



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

SCRUTINY COMMISSION 8 FEBRUARY 2017  
COUNCIL 21 MARCH 2017

WARDS AFFECTED: ALL WARDS

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## IMPLEMENTATION OF THE DEVELOPING COMMUNITIES FUND

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### Report of Director (Environment and Planning)

#### 1. PURPOSE OF REPORT

- 1.1.1 To seek the views of the Scrutiny Commission on the delivery of the Developing Communities Fund, the eligibility of projects, the evaluation criteria and process, and the amount of funding to be made available.

#### 2. RECOMMENDATION

- 2.1 That Scrutiny Commission consider the proposed Developing Communities Fund, the eligibility of projects, the evaluation criteria and process, and the amount of funding to be made available.
- 2.2 That Scrutiny Commission makes recommendations to Council regarding the proposed scheme..
- 2.3 That Scrutiny Commission endorse the delegation to the Director (Environment and Planning) in consultation with the Executive Leads for rural communities, tourism, licensing & environmental services and town & urban communities to implement this fund, once the final scheme has been approved at Council.

#### 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.
- Parishes were also encouraged to commence Neighbourhood Development Plans.

- 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. A copy of that letter is attached at Appendix A. Funding support was envisaged as being provided by the Special Purposes reserve, established by Council in February 2016, to avoid any additional loans.
- 3.3 The Council received EOIs for thirteen projects. Summary details of each are given in Appendix B.
- 3.4 Update from the EOIs:-

#### Number of applications / applicants

- Thirteen expressions of interest were received for eleven different parishes.
- Four were from community groups, seven from Parish Councils
- Enquiry's were received from a further five projects but no applications received. Several of these said they had been unable to provide any information within the timescales given.
- Projects were at different stage, of varying quality and as a result full evaluation in order to make fully informed decisions to award grants was not possible.

#### Type of project (NB some projects have multiple elements)

- Five projects were community buildings.
- Four related to green spaces (two applications were received from different organisations for the same park).
- Two were village centre improvements including car parking.
- Three included highways improvements which are an LCC responsibility (footpaths etc).
- One was for a sports facility.

#### Financial

- The total value of projects submitted was £2,841,580.
- The largest project was £750,000, the smallest £10,000.
- Two of the projects were less than £15,000 in value and therefore could receive up to £9,000 funding from the PCIF.
- Two projects were £25,000 to £30,000 and could potentially receive funding of £12,000 from the PCIF

#### Summary

- Six of the applications were for parishes / villages with less than 5% housing growth (actual and projected).
- Seven of the applications were in parishes where a neighbourhood development plan was being developed, two where the parishes were considering starting a plan, and four where the parish had no plans to develop a plan.
- Eight applicants had some evidence of need, five did not.
- Risk for the proposed projects was difficult to determine from the limited information available. The following number of applications appeared to have some degree of risk in the following areas:-
  - Planning – 4
  - Partnership / 3<sup>rd</sup> party dependency - 3
  - Financial viability (revenue to sustain project) – unclear. There was no evidence from the majority of applicants that ongoing revenue had been calculated or that the projects were sustainable.

- Lack of capital funding / reliance on other funding sources – 3 would need external funding, the majority of applicants did not appear to have all the funding required and would need either to increase precepts or borrow to fund the project.
- 3.5 A high level assessment of the EOIs was undertaken and a potential funding model developed which was considered by Executive briefing in December.
- 3.6 Given that six of the projects were unlikely to be funded due to small scale or lack of housing growth in these parishes, these six projects were advised to apply for PCIF funding in December as a precautionary measure to ensure they did not miss out on the opportunity of funding from this alternative source.
- 3.7 Given the high level of demand for the fund, the availability of funding through PCIF, the responsibility of other public authorities and the risks associated of projects not being delivered the following approach is now recommended:-
- Maximum fund size
    - Up to £1,400,000 for applications to the DCF
    - To be reviewed in future years
  - Establish eligibility criteria.
    - Minimum project size (Suggested £30,000)
    - A minimum percentage % housing growth forecast / actual for the Parish (period 2009 – 2026) (Suggested 5%)
    - Parish must commit to a Neighbourhood Development Plan
    - No funding for highways improvements (LCC responsibility)
    - Must meet HBBC corporate plan priorities
    - No more than 1 project to be funded by this DCF per parish.
    - Projects must be completed within X years of an offer being made. Suggested 3 years.
    - Only those projects submitted as an expression of interest in December 2016 are eligible for application to the fund at this stage.
  - Establish a new funding formula to help inform funding allocations whereby each grant is calculated by:
    - Minimum parish contribution =  $(35\% \times \text{average band D precept}) / \text{actual band d precept}$  (all figures are from 2016/17 budget book and average is calculated from council tax base).
    - Where parish already has existing funding sources the maximum amount awarded will not exceed the balance of the project cost.
    - Maximum grant per parish of £X per new property – based on HBBC planning service estimates. (Suggested **up to** £1,000 per property)
- And or
- Maximum grant of per parish. Project costs in excess of this maximum to be funded by the applicant)
  - Total grants awarded are subject to overall funding limits set out above. Where caps are applied it will be the lower cap that prevales as the level of grant.
  - 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.

