

SURREY COUNTY COUNCIL**CABINET****DATE: 20 DECEMBER 2022**

REPORT OF CABINET MEMBER: DENISE TURNER-STEWART, DEPUTY LEADER AND CABINET MEMBER FOR COMMUNITIES AND COMMUNITY SAFETY

LEAD OFFICER: MARIE SNELLING, EXECUTIVE DIRECTOR FOR CUSTOMER AND COMMUNITIES

SUBJECT: DEVELOPMENT AND INTRODUCTION OF YOUR FUND SURREY – SMALL COMMUNITY PROJECTS FUND

ORGANISATION STRATEGY PRIORITY AREA: EMPOWERING COMMUNITIES

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| Purpose of the Report: |
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This report proposes an amendment to Your Fund Surrey (YFS) following review and feedback from applicants, Divisional members and members of the Communities, Environment and Highways Select Committee. The recommendation is the introduction of a new funding stream from the existing Your Fund Surrey (YFS) capital fund for smaller community projects under £50,000.

The proposals within the report look to build on the strengths of the current fund, enhance decision making and ensure that the community benefits provided by the fund can be experienced by all areas of the county. They also seek to ensure the level of information and scrutiny within the process is proportionate to the level of risk.

A report on proposed changes to the existing YFS capital fund will be brought to Cabinet in the first quarter of 2023.

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| Recommendations: |
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It is recommended that Cabinet:

1. Approve the introduction of a new subsidiary fund, 'Your Fund Surrey – Small Community Projects'
2. Agree the process, criteria and framework for Your Fund Surrey – Small Community Projects
3. Agree to rename Your Fund Surrey (YFS) as Your Fund Surrey – Large Community Projects to enable residents to differentiate between the funds

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| Reason for Recommendations: |
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The proposed improvements to the Fund build on the learning of running YFS over the past two years. Since the Fund was launched, the financial climate has changed which has shifted the focus of the fund away from the initial "think big" branding.

The objectives of allocating a portion of YFS funding for smaller-scale projects are to:

- Support smaller capital projects which might otherwise not have met the YFS criteria due to size or lack of wider community benefits
- Make the process quicker, easier and more accessible for smaller community organisations
- Ensure every Division benefits from YFS funding
- Utilise the local knowledge of Divisional members to identify the needs within their communities and direct their support

Background:

1. In November 2020, YFS was introduced as a funding stream to support community-led projects across the county. Since its launch, over 250 applications have been received. Of these, 18 applications have progressed and have been discussed at Advisory Panel and 15 community projects funded, totalling £4,000,000. Approved projects have ranged from the provision of sports facilities to the construction of a local community shop and café.
2. Of the 15 projects funded, a number are now complete and the benefits to the community are far beyond those first envisaged in the initial applications. Communities are increasing their connections, working together with local businesses and new facilities are seeing greater numbers and diversity of people taking part.
3. The YFS team continuously reviews the Fund's performance with the aim of improving its efficiency and focus. As outlined in the July 2020 Cabinet report, the YFS capital grant was designed to be flexible to allow the Fund to be shaped over time and tailored to community demand.
4. Through a transformation review of the process, several recommendations were identified. The key recommendation is that the applications should be processed in relation to their risk. There should be a simple process for small projects and capital purchases and a more in-depth process for complex applications that require a higher level of due diligence.
5. Complicated applications may include setting up a new organisation, gaining planning permission, agreeing lease arrangements, developing commercial business plans and seeking complimentary funding streams. A recent internal audit of YFS commented "the need remains for an appropriate level of scrutiny of applications to mitigate the risk of awarding funds to ineligible or fraudulent applicants." The rising cost of living increases the risk of projects failing and has led to a greater need for contingency.
6. To date, several worthwhile applications have fallen outside the scope of the YFS criteria, established to encourage community led projects that provide new or widened community benefit. This focus has meant that refurbishments or minor improvements which maintain the current level of community benefit, but that do not introduce new benefits, have not been taken forward.

7. Some projects have also been excluded from funding because they are too small for YFS, which is for projects over £10,000.

