

# Cabinet Report



Listening Learning Leading

Report of Head of Corporate Services

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To: CABINET

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## Capital Grants

### Recommendations

- (a) Cabinet approve changes to the revised capital grants policy, adopting a thematic approach to improve outcomes for communities, attached at appendix one.
- (b) Cabinet delegates authority to the relevant head of service in consultation with the relevant cabinet member to make amendments to the current scoring criteria.

### Purpose of the report

1. To seek Cabinet to approval to revise the capital grants policy adopting a thematic approach to awarding grants to improve outcomes for communities.

### Corporate Objectives

2. The South Capital Grants support the Corporate Plan priority to enhance community wellbeing through giving capital grants to community groups working to strengthen cohesion, reduce social isolation and tackle areas of deprivation.

### Background

3. The Council's community grants portfolio currently includes three schemes: Revenue (£333,996), Capital (£320,000) and Councillor Community Grants (£180,000).

4. The Community Enablement Team manages the capital grants scheme, which has been running for many years, awarding over £5m since 2013/2014 to create and enhance community facilities in the district.
5. The basic rules of the scheme are detailed in the policy included in the background papers. Applications are received through our online grants system, assessed against eligibility criteria, and scored against different categories (including community benefit, finance and whether the funding would enable additional facilities/activities).
6. Depending on an application's score, the project will fall into a high, medium or low priority category and funding is allocated accordingly in line with the policy. Those scoring in the top category will receive up to 100 per cent of their requested funding, medium priority projects will receive 50-75 per cent. Low priority projects will not receive a grant. The value of the grant also depends on the total budget available for the scheme and on the number of applications received falling into the higher categories.
7. The grant scheme is a valued resource for community groups. In the past four years, 71 different organisations have benefited from the scheme, including 24 town and parish councils. Project themes as grouped below;
  - 29 per cent to improve village halls and community centres
  - 28 per cent for sports clubs and facilities
  - 16 per cent for playgrounds
  - 8 per cent to churches and church run community facilities
8. The grants have typically funded refurbishment projects (33 per cent of all projects over the last four years), playgrounds (18 per cent) and sports equipment (15 per cent). New builds/extensions account for 13 per cent.

### **Voluntary and community sector post COVID**

9. The role of the Voluntary and Community Sector (VCS) has been recognised as invaluable throughout the pandemic and will continue to be so on the road to recovery.
10. The pandemic has also brought significant, additional challenges for the VCS. The forced closure of most face-to-face activities this year (including many community facilities such as sports and village halls) has meant that traditional sources of revenue have been dramatically reduced, resulting in drastic reductions in income across the sector. Some of this income has been replaced by government business grants, costs have been managed through furloughing staff or bringing activities online, and organisations have adapted their fundraising efforts to include more digital fundraising or COVID specific grant funding where appropriate.
11. Many external (non-council) grant funders that have previously funded capital projects have either paused their grant giving or refocused their criteria to reflect changing needs which support COVID response and recovery e.g. Sport England. This has had an impact on organisations' ability to raise the sums needed to fund large-scale projects, therefore some projects have paused plans for development, while others have had to scale down.

12. Organisations have also needed to use savings in lieu of earned income over lockdown to cover basic costs such as essential repairs or maintenance to enable them to open again after lockdown, or improve their facilities to meet accessibility guidelines, COVID-19 legislation, and social distancing.
13. It is currently unclear how COVID will continue to impact the funding priorities for the VCS, and how grant makers will respond. The next one-two years are set to be even more challenging as the longer-term implications and economic impact of COVID becomes clearer. The NCVO's (National Council for Voluntary Organisations) COVID-19 Voluntary Sector Impact Barometer for organisations in the South East suggests 69 per cent of respondents expect COVID-19 to have a moderate or significant negative impact on delivering their objectives next year.
14. Officers therefore anticipate that this funding scheme will be in high demand as a valuable source of funding for the sector and therefore changes need to reflect the changing needs of organisations in this uncertain time.