- Develop a standard application process which all applicants must complete to be considered. The information sought will be that which is necessary to evaluate applications thoroughly and objectively and will be based on the Parish and Community Initiative application and assessment process. It will include:-
  - Standard application form.
  - Issue of application forms by 30 March 2017.
  - Closing date for applications 1 June 2017 (to allow applicants time to develop projects and to submit fully completed high quality applications which can be properly evaluated).
  - It will be the applicant's responsibility to provide the information required. Gaps in information will result in applications being refused.
  - Acceptance of the terms of a funding agreement.
  
- Develop assessment criteria and processes to ensure correct and best use of Council funds and transparency in the allocation of grants (based on PCIF assessment system). This will include an assessment of:
  - Compliance with eligibility criteria.
  - Financial viability of the project (both capital funding and ongoing revenue)
  - Financial status of applicant
  - 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 – confidence applicant can deliver project on time and on budget and to specification.
  - Alternative delivery models and funding sources
  
- Establish team of officers who will share the responsibility for evaluating applications (each application will have 1 lead evaluator which will be determined by matching projects to officers skills / experience). Evaluators to be agreed by SLT.
  
- Establish evaluation panel to determine allocation of grants. This will include the Executive Lead for Rural Communities and Environment, the Executive Lead for Town Centres, and officers involved with evaluation. Evaluation panel to be agreed by SLT.
  
- Determination of grants to be awarded.
  - Evaluation period 1 June- 1 July 2017
  - Evaluation panel to meet w/c 3 July to determine recommended funding allocations.
  - Evaluation panel recommendations considered by SLT briefing and then Scrutiny 10 August 2017.
  - Funding allocations agreed by SLT.
  
- 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..

- Named officer to over see each grant awarded to ensure project is on track, meeting agreed objectives, and to ensure correct use of HBBC funding. This will continue until project is complete.

3.8 Should the fund not be fully allocated or grants not be claimed, then consideration will be given to repeating this process to enable a further round of applications and funding.

#### 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 21 March 2017.

#### 5. FINANCIAL IMPLICATIONS (AW)

5.1 The Earmarked Reserve to support the Developing Communities Fund is forecast to be £950,000 in 2016/177, with a further £301,000 being placed into the reserve in the financial year 2017/18, and a further £149,000 In 2018/19

5.2 The forecast use of the reserve is based £700,000 of the reserve balance in 2017/18 and the remaining £700,000 in 2018/19. This level of usage has been included in the capital programme. Actual use may differ based on the progress of capital projects funded.

5.3 As the Council is issuing grants to parishes, there will be a need to ensure the grant has been used to meet the conditions of the grant. Therefore a process to release cash based on evidence provided by the parish and monitoring of this will be required. Any failure of the parish to meet the conditions of the grant may lead to the grant funding having to be suspended or returned to the Council. Monitoring of the grant spend will have minimal costs involved, but does need to be in place prior to issuing the funding. Parishes will need to be informed that the grant will be released as and when the funding is required, usually expected to be on evidence of invoices received or certified completion of projects.

<b>Table 1</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Reserve balance	0	950,000	551,000
Developing Communities Fund forecast expenditure	0	(700,000)	(700,000)
Contribution to DCF Reserve	950,000	301,000	149,000
Reserve balance c/f	950,000	551,000	0

5.4 There are no MRP consequences from the issuing of these capital grants.

#### 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 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'.

6.4 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 Parishes and Communities have been consulted and invited to make submissions. Thirteen submissions were received by the due date.

## 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)
Under utilisation of fund	Consider further applications	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

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Background papers: Appendix A – letter sent to parishes  
Appendix B – expressions of interest received.

Contact Officer: Rob Parkinson (Director (Environment and Planning))

Executive Members: Cllrs Kevin Morrell and Chris Ladkin