Your Fund Surrey – Small Community Projects

Overview

8. The proposal in this report is to allocate funding from the YFS capital fund to provide each County Councillor with £50,000 to the end of the 2024/25 financial year (31 March 2025).
9. The fund will be used for grants between £1,000 and £50,000 to support capital community projects. The fund will open in February 2023 and run until March 2025, providing Divisional members time to engage with their communities and prioritise the requests over the life of the fund rather than having end of year deadlines. The fund amounts to £4,050,000 for 81 councillors.
10. Through allocating an allowance to each County Councillor, the Small Community Projects fund will help to ensure that each community in Surrey can gain benefit from the overall fund. Members will be able to use their local knowledge to direct funding in their geographical areas and decide how the Small Community Projects fund is spent.

Application Process

11. The application process will mirror the current Members' Community Allocation process, which was chosen as it is a simple and established process that current members and communities understand
12. Applications will follow the process outlined below:
 - a. Potential applicants contact their local County Councillor to ask for support
 - b. If the County Councillor would like to fund the project, the Councillor will send the applicant a link to the online application form
 - c. The applicant completes the online application form.
 - d. The completed application form comes directly to the funding team who will review the application to ensure that it meets the funding criteria. They will also ensure that the request meets the definition of capital expenditure, taking advice from Finance where required.
 - e. Once the funding team are happy with the application, they will ask the County Councillor to confirm whether they agree to use their allocation to fund the project.
 - f. Officers will sign-off the project and authorise payment
13. The application form will ask the applicant for details about the project, evidence of a quote (or quotations if above £25,000) and an outline of how the project will support SCC's community vision and organisational priorities.
14. Applicants will need to demonstrate that they have all the necessary approvals in place for their project, and that ongoing maintenance arrangements have been agreed.

15. The applicant will also be asked about community support for the project but, unlike YFS, will not be required to use Commonplace to demonstrate this support.
16. As part of the application process, applicants will be asked to agree to the standard terms and conditions of the fund.

What the fund can be used for

17. The fund will only be available for capital funding, for example to cover the purchase or improvement of a building, equipment, infrastructure or software. It cannot be used for revenue items such as wage costs.
18. Examples of projects that would be eligible for support from the new fund include:
 - Improving / creating new paths or cycleways
 - Creating a community orchard or purchasing trees
 - Purchasing new picnic tables or benches for a village green
 - Refurbishing community assets, perhaps warm hubs, to reduce ongoing running costs
 - Providing sports equipment for a local club
 - Purchasing a shed or outbuilding for a new venture
19. Applications will be considered for projects between £1,000 and £50,000. Any projects or individual purchases under £25,000 will require evidence of cost but, in accordance with the Council's procurement guidelines, projects or individual purchases between £25,000 and £50,000 will require three quotations.
20. A limit of £50,000 has been set, as projects over this level should go via the YFS Large Community Projects process so that the application can be thoroughly assessed. The simplified process for the Small Community Projects fund does not follow the same governance as the large projects process as it is expected that applications to the Small Community Projects fund will be simple capital purchases or projects.
21. For this reason, the funding cannot form part of a larger project over £50,000. Divisional members will be able to pool their funding on a project if they would like to, but the total value of the project cannot exceed £50,000. Projects coming through the Small Community Projects route should not require complicated permissions or commercial plans. If they do, the application should follow the Large Community Projects route, even if under £50,000.

Criteria

22. Applicants for the Small Community Projects fund must be able to demonstrate that the project supports at least one of the aims of Surrey's Community Vision 2030.
 - Children and young people feel safe and confident
 - Everyone benefits from education, skills and employment opportunities
 - Everyone lives healthy, active and fulfilling lives
 - Everyone gets the health and social care support they need
 - Communities are welcoming and supportive
 - Residents live in clean, safe and green communities
 - Journeys across the county are easier and safer

- Everyone has a place they can call home
- Businesses in Surrey thrive
- Communities are well connected and grow sustainably

23. In line with the wider YFS programme, the following exclusions will be in place:

- Projects supporting political organisations or individuals
- Ongoing revenue costs, such as salaries or running costs
- Replacing any withdrawn funding from Surrey County Council or existing projects
- Funding public sector bodies or private companies to carry out their statutory duties
- Projects that contravene any of Surrey County Council's agreed policies or priorities
- Paying for a consultant to make an application to the fund on the applicants' behalf
- Retrospective funding
- Highways projects

Funding conditions

24. Funding allocated must be spent within 6 months of being awarded. Any funding from the Small Community Projects fund remaining unspent at the end of the term of the fund will be returned to the wider YFS funding pot. It cannot be carried over to the next financial period.