### A look back at 2019/2020 funding round

15. In addition to the increased challenges faced by organisations and the communities they represent; the capital grant scheme saw a significant shift in demand and expectations when it last opened to applications in 2019/2020. There was no round in 2020/2021 due to the pandemic, which also delayed the planned councillor-led transformation review of the service.
16. Demand continues to be high, with organisations keen to secure council support for their capital projects. The 2021/2022 budget is set at £320,000.

Column1	South Capital 16/17	South Capital 2017/18	South Capital 2018/19	South Capital 2019/20
Applications funded	25	19	24	11
Eligible projects not funded at panel	0	1	0	8
Average total project cost	£97,428.66	£91,255.53	£78,819.50	£125,625.27
Average grant requested	£45,032.29	£40,471.89	£37,374.33	£37,603.91
Total value of grants requested	£1,125,807	£768,966	£896,984	£413,643
Total value of grants awarded	£997,174	£715,408	£821,688	£319,317
Average grant awarded	£39,886.96	£37,653.05	£34,237.00	£29,028.82
Average % of total project cost funded	46%	44%	42%	29%
% funded of total grant requested	93%	95%	88%	77%

17. The last round of funding in 2019/2020 saw unprecedented competition for funds:
- The number of projects we could fund reduced from 25 in 2016/17 down to 11 in 2019/20.
  - Council funding used to account for 42-46 per cent of the total cost of a project. We're now funding 29 per cent of the total budget, leaving organisations with a greater financial liability where they have to find funding from elsewhere.
  - This concern that organisations still had a large fundraising liability meant that the grants panel had tough decisions to make in order to fund projects more likely to be seen through to completion to benefit our communities. Which unfortunately resulted in eight eligible projects not awarded funding. Organisations were strongly

encouraged to seek additional funding from elsewhere before applying again to the council.

18. Additional scoring criteria was also introduced in 2019/2020 to reward and encourage capital projects that contributed positively to the council's climate emergency. The majority of projects did not score highly in this area, which resulted in fewer projects being categorised as 'high priority' for funding and therefore few were eligible for 100 per cent of their requested amount.
19. There was no 2020/2021 funding round due to the pandemic, which also delayed the planned councillor-led transformation review of the service.
20. Before announcing a new capital grant scheme, we need to consider different options for improving the policy and process for applicants, officers and decision makers to ensure the scheme is fit for purpose and meets current needs within the community.

## **Options and Risks**

### **A. Move to a thematic focus for the existing capital grant scheme that better supports communities' needs**

21. This recommended option aims to refocus the current scheme by delivering the promises made in the council's 2020-2024 corporate plan, supporting all the outward facing themes: 'Protect and Restore our Natural World', 'Action on the climate emergency', 'Improved economic and community well-being', and 'Homes and infrastructure that meet local needs'.
22. Adapting the existing scheme using a thematic approach and updating the scoring criteria will enable officers to launch quickly to help meet the immediate needs of communities.
23. It would also offer greater support to projects aimed at improving community well-being and resilience to recover from the pandemic as well as providing new activities or facilities. A broad range of different activities will continue to be encouraged, with an emphasis on projects that can clearly demonstrate how the council's capital investment will help us deliver on our Corporate Plan priorities and better outcomes for communities.
24. Organisations will also need to show, where appropriate, that they are responding to the climate emergency. This could be acknowledging work already achieved or included in their current project plans.
25. To support decision makers to compare like-for-like projects, officers recommend that applications are submitted under a specific theme linked to the communities' needs and aspirations, as identified in the corporate plan. Projects would continue to be scored against a range of cross-cutting areas which demonstrate specific outcomes or common areas (climate action, accessibility and inclusion, community benefit/wellbeing, financial sustainability), as well as category specific criteria relevant to the theme as identified in paragraph 21.
26. The high priority/top scoring projects under each theme e.g. action on climate emergency would be awarded up to 100 per cent of their requested amount, max £75,000 or 50 per cent of total project cost. Budget permitting, the grants panel would then allocate the remaining the remaining funds to medium priority projects.

