

**REPORT to Council 23<sup>rd</sup> July 2019**  
**REPORT to Executive 9<sup>th</sup> July 2019**  
**REPORT to People Scrutiny 26<sup>th</sup> June 2019**

**Report of: Director, Communities Health Wellbeing Sport and Leisure**

**Title: Community and Arts Grants Review**

**Is this a Key Decision?**

**Yes**

Yes/No

\* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

**Is this an Executive or Council Function?**

**1. What is the report about?**

1.1 This report describes the public consultation on the proposed Exeter Grants Programme, highlights feedback themes and proposes a revised Exeter Grants Programme to replace the current core, rent, city and grass roots grants.

**2. Recommendations:**

**It is recommended that:**

2.1 **People Scrutiny Committee** considers the revised Exeter Grants Programme in the light of the feedback from the comprehensive public consultation process and the amendments made to the original proposals noting the actions taken to support organisations in the transitions from the old to the new system.

2.2 **Executive Committee** considers this report and recommends that Council adopts the proposed Exeter Grants Programme appended to this report and allocates a startup budget of £30,000 from the Hew Homes Bonus Local Community Reserve<sup>1</sup> to mobilise the new Exeter Grant Programme.

2.3 **Executive Committee** considers this report and recommends that Council approves the creation of the Exeter City Fund from the sources described and notes that the extensive listening and consultation process has enabled the Council to seek views on spending priorities with regard to the Neighbourhood Portion of the Community Infrastructure Levy (CIL)<sup>2</sup>. This is in line with CIL Regulations 2010 (Regulation 59F) and the underpinning Planning Practice Guidance (PPG Paragraph 73).

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<sup>1</sup> *The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. The Local Community Reserve is an amount set aside by Council for its community programme.*

<sup>2</sup> *The Community Infrastructure Levy (CIL) is a planning charge that local authorities can require of most types of new development (based on £s per square metre) in order to pay for the infrastructure needed to support development.*

2.4 **Executive Committee** considers this report and recommends that Council approves the establishment of the Exeter Grants Panel to provide strategic oversight and leadership of the Exeter Grants Programme.

### **3. Reasons for the recommendation:**

3.1 In 2018 the Council identified a need to modernise the community and arts grants programmes. Red Quadrant were commissioned to undertake the review, conduct a listening exercise and make recommendations on future arrangements for the Council to consider.

3.2 The Red Quadrant Report of October 2018 made a series of recommendations aimed at modernising the Council's approach to community and art grants. Following this Council set a budget that included a reduction in the General Fund budget for community grants of £290,000 for 2019/20 and a further £210,000 for 2020/21.

3.3 In order to achieve spending in line with the 2019/20 budgets interim arrangements were made for core and rent grant awards for 2019/20 to allow time for public consultation on future policy.

3.4 In February 2019 the Executive approved in principle the high level proposals for future policy and mandated the Directors, in consultation with the Portfolio Holders for Communities and Culture, to draft policy for public consultation to commence in March with a final report to be presented to Council in July 2019.

3.5 A key aim is to achieve a new policy and approach that will provide a sustainable funding pipeline for grants through the Neighbourhood Proportion of the Community Infrastructure Levy (CIL), the New Homes Bonus and funds other than the General Fund.

3.6 Red Quadrant were commissioned in March 2019 to consult with community groups and organisations on the draft proposals.

3.7 The proposed Exeter Grants Programme will be underpinned by the Exeter City Fund which will be made up of a variety of funding including the Neighbourhood Portion of the Community Infrastructure Levy. The listening exercise of 2018 and the consultation process in 2019 enable the Council to demonstrate that it has complied with the statutory provisions of the CIL Regulations 2010 and its underpinning Planning Practice Guidance (Paragraph 73) in that "...the charging authority will retain the levy receipts but should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding."

### **4. What are the resource implications including non financial resources.**

4.1 The Exeter Grant Programme and Exeter Fund will initially be funded from the New Homes Bonus Community Reserve of £265,000 per year for three years and the Neighbourhood Proportion of the CIL (where receipts allow) of £800,000 per year, creating a total annual fund of £1,065,000.

