



Hinckley & Bosworth
Borough Council

A Borough to be proud of

SCRUTINY COMMISSION
COUNCIL

8 NOVEMBER 2018
27 NOVEMBER 2018

ALL WARDS

REVIEW OF THE DEVELOPING COMMUNITIES FUND

Report of Director (Environment and Planning)

1. PURPOSE OF REPORT

- 1.1 To review the operation of the Developing Communities Fund, the eligibility of projects, the evaluation criteria and process, governance and the allocation of funding to be made available for the future.

2. RECOMMENDATION

- 2.1 That Council note the progress of the Developing Communities Fund and agree the continuing programme as detailed in the report

3. BACKGROUND TO THE REPORT

- 3.1 The outline of the new Developing Communities Fund was approved by Council on 6 September 2016. This Fund was introduced to:-
- support parishes and rural communities wanting to deliver locally important and ambitious schemes,
 - to build on the success of the Parish and Community Initiative Fund, and
 - to provide support for larger projects in areas where there is (or is anticipated to be) considerable population and/or employment growth.
- 3.2 The Council wrote to all Parishes on 7 September 2016, inviting expressions of interest (EOI) for funding to be submitted by 9 December 2016. From this 13 projects were submitted and 7 ultimately approved by Scrutiny and Council to received funding.
- 3.3 This decreased to 6 following one not being able to progress due to ownership issues. The remaining 6 have progressed at different speeds to the current position as summarised:

Project	Comment	DCF Grant	DCF Approved	Total
Barlestone New Village Hall	Completed and now open	£139,000		£139,000
Sheepy Church Floor replacement	To be completed Oct 18	£57,000		£57,000
Burbage Millennium Hall extension and changing rooms-	Site Investigation commenced – build start Jan 19		£350,000	£350,000
Market Bosworth Marketplace Redevelopment Phase 1 Status	Feasibility study in progress. Phase 2 to be determined dependent on feasibility study results.		£26,900	£26,900
Markfield Community Park MUGA and landscaping–	Starting Oct 19, completion Dec 19		£178,000	£178,000
Sport In Desford multiuse courts	Starting Oct 18 completion Dec 18		£234,000	£234,000
Total		£196,000	£788,900	£984,900

3.4 The project team reviewed the experiences from the first phase and identified a number of lessons learned which were then discussed with Executive. These can be summarised as:

- The ability/competence of applicants to deliver large projects was limited
- Much higher input by assessors than anticipated was required
- High workload on officers with varying experience therefore a reliance on an external consultant
- Decision making process with the Projects Board, SLT and Scrutiny extended and delayed project timetables.
- Choice of consultants/contractors in some instances was not robust which increased project risks.
- VAT implications for applicant- highlighted need to resolve before project application as significant impact on project cost
- Early briefing of applicants to ensure good submissions was identified.
- Expression Of Interest in Sept 2016 were sought before full criteria developed- only PC/Groups with schemes already developed applied- Fund was therefore allocated to schemes which were already identified rather than where greatest need was identified.-
- 6 schemes £57k to £350k – Should there be a smaller number of larger schemes?
- Legal agreements- required to protect public funds but perceived as bureaucratic by applicants.
- Cost estimates were guestimates for some
- Degree of council risk in seeking to deliver projects against adverse publicity should schemes not deliver on cost or to timetable
- PCIF £12k per parish Max 50% contribution Minimum DCF £30k

3.5 When considered by Executive on 26 June 2018 to review criteria it was agreed:

- Fundamental to the scheme that it was linked to housing growth and parishes need to accept the growth to access this funding.
- Needed to consider the minimum level of funding as there is such a gap between the PCIF and the DCF.
- Need to ask in the application form how the project will be managed as this seems to have been a gap to date.
- Timing has also been an issue for the sign off of some of the schemes. This can be considered as part of any new application process.
- Question about linking to Section 106 funding.
- Need to make it clear that applicants cannot commit the funds until approval is given.
- Would be useful for the parishes to share information and experiences more on these type of schemes. Agreed that this could be picked up at the Parishes Forum.
- Are there types of organisation we should exclude, for example schools?
- A map detailing the areas that may be eligible for funding. (Appendix 1)

3.6 From the lessons learnt and steer from Executive the follow changes for the criteria for the DCF are proposed. Where changes the previous is highlighted in *italics*.

- **Eligibility criteria.**
 - Minimum project size now £20,000 (**£30,000**)
 - A minimum percentage 5% housing growth forecast / actual for the Parish (period 2009 – 2026)
 - No funding for highways improvements (LCC responsibility)
 - Must meet HBBC corporate plan priorities. No more than 1 project to be funded by the DCF per parish.
 - Projects must be completed within 3 years of an offer being made.
- **Funding formula** whereby each grant is calculated by:
 - Minimum parish contribution = (35% x average band D precept)/ actual band D precept (all figures are from 2016/17 budget book and average is calculated from council tax base).And
 - Maximum grant per parish of £1000 per new property – based on HBBC planning service estimates.And
 - Maximum grant of £350,000 per parish.
 - Where project costs increase no additional funding will be made. Where project costs reduce, the HBBC grant will reduce by the same proportion as the reduction in total project cost.
- The **assessment criteria and processes** will include an assessment of:
 - Compliance with eligibility criteria.
 - Financial viability of the project (both capital funding and ongoing revenue) ***including VAT implications***
 - Financial status of applicant ***and contractor if already identified***
 - Consideration of alternative funding sources e.g. precept increases, use of reserves, charges, and other funding sources.
 - Full assessment of risks
 - Likelihood project will be delivered within 3 years.

