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**Steve Atkinson** MA(Oxon) MBA FIoD FRSA  
*Chief Executive*

Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

## SCRUTINY COMMISSION - 11 AUGUST 2016

### SUPPLEMENTARY AGENDA

#### 12. EXTENDING FUNDING AND RELATED SUPPORT TO PARISHES (Pages 1 - 8)

To seek support for recommendations to Council regarding revision of the Parish & Community Initiative Fund and an additional fund available to larger parishes.

The covering report and appendix B have been amended.

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## FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION                      11 August 2016  
COUNCIL    6 September 2016

WARDS AFFECTED: ALL

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## EXTENDING FUNDING AND RELATED SUPPORT TO PARISHES AND COMMUNITIES

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### Report of Chief Executive

#### 1. PURPOSE OF REPORT

- 1.1 To seek Council approval for revisions to the Parish and Communities Initiative Fund and an additional, but related, fund – a Developing Communities Fund.

#### 2. RECOMMENDATION

2.1 That the Council:

- i. Approve the revised criteria and arrangements for the Parish and Communities Initiative Fund (PCIF) – as set out in Appendix A.
- ii. Approve the details for the additional Developing Communities Fund (DCF), available for Parishes and Communities on the bases set out in Appendix B.
- iii. Endorse and engage in the encouragement to Parishes and communities to bring forward Neighbourhood Development Plans and associated outline applications for Developing Communities funding by 9 December 2016.
- iv. Agree that projects agreed at that stage receive funding from April 2017.
- v. Approve the establishment of a Neighbourhood Planning Support Officer – as set out in Appendix D – should the thresholds in 3.7 be met.

#### 3. BACKGROUND TO THE REPORT

- 3.1 This Council has a longstanding commitment to rural support, via the Parish and Community Initiative Fund (PCIF). From its inception at £80k p.a. (2005), through to a speedy expansion to £100k p.a. to its current level of £125k p.a. (from April 2016), it has supported 223 projects in villages and rural communities. During 2016/17 the total committed spend since the inception of the scheme will reach £1m. It has been a considerable success! Nevertheless, it is important to ensure that Parishes and communities, particularly the smaller ones, gain the maximum benefits from access to and use of this fund. Consequently, a number of small changes are proposed to

the criteria controlling access to this fund. These are set out in Appendix A. The overall fund will remain at £125,000pa.

- 3.2 Whilst the PCIF has been very useful for smaller projects, it may not be as useful for larger projects, mainly because of the limits on what can be funded and the level of that funding. It is arguable that a separate fund would be more appropriate for such initiatives, where there is considerable potential/actual population and employment growth. The purpose would be to support facilities which S106 contributions cannot support, either because of the limits of that scheme and/or the funding available from developers. Proposals for this new fund are attached at Appendix B.
- 3.3 In summary, therefore, it is proposed that there be two distinct, but complementary, funding schemes – both available to all Parishes and communities:
- The Parish and Community Initiative Fund (PCIF) – revised, as set out in Appendix A
  - A Developing Communities Fund (DCF) - as set out in Appendix B, available for larger projects
- 3.4 There has been discussion also in recent weeks about the potential for more Parishes to research and prepare Neighbourhood Development Plans, as evidence bases to ensure coordinated local responses to local development. These could be used in the same way to focus considerations and plans for community developments and inform any bids to any new source of Council funding.
- 3.5 There are a number of stages in the process of Neighbourhood Planning, introduced under the auspices of the Localism Act 2011. These, along with relevant funding streams, are set out in Appendix C. There are currently six Neighbourhood Plans at different stages in that process, all of which have passed through the ‘designation’ stage at least, but which are progressing at very different speeds: Market Bosworth, Burbage, West Clarendon (Hinckley), Desford, Sheepy and Stoke Golding. Consultation is underway on two others: Higham on the Hill and Newbold Verdon. There are 24 Parishes in the Borough, along with Hinckley town itself, which is unparished.
- 3.6 Whilst the Council does provide support to these initiatives from within existing resources, it is acknowledged that they would benefit from an increased commitment to Council support, not to prepare the plans (as these need to be driven by the Parish/Community itself), but to advise, guide and ‘signpost’ parishes and communities towards other sources of funding and information. There may be the potential also for project management advice. This will be highlighted further, should more communities be encouraged to produce neighbourhood Plans and as these, as well as the existing plans in the pipeline, move towards adoption. The parameters for a post of Neighbourhood Planning Support Officer are attached at Appendix D.
- 3.7 It is anticipated that, should an increase in interest be forthcoming, the following additional dedicated Neighbourhood Planning resource could be justified:

<b>Number of Neighbourhood Plans</b>	<b>Potential Additional Resource</b>
10-20 designated areas	1 dedicated Neighbourhood Planning Officer
20+ designated areas	2 dedicated Neighbourhood Planning Officers

- 3.8 At this stage, it is recommended that the Special Purposes Reserve, set up by the Council on 18 February 2016, be used as the base, from which funding can be allocated directly, or borrowing be supported, to facilitate suitable projects.
- 3.9 In order to test out and evaluate potential and actual interest in the DCF and the need for a Support post (initially time-limited), it is recommended that Members encourage interest in both Neighbourhood Development Plans and the new funding proposal, supported by a corporate encouragement to submit NDPs and outline funding bids to the Council by 9 December 2016 – a three month period having the potential to focus interest and development work. Any proposals received by that date will be evaluated as soon as possible, so that successful bids can be funded in the budget for 2017/18.
- 3.10 The general principles behind these proposals have been discussed with the Chair of Scrutiny Commission and with the Cross Party Members' group prior to being put to the full Scrutiny Commission and to Council.