4.2 This will be reviewed on an annual basis and depending on the available fund the allocated budget may go up or down. Any uncommitted but received funds could be allocated to a one off Strategic Grant Fund to support bespoke or larger community projects. Where CIL funds are to be used, applicants will need to demonstrate that there is community support for their project and that it satisfies the provisions of Regulation 59F

of the CIL Regulations 2010 and these requirements will be built in to the fund application and evaluation processes.

- 4.3 There are resource implications for officer time in mobilising the new programme which will be met from existing resources. A one-off start-up budget of £30,000 is required to commission a simple to use website and underpinning digital platform. Once fully mobilised the new streamlined system will require less input from senior officers.
- 4.4 There will be a negative impact on planned rental income this financial year as a result of re-negotiated leases pertaining to rent grants, this is estimated to be £14,000. There is the potential for further reductions in income should any existing tenants decide they can no longer afford to continue to rent premises from the Council. This is a minor risk and one that will need to be managed by the Director through business as usual arrangements.

## **5. Section 151 Officer comments:**

- 5.1 The financial implications are set out in section 4. The funding is currently available in the earmarked reserve set aside from New Homes Bonus. Going forward, in line with the current Council resolution, £189,000 of New Homes Bonus will be set aside for this purpose. If the level of funding received is below the level of commitments made as a result of either a change in Government policy or lower than expected delivery of new homes in the City, then Council will have to consider which of the commitments it wishes to reduce. This will have financial implications for the overall budget which will require addressing. The same principle will apply to CIL funding.

## **6. What are the legal aspects?**

- 6.1 The Community Infrastructure Levy (CIL) is a planning charge that local authorities can require of most types of new development (based on £s per square metre) in order to pay for the infrastructure needed to support development. Regulation 59A of the CIL Regulations envisages that a local authority should engage with communities where development has taken place (in this case the city of Exeter) and agree on spending priorities with regard to the neighbourhood portion of CIL. The amount of neighbourhood CIL equates to at least 15% of levy receipts for chargeable development in an area where there is no neighbourhood plan and 25% for chargeable development in an area where there is a neighbourhood plan.
- 6.2 The Exeter City Fund, where it includes the 15%/25% of the Neighbourhood portion of the CIL levy will be established within the statutory provisions of the CIL Regulations 2010 and its underpinning Planning Practice Guidance (PPG). The 15%/25% neighbourhood portion of CIL must be spent in accordance with the statutory criteria set out in Regulation 59F and Paragraph 73 of the PPG as summarised below.

Regulation 59F of the CIL Regulations states: "...the charging authority (i.e. Exeter City Council) may use the CIL...to support the development of the relevant area by funding-

- (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
- (b) anything else that is concerned with addressing the demands that development places on an area."

Paragraph 73 of the PPG: "...the charging authority will retain the levy receipts but should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding."

6.3 The listening exercise of 2018 and the consultation process in 2019 enable the Council to demonstrate that it has complied with the statutory provisions of the CIL Regulations 2010 and its underpinning Planning Practice Guidance.

## **7. Monitoring Officer's comments:**

7.1 The rules on spending CIL monies are very clearly set out in the CIL Regulations and supporting Guidance. Care has been taken to ensure that any CIL spend complies with these provisions, namely that any grant application must demonstrate that the funds will be used to support the development of the relevant area of Exeter by funding:

(a) the provision, improvement, replacement, operation or maintenance of infrastructure; or

(b) Anything else that is concerned with addressing the demands that development places on an area.

## **8. Report details:**

8.1 In April 2018, the Council commissioned a review of its grants policy and practice. This work was facilitated by Red Quadrant and their 2018 report [LINK](#) underpinned a set of proposals that were subject to a formal consultation in 2019. Red Quadrant again facilitated this consultation and their findings have informed the recommended Exeter Grants Programme.

8.2 The Exeter Grants Programme is a new model within a transparent and purposeful strategic framework aligned to the council's objectives and priorities, which aims to:

- Enable a balance of awarding grants with a model around commissioning through contracts for more strategic service requirements;
- Support a clear 'bottom up' approach to community development;
- Establish a grant funding approach that will maximise the value of the council's spending and ensure the sustainability of community groups; and
- Ensure that the Council and community decide on priorities together but with recognition of the specific accountability of elected members.

