



TREND 3

Tackling funding silos

Fostering greater collaboration and shared problem-solving
to create greater public value

Ed Roddis, Mark Bussow, Tiffany Fishman, and Ursula Brennan

Introduction

By design, government agencies are set up as specialized, hierarchical organizations funded and governed in silos, providing visibility and accountability on how public funds are used. But that defined scope itself can act as a roadblock to the creation of greater public value. Indeed, siloed budgets, regulatory constraints on fund transferability, limited flexibility, and a lack of incentives to collaborate can lead agencies to narrow their efforts even as challenges such as climate change, homelessness, and intergenerational poverty demand a coordinated whole-of-government response.

Governments have long recognized the need to break down funding barriers to achieve better outcomes. And though efforts may be at different stages, an increasing number of jurisdictions are looking to overcome silos where they impede progress on major agenda items, from shifting to a citizen-centric service delivery model oriented around life events, to addressing government's

cumulative quick-over-good tech debt, to giving more control over funding and decision-making to those closest to the problem at hand.

The Next Generation EU (NGEU) plan represents one of the most recent, largest-scale initiatives to date. Focused on digitization, innovation, and sustainability, the NGEU plan aims to support transformational change by distributing over €800 billion to state ministries, regional governments, local governments, and state-owned enterprises to assist in postpandemic recovery, helping to put the European Union on the path toward resilient economic growth. Structure and accountability are key: The plan establishes a governance framework that links disbursement stages with the fulfillment of milestones and targets. Some countries are maximizing opportunities by supplementing the funding with local money, and the NGEU plan is acting as a catalyst for greater private investment toward a more digital, sustainable, and inclusive future for EU businesses, governments, and citizens.

In the sections that follow, we highlight some of the models governments are using to drive more shared problem-solving and collaboration—from shared-funding initiatives, to delegating more funding authority to lower levels of government to provide more flexibility to coordinate around specific community needs. The infographic below provides an overview of some innovative funding models deployed by government agencies around the world.

Governments have long recognized the need to break down funding barriers to achieve better outcomes.

Walls coming down

- More **issue-focused funding initiatives** that multiple agencies draw on to tackle wicked problems.
- Emergence of **new governance models** to oversee shared-funding programs.
- Increased **interagency funding mechanisms** to address common challenges across agencies.
- **Greater funding authority** delegated to local/regional governments.



By the numbers: Tackling funding silos

£2.6 billion

The Shared Prosperity Fund provides new funding to further the UK government’s ambitious Levelling Up agenda.

CA\$327.6 million

Canada’s horizontal Initiative to Take Action Against Gun and Gang Violence allocates over \$300 million to provinces and territories to combat violence in their communities.

SG\$70+ million

Singapore’s Smart Nation and Digital Government Office provides cross-agency funding and support for the development and implementation of digital technologies and services across the government.

AU\$7.5 billion

Shared between multiple agencies, Australia’s ‘wellbeing budget’ is aimed at tackling the rising cost of living, providing affordable child-care, and increasing paid parental leave.

Initial funding

US\$1 million

Annually for four years

US\$2.5 million

New Zealand’s Better Public Services Seed Fund provided initial funding for SmartStart, an inter-agency program for infant care. Recurring annual funding has been appropriated to maintain life-event initiatives.

Note: Singapore dollar value represents the annual operating budget.

Sources: Gov.uk, “UK Shared Prosperity Fund: prospectus,” August 1, 2022; Government of Canada, “Public safety Canada,” accessed February 9, 2023; Government of Singapore, “Budget 2021,” accessed February 9, 2023; William D. Eggers et al., *How government can deliver streamlined life event experiences*, Deloitte Insights, July 12, 2022; Jack Aldane, “Australia’s ‘wellbeing budget’ inspired by New Zealand—with related targets to come,” Global Government Forum, October 26, 2022.

Trend in action

Deploying shared-funding models for cross-sector collaboration

Across the globe, governments are setting up shared-funding initiatives that aim to increase intergovernmental and cross-sector collaboration. Over the last decade, Singapore's whole-of-government approach has used funding mechanisms to encourage agency collaboration, generating programs such as Life SG and One business. The prime minister's office coordinates and oversees whole-of-government projects supported by a team of senior officials from multiple agencies. The funding is allocated to the agency leading the effort and is then dispersed to supporting agencies.

