

CABINET

19 APRIL 2024

REPORT OF PORTFOLIO HOLDER FOR PARTNERHIPS

A.4 GRANT FUNDING REVIEW

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

This report highlights the spending that has occurred in 2023/24, and further work will be required to determine any potential future allocation of grant funding.

This report is to partly meet the decision of Cabinet on 21 July 2023 (minute no. 22), in respect of Citizen's Advice Tendring, which requested a review of grant funding across the Council and a report following the review be presented to Cabinet considering the options available during 23/24 in readiness for the commencement of 24/25.

EXECUTIVE SUMMARY

The Council allocates a significant amount of funding across the voluntary and community sector, either from external provision, such as the Shared Prosperity Fund (*government*) or from internal resources, such as the Tendring Community Fund.

Currently, funding is allocated individually by services following a broadly similar approach with application forms, criteria and assessment of applications. A review of grant funding needs to consider what the Council is currently funding and then determine what priorities it wishes to address going forward. This will require further work to be undertaken across the organisation to identify the gaps in provision and where support might be required to support delivery of the Council's Corporate Plan.

This report identifies the 2023/24 funding provision and proposes recommendations in relation to the further work required going forward.

Further to the review, a policy could be developed to support the governance around the allocation of grant funding.

RECOMMENDATION(S)

It is recommended that Cabinet:-

- a) notes the contents of this report including the Allocation of Funding for 2023/24 as set out in Appendix 1;
- b) delegates authority to the Portfolio Holder for Partnerships to continue with the requested review in order to determine what priorities the Council could support through external funding in the future;
- c) subject to (b), such review will include engagement with Officers and the relevant Portfolio Holders, to understand existing schemes and determine proposals for the future, taking into account service provision, subsidy control implications, the Council's financial position and delivering the Council's Corporate Plan;

- d) subject to (c), following completion of the review a further report will be presented to Cabinet in readiness for the budget process for 2025/26; and
- e) in light of the revised approach for the review, recommends to the Community Leadership Overview and Scrutiny Committee that their work on reviewing grant schemes operated by the Council ceases in order to prevent a duplication of Council resources on this subject.

REASON(S) FOR THE RECOMMENDATION(S)

Considering funding already allocated will assist in determining the types of funding the Council may wish to provide in the future. A further review which analyses any gaps in service provision across the organisation will also assist in understanding what funding the Council may wish to provide to meet the Corporate Plan.

ALTERNATIVE OPTIONS CONSIDERED

To not review existing funding and to continue allocating funding under existing methods. This is not possible due to the previous decision of Cabinet and consideration of a new Corporate Plan and priorities. Governance arrangements for existing schemes also need to be reviewed.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The provision of grant funding contributes to the priorities in terms of raising aspirations and creating opportunities, as funding can be used to help support residents to reach their potential, for example, through the High Street Accelerator Schemes or the Shared Prosperity Fund. Funding could also be allocated to support the heritage offer.

OUTCOME OF CONSULTATION AND ENGAGEMENT (including with the relevant Overview and Scrutiny Committee and other stakeholders where the item concerns proposals relating to the Budget and Policy Framework)

A report has been sent to Community Leadership Overview and Scrutiny who are setting up a working party to consider the provision of grants.

It is however currently proposed that as the review requested by the Executive is ongoing, Cabinet recommends to the Community Leadership Overview and Scrutiny Committee that the Grant working party does not proceed, as it will be duplication of the work to be undertaken by The Executive. Any decision in relation to this is to be taken by the Overview and Scrutiny Committee.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	NO (this report is a review of previous funding /grants)	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision	

