

# Chichester District Council

**CABINET**

**8 March 2016**

## **Recommendations of the Grants Task and Finish Group**

### **1. Contacts**

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### **2. Executive Summary**

This report summarises the findings of a Task and Finish Group that reviewed the allocations of New Homes Bonus and Discretionary Grants. The recommendations look to sustain both forms of funding, but propose changes that ensure these funds continue to be used to best effect.

### **3. Recommendations**

- 3.1. That the unspent balance of the Low Carbon Chichester District Fund be transferred to the Private Sector Renewal Budget for the Chichester Warm Homes Initiative.**
- 3.2. That the revisions to the New Homes Bonus (Parish Allocations) Policy as set out in Appendix 2 be recommended to Council for approval**
- 3.3. That the revisions to the Grants and Concessions Policy as set out in Appendix 4 of the report be approved**
- 3.4. That the draft “Priorities and Principles for Funding” for the financial year 2016-17 (Appendix 6) be approved**
- 3.5. That Cabinet give consideration, at the appropriate time, to including the funding of the grants programme within the base budget once these funds have been exhausted; currently forecasted to be from 2020-21**

### **4. Background**

- 4.1. At its October 2015 meeting, the Grants and Concessions Panel established a Task and Finish Group to consider the future of various discretionary funding sources made available by this Council.
- 4.2. The Low Carbon Chichester District Fund was created utilising historic Home Energy Conservation Act (HECA) monies received from the Energy Savings Trust. The fund facilitated projects that had significant carbon savings to

community groups or groups of residential properties in the District. Subsequent changes to the eligibility criteria for “Feed in Tariffs” have significantly reduced the interest in the Fund for renewable energy measures (e.g. Solar Panels) and there have been no bids received in over a year.

- 4.3. The New Homes Bonus (Parish Allocations) Scheme (NHB) has run successfully for three years, with £400,000 available annually for Parishes to apply to. The Scheme utilises New Homes Bonus monies received from Government, but with increasing uncertainty regarding future receipts it was felt appropriate to review.
- 4.4. In addition, the Council has a single Grants pot of £250,000 per annum. Predominantly funded from reserves (£36,800 per annum is in base budget), the fund, if fully allocated, will last until mid 2017. Mindful of the significant value in achieving the objectives of this Council through the initiatives of local businesses, community or voluntary groups, ways of sustaining this offer in the longer term have been explored.

## **5. Outcomes to be achieved**

- 5.1. The purpose of the review undertaken by the Task and Finish Group was to:
  - (i) consider the effectiveness of grant giving in the last 3 years,
  - (ii) reflect on the current needs for financial support,
  - (iii) consider the future provision of Business Loans,
  - (iv) propose revisions to the Priorities and Principles of funding, and
  - (v) to review and make recommendations to Cabinet for changes to Policy and to the Grants and Concessions Panel guidance.

## **6. Proposal**

- 6.1. In respect of the Low Carbon Chichester District fund, it is proposed that the unexpended balance (£95,221 at the time of writing – this varies from the amount reported in Appendix 1 as subsequent to that report being written, an historic award has expired without being spent) is transferred to the Private Sector Renewal Budget for the Chichester Warm Homes Initiative. The Grants and Concessions Panel received a report from the Environmental Housing Manager (Appendix 1) and concurred that this reallocation of monies would be more successful in implementing projects and, if approved, would be in line with its original objectives from Government.
- 6.2. In respect of the NHB scheme, it is proposed that the annual allocation is reduced from £400,000 to £250,000 and the amount will be subject to annual confirmation by Cabinet. Allocations in the first three years of operating the scheme have been:
  - 2013/14      £346,142.50
  - 2014/15      £297,637.50
  - 2015/16      £271,755.39