Building on these, Singapore has embarked on an even more ambitious "whole-of-nation" approach wherein agencies actively collaborate with businesses, citizens, and other stakeholders to develop

solutions designed to bolster the nation's finances and social services, reaffirm its digital transformation leadership, and even shore up national defense.

Some countries have adopted an issue-based funding model in which multiple agencies work together to tackle a particular wicked problem. To advance clean energy nationwide, the Australian federal government established the Rewiring the Nation initiative with AU\$20 billion in funding to transform the country's electric grid. Low-cost financing will enable new transmission lines, boosting economic activity and job creation. Projects include the construction of the VNI West (KerangLink) transmission line between Victoria and New South Wales (NSW) and the Marinus Link transmission line between Tasmania and Victoria using a combination of low-cost financing and commonwealth equity investment. Additionally, an AU\$7.8 billion joint agreement was reached with NSW to support eight crucial transmission and renewable energy zone projects. Funding is available to all states.

Some local and regional governments are using similar models. The city of Houston's "The Way Home" program built an ecosystem of businesses, nonprofits, churches, and federal government agencies to help people without homes get into permanent housing with supportive services. This large-scale effort draws on funding from a US Department of Housing and Urban Development Emergency Solutions Grant and Community Development Block Grant, in addition to state, local, and private-sector funding. In 2022, Houston, Harris County, and the Coalition for the Homeless collective received US\$45 million in federal funds and allocated US\$100 million in COVID-19 relief. The Bezos Day 1 Families Fund also awarded the city a one-time US\$5 million grant to help area families move to permanent housing. To date, the effort has reduced the number of Houston-area people without homes by 63%, moving more than 25,000 people into housing.

Other cities have launched similar efforts. The nonprofit Family League of Baltimore pools funds from multiple public and private sources to help Baltimore children, focusing on them being born healthy, succeeding in school, graduating high school, and transitioning into higher education and the workforce.

While shared governance is key for collective funding, in certain cases central government entities take charge of governance and accountability to effectively facilitate funding across silos.

The creation of intergovernmental collective funding mechanisms

Government agencies often default to working as single-purpose organizations, with inconsistent horizontal coordination between agencies. This siloed approach can create costly inefficiencies when it comes to common problems such as technology modernization. To tackle this issue, in 2017, the US government established the Technology

Modernization Fund, an innovative funding vehicle that supports federal projects to modernize technology and make them more equitable, secure, and user-centric. The fund has invested over US\$500 million in 33 projects across 18 federal agencies, ranging from implementing single sign-on experience across government portals to digitizing temporary worker visa programs. These investments have been directed at improving citizen data protections, strengthening cybersecurity across government silos, saving taxpayer dollars, and advancing public-facing digital services. With an additional US\$1 billion from the 2021 American Rescue Plan and US\$175 million from the annual budget process, the fund aims to continue financing modernization projects.

At the state and regional levels, some governments have created funding mechanisms that are set up and run by one agency but are accessible to others that meet established criteria. In Australia, NSW established the Digital Restart Fund in 2019

to accelerate whole-of-government digital transformation and fund cross-agency projects such as life-event initiatives, shared digital assets, legacy systems modernizations, and government workforce capability building. NSW is now starting to see the benefits from the fund's investments. To date, the fund has disbursed AU\$2.2 billion, supporting more than 140 projects, saving more than 3,000 working days of customer time, and generating AU\$2.3 billion in economic returns.

Delegating funding authority to improve regional coordination

In an effort to drive shared objectives, some governments are providing regional authorities more flexibility to deploy funds and coordinate multiple siloed funding streams around specific community needs in the jurisdiction.

The state of California created the Community Economic Resilience Fund to promote regional resiliency, equity, sustainable growth, and inclu-

sive planning. Thirteen regions will get funds for planning and implementing road maps around climate change, regional infrastructure, workforce development, and other areas. Three state agencies together form the fund's leadership team, tasked with managing the program, creating program guidelines and conducting oversight.

Further north, the Canadian Community-Building Fund permanently provides funds for provinces and territories to support local infrastructure priorities. The fund disburses some CA\$2 billion annually to 3,600 communities across the country, supporting approximately 4,000 projects each year. Municipalities can pool, bank, and borrow against this funding, giving them greater financial flexibility.

Moving forward

- **Adopt an outside-in view.** By putting themselves in the shoes of citizens and businesses transacting with government, agencies can

better understand the needs of the constituencies they serve that transcend individual business units and agencies. These needs can inform the development of a road map for targeted collaboration initiatives.