27. A further option could be to split the £320,000 budget equally between all priorities to score and award projects contributing to each one or to focus on one priority each time the scheme opens. The latter would however set an expectation that funding would be available in future rounds but would mean organisations could plan ahead and be prepared.
28. By splitting the budget between the priorities or focusing on one each year we would encourage a wider variety of applications to come forward that contribute to our priorities, as historically the vast majority of projects we've funded have fallen into just two - Improved economic and community well-being, and Homes and infrastructure that meet local needs. However, this sub option is not recommended, in favour of applications being submitted and scored under a specific corporate priority themes (paras 21-26).
29. As with Option B, we expect the scheme to continue to be highly competitive and therefore unlikely we would be able to fund all eligible projects. However, we can mitigate against the reputational risk by ensuring all applicants are fully aware of the council's policy and scoring criteria.

**B. Keep existing capital grant scheme policy, including minor alternations.**

30. With impact of COVID-19 still uncertain, keeping the scheme as it is will allow for a broad range of eligible projects and organisations to apply.
31. Taking on board feedback from the previous rounds the scoring criteria, including scores for energy efficiency, would need to be reviewed to ensure a level playing field for organisations, particularly projects improving accessibility and/or sporting facilities, where carbon reduction is less relevant or perhaps have already integrated energy efficiency measures into their work, to have an equal chance of success.
32. Recognising the need to balance the available budget for this round of funding and the need for community groups to prioritise repair and maintenance work on their community facilities this year, we suggest changing the emphasis of the scoring criteria which currently favours projects that bring 'new' activities and facilities.
33. As with option A, we would be able to update the scoring criteria and launch quickly. However, it wouldn't be possible to compare like-for-like projects, therefore harder to demonstrate the impact the scheme has on delivering our priorities.
34. The capital grant scheme saw a significant shift in demand and expectations when it last opened to applications in 2019/2020. In light of this, guidance for applicants needs to reflect both the high level of competition for funds, and equally, set an expectation that the majority of funding needs to be in place, to ensure that the work is able to start quickly for the immediate benefit of the community.
35. The reputational risk of turning projects down for funding can be partly mitigated by ensuring all applicants are fully aware of the council's policy and scoring criteria.

**C. Establish a new capital grant scheme, prioritising carbon reduction projects**

36. This grant scheme would actively promote carbon reduction within communities. This could be done through a general scheme to support sustainability, energy efficiency, and biodiversity in the district, or through a scheme which mirrors current public sector

decarbonisation funding. The latter fund focuses on replacing heating systems in public sector buildings with low carbon technology.

37. Other Oxfordshire based funding that is available to organisations for 'green' projects includes Trust for Oxfordshire's Environment, however they have recently cut the funding for energy efficiency and prioritised protecting and restoring the natural environment. Energy efficiency funding is also available from OxFutures, run by the Low Carbon Hub, however while not-for-profit organisations are eligible, sports facilities and other public facilities, such as village halls are not. There is, therefore, an opportunity to offer this kind of funding to support the council's climate agenda.
38. Whilst it is important to support organisations to improve their energy efficiency and make a positive contribution to the council's climate emergency, given the need to support organisations' recovery from the current pandemic, it may not be the right time to launch a scheme that specifically supports one corporate priority. Furthermore, through the other options we would still be able to support organisations to achieve carbon reduction through their projects.
39. Developing a new scheme such as this will take longer to develop an effective policy and scoring criteria, further risking delay in launching a new round of funding.

#### **D. Reduce budget or withdraw funding for a capital grants scheme**

40. Given the impact of the current pandemic on the council's financial position, as set out in the financial implications below, we should also recognise a further option of reducing or withdrawing funding for a capital grants scheme. This will support the Corporate Plan priority of investment and innovation that rebuilds our financial viability. Equally, this option would impact on delivering against the other four corporate plan priorities listed in this report.
41. Other funds are available for community infrastructure projects through CIL/S106, however, experience has shown that often groups applying for grants through the South Capital grants scheme are unable to access CIL/S106 monies, as; they are not available in the project location, funds are already designated for other uses, or, the nature of the work needed does not meet the criteria.

#### **Climate and ecological impact implications**

42. The South Capital grant scheme will contribute to the council's climate emergency in a positive way, providing funding for projects that have the potential to reduce net carbon emissions and protect and restore the district's natural environment. Whichever funding option is favoured by Cabinet, there is an opportunity for the Climate Action team to work alongside community groups to help build capacity to incorporate energy efficient measures in their project plans.