	<p>published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)</p>	
<p>The allocation of funding must follow good governance procedures to ensure effective use of public money and to ensure that external funding meets grant requirements.</p> <p>The Council in giving financial assistance, directly or indirectly, from public resources, which includes funds must satisfy itself whether the support they are proposing to provide amounts to a subsidy under the UK subsidy control rules established under the Subsidy Control Act 2022 (“the Act”). A ‘subsidy’ is where a public authority provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. This could include, for example, a cash payment, a grant, a loan with interest below the market rate or the free use of equipment or office space.</p> <p>To enable the Council to assess whether the support they are proposing is a ‘subsidy’, as defined in the Act, it must apply a four limbed test. Financial assistance will be considered a subsidy where it satisfies all four of the ‘limbs’ of the test. Limb A is satisfied because the Council is a public authority providing financial assistance to external bodies. The Council must have regard to the Statutory Guidance issued in November 2022, and updated in June 2023, by the former Secretary of State for the Department for Business, Energy & Industrial Strategy under section 79 of the Act.</p> <p>All allocations of funding should therefore be considered in relation to whether the Act applies. If funding does constitute a subsidy, then a subsidy scheme will usually be required to allow any payment unless exemptions apply.</p> <p>How funding is allocated may ensure it is not subject to the requirements of the Act. For example, if a procurement exercise is undertaken, because the Council is requiring the provision of services to be delivered, or there is an open call for bids to a fund, there is no distortive effect on competition as it is free for a wide range of organisations to apply.</p> <p>External funding received will have provisions for how the money is spent, either as grant conditions or, for example, via a Memorandum of Understanding and all spending must be in accordance with these provisions.</p> <p>When the Council receives external funding decisions are required to formally accept the same, highlight the relevant Corporate Plan priorities, the conditions of doing so and the implications on the Council with regards to governance and delivery.</p> <p>Appropriate approval routes for spending must be obtained, if necessary, at a Member level, for example, via a Portfolio Holder decision or consultation, and spending must also be supported by the relevant Officer decision(s).</p>		
<p>X</p>	<p>The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:</p>	
<p>As indicated in the Report to Cabinet in July 2023, it is important for the Council to undertake a review to ensure that the external funding which the Council is providing complies with the Council’s legal requirements taking into consideration subsidy control, procurement</p>		

obligations and governance arrangements. It is noted this was required before the start of 24/25, therefore this report to Cabinet will allow a fresh decision to be made setting a revised timescale.

As stated within the body of this report, the Community Leadership Overview and Scrutiny Committee will need to decide what action it wishes to take in respect of its working party to review Council operated grant schemes, in light of the Cabinet's revised approach, if approved.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The Council allocates a significant amount of funding each year, either from external funding provided or internal resources. It needs to ensure that this is being allocated in accordance with the provisions of any external funding agreements and in line with Council priorities.

The Council allocates significant funding via grants, either from its own resources or following the receipt of money from partners. Consideration needs to be given to what the Council currently funds and what it wishes to fund in the future. The allocation of internal Council resources also needs to be considered in terms of the savings requirements.

X The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:

The approach proposed provides a timely opportunity to review a number of current and historic transactions in the context of the need to demonstrate value for money and taking a pragmatic view in recognising the underlying transactions and balancing the commissioning of supplies / or services with the appropriateness or otherwise of grant funding or other financial support that is used to support the Council in delivering its priorities and objectives via the various economic / charitable and voluntary sectors within the local area.

The proposed review, which will include the work of the Community Leadership Overview and Scrutiny Committee should provide a renewed approach to the delivery of this important element of the Council's activities with the above in mind, which will not only apply to historic transactions, but also to future activity as well.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>Funding may be provided from external sources and needs to be managed in terms of allocation and whether funding is recurrent. Alternatively, the Council may allocate from its own resources, although this must consider any savings requirements. Sustainability should be considered within the work that is funded, and future funding is not assured.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>Funding governance is currently done via a number of routes, which vary depending on the types of funding and amount of money allocated. Routes include officer decisions through to Member approval, for example, by</p>

