

Executive – 5 March 2009

## **CAPITAL PROGRAMME - 'INVESTMENT IN THE COMMUNITY' INITIATIVE GRANT AWARD PROCESS**

### **Report of Strategic Director (Community)**

**Statutory Powers:** Local Government (Miscellaneous Provisions) Act 1976, Section 19 and Local Government Act 2000, Part 1.

**Financial Implications:** The expenditure of capital sums has a revenue impact through the loss of interest earned. This equates approximately to a loss of £15,000 interest per annum for every £1 million of capital spent based on current interest rates. All projects proposed under this initiative will be subject to the normal project appraisal, value for money and affordability tests as set out in the Council's Asset Strategy and the broad principles established under Community Grant Fund policy. There may be projects brought forward that have an ongoing revenue cost arising from the investment.

**Purpose:** To seek Executive approval for a process to formulate the grant award arrangements for significant community based projects in the district through the 'Investment in the Community' Initiative, as suggested by the Member task and finish group.

The Council's 'Investment in the Community' Initiative strengthens the Council's commitment to supporting communities in achieving its overall aim 'to improve the well-being of the people of the South Hams' whilst contributing to Council priorities, cross-cutting themes and commitments.

## **RECOMMENDATIONS**

**That the Executive RESOLVES to approve:**

- i) the grant award arrangements for significant community based projects in the district taking account of the issues outlined in this report; and**
- ii) the setting up of a Member task and finish group to assess the grant applications submitted and recommend awards for significant community based projects in the district to the Executive.**

### **Background**

1. The 'Investment in the Community' Initiative was approved for inclusion in the Capital Programme by Council on 24 July 2008 (Cncl.39/08) as part of the Council's Medium Term Financial Strategy.
2. Following the Executive recommendation that a grant award procedure needed to be formulated (E. 81/08), a Member task and finish group met on 10 February 2009 to discuss the grant award process and agree a way forward. The group focused particularly on the topics of: grant criteria, size of awards, promotion and deadlines, the application process and the assessment process. It should be

acknowledged that the group often had diverse views on each topic covered and discussed a variety of options. Their conclusions are recorded within this report.

3. There are known to be significant community based proposals currently in development within the South Hams. The sum of £1 million was identified notionally over the two-year period to be able to respond to potential bids from the community. Informal discussion with a number of project promoters suggests that the £1 million could be significantly over subscribed. It is therefore important to establish a coherent process for assessing the expected bids. However there was no discussion with the Member group about the projects that officers were aware of, which were likely to bid for grant.

### **Grant Criteria**

4. The Investment in the Community Initiative has been set up to provide a mechanism for the Council to consider providing capital grants to significant community projects within the district. It was suggested that successful applications to this fund will have to demonstrate that the proposed project:
  - a) will improve the quality of life of a significant cross-section of the community;
  - b) will contribute to the Council's own targets as set out in Council priorities, cross-cutting themes and commitments, and
  - c) be based on sound financial projections so that it is viable in the long term.
5. There was discussion around the definition of 'significant' and that the Council may be criticised for focusing this funding in towns. A project that is significant to a town may well be on a different scale to a project that is significant to a rural community, but may be just as worthy of receiving a grant. It was also felt that the furthest extremes of the district or more rural areas may miss out on this funding opportunity due to their location.
6. The group were reminded that the term 'significant' had been initially used specifically by Members and that by inviting smaller projects to apply could undermine the purpose of the grant, i.e. to support significant community projects, by spreading the available funding too thinly. The group were also reminded that the Council had recently increased the Community Grant Fund to support smaller projects.
7. The group felt that wording 4a) above to *a significant cross-section of the community*, might better focus applicants on the need to ensure that as many as possible benefit rather than just a narrow section of the community.
8. The group felt that the fund should be open for any constituted community group to apply for where they could show that the project was not for profit and had community benefit.
9. The group also discussed whether any types of project would be ineligible, with reference to the types of projects that were ineligible under the Community Grant Fund, but felt the criteria were sufficiently focused to prevent such ineligible applications. The group felt that though an applicant may apply more than once to this fund, this was highly unlikely given the shortage of match-funding opportunities and competition faced by South Hams communities for available match-funding. The group did feel however, that assuming more than one grant

award is made, that one project in each geographical area (undefined during the meeting) would be more desirable.

