

REPORT OF Economic Development Officer
To: Overview and Scrutiny (Internal)
Subject: External grant review
Date: 17th December 2019

Reference:

PURPOSE OF REPORT:

To present recommendations for the delivery of external grants April 2020 – March 2022.

1. INTRODUCTION

Funding is currently scarce across all sectors. The growth of community activism and the traditional strength of Torridge's communities to drive progress from within has created a rich picture of community bodies, all of whom are searching for funding. In order to maximise the impact of Torridge District Council's external grant funding a review was requested by both the Internal Overview and Scrutiny Committee and the External Overview and Scrutiny Committee.

As outlined below, the insecurity of the New Homes Bonus funding stream ensures that significant alterations will need to be made to how external grants are delivered. Steps need taking in order to ensure that organisations who currently receive funding and those who do not receive funding from Torridge District Council are supported to thrive and to not only continue their excellent work but also increase their efforts in a way that is both financially sustainable and also on a personnel level.

The recommendations presented as part of this report stem from two grant review meetings held with Members of both the Internal and External Overview and Scrutiny committees in October 2019.

2. REPORT

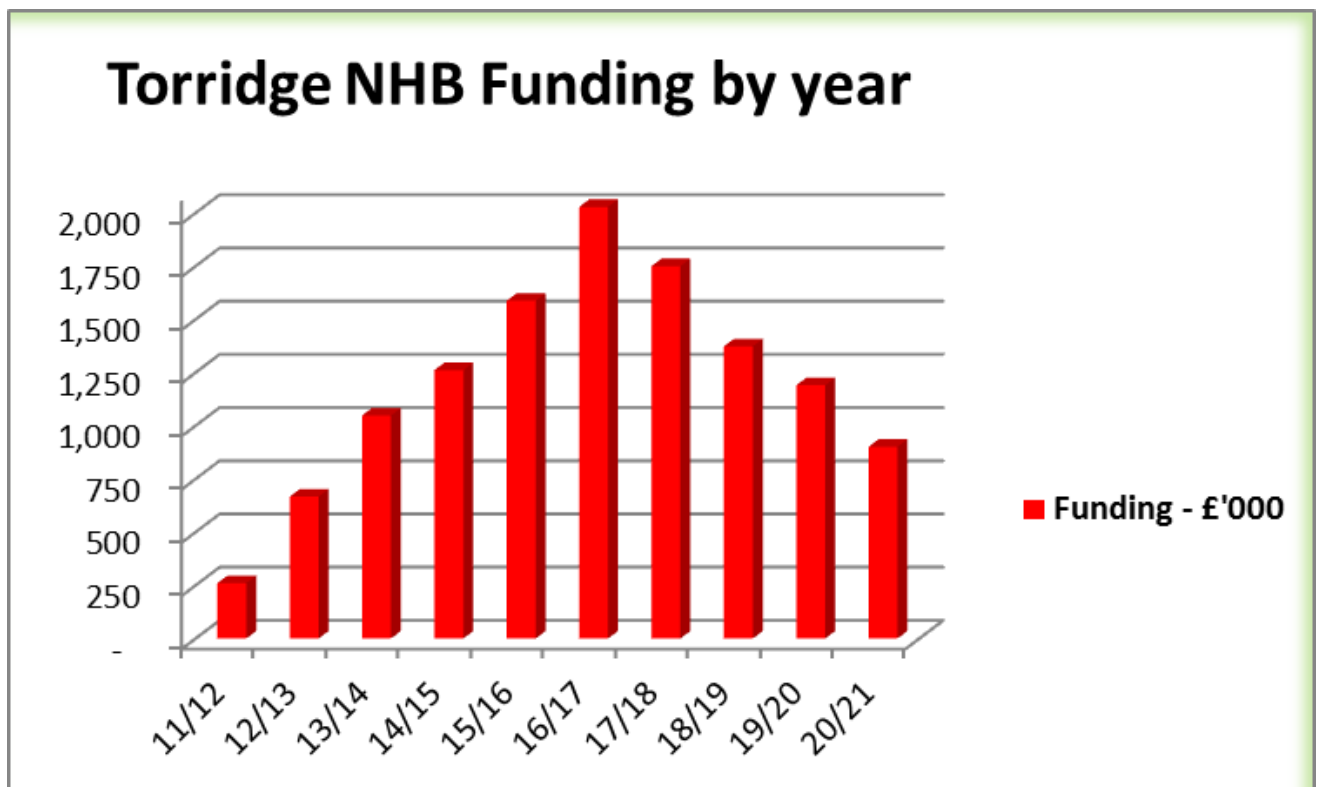
New Homes Bonus (NHB) rewards Councils for increases in the number of houses liable for Council tax (which does not include Holiday Homes as these are liable for Business Rates) and for reductions in number of long term empties (over 6 months). The bonus is calculated based upon the national average Council Tax for a band D, Torridge as a district council receives 80% of the bonus, the balance going to the County Council. There is an additional bonus of £350 per property for increases in the number of affordable houses.