- **Create a culture of collaboration in funding.** Governments can encourage collaboration by establishing cross-sectoral committees or working groups to encourage those working on similar issues to promote shared-funding mechanisms.
- **Utilize data and technology to measure impact and drive outcomes.** Data-driven processes can help enable shared governance, track the impact of cross-sector initiatives, and pivot goals as required to deliver desired outcomes.
- **Shift from siloed to shared governance models.** Governments can promote

shared-funding models by revisiting historical governance policies and regulatory frameworks that hinder the scope of cross-sector financing.



My take



Sir Howard Bernstein

Former chief executive of Manchester City Council (1998–2017) and former head of Paid Service for the Greater Manchester Combined Authority (2011–2017)

Devolution in the United Kingdom: Greater Manchester Combined Authority

In 2016, the UK government passed the Cities and Local Government Devolution Act, establishing combined regional authorities with a directly elected mayor. Greater Manchester was one of the first areas to seize this opportunity. Greater Manchester Combined Authority (GMCA), an umbrella organization comprising 10 constituent local authorities, was formed as part of the devolution agenda, allowing the combined power to identify problems and create evidence-based interventions. Officials formulated

integrated governance structures, giving GMCA and the mayor of Greater Manchester additional authority, flexibility, and budgetary responsibility over policing, fire services, transportation, skills strategy, planning, and economic regeneration.

GMCA also oversees Greater Manchester's adult education budget, allowing the authority to develop a bespoke skills strategy tailored to needs, and is responsible for providing employment support for long-term unemployed and disabled workers. Greater Manchester was one of the first regions to include health and social care in its devolution plan, which studies have linked to better health outcomes. Collaborating with the NHS allows GMCA to exert partial control over a £6 billion health and social care budget, with NHS England granting the region control of its share of the national sustainability and transformation fund (£450m). Greater Manchester also received £243 million from the Transforming Cities Fund for transport investment.

In broad terms, this devolution agenda gives local authorities more budgetary control and incentivizes a more collaborative model by providing broader flexibility to coordinate multiple siloed funding streams around specific community needs. In 2022, the UK government published a blueprint for creating more regional mayors across England, with the expectation that they will be able to allocate funds and administer programs more effectively. Driven by the United Kingdom's central government, the move aims to stimulate a more equitable spread of economic opportunity around the country—an agenda dubbed “levelling up.”

Endnotes

1. Pia Andrews, “Breaking government silos through holistic service integration,” *Apolitical*, March 23, 2022; originally in William D. Eggers et al., *Linked-up government: Building connections for greater impact*, Deloitte Insights, March 24, 2022.
2. William Eggers et al., *How government can deliver streamlined life event experiences*, Deloitte Insights, July 12, 2022.
3. Maximilian Freier et al., “Next Generation EU: A euro area perspective,” European Central Bank, January 2022.
4. Italy, for example, has supplemented its NGEU funds with a €30.6 billion “complementary fund;” see: Andrea Poggi, *Next Generation EU funding and the future of Europe*, Deloitte, October 28, 2021.
5. GovTech Singapore, “Whole of government (WOG) platforms and tools,” accessed January 2, 2023; Kharina Zainal, “Reviewing whole-of-government collaboration in the Singapore public service,” Civil Service College Singapore, January 6, 2011.
6. Yasmine Yahya, “Public service to go from ‘whole-of-government’ to ‘whole-of-nation,’” *Straits Times*, May 9, 2018; SG101, “A whole of nation approach,” December 10, 2022.
7. Katharine Murphy and Adam Morton, “‘Rewiring the nation:’ Albanese and Andrews governments to jointly fund renewable energy zones,” *The Guardian*, October 19, 2022; Aneeq Sarwar and Jeffrey Wilson, “The National Reconstruction Fund—Australia’s newest vehicle for advancing industrial development,” *Ai Group*, November 23, 2022.
8. Australian Government, Department of Climate change, Energy and Environment and Water, “Rewiring the Nation supports its first two transmission projects,” October 19, 2022.
9. Australian Government, DCCEEW, “Rewiring the Nation deal to fast-track clean energy jobs and security in NSW,” December 22, 2022.
10. Coalition for the Homeless, “The Way Home partner portal,” accessed January 4, 2023.
11. Coalition for the Homeless of Houston/Harris County, “The Way Home partner portal,” accessed January 2, 2023.
12. Atirikta Kumar, “Houston’s fight to decriminalize mental illness and homelessness,” *Real News*, July 15, 2022; Michael Murney, “Houston City Council approves \$7.1 million in COVID funding to clear homeless encampments,” *Chron*, July 29, 2022; Sofia Gonzalez, “Bezos Day 1 Families Fund gives \$5M to Coalition for the Homeless of Houston/Harris County,” *Houston Business Journal*, November 22, 2022.
13. Lucio Vasquez, “Houston receives \$45 million in federal funds to combat homelessness,” *Houston Public Media*, March 15, 2022.
14. Catherine Villarreal, “City of Houston and Harris County announce unprecedented investment to house the homeless,” Coalition for the Homeless of Houston/Harris County, January 26, 2022.
15. Michael Kimmelman, “How Houston moved 25,000 people from the streets into homes of their own,” *New York Times*, June 14, 2022.
16. Family League of Baltimore, “About us,” accessed January 2, 2023; Jitinder Kohli and Anne De Biasi, *Supporting healthy communities*, Deloitte Insights, August 2, 2017.
17. Technology Modernization Fund, “Mission & guiding principles,” accessed January 2, 2023.
18. US General Services Administration, “New Technology Modernization Fund investments to boost network security for critical services,” June 21, 2022; Technology Modernization Fund, “Investments,” accessed January 2, 2023; US General Services Administration, “Technology Modernization Fund is making it easier and more secure for veterans to access benefits and services,” April 19, 2022; US General Services Administration, “TMF invests in improving public-facing services, bolstering cybersecurity,” August 3, 2022; US General Services Administration, “The Technology Modernization Fund announces \$9 million for transformative projects to protect personal data, modernize key systems at two agencies,” March 7, 2022.
19. US General Services Administration, “GSA highlights progress on citizen-facing digital services, cybersecurity in first year of American Rescue Plan,” March 10, 2022.
20. US General Services Administration, “Technology Modernization Fund is making it easier and more secure for veterans to access benefits and services,” April