## **Size of Awards**

10. The total capital fund available for the Investment in the Community Initiative is £1 million. The group discussed the options around setting maximum and minimum grant awards but agreed that this would prove impractical given the range of projects that might come forward. They also agreed that setting a maximum proportion of the total capital cost would prove likewise, and that each project should be judged on merit through an objective assessment and that the size of award should be flexible within the overall budget.
11. The group agreed that match-funding would be required i.e. the Council would not 100% fund a project with a suggestion that no more than 50% of the funding required being allocated from Council resources and that the applicant must be able to evidence this was in place before any project began. It would not be necessarily for all match-funding to have been secured at the application stage, though sources of match-funding should have been identified. There was a reticence to forward fund a project, rather the Council should look to provide stage payments in arrears when the project can evidence spend once the project had been formally agreed as appropriate for grant support.
12. The group agreed that any offer of grant would be a full and final offer, and that it should be made clear to any successful applicant that if the project went over budget there was no opportunity to seek further project funding from the Council. The group were of the opinion that all grant offers should be reviewed every 12 months to ensure that where projects could not evidence delivery, that they were actively working on outstanding issues, such as securing match-funding. If the project was not progressing, it would provide the opportunity for Members to reallocate the funding.
13. The group appreciated that applicants would likely need to produce a feasibility study but that this would not be forward funded, but rather could be incorporated in overall project costs and funded retrospectively.
14. The group were of the opinion that an award of grant should not imply that a future revenue commitment for the project would be available from the Council. All projects must be community owned and managed. The group strongly felt that the Council should not become formally involved in the project as devolved ownership would improve the opportunities for the community group to receive other external funding and it was also in line with the Council's emerging approach to asset management.
15. The group acknowledged that a proposed project may take place in/on an existing Council asset and that the assessment of the value of that asset should not, in this instance, form part of the grant offer. However the value of that asset should be calculated as the potential future value should the asset be released for a form of development which is appropriate for the location and accords with the Council's priorities. This contribution should be recorded in the grant offer in order that the applicant could use its value to lever in match-funding and the overall contribution of the Council to a scheme is acknowledged.

16. Applications for £25,000 or less will continue to be handled through the existing Community Grant Fund, subject to funds being available. The annual budget for the Community Grant Fund is £30,000.

### **Promotion and Deadlines**

17. The group agreed that the process must be open and transparent. During the discussion it was felt that all Members were aware of this funding opportunity as it has already been communicated through a variety of means. Given the limited funds available, any further promotion should be low key and it would be down to individual Members to promote the fund through their existing networks.
18. The group did not believe a first-come, first-served approach was applicable, but rather a deadline for applicants to bring forward their project proposals be set for 6 months time, for example August 2009, with an assessment panel sitting in early Autumn. The exact dates are to be determined and will be publicised to all Members.

### **Application Process**

19. The group agreed that applicants will be required to complete an application form and submit a Business Plan for their proposed project. They were keen that potential applicants were given an outline on the minimum information that a business plan should provide, including: an executive summary, evidence of need, project outcomes, realistic project budget and how this was arrived at (suppliers quotes), details of match-funding, details on the applicants capacity to deliver the project, any constraints on the applicant / project, a risk assessment and exit strategy.
20. It was felt that the Business Plan should demonstrate how the project will contribute towards at least one Council priority, cross-cutting theme or commitment. Given the competitive and finite nature of the fund, and the proposed assessment process (outlined below) applicants should be advised that they would be in a better position if they can evidence contribution toward more than one Council priority, cross-cutting theme or commitment.
21. The group felt it would also be beneficial that the applicants give a presentation on their project. Further details on the suggested presentation are outlined below.

### **Assessment Process**

22. The Council already has in place an approved process for allocation of grant funding for up to £25,000 through its Community Grant Fund. The opinion of the group was that the allocation of capital funding under the Investment in the Community Initiative be based on many of the processes already established for the Community Grant Fund.
23. The Community Grant Fund was approved by the Executive on 8 January 2004 (E.126/03). This grant award process was subject to extensive review by Members and was subject to revisions approved by the Executive on 13 October 2005 (E.69/05).
24. The Community Grant Fund criteria were established to be consistent with this Council's strategic priorities and commitments, and were recently amended to include the cross-cutting themes (E. 6/08). Applications are assessed by a

scoring panel, using a Prioritisation Scoring Mechanism to assess their contribution to the Council's strategic priorities, commitments and cross-cutting themes. Small grants (£5000 or less) are awarded by officers under delegated authority but after consultation with the Ward Member(s) and Chair of the Community Policy Development Group. Larger grants of more than £5,000 are awarded through the Executive.

25. The above process for the Community Grant Fund has been tested and modified over time and provides a reasonable basis for consideration of an awards process through the Investment in the Community Initiative.

### **Scoring of Applications**

26. The group was taken through the scoring process for the Community Grant Fund and a project scenario. They were of the opinion that all applications should be scored through a scoring mechanism. This would allocate points based on how well the project will contribute to each of the Council's priorities, cross-cutting themes and commitments.