#### **Financial Implications**

43. An annual budget of £320,000 is included in the MTFP for the next five years (up to 2025/26). Budgets are reviewed every year and may be reduced or deleted from the MTFP in future years. This should be taken into consideration should Cabinet consider an option which prioritises certain Corporate Plan themes this year. For comparison, West Oxfordshire's Community grants fund is £300,000 in 2021/2022.

44. Any council decision that has financial implications must be made with the knowledge of the council's overarching financial position. For South, the position reflected in the council's medium-term financial plan (MTFP) as reported to Full Council in February 2021 showed that the council is due to receive £4.3 million less in revenue funding than it plans to spend in 2021/2022 (with the balance coming from reserves including unallocated New Homes Bonus).
45. This funding gap is predicted to increase to over £5 million by 2025/26. As there remains no certainty on future local government funding, following the announcement of a one-year spending review by government, and as the long-term financial consequences of the Coronavirus pandemic remain unknown, this gap could increase further. Every financial decision made needs to be cognisance of the need to eliminate this funding gap in future years.

### **Legal Implications**

46. Officers do not envisage additional legal implications of any of the options presented in this paper. All applicants have to sign up to terms and conditions as a requirement of council funding. These will be reviewed to ensure they are appropriate for any remodelled scheme.

### **Conclusion**

47. The South Capital Grant Scheme is an invaluable resource for the voluntary and community sector in South Oxfordshire and competition for funds is likely to continue to be a challenge for both applicants and decision makers in the coming years.
48. In previous rounds, the most frequently funded projects include playgrounds, refurbishment of community buildings, and updated sports facilities and equipment. Future funding rounds are likely to attract similar activities, with potentially more of an emphasis on improving and extending existing facilities, rather than providing new large-scale capital projects as a result of the pandemic and the impact this has had on fundraising.
49. Cabinet is asked to approve changes to the capital grants policy, attached in appendix one, adopting a thematic approach to improve outcomes for communities. This would allow the scheme to be responsive to the immediate needs of the community, however, as we have seen in the 2019/2020 funding round, competition is likely to remain high.
50. Cabinet is also asked to delegate authority to the relevant head of service in consultation with the relevant cabinet member to make amendments to the scoring criteria to reflect the change in approach.

# Appendix 1

## Capital Grants (CG) Policy

(REVISED MAY 2021)



### Introduction

The council provide grants to voluntary and community organisations to help build thriving communities and improve the quality of life for the residents of South Oxfordshire, through projects that; improve economic and community well-being, provides infrastructure that meets local need, that protect and restore our natural world; and take action on the climate emergency.

Applicants apply online through the council's website, where the full guidance is available to help the applicant submit the best possible application.

### What type of project will the scheme fund?

This fund is for projects that support the following council's Corporate Plan priorities (2020-2024); to protect and restore our natural world; action on the climate emergency, improved economic and community well-being and homes and infrastructure that meets local need.

They must take place in the district or within a three-mile radius of the district boundary and be able to demonstrate significant numbers of South Oxfordshire residents will benefit, or that the project that will improve outcomes for disadvantaged groups and will contribute towards at least one of the council Corporate Plan priorities for 2020-2024. Submitting their application under a specific theme.

We will only fund capital expenditure (excluding vehicles) from this scheme like buying, building, replacing or making improvements to long term assets (buildings, play areas and equipment). To us a long-term asset must have a life of at least five years for a grant of up to £25,000 and ten years for grants over £25,000. It must remain the property of the organisation we are funding for the requisite 5 or 10 year term.

This is a highly competitive grant scheme and the council receives applications from many excellent and worthy projects. Therefore, it's not always possible to fund every eligible application or award the full grant that is requested. We would advise applicants to have a thorough fundraising plan with contingencies in place.

We won't give grants towards loans, mortgages and revenue costs like maintenance, rent, clothing or salaries. We can award grants for certain repairs, but it depends on the scale and nature of them, so we suggest contacting the community enablement team [communityenablement@southandvale.gov.uk](mailto:communityenablement@southandvale.gov.uk) before applying.