	Portfolio Holder decisions and, on some occasions, Cabinet. Identifying good governance criteria to be used across departments would help aid good allocation of funding.
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	This report seeks to identify existing funding allocations as a basis for starting to review what the Council wishes to fund in the future for effective use of resources.
MILESTONES AND DELIVERY	
Each individual amount of funding will need to be allocated within a specific time period and therefore generates its own milestones to effectively allocate the resources.	
Delivery of all funding should also include a review to ensure the resources have achieved the aim of the funding or to understand what improvements could be made.	
ASSOCIATED RISKS AND MITIGATION	
There is a risk if funding is allocated without reference to the Council's objectives in the Corporate Plan, it may not meet the Council's aims, and similarly, funding needs to be allocated in a coordinated way to ensure it is consistent across the Council.	
EQUALITY IMPLICATIONS	
A review of existing funding allocations and consideration of the types of funding the Council wishes to allocate going forward will allow consideration of equality of access and help to deal with inequality.	
SOCIAL VALUE CONSIDERATIONS	
The allocation of funding provides an opportunity to address wider social value considerations and those applying for funding can be asked to demonstrate the wider impact the use of the funding may have.	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
Allocation of funding can be in accordance with the Council's aim to be net zero by 2030 for the types of funding that may have implications for net zero, and this criteria can be included in a policy.	
Funding may be allocated to a wide variety of projects and not all funding will have a direct impact on the Council's net zero approach.	
OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS	
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.	
Crime and Disorder	Depending on the type of funding allocated, it may have an impact on crime and disorder and will be in accordance with the Council's priorities.
Health Inequalities	Grant funding is likely to be wide in its nature; however, in accordance with the Council's priorities and in delivering partnership work, it is likely that some funding will be allocated to help address health inequality, and in particular, funding can be beneficial in addressing overall

	inequality.
Subsidy Control (the requirements of the Subsidy Control Act 2022 and the related Statutory Guidance)	All allocations of funding must comply with the Subsidy Control Act 2022, either by being outside the Act, for example, via an open call process to allocate funding or if it constitutes a subsidy, it must be in accordance with a subsidy control regime.
Area or Ward affected	All

PART 3 – SUPPORTING INFORMATION

BACKGROUND

At the Cabinet meeting on 21 July 2023, a report covered funding provided to Citizen’s Advice Tendring as part of the core grant and funding for the mental health hub and the associated subsidy scheme. As part of the recommendations on this report, Cabinet approved a review of grant funding across the Council and requested a report following the review be presented to Cabinet considering the options available during 23/24 in readiness for the commencement of 24/25.

The focus of this report is on grant funding to the voluntary and community sector, as wider funding such as allocation of disability facility grants or use of health inequalities funding to support wider inequality work is subject to separate governance procedures.

Reference has been made to the Community Leadership Overview and Scrutiny Committee in respect of reviewing grant funding and a Task and Finish Group set up. As this is now being considered by The Executive it is currently proposed that a recommendation goes to the next Community Leadership Overview and Scrutiny Committee that the Task and Finish Group does not proceed as it will be duplication of the work undertaken by the Executive. Any decision in relation to this is to be taken by the Overview and Scrutiny Committee.

Grant Funding

The allocation of funding is currently broad, including the Tendring Community Fund, Citizen’s Advice Tendring, Shared Prosperity Funding, the Community Asset Rent Offsetting Scheme, discretionary business rate relief, Members schemes and allocating health inequalities funding for food and fuel vouchers. Appendix 1 provides more detail on the funding allocated.

A review of the types of funding available that could be given out over a year period (some funding is allocated over a number of years) identified in the region of £750K is allocated from Council resources and external funding is in the region of £1M. Some of this funding is not necessarily directed to the voluntary and community sector, as, for example, the Shared Prosperity Fund has also been used to support the Starlings project.

The funding allocated by the Council is broad and has a variety of approval routes.

Citizens Advice Funding – this is ongoing funding allocated each year. No criteria or application form are used to allocate the funding; however, it is subject to grant agreements (led by the Council for the core funding and currently the Integrated Care Board for the mental health hub funding as part of a wider funding partnership). Funding provisions are currently agreed at a Cabinet level.