#### 4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 This report is to be considered in open session at all Committees/Council to which it is submitted.

#### 5. FINANCIAL IMPLICATIONS [AW]

- 5.1 The Developing Communities Fund is a new initiative that is proposed to be funded from the Special Purposes Fund established when the current Medium Term Strategy was agreed by Council in February 2016. The forecast Special Purposes Fund (SPF) reserve for 2015/16 was £535,000 at that time. As at the end of June 2016 the forecast has increased to £700,000, mainly due to higher than forecast receipts from Garden Waste collection.
- 5.2 The DCF is a variable reserve as it is based on amounts being generated above the policy of retaining a 10% minimum working balances. Therefore, the forecast position will alter as the year progresses. Therefore caution should be exercised before the whole amount is committed.
- 5.3 This reserve can be used to support the Developing Communities Fund, without a requirement to take out loans. If further funding was required via long terms loans, care would need to be exercised that any such loans were affordable and could be accommodated within the current capital programme and known required loans for that purpose.

#### 6. LEGAL IMPLICATIONS [AR]

- 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 Appendix C of this report sets out the introduction of Neighbourhood Plans through the Localism Act 2011 and the process to be undertaken. The National Planning Practice Guidance issued by the Government sets out the role of the Council in Neighbourhood Planning. It draws attention to the statutory requirement contained within the Town and Country Planning Act 1990 to ‘provide advice or assistance to a parish council, neighbourhood forum or community organisation that is producing a neighbourhood plan’. It also states the Council should be ‘be proactive in providing information to communities about neighbourhood planning’.

6.3 The recommendations within this report will ensure that the Council is able to discharge its statutory obligations in accordance with guidance issued by the Government.

7. CORPORATE PLAN IMPLICATIONS

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

8. CONSULTATION

8.1 As stated in 3.10 above, the proposals have been discussed with the Leader of the Council, the Executive Members for Rural Communities and Tourism, Licensing and Environmental Services and for Town and Urban Communities, the Leader of the Liberal Democrat group and the Chair of Scrutiny Commission, as well as the relevant senior Managers.

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 our Parishes 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.	Chief Executive

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

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Background papers: None

Contact Officer: Steve Atkinson 01455 255606

Executive Members: Councillors K Morrell and C Ladkin

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### A Developing Communities Fund (DCF)

1. The DCF would be available to all Parishes and Communities.
2. For any such scheme to be effective, it should;
  - be based on the PCIF principles
  - be affordable (see 5 below)
  - require a financial contribution from the Parish Council/community group of a minimum of 25% of the total cost of the project; the actual level being calculated by reference to the formula in 3 (below). The contribution can be found from all available/legitimate funding sources.
  - be subject to a set of criteria which cover value for money and 'meeting strategic local need'
  - use a sound information/evidence base for the latter criteria, such as could be provided by Neighbourhood Development Plans.
3. The formula for determining the Parish/Community contribution will be based on an 'average' level of 35% (as with the PCIF), but be varied according the level of actual annual precept, as follows:

$$\frac{\text{Funding percentage required (\%)} \times \text{Average Band D Precept}^*}{\text{Actual Band D Precept}^*}$$

\* These figures are subject to change each year.

There will be a minimum contribution from the Parish Council/Community of 25% of the total project cost, irrespective of the Precept levels.

4. The preparation and use of Neighbourhood Development Plans should be strongly encouraged on all the Parishes, as it will not only provide a sound evidence base for bids to the SRSF, but also a robust evidence base to respond to speculative development applications in the future. The Council could provide support via the establishment of a Parish Plans Support Officer, whose role could cover 'signposting', general advice and project guidance/consultancy support.
5. It is recommended that before any action is taken to create a fund, the 'larger' Parishes and their communities be asked the following:
  - In order to support increased development in your area (planned, in progress or anticipated), what facility/facilities would be required to provide necessary infrastructure beyond that available under Section 106 arrangements?
  - What capital funding would the Parish/Community be able to contribute on a minimum 25% basis with the Borough Council, as determined by the agreed Funding formula?

- Over what period would you envisage this funding being necessary? (The expectation would be that any funding provided would be expended within three years).
6. In addition it should be made clear to the relevant Parishes/Communities that joint bids would be considered, if it could be shown that they had broad support and applicability, it could be shown that they had broad support and applicability beyond a single area and have a clear link to any Parish Plans. It should be made clear also that feasibility studies would be considered for funding.
  7. Should there be a 'flow' problem, with a number of projects queued for funding and delivery in a short timescale, this could be addressed by borrowing (which could be against other capital reserves, not necessarily from external sources) at 1:1 against future anticipated surpluses being utilised.