We will only accept applications for work/projects that won't complete before our decision is made. However, we will consider projects that have started; but cannot fund any retrospective costs.



Organisations cannot apply to this scheme for projects we have awarded grants to before.

### **Who can apply to the scheme?**

- Town & Parish Councils
- Non-profit businesses & Community Interest Companies
- Community based organisations

Organisations will need to be able to provide a copy of their constitution or equivalent governing documents.

We are committed to promoting equality and diversity, and welcome applications from organisations who represent minority or vulnerable groups.

### **Who is not eligible?**

- Other local authorities/public sector bodies (for example Oxfordshire County Council, NHS trusts)
- Organisations that are funded by public sector/statutory bodies (for example Schools, GP practices)
- Groups who raise funds on behalf of or will improve/create facilities that will predominately benefit an ineligible organisation (for example PTA's delivering projects to benefit their school)
- Projects that usually fall to other public sector/statutory bodies to provide, or will primarily benefit organisations under their remit
- Individuals (this includes making any payments to individuals on behalf of community groups)
- Profit-based businesses
- Projects for residential buildings

### **What are the minimum and maximum amounts for the scheme?**

Organisations can request a minimum of £1,000 and up to 50 per cent of their total project costs. In exceptional cases, like a major funder pulling out of a project that offers significant benefit to our residents we may consider a request for more than 50 per cent.

To request an exceptional amount, applicants must get approval from us (via the community enablement team) before submitting an application.

We will not award more than the amount requested.

The maximum an applicant can request is the budget available for each round of applications up to a maximum amount of £75,000 per application, which will be published on the council's website before and after each round of awards. However, we are very unlikely to commit all of the available funding to a single project.

We award our grants as a percentage of the total project costs. If a project ends up costing less than expected we will pay the awarded percentage of the final cost, however if it costs more, we limit our award to the maximum amount agreed.

## Opening and closing dates

We will usually open for applications twice each financial year (if there is enough budget available). Except in the financial year during which a district council election is held, when we may only open once. We publish the opening and closing dates on our website.

We will open each round of funding for a minimum of six weeks and subject to committee deadlines will usually make decisions within 12-14 weeks of the closing date.

## Scheme eligibility criteria

In addition to meeting the requirements above, applicants must provide:

- a copy of the latest statements for any bank/building society accounts in the name of the organisation, as identified in the application and on their constitution
- two quotes for the project or a professional estimate for any building work for projects under £10,000 and three quotes for over £10,000
- a breakdown of the budget for the project including all the sources of funding
- a constitution that demonstrates that the project they are applying for matches the organisation objectives. They are a 'not for profit organisation' and the trustees don't receive benefits. (except parish or town councils, churches or similar organisations that are governed by a central body and therefore don't have their own constitution).

And must confirm:

- they sign up to our standard terms and conditions before proceeding with the application. These are available to download from the website and grants system
- organisations have the correct authority in place for their representatives to apply and enter into the Grant Agreement and legally bind the organisation. Parochial Church Councils and parish councils have own governing arrangements for this, which should be followed
- the project won't complete before a decision has been made, which is usually 12 - 14 weeks from the closing date, as we cannot pay for retrospective costs
- they have all the necessary consents such as planning permission, listed building consent, Diocese faculty, landlord or Head lease consent, compliance with any restrictions on the property title etc. and could provide these on request. Please note, we cannot fund planning permission and building regulations.
- they will provide additional information to help us evaluate their application on request.

Applicants requesting more than £10,000 must also provide:

- copies of any necessary planning, listed building, Diocese faculty, landlord or Head lease consent, compliance with any restrictions on the property title and other relevant permissions

- their most recent financial accounts or their working budget and financial plan for the year if they're a new organisation. Parish Councils are required to submit their full accounts.
- a project plan including ongoing maintenance arrangements.

Applicants requesting over £25,000 must also provide:

- evidence of ownership of the property, interest in the property, or a lease with at least ten years remaining, including a copy of the Land Registry title register and plan of no more than 3 months old. If the property is leased, or the Land Registry documents show another organisation has a claim on the title, please provide valid permission for the works from the third party (freeholder) / landlord.