- Link to housing growth including evidence that housing growth has created a need for this project
 - Evidence of need (lack of other facilities, public consultation, neighbourhood plan etc.)
 - Value for money from the project (longevity, number of beneficiaries, reasonableness of costs etc.)
 - Project management arrangements including named project manager – to ensure confidence the applicant can deliver project on time, on budget and to specification.
 - Alternative delivery models and funding sources to be identified.
 - **Add a check that project is not being funded from any other HBBC source**
- 3.7 Enhanced project support funded from the DCF will provide support to the process to address the issues raised from the Phase 1 of capacity within the project team. The project team will be led by the Director of Environment and Planning supported by relevant officers.
- 3.8 The evaluation panel to determine allocation of grants will include the Executive Lead for Rural Communities and Environment, the Executive Lead for Town Centres, and officers involved with evaluation. A criticism of Phase 1 was the length of time to secure agreement and for offer letters to be issued and legal agreements signed. It is therefore proposed that a single review of submitted applications will be made and the following approval route agreed.
- 3.9 Timetable (amended following recommendation of Scrutiny Commission).
- Call for projects 1 December 2018 (to eligible councils) with meeting with interested groups (Parish and Ward Councillors) December 2018
 - Deadline for initial applications 15 February 2019
 - Evaluation period 15 February 2019- 9 March 2019
 - Evaluation panel to meet w/c 11 March 2019 to short-list applications and identify additional information requirements.
 - Deadline for detailed responses 12th April 2019
 - Evaluation period 12th April 2019- 2nd May 2019
 - Evaluation panel to meet w/c 13th May 2019 to determine recommended funding allocations
 - Evaluation panel recommendations considered by SLT Briefing w/c 20th May and then June Scrutiny 2019.
 - Funding allocations agreed by SLT June 2019
- 3.10 Conditions of grant will be applied to ensure projects continue to deliver benefits for the community for at least 10 years, to ensure grants are refunded should there be any substantial financial gain associated with the projects (for example land purchased with the grant is then sold by the parish at a later date), and to reduce grant amount where total project cost decreases.

4. NEXT STEPS

Any comments from Scrutiny Commission will be considered by Director (Environment and Planning) and Lead Members and included in recommendations being put to Council 27 November 2018.

5. FINANCIAL IMPLICATIONS (AW)

- 5.1 The approved profile for the reserve approved and the potential position in future years is shown in the table below.

	2016/17	2017/18	2018/19	2019/20	2020/21
DCF Reserve	£000	£000	£000	£000	£000
Balance b/f	0	950	1059	750	600
To reserves	950	301	499	250	0
From reserves (Expenditure)	0	-192	-808	-400	-250
Balance c/f	950	1059	750	600	350

- 5.2 This indicates at the end of 2018/19, there will be £750,000 of reserves that have been approved via the annual budget setting process. The process for considering new applications should not commit the council to expenditure of future potential allocations to the DCF reserve, as all reserve allocations are considered annually and approved by members. Hence, the upper limit on the new round of applications should not commit the council to funding schemes above the total available reserve of £750,000 at the end of 2018/19. However, the current profile approved at the February 2018 full council was to spend £650,000 over 2019/20 to 2020/21. Therefore, to keep within this approved level of spend the target limit for this application round, should be £650,000. If the higher limit is desired, it will require amendment to the capital programme, which requires approval at full Council.

6. LEGAL IMPLICATIONS [MR]

- 6.1 The Council has a wide power within section 2 of the Local Government Act 2000. This is known as the 'well being power' and seeks to promote or improve the economic, social, and environmental well being of the Council's area. The statutory power includes providing financial assistance to achieve this purpose.
- 6.2 In addition to the 'well being power' the Council is also able to utilise the General Power of Competence under the Localism Act 2011. This represents a more recent statutory power and further strengthens the ability of the Council to provide financial assistance to Parish Councils as set out within this report.
- 6.3 The objectives of the DCF would seem to fall within the above powers

7. CORPORATE PLAN IMPLICATIONS

- 7.1 The proposals in this report will contribute to the corporate aim of 'Empowering Communities'.

8. CONSULTATION

- 8.1 Scrutiny Commission on 8 November 2018 recommended

- (i) Officer support for project management is required, but the fine line between enabling and project managing be addressed; Agreed additional project management support to be funded from DCF budget.

- (ii) Expansion of the Parish & Community Initiative Fund rather than reducing the lower limit of the Developing Communities Fund; PCIF levels set for current round of bids. Review for 2019
- (iii) Changes to the challenging timescales; Amended in light of comments.
- (iv) Creation of a toolkit to support parishes through the application and project management processes. Agreed further information and advice to be produced.

9. RISK IMPLICATIONS

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
That Parishes Councils and Communities do not secure community developments commensurate with the demands of increasing population and business presence.	Providing funding to enable Parishes and Communities to take opportunities to introduce/ improve necessary infrastructure and facilities, not provided by S106 funding or other means.	Director (Environment and Planning)
Inadequate governance and evaluation leading to inefficient use of finances (reputation / financial)	Robust evaluation process Robust management of the release of funds	Director (Environment and Planning)
Poor delivery, design and project management of schemes (reputation / financial)	Ensure adequate evaluation of schemes and adequate project management arrangements by applicants	Director (Environment and Planning)

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 10.1 The aim of these proposals is to set in place a range of funding opportunities, to enable more equitable funding allocations for those communities which are expanding, so that necessary facilities can be provided, in conjunction with funding from other sources, to promote and support immediate and longer-term sustainability.
- 10.2 The proposals will not have any negative equality effects in relation to protected characteristics; indeed, by extending funding availability to rural areas, they should enhance support for those who have such characteristics.

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: Developing Communities Fund reports

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