2011/12 was the first year that Councils received New Homes Bonus; when it was introduced Councils retained the benefit of NHB earned for six years, with effect from the financial year 2017/18 the benefit period dropped to five years, and then four years from 2018/19.

From 2017/18 Central Government introduced the deadweight adjust at 0.4%; essentially this means Councils are only rewarded for property growth above 0.4%; for Torridge this means no New Homes Bonus is payable for the first additional 114 Band D Equivalent properties. Whilst the number of new properties varies from year to year; circa 250 band D properties are added to the Council's tax base each year. So currently approximately 45% of the new properties added to the Council's Tax base will not accrue any New Homes Bonus Funding.

In addition to the rules changes introduced by Central Government there has been a reduction in the number of new properties being built within Torridge in recent years

The graph below illustrates the impact of Central Government changes to NHB funding for Torridge Council.



Impact of reduced funding on Community Grants

In recent years New Homes Bonus funding has been allocated as follows:

- 50% is earmarked to support the Council's Capital Program
- 25% being earmarked to support the Council's general revenue budgets
- 25% for Community Grants.

Full Council on the 25th February 2019 approved a top slice of £115k from Community Grants to balance the revenue budgets.

For 2019/20 the funding allocated for Community Grants was as below:

Total New Homes Bonus Received	£1,190k
Less 75% allocated to Capital and Revenue	(£893k)
Less top slice to support revenue budget approved by Full Council Feb 2019	(£115k)
Less members grants 36 x £2k	(£ 72k)
Less officer support for grant administration	(£ 32k)
Balance to allocate to General Community Grants	£78k

Essentially once New Homes Bonus income is circa £900k there aren't any funds available for General Community Grants.

Based upon the latest information the estimated New Homes Bonus funding for 2020/21 is £900,460.

That would therefore equate to:

Total New Homes Bonus Received	£900,460
Less 50% allocated to Capital	(£450,230)
Less 25% allocated to Revenue	(£225,115)
Less top slice to support revenue budget approved by Full Council Feb 2019	(£115,000)
Less members grants 36 x £2k	(£72,000)
Less grant administration	(£30,213)
Balance to allocate to General Community Grants	£7,902

It should be noted that Government has indicated that 2020/21 will be the last year of New Homes Bonus Funding; whilst NHB will be replaced it is not known in what format any successor funding mechanism will take.

The Council expects the same level of Central Government funding to be allocated to it for 2020/21 to be broadly in line with funding allocated in 2019/20, and consequently it is anticipated that funding will still be available to support existing grant recipients for 2020/21. However the funding position after 2021/22 becomes unclear, Central Government has signalled that there will be a Comprehensive Spending Review (determination of the total resources available for the local authority sector); allied to a Fair Funding Review which will determine individual local authorities' share of the funding available.

2021/22 will also see the introduction of changes to the Business Rate Retention scheme, whilst the impact for Torridge cannot be assessed at this juncture; it is well documented that Shire Districts such as Torridge have benefited from the introduction of Business Rate Retention when compared with County Councils and Unitary Authorities. Some redistribution of funding away from Shire Councils is widely expected, no detail of any transitional arrangements for authorities losing funding have been announced.

As signalled earlier in the report 2020/21 is the last year of the current New Homes Bonus scheme, there is currently no detail available as to what form any replacement scheme may take. Currently 50% of New Homes Bonus funding received is earmarked for capital, primarily setting aside funds

for renewing the Refuse & Street Cleansing vehicle fleets. Funds will still have to be set aside for this purpose, even if the replacement scheme for New Homes Bonus generates less revenue to the Council.

A New Homes Bonus grant scheme is therefore not viable for 2020 – 2021 or beyond. This will not, however, impact on the Councillor grant scheme which shall remain at £2,000 per Member for 2020 -21. However, the changes in wider funding picture also bring into question the long term sustainability of funding those bodies who currently receive grant funding from Torridge District Council (at a total of £19,220 in 2019-20), in order to continue their operations- Holsworthy Community Transport, Affinity Bideford Tourist Information Centre (TIC), Holsworthy TIC, Great Torrington TIC, Bideford New Year's Eve.

However, those bodies who receive grant funding as part of a Service Level Agreement should not be considered as part of the external grants scheme but should be more appropriately re-designated. This includes, at a total of £112,580, the North Devon Biosphere Reserve, North Devon Coast Area of Outstanding Natural Beauty, Citizens Advice Bureau, TTVS, North Devon Plus and North Devon Women's Aid.

The external grant review panel recommends that full funding will need to continue for these bodies who will not be classified as working under a Service Level Agreement until April 2021 as an appropriate notice period of funding withdrawal has not been issued to make the change for April 2020. From April 2021 funding will be halved and ended completely in April 2022.

A significant change in emphasis and strategy will therefore be required. A significant amount of support will need providing in order to replace the funding that will be lost to those current recipients. The Community Engagement Officer will lose the administrative role of the New Homes Bonus scheme but it is proposed for this Officer to become more active across the District at community level. This will involve a mapping exercise of the community groups who are operating across the District, as well as forming a stronger picture of the issues impacting on those communities and groups.