The head of service for community enablement can decide to accept applications that don't meet all the above criteria and will do this on a case by case basis. Applicants must give clear reasons why they can't meet a particular criteria for us to consider an exception. Organisations must formally accept the grant offer within four weeks of the date of offer letter otherwise the offer will be withdrawn.

Projects awarded up to £25,000 must complete within 12 months from accepting the offer. Projects awarded over £25,000 must start work within 12 months of accepting the offer and must complete within 24 months.

If there's any unexpected delays to the project, applicants can request one extension of up to 12 months, giving the reasons for the delay. We must receive these requests at least one month before the end of the original grant term.

We will send reminders for unclaimed grants three months before they expire for projects that have not started within the specified timescale. We will return any unclaimed awards after the expiry date to the council's general reserves or make the funds available for the next round.

## **Decision making**

### **COMMUNITY ENABLEMENT TEAM**

The community enablement team will review the eligibility of every application before using the scoring matrix in appendix one (to be added once approved) to suggest scores to the Community Grants Panel. Applications will be assessed per theme. They will also flag any concerns or issues for additional consideration, in order to support the panel's decision making.

### **HEAD OF SERVICE**

In accordance with the council's constitution. The council's head of service for Community Enablement and when relevant, in consultation with the services cabinet member (using delegated powers) will decide:

- if we will accept requests for over 50 per cent of the total project cost
- if we will accept applications that don't meet all the eligibility criteria

- whether to give extensions to the term of any grant
- whether to amend award percentages beyond what was originally agreed, as requested by applicants. Increases will stay within the 50 per cent maximum limit for the scheme.

## COMMUNITY GRANTS PANEL (KNOWN AS THE CG PANEL)

The CG panel considers officers suggested scores for each application under the relevant theme and makes recommendations to Cabinet for awards base on the scoring matrix at appendix one.

Competition for the fund means that not all worthy and eligible projects can receive funding in each round.

Even if an application scores enough points, the panel can recommend not funding it if they:

- have serious concerns around the management of the project now or in the future
- believe the applicant has sufficient unrestricted reserves to fund the project themselves
- have serious concerns about the appropriateness of the project or its financial viability, such as if the organisation has not demonstrated having a sound fundraising plan with contingencies should any of their grant applications (to the council and others) be unsuccessful or award less than requested.
- believe the project doesn't meet the criteria or help deliver the council's strategic objectives.

The CG panel's recommendations are then presented to Cabinet to consider and decide which grants to award.

## **Standard terms and conditions for all grant awards**

All organisations are required to sign up to our standard terms and conditions before proceeding with the application.

We may add extra conditions to any grant if we consider it necessary. This may include the use of a charge or restriction to protect the council's funds. These conditions will be determined using a risk matrix in consultation with the Cabinet member for any projects that appear to present a medium or high risk. They will then be presented to the Community Grants Panel and Cabinet for consideration.

The head of service for community enablement has delegated authority to remove any agreed grant conditions.

We will confirm applicants have met all the conditions before making any payment. Failure to meet all the agreed conditions may delay payment or, in extreme cases, result in us withdrawing our grant offer.

## **Payment of grants**

We will only pay towards costs incurred after the date of the council's decision to award a grant.

We pay the grants in two stages, half when we receive a valid signed acceptance form and terms and conditions. We pay the balance when the project completes, upon receipt of evidence (receipts/invoices) of expenditure. The council has the discretion to delay the first payment where it is perceived due to conditions outside the organisation control (e.g. COVID) the project start date could be delayed.

In exceptional cases like property purchases, we may make a single upfront payment, which officers may recommend as part of their evaluation. The council also has the discretion to pay in two stages, half when we receive a valid signed acceptance form and terms and conditions and half upon the confirmation of an exchange and completion date from the applicant's solicitor.

If the project costs less than expected, we will reduce our final payment accordingly and, if necessary, request back some of the first payment (the minimum amount for us to request repayment is £500).

Grants that have not been claimed within six months of the project completing will be closed and the final payment not issued if we do not hear from the applicant.