27. The group discussed whether applications should also be scored against the key themes within the Sustainable Community Strategy. The Sustainable Communities Act themes and LAA targets were also suggested as criteria to award points. The group came to the conclusion that the scoring process would then become too cumbersome and that Council's priorities, cross-cutting themes and commitments were sufficient.

28. The group then considered the weighting they would wish to see allocated to each of the criteria, which are outlined in Table 1 below.

29. In summary, the group were of the opinion that the weighting of the 'Economy' should be equal to that of 'Affordable Housing' as a specific response to the current economic circumstances. They also felt that given the nature of this particular funding stream (i.e. investment in the community) that the cross-cutting themes of 'Young People' and a 'Healthier Community' and the commitment of 'Community Involvement' should command higher weighting. The group also discussed the weighting given to 'Climate Change' and the decision was made by the majority to reduce the weighting given to this cross-cutting theme. The scoring guide remains unchanged, see Table 2.

**Table 1. Weighting to Priorities, Cross-cutting Themes and Commitments**

<b>Council Priorities</b>	<b>Weighting proposed</b>	<b>CGF weighting</b>
Affordable Housing CP1	4	4
Economy CP2	4	3
Environment, Distinct CP3	2	2
Environment, Clean CP4	1	1
Access CP5	1	1
<b>Council Cross-cutting Themes</b>		
Climate Change	1	3
Meeting the Needs of Young People	4	3
Promoting a Healthier Community	4	3
<b>Council Commitments</b>		
Equality of Opportunity / Disadvantaged CC1	1	1
Sustainability CC2	1	1
Community Involvement & Vibrancy CC3	4	3
Partnership CC4	2	2
Value for Money CC5	2	2

**Table 2. Scoring Guide**

	<b>Score</b>
None – contributes nothing to CP/CCT/CC.	0
Little – the project has little/indirect contribution to CP/CCT/CC and the application has not drawn upon this/explained how.	1
Some – the project will have some contribution to CP/CCT/CC and the application has included some detail.	2
Good – the project will contribute to CP/CCT/CC and the application has included a range of details.	3
Strong – the project will contribute to CP/CCT/CC and the application has clearly demonstrated how.	4
Very Strong – the project has very clear and deliverable outputs that will deliver significantly on CP/CCT/CC.	5

**Scoring, ranking and the allocation of capital grants**

30. The group were of the opinion that all applications received should be scored and ranked. The group believe that Council Officers are best placed to undertake the draft scoring process as a technical exercise, and that a panel of officers should be established to undertake this task. The scoring process may give rise to further queries about the project that the applicant would need to address, and suggested a 3 week window for applicants to come back with responses.
31. The group were of the opinion that once the scoring and ranking had taken place, a grant allocation panel of Members, politically balanced and with no prejudicial interests, should review the scores (effectively a moderation process) and receive a time limited presentation from each of the applicants. This would not be a public meeting, but the supporting Ward Member/s would also be invited to attend to enable their views on the proposed project to be taken into account. This panel

would then make a recommendation on any grant award to Executive based on the application details, scoring panel assessment and the group presentation.

32. In the event that the fund is over-subscribed, those projects with the lowest scores will be unlikely to receive all or any grant requested. Furthermore high priority projects may not receive all the grant applied for, depending on their level of community value when assessed against other similarly high priority projects.

33. The Investment in the Community Initiative is currently a finite amount of financial support, so once allocated the fund should be closed.

### **Risk Assessment**

34. The following are the significant risks and opportunities identified:

Opportunity	Issues / Obstacles	Benefits
<p>To give the Council's financial support to significant community based projects.</p>	<p>The Council must demonstrate that capital investment in the community contributes to corporate and community priorities, provides value for money, and takes account of the revenue implications of the investment. This requires a business plan and project appraisal for each proposed project.</p> <p>Whilst the availability of funding must be communicated openly and with fair access for all, Members may feel that there are a sufficient number of significant projects already being considered within the District and further publicity could therefore undermine the purpose of the grant, i.e. to support significant community projects, by spreading the available funding too thinly.</p> <p>It would be appropriate that different Members sit on the grant allocation panel than the Members involved in setting up the application process and that have a proposed project being assessed.</p>	<p>Support for community projects which will contribute to the Council's overall aim 'to improve the well-being of the people of the South Hams'.</p> <p>The arrangements suggested are intended to comply with the ethos of The Compact (in particular the Code of Practice on Funding and Procurement) to which this Council is a signatory.</p>

### **Conclusion**

35. The Council's 'Investment in the Community' Initiative will contribute to Council and Community priorities, cross-cutting themes and commitments and the Council's overall aim of 'improving the well-being of the people of the South Hams'.

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Executive  
5 March 2009

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**Background Documents:**  
None