Endnotes

- 19, 2022; US General Services Administration, “TMF invests in improving public-facing services, bolstering cybersecurity,” August 3, 2022; US General Services Administration, “The Technology Modernization Fund announces \$9 million for transformative projects to protect personal data, modernize key systems at two agencies,” March 7, 2022.
21. NSW Government, “Is my project eligible?,” accessed January 2, 2023; Alita Sharon, “Digital Restart Fund supports more projects in New South Wales,” OpenGov Asia, August 18, 2022.
22. Urbis, “Evaluation of the Digital Restart Fund,” NSW Department of Customer Service, March 23, 2022; NSW Government, “2021–2022 in review,” 2022.
23. California Labor and Workforce Development Agency, Governor’s Office of Planning and Research, and Governor’s Office of Business and Economic Development, “Community Economic Resilience Fund Program (CERF),” April 2022.
24. Governor’s Office of Planning and Research, “Community Economic Resilience Fund,” 2022.
25. Government of Canada, “The Canada Community-Building Fund,” July 13, 2022.
26. HM Treasury, George Osborne, and Philip Hammond, “Devolution to the Greater Manchester Combined Authority and transition to a directly elected mayor,” Gov. uk November 22, 2017; Local Government Association, “Experiences of employment and skills devolution: Greater Manchester Combined Authority,” September 10, 2020.
27. Institute for Government, “Devolution to Greater Manchester,” June 20, 2022.
28. Ibid.
29. University of Manchester, “Study links devolution in Greater Manchester to modest improvement in life expectancy,” September 29, 2022.
30. Hugh Alderwick, “Understanding the impact of devolution in Greater Manchester on health,” Health Foundation, September 29, 2022.
31. Intelligent Transport, “£69.5 million transport funding boost considered in Greater Manchester,” January 25, 2021.
32. Greater Manchester Combined Authority, “Devolution,” 2017.
33. West Midlands Combined Authority, “Plans to give greater powers to the West Midlands welcomed as Levelling Up strategy is published,” February 2, 2022.
34. Daniel Harari and Matthew Ward, “Levelling up: What are the Government’s proposals?,” House of Commons Library, February 18, 2022.

Acknowledgments

The authors would like to thank **Glynis Rodrigues** and **Thirumalai Kannan** from the Deloitte Center for Government Insights for driving the research and development of this trend and **Meenakshi Venkateswaran** for helping design the graphics of the article. They also thank **Chew Chiat Lee, Steve Hamilton, Wade Horn, Cecelia Hill, Carsten Joergensen, Enrique Egea,** and **William D. Eggers** for their insights and thoughtful feedback.

