ministry of Housing, Communities & Local Government, created to help the sector deliver on the ambition of the Local Digital Declaration. LDCU supports collaborative projects and the development of skills and capability within the local digital community. |
|---|---|
| **Round of funding** | A distinct period of time when the Local Digital Fund is open for funding applications. |
| **Alpha** | Testing options with hypotheses.<br><br>The government service manual provides a useful reference point for how the alpha phase works. |
| **Beta** | Building and refining options.<br><br>The government service manual provides a useful reference point for how the beta phase works. |