- 6.3. To ensure that the funding scheme remains effective, it is proposed that there is a cap of a maximum allocation per Parish of £100,000 (which in effect is a cap on Chichester City Council) and a collar whereby Parishes which have had less than 5 houses built in the preceding 3 years will no longer be eligible. Applications in respect of projects that have already been highlighted by Parishes in the annual refreshment of the Infrastructure Business Plan would have a shortened application form, but other projects would remain eligible.
- 6.4. Accordingly a revised NHB (Parish Allocations) Policy has been drafted for Cabinet to approve and recommend to Council (Appendix 2). As some of the implications are within the detailed guidance, the Grants and Concessions Panel has already developed and agreed revised guidance which is appended (Appendix 3) to aid decision making here.
- 6.5. In respect of the general Grants Pot, it is proposed that the annual budget is reduced from £250,000 to £175,000, to ensure the longevity of the scheme. Allocations in previous years are detailed in the Panel's Annual Report and in the last 3 years have totalled:
- 2013/14            £197,944
  - 2014/15            £215,813
  - 2015/16            £159,556 (allocated to date with bids totalling £48,498 to be considered at Panel on 24<sup>th</sup> March 2016)
- 6.6. Typically the maximum grant will now be £15,000 (reduced from £25,000). To manage the demand, the Task and Finish Group expressed the need for the Council's priorities to be more specific in order to communicate what the Council would like to fund in any one year and by omission what it will not. The Task and Finish Group has therefore approved revised "Priorities and Principles for Funding 2016/17" (Appendix 6) for consideration by the Cabinet. It is intended that these priorities will be reviewed on an annual basis.
- 6.7. Revisions to the Grants and Concessions Policy have been drafted for Cabinet to approve (Appendix 4). As some of the implications are within the detailed guidance, the Grants and Concessions Panel has already developed and agreed revised guidance which is further appended (Appendix 5).
- 6.8. With Cabinet approval, changes to the NHB (Parishes Allocation) Scheme will be shared with parishes as soon as possible with a view to maintaining the annual programme of applications (submissions by end of July 2016) for consideration in September 2016.
- 6.9. The scope of the Task and Finish Group included consideration of how proposed Business Loans might be determined alongside Grant giving. The development of such loans are yet to be considered by Cabinet and as a result the Grants and Concessions Panel will revisit this issue in the future.

## **7. Alternatives that have been considered**

- 7.1. In respect of the Low Carbon Chichester District fund, the Grants and Concessions Panel had previously considered, at its meeting on 21 October

2014, allocating the remaining balance to then proposed “Your Energy Sussex” residential work programmes. The Panel has been awaiting further clarity on this work programme, but national changes to the “Green Deal” led to delays and there remains no clear way forward for “able to pay” households. The proposal to facilitate the Warm Homes Initiative is considered to be implementable and complementary (but not duplicative) to what is now proposed under the County wide scheme to address fuel poverty.

- 7.2. In respect of the NHB (Parish Allocations) there was consideration given to ceasing the scheme in the light of continued uncertainty regarding Government funding. However, funds have been received from Government for 2015/16 along with confirmation of a 2016/17 allocation of £3.66m, which justifies running the scheme in 2016/17 and making provision for the opportunity in subsequent years.
- 7.3. In terms of the “indicative allocation” to parishes, consideration was given to a number of different models of distribution with caps and collars of varying amounts. One model considered allocations considering the level of development proportional to the size of the existing parish, which produced a model so markedly different that it was not supported by the Task and Finish Group. The introduction of a collar was recommended as this was consistent with the Government’s objective to reward communities that have taken development, and 4 or fewer new houses over 3 years was not felt by members of the Task and Finish Group to constitute “development” (in its scale and therefore its local impact) for the purpose of NHB allocation. Parishes not eligible for NHB would still be able to make an application under the general pot.
- 7.4. In respect of the Grants pot, recommendations were informed by the level and type of applications received over the last 3 years. Consideration was given to creating dedicated pots for specific objectives, but this has not worked well in the past and it was felt that refined priorities could achieve the same outcome.
- 7.5. Looking at options for future funding, Members did consider requesting that the grants funding be built into the base budget from 2017/18 (given that the 2016/17 budget has already been debated at Cabinet) and return any unspent reserve allocation at March 2017.