8.3 The proposals include the following:

- Establishment of a Strategic City Fund:
- A digital approach
- A crowdfunding platform
- Build capacity for a sustainable community and voluntary sector
- Adopt a commissioning approach
- Separate out and ring-fence the Arts Council England National Portfolio Organisations (NPOs) funding
- Improve communication
- Improve evaluation
- Strengthen asset transfer

- 8.4 The main headline findings are that the extensive listening and consultation process has enabled the Council to seek views on spending priorities with regard to the Neighbourhood Portion of the Community Infrastructure Levy (CIL) This is in line with CIL Regulations 2010 (Regulation 59F) and the underpinning Planning Practice Guidance (PPG Paragraph 73). This states that the Council should engage with communities where development has taken place in Exeter and agree with them how best to spend the Neighbourhood Portion of the CIL. The Council may use the CIL to support the development of the relevant area (in this case the City itself) by funding the *“provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area”*.
- 8.5 The 2019 Red Quadrant Report (2019) appended to this paper, demonstrated that there is a strong consensus for the concept of the proposed single city fund and the five priorities. Feedback from the consultation suggested that the Council should include a separate priority to improve health and wellbeing, so the new Grants Programme now has six priorities.
- 8.6 The feedback demonstrated a strong consensus for the proposed approach and principles, including the proposal that the future framework enables a balance of awarding grants with contracts for more strategic service requirements. The two priority areas for service contracts were strongly supported: “Information Advice and Advocacy” and “Infrastructure Support”. These services are included in the new Grants Programme and are to be commissioned and mobilised during 2019.
- 8.7 The consultation feedback showed a general consensus for a single city fund and a grant funding approach that maximises the value of the Council’s spending and ensures the sustainability of community groups. There was also support for the Councillor ward grants programmes to continue but to allow grants to be awarded at higher limits, which has been taken forward in the new programme.
- 8.8 There were concerns about the ability of everyone to benefit from the proposed use of digital platforms. These concerns will in some way be mitigated through the introduction of the new **Exeter Voluntary and Community Sector Support Service** which will be tasked with providing practical support and training. The monitoring of the mobilisation of the new programme will ensure that application processes are simple and easy to access with improved communication channels. Care will be given to monitor applications and steps will be taken to encourage and support underrepresented groups.
- 8.9 There were also concerns expressed about the ability of some groups and projects to be able to raise match funding. In direct response to these concerns the initial grant programme will have a mixture of approaches with not all funds requiring a match and one fund will accept volunteer hours as a cash equivalent. Care will be taken in the monitoring of uptake that this is working well.
- 8.10 There is very strong and positive feedback for the Council to continue with its ‘bottom up’ (ABCD) approach to community development. Therefore, we will continue to support ABCD through **Wellbeing Exeter** and will work with partners to ensure **Community Builders** provide hands-on support to community groups to help them to develop the skills, confidence and capabilities to access the Exeter Grants Fund.

- 8.11 There was a clear plea to the Council to clarify how arts and cultural projects will be supported in addition to the proposal to ring fence revenue funding from the General Fund for the four Arts Council National Portfolio organisations in the City. The intention is that the new **Exeter Grants Fund** will support grass roots arts and cultural events that contribute to the aims and priorities of the overall programme. The Council will also continue to work with partners in **Exeter Culture** to encourage grass-roots community cultural and art activities that underpin community engagement and celebration.
- 8.12 Some commentators felt that the proposed maximum limit on the large grants fund of £30,000 could mean that some larger community projects may be disadvantaged. This has been taken into account with the addition of the opportunity for large, strategic projects to be presented on an annual basis so that larger, bespoke awards could be made should the funding be available.
- 8.13 Feedback on impacts and decision making and governance, with the need for transparency and openness were key themes from the consultation and the feedback has influenced the new governance and monitoring arrangements.
- 8.14 The new Exeter Grants programme can be found in appendix 1 with the Red Quadrat Report in appendix 2

## **9. How does the decision contribute to the Council's Corporate Plan?**

- 9.1 The Exeter Grants programme will contribute to the 2018/21 Corporate Plan objectives of promoting active & healthy lifestyles; building great neighbourhoods and providing value for money services