The Community Engagement Officer will also need to work with TTVS in order to develop community capacity. This will need to be reflected on in more detail by an initial steering group containing Council Members, Council Officers, TTVS, existing funding recipients and additional community bodies in order to explore precisely what that capacity building would entail. However, it is foreseen that the core drive will be to ensure that bodies are set up as professionally as possible, including governance, policies, skills audits, web presence and even organisational objectives, whilst resulting upskilling input is provided to support funding. Opportunities should be explored as a result for TTVS to be commissioned to provide additional input and for North Devon Plus to take an active role in terms of business planning, legal status and general professional standards.

Discussions were also held in to how Councillors could be supported to maximise the impact of their own Councillor grants. Crowdfunder campaigns are already one route which can be utilised in order to bring in additional leverage to accompany Councillor donations and also to ensure that a body is both professional and has community backing. However, at this stage it was not felt by Members that it was appropriate to stipulate a requirement for match funding above a certain threshold.

3. IMPLICATIONS

Legal Implications

Statutory obligations will need to continue to be met, but should be delivered through Service Level Agreements. These should, however, come with an increased emphasis on the funded bodies providing an annual breakdown of the funding and an outline of how the funding will be utilised, as well as an end of year evaluation.

GDPR regulations will apply in terms of the holding of users' contact details and ensuring that they have agreed for their e-mail addresses to be used for the purpose of sharing information about events and opportunities. Where it will be useful to introduce different groups to each other in order to share experiences and expertise permission should be sought for the sharing of contact details.

Financial Implications

In the short term external grant funding will continue as per 2019 – 2020, although no New Homes Bonus grant scheme will operate. At current projections this will leave a surplus of £7,902 from the New Homes Bonus income.

Human Resources Implications

The role of the Community Engagement Officer will need to shift towards a more proactive stance within communities. This role, working alongside and in coordination with TTVS, will need to support map the community groups across the District whilst also building a clearer picture of the issues facing each locality. Through that mapping exercise the Community Engagement Officer will be able to support long-term upskilling and capacity building in those groups, as well as being able to support and advise for funding bids, as well as delivery and management of projects.

Sustainability/Biodiversity Implications

N/A

Equality/Diversity

By changing the way that external grants operate Torridge District Council will be able to support a wider range of community organisations, broadening the notion of equality and diversity within community outreach efforts.

Risk Management

The loss of place-specific funding will create an impact on those groups and places who have traditionally received funding from Torridge District Council. However, the impact of the phased withdrawal of funds, when coupled with the increased support from the Community Engagement Officer, should minimise the risks and should strengthen organisations' sustainability and professionalism in the long term.

Compliance with Policies and Strategies

Data Protection (GDPR) Implications

As per legal implications.

Lead Member Views

Date of Consultation-

4. CONCLUSIONS

A New Homes Bonus scheme based on £7,902 is not viable and does not add any value to the District overall. The lack of New Homes Bonus funding, or equivalent scheme, means that an alternative approach will need to be developed in order to ensure that community groups are supported to develop a long-term sustainable funding set-up and to maximise their professionalism in an ever increasingly competitive arena for both funding and volunteers. A phased capacity building exercise from both TTVS and the Community Engagement Officer will be essential over a 2 year period in order to achieve those twin goals, rather than simply cutting the funding and forcing bodies to go “cold turkey”.

5. RECOMMENDATIONS

- a. No New Homes Bonus grants scheme to run from 2020-21.
- b. Those organisations who are listed under external grants but who provide a Service Level Agreement for Torridge District Council should be removed from the External Grants list and funding continued at existing levels. However, bodies should submit a break-down of proposed spending at the start of each year to justify their grant and an evaluation at the end of the financial year. This includes the following bodies;
 - North Devon Biosphere Partnership
 - North Devon Coast Area of Outstanding Natural Beauty
 - TTVS
 - Citizens Advice Bureau
 - North Devon Plus
 - North Devon Women’s Aid
- c. Funding for existing recipients to be continued as is for 2020-21, halved for 2021-22 and then ended. Current grant totals provided in brackets below. This includes the following bodies;
 - Holsworthy Community Transport (£6,500)
 - Affinity Bideford TIC (£1,000)
 - Holsworthy TIC (£4,500)
 - Great Torrington TIC (£4,220)
 - Bideford New Year’s Eve (£3,000)
- d. Increased capacity and skill building will be facilitated during the wind-down period. Proposed input will need giving in terms of governance, funding bids, policies, web presence and skills audits.
- i. Role of the Community Engagement Officer to actively engage with and support community bodies across the district, as well as to map current provision and where gaps exist.
- ii. Capacity building should be provided to existing grant recipients and other bodies who are operating at a community level who have not previously received grant funding

SUPPORTING INFORMATION

Consultations: Date of Consultation – 12.11.19
Officers Consulted – Head of Paid Service, Strategic Manager
(Resources), Legal Services Manager, Planning and Economy
Manager, Senior Revenue Accountant, Finance Manager

Contact Officer: Economic Development Officer