About the authors

Ed Roddis

eroddis@deloitte.co.uk

Ed Roddis is director of Government & Public Services research at Deloitte in the United Kingdom. As author of the United Kingdom's annual *State of the State* report, Roddis spends his time studying public policy and public opinion as well as presenting research to senior leaders from across the country's public sector. Before joining Deloitte, Roddis's career focused on research, parliamentary relations, and communications for a range of public bodies spanning local government, education, and public financial management.

Mark Bussow

mbussow@deloitte.com

Mark Bussow is a specialist leader in Deloitte's Government and Public Sector Strategy offering, focusing on strategy development and organizational performance improvement. He has more than 20 years of experience leading high-priority transformation efforts across the federal government. Bussow assists clients to develop organizational strategy, align executive governance and decision-support functions to strategy, and improve organizational performance.

Tiffany Fishman

tfishman@deloitte.com

Tiffany Fishman is a senior manager with the Deloitte Center for Government Insights. Her research and client work focuses on how emerging issues in technology, business, and society will affect organizations. She has written extensively on a wide range of public policy and management issues, from health and human services reform to the future of transportation and the transformation of higher education. Her work has appeared in a number of publications, including *Public CIO*, *Governing*, and *EducationWeek*.

Ursula Brennan

ubrennan@deloitte.com.au

Ursula Brennan is the national leader for Deloitte's Public Sector and Public Policy practice, coordinating services from across our business to support state, federal, and local government clients in delivering better outcomes for citizens. Brennan also leads Deloitte's National Business Case Center of Excellence, providing advice to assist clients in securing funding for major infrastructure, ICT, and reform programs. Her previous experience includes a broad range of corporate finance engagements, including strategic reviews, mergers, acquisitions and divestments, business planning, and capital raising.

Contact us

Our insights can help you take advantage of change. If you're looking for fresh ideas to address your challenges, we should talk.

Practice leadership

Ursula Brennan

National Leader | Public Sector and Public Policy

+61 2 9322 5573 | ubrennan@deloitte.com.au

Ursula Brennan is the national leader for Deloitte's Public Sector and Public Policy practice, coordinating services from across our business to support state, federal, and local government clients in delivering better outcomes for citizens.

The Deloitte Center for Government Insights

William D. Eggers

Executive director | Deloitte Center for Government Insights | Deloitte Services LP

+1 571 882 6585 | weggers@deloitte.com

William D. Eggers is the executive director of Deloitte's Center for Government Insights, where he is responsible for the firm's public sector thought leadership.

About the Deloitte Center for Government Insights

The Deloitte Center for Government Insights shares inspiring stories of government innovation, looking at what's behind the adoption of new technologies and management practices. We produce cutting-edge research that guides public officials without burying them in jargon and minutiae, crystalizing essential insights in an easy-to-absorb format. Through research, forums, and immersive workshops, our goal is to provide public officials, policy professionals, and members of the media with fresh insights that advance an understanding of what is possible in government transformation.

At Deloitte's Government & Public Services practice, our people, ideas, technology, and outcomes are all designed for impact. Deloitte Consulting LLP is recognized as an industry leader, ranked No. 1 globally by IDC, Gartner, and ALM Intelligence, and also named a leader in US systems integrators serving the federal government by IDC and in global cloud consulting by ALM Intelligence. Deloitte's Government & Public Services practice serves all 15 US cabinet-level agencies, the majority of civilian agencies, all branches and agencies of the Department of Defense (DoD), and many state and local governments. Deloitte's team offers industry-leading experience and capabilities in strategy and analytics, operations, technology and cloud consulting, and customer experience transformation, and has a proven track record with government. To learn more, visit [Deloitte.com](https://www.deloitte.com)



Sign up for Deloitte Insights updates at www.deloitte.com/insights



Deloitte Insights contributors

Editorial: Ramani Moses, Abrar Khan, Arpan Kumar Saha, Emma Downey, Aparna Prusty, and Shambhavi Shah

Creative: Natalie Pfaff, Jaime Austin, Meena Sonar, Rahul B, and Govindh Raj

Deployment: Kelly Cherry, Maria Martin Cirujano, and Nikita Garia

Cover artwork: Natalie Pfaff

About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2023 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu Limited