## **10. What risks are there and how can they be reduced?**

- 10.1 The Voluntary and Community sector have been affected by long term austerity with some of the larger service provider charities in particular having experienced reductions in contracts for services from a range of sources. Some organisations have reduced service provision and some have folded. There are risks locally that, in this context, some organisations may have become reliant on council grants (despite the annual nature of the awards). Some organisations may decide to stop or change service provision which could be a loss to service users and the local community.
- 10.2 Long term austerity has incentivised transformation and reform in parts of the sector resulting in the development of more sustainable models of social finance such as Social Impact Bonds, Crowdfunding and digital platforms with a much greater emphasis on collaboration and new models of delivery. Some of these changes can be seen in Exeter with CoLab and Wellbeing Exeter as prime examples, but there is much more that the sector can do. The Council is taking pro-active steps to support the sector by the commissioning of the Exeter Voluntary and Community Sector Support Service to provide support and leadership to the sector locally.
- 10.3 The Exeter Grant Programme, through its utilisation of the Neighbourhood Proportion of the Community Infrastructure Levy (CIL) to provide grant funding to support communities to take action on local issues that mitigate the demands of development of the city, assists in mitigating these risk by providing a more secure and sustainable funding pipeline for grant giving. Establishing a strategic city fund of this nature is a first step to securing additional investment through external partners and funders who

are likely to see considerable added value and leverage for their own funds in partnering with the city council on this approach.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

- 11.1 The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those who do not. To comply with the general duty authorities must assess the impact on equality of decisions, policies and practices in relation to those with protected characteristics. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impact on all members of the community.
- 11.2 An Equalities Impact Assessment has been undertaken on the new Exeter Grant Programme and is set out in appendix 3. This concludes that the new approach is likely to have a positive impact on people with protected characteristics as it is a more transparent and open system with clearer criteria and priorities. The introduction of a commissioning approach for strategic service provision within the new system is a particularly positive benefit for reducing inequality, as these services will be specifically targeted at people with greatest needs including those with protected characteristics.
- 11.3 As the new programme is a significant change from the previous system another Equalities Impact Assessment (see appendix 4) has been undertaken with a focus on potential impacts on those with protected characteristics who may have had access to services and/or support from organisations who have been in receipt of core and rent grants that will no longer be available under the new system.
- 11.4 This assessment has identified that the new system is likely to bring positive benefits for some groups with some of the protected characteristics. This is because the Council does not currently provide any grant to organisations that specifically work with, provide services for people or are led by people who have black or minority ethnic heritage; those undergoing gender reassignment or those who have a particular or no religious belief. Overall the proposals for a more open, transparent and accessible process will open up opportunities for these organisations to benefit from funding in the future.
- 11.5. However there is the potential that some organisations who have become dependent on Council core and/or rent grants may close or reduce services that could negatively impact on people with other protected characteristics. For example Exe Access say that the loss of a core grant may lead to reduced opening times which may reduce access to transport for people with disabilities which may restrict daily living for some. Age UK Exeter say the loss of rent and core grant may impact on service delivery which could negatively impact on people over 50.
- 11.6 In order to mitigate these, and other possibilities officers have worked with organisations to provide advice and support for alternative sources of funding and will continue to provide this during the transition phase. A summary of the results of this support and known residual risks are in appendix 5.

11.7 As mobilisation takes place officers will monitor the impact of the new programme on people with protected characteristics as set out in the Disability Act (2010) and seek opportunities to promote the new programme to these and other potentially disadvantaged groups in particular.

## **12. Are there any other options?**

12.1 An alternative option would be to not seek to utilise CIL funding in this way but this would result in a small and unsustainable grant fund which would not match the Council's priorities and commitment to supporting communities to mitigate the impacts of development.

12.2 These proposals have been designed following an extensive listening exercise and widely consulted upon, with amendments made to proposals following feedback. The strategic framework, priorities and approach is widely endorsed. The improved governance, mobilisation and evaluation plans will address and monitor areas of concern through the transition process.

## **Director**

Jo Yelland

### **Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:-**

None

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