## **8. Resource and legal implications**

- 8.1. The reduction of discretionary funding budgets will have little staff resource implications, as the level of demand for funding will probably remain consistent with previous years. Therefore the funding advice and the processing of applications undertaken by staff will remain. However, more explicit priorities may help manage what applications we receive and filter out some potential applications at the point of enquiry. Applications will not be progressed if there has been no prior dialogue with Funding Advisers.
- 8.2. Echoing the use of a “Funding Agreement” for NHB monies, a similar arrangement will be used for all Grant offers. While this would be an additional stage to the current grant giving process, it would reduce subsequent disputes about the use of grant awards which would compensate. Signed agreement of

grant recipients to general and any specific conditions of the award would be more transparent.

- 8.3. If provision in the base budget for a grants pot of £175,000 from 2020/21 is made then there will be an implication for the revenue budget, and need to be built into the deficit reduction programme to be reported to a future Cabinet meeting.
- 8.4. The uncommitted general grants budget that has accrued from financial years 2010-11 to 2015-16 and the Grants and Contributions Reserve are ring-fenced and can therefore be used to fund the grants programme from 2016-17

## **9. Consultation**

- 9.1. Officers have spent some time tracking the potential for the Your Energy Sussex work programmes, with regular dialogue with WSCC officers and colleagues from neighbouring Districts and Boroughs. The proposal for Warm Homes Initiative and the reallocation of these monies has been endorsed by both Overview and Scrutiny Committee and the Grants and Concessions Panel, independent of the considerations of the Task and Finish Group.
- 9.2. Draft proposals regarding changes to the NHB (Parish Allocations) Scheme were shared with all Parish Councils (and all District Councillors) and feedback sought. Only one Parish replied in time to feed back to the Grants and Concessions Panel, and they were supportive of the changes. Subsequent representation from a further Parish was asking to be considered as a special case as they are unlikely to receive any significant housing development. They will be advised of other, more appropriate, funding sources.
- 9.3. Consultation with potential applicants during previous Grants Reviews had proven to be inconclusive and predictable, and not provided any useful information to aid decision making. The proposals have been discussed in general terms with Voluntary Action Arun and Chichester (VAAC) who are disappointed that funding opportunities to the Voluntary and Community sector are further diminished but supportive of what support can be maintained. It remains of some value that the Council has a transparent mechanism for endorsing projects which can be helpful (and sometimes essential) in gaining the support of larger funders.

## **10. Community impact and corporate risks**

- 10.1. Even with reducing budgets, sustaining these forms of discretionary funding demonstrates strong commitment to:
  - (i) improve the standard of housing stock in the District,
  - (ii) see the benefits that new development brings are realised within the communities most affected, and
  - (iii) valuing the contributions of businesses, and other local organisations in achieving the aims of this Council and its communities.

- 10.2. Sustaining the NHB (Parish Allocations) Scheme is both a continued endorsement of the Parish Council role, and hopefully an encouragement to residents to take a greater interest in their local Council.
- 10.3. There remains uncertainty over the future with many factors that may impact on the Council and change the financial forecast. While the caveat of annual confirmation of the allocation ensures this Council is not overcommitted, having to withdraw key funding routes in future years could have reputational damage.

## 11. Other Implications

<b>Crime &amp; Disorder:</b>	While the projects that could be funded by these monies cannot be anticipated, it is likely that many of them will have positive outcomes in some or all of these impact areas.
<b>Climate Change:</b>	
<b>Human Rights and Equality Impact:</b>	
<b>Safeguarding:</b>	

## 12. Appendices

- 12.1. Appendix 1 – Warm Homes Initiative.
- 12.2. Appendix 2 – New Homes Bonus (Parish Allocations ) Policy (proposed changes underlined)
- 12.3. Appendix 3 – NHB Guidance
- 12.4. Appendix 4 – Grants and Concessions Policy
- 12.5. Appendix 5 – Grants Guidance
- 12.6. Appendix 6 – Priorities and Principles for Funding

## 13. Background Papers

- 13.1. None