Tendring Community Fund – this fund, which allocated money in 2023, is no longer active. The allocation of funding was done via a set of criteria and an application form, assessed by a Member panel with final approval from the Portfolio Holder for Partnerships. A grant offer letter or grant agreement supported each allocation of funding.

Public Health Funding – the most recent allocation is to ongoing work undertaken by the Council, for example, the Dig for Jaywick project.

Community Safety Partnership funding for community projects is allocated by the Police, Fire and Crime Commissioner, and therefore governance is via their office, and the allocation of funding must be in accordance with the criteria they set.

Joint Use Facilities funding is allocated via a set of criteria and an application form and then supported by portfolio holder approval.

Shared Prosperity Fund – some of this funding is allocated directly to Council projects, for example, around the Starlings site and where funding is provided as grants, there are specific criteria, the use of an application form, scoring criteria and an award process.

For small event grants and sports participation grants, criteria are published, organisations apply and funding is then allocated and supported by a grant offer letter.

Town Centre Grants (£10K) and Local Cultural and Education Partnership funding (£10K) are more responsive in nature and are used on demand, usually for relatively low value. They seek to provide grant offer letters.

Rural England Prosperity Fund – this has published criteria and organisations apply and then recommendations to the Portfolio Holder and Leader for allocation and grant offer letters provided.

Harwich Ferry is funded on an ongoing basis and although this is not via a set of criteria or an application form, it is subject to a wider funding agreement with partners that sets out the allocation and the agreement between funders. Similarly, the Community Rail Partnership works on this type of model. Both allocations are of low value, with the highest being £2100.

Discretionary Rate Relief – this is often ongoing support for organisations that have received support previously. It is used to support with rate bills for certain non-profit making bodies. There is criteria and an application form for the initial application.

Rough Sleeper Grant – although this funding is allocated to a voluntary or community organisation in terms of Anglia Care Trust, this is undertaken through a routine procurement approach.

Community Asset Rent Offsetting Scheme – no new applications have been accepted for this scheme in the last four years. When they could apply, it was via an application form and needed to demonstrate community benefit and if the criteria were met, they could be considered to access the scheme.

Future Considerations

Having reviewed the existing funding provided, consideration needs to be given to what type of work the Council wishes to fund in the future. It is proposed that Officers provide information about the gaps in service provision and a further report will be submitted to Cabinet.

There is some historic funding where organisations have been funded annually over a longer period of time, such as the discretionary rate relief or CAROS scheme.

In other cases, such as with the Tendring Community Fund, the criteria are set at the time of determining how to allocate the funding.

A review of the areas the Council wishes to fund will provide a more transparent and consistent approach to delivering funding to areas the Council determines are important.

Once the focus has been determined, this can be supported by criteria and governance, for example, through the use of a grant policy.

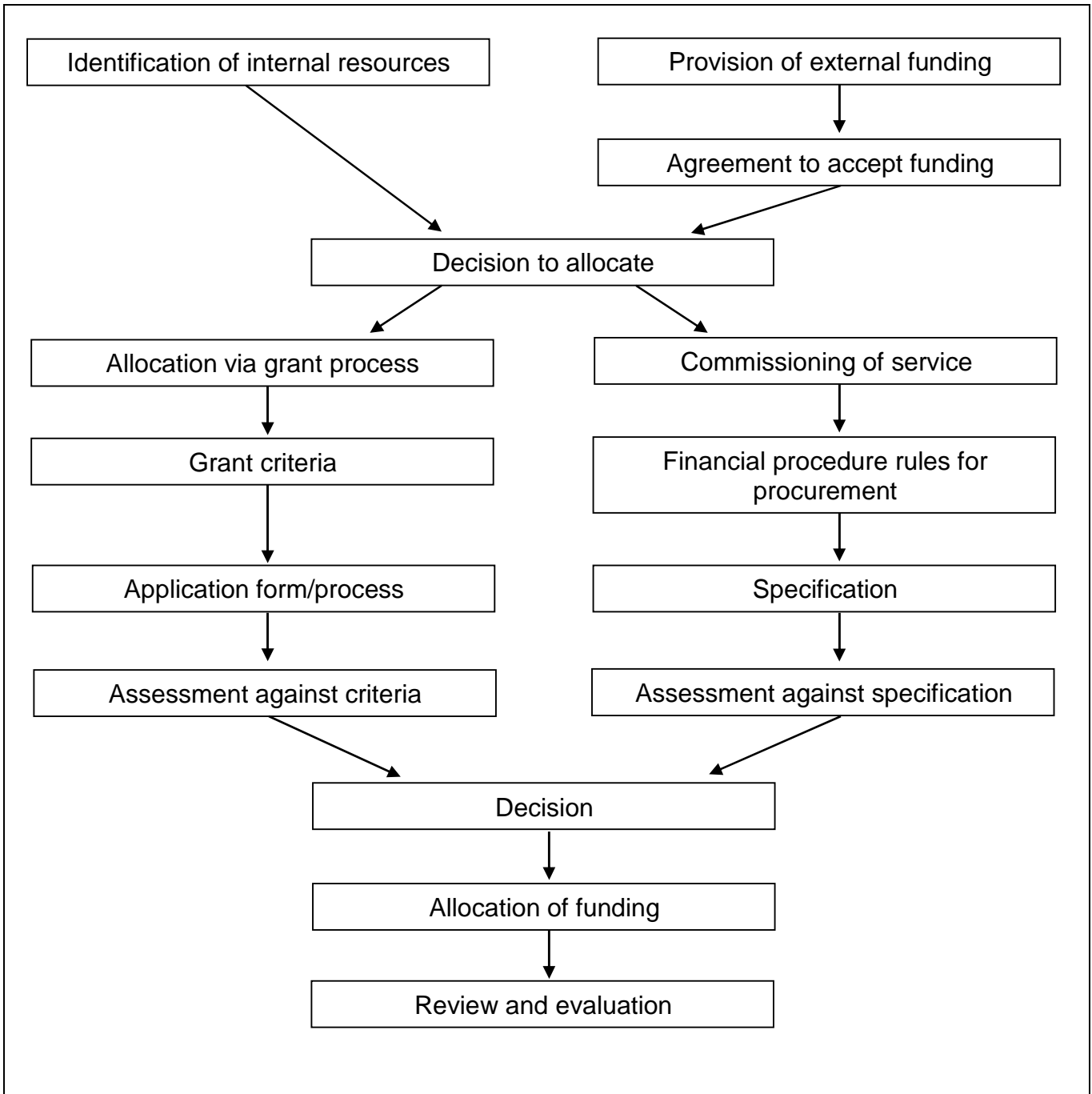
As part of this process, differentiation between the allocation of grants and contracts for services will need to be undertaken. A grant is a financial transfer used to fund an activity that is in alignment with the Council's objectives.

A contract for services is where a level of service is defined and commissioned via a procurement route.

As part of the process for determining the focus for funding it is proposed that delegation is provided to the Portfolio Holder, Partnerships for authority to determine the acceptance of funding and allocation of funding. This will allow for effective receipt and allocation of resources to those areas which Cabinet determines are important. This will also allow for effective responses to developing need.

Funding Allocation Process

The receipt and allocation of funding is identified in the following flow chart below both from the perspective for external provision of funding and also in relation to the allocation of internal resources.



PREVIOUS RELEVANT DECISIONS

At the Cabinet meeting on 21 July 2023, a report covered funding provided to Citizen’s Advice Tendring as part of the core grant and funding for the mental health hub and the associated subsidy scheme. As part of the recommendations in this report, Cabinet approved a review of grant funding across the Council and requested a report following the review be presented to Cabinet.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix 1 Allocation of Funding 2023/24

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