25. Applicants will be required to provide evidence of spend (such as a photograph of the completed project) to ensure that the grant has been spent according to the funding agreement. Members will be encouraged to follow up with the applicant to check on progress. Plaques will be provided to all successful projects to publicise the fund and highlight that the project has been funded by Surrey County Council.

Comparison of community funding streams

26. Table 1 below demonstrates how the proposed new Small Community Projects fund will compare to the two existing community funds available. The new fund will follow the objectives of YFS, but applications will be much simpler and will align to the current MCA process. Applicants must only apply via one funding route. They will not be permitted to apply to two different funding streams for the same project.

Table 1 – Comparison of community funds

| | Members' Community Allocation Fund (MCA) | Your Fund Surrey – Small Community Projects | Your Fund Surrey – Large Community Projects |
|--------|---|--|--|
| Fund | Revenue and/or Capital Fund | Capital Fund | Capital Fund |
| Amount | Up to £5,000 per County Councillor per | Up to £50,000 per County Councillor until | Individual projects >£10,000 |

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| | annum, no limit on amounts and members can pool | end March 2025 Individual projects between £1,000 and £50,000 Pooling between members is permitted up to a total project value of £50,000. | |
| Objective | For Members to allocate to a range of community projects. Criteria is open and fund can be used for both capital and revenue items. | For Members to use a proportion of the wider YFS fund to support communities with specific capital purchases and/or improvements. | Give financial backing to large capital projects that will enhance the local community. |
| Application process | Simple application form via County Councillor. Need proof of quote, description of project and how it supports SCC's community vision. | Simple application via County Councillor. Need proof of quote(s) and description of purchase / refurbishment / project. Will need to outline what community support they have. | A six-stage process starting off with a pin on the map and an idea submission. Need to provide financial, commercial and risk information and use commonplace to demonstrate community support. |
| Approval timescale | 1-2 weeks after application | 2-4 weeks after application | 6-9 months after full submission |
| Payment | One-off payment released automatically | One-off payment released automatically | Payment schedule |
| Contract | Standard funding agreement built into application form | Standard funding agreement built into application form | Specific funding agreement |
| Ongoing monitoring | Evidence that money has been spent (for example, photograph of event) | Require evidence of spend. | Completion of Income and Expenditure Account at end of project. Ongoing monitoring for 5 years to assess benefit. |

Consultation:

27. Extensive consultation was undertaken when YFS was developed. Since its launch, feedback and informal consultation has taken place with applicants, community groups and Divisional members. Two reports have been taken to the Communities, Environment and Highways Select Committee who have provided YFS Officers with

recommendations to enhance the process. The process has also undergone annual internal audit reviews.

28. The Communities, Environment and Highways Select Committee was updated on the proposals contained within this report on 5 December 2023.

Risk Management and Implications:

29. There are a number of risks relating to the proposals in this report. Officers are confident that the mitigations in place are adequate, as detailed in Table 3 below.

Table 3 – Risks, opportunities and mitigations to proposed changes to YFS fund and criteria

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| Funding given to projects that don't deliver the desired community benefits | <ul style="list-style-type: none"> Utilising Divisional member's local knowledge of community groups YFS Officers will review all applications against criteria Projects for the Small Community Projects fund limited to £50,000 |
| Fraudulent payment | <ul style="list-style-type: none"> Online application form and automatic payment so less reliance on human error Approval, sign-off process in place |
| Time taken for decision making | <ul style="list-style-type: none"> The new Small Community Projects fund will increase the speed of decision making |
| The rising cost of living increases the risk to the success of applications | <ul style="list-style-type: none"> Financial and commercial assessment Contingencies are included Payments not started until evidence of all funding is in place |
| Applicants confused between the three funds | <ul style="list-style-type: none"> New web site, communications and marketing to direct applicants Briefing with members on new fund Wider Surrey Officers briefed Funding Team available to advise |

Financial and Value for Money Implications:

30. This fund amounts to £4,050,000 for 81 councillors and is being funded from the existing YFS capital allocation.

Section 151 Officer Commentary:

31. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term,

our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

32. The long-term sustainability of the projects funded by Your Fund Surrey is a key factor in assessing their suitability. As we expect these to be relatively straightforward projects, ongoing sustainability relies on identifying a modest and reasonably secure source of funds to maintain an asset.
33. The borrowing costs associated with the fund have been fully built into the Council's Medium-Term Financial Strategy.
34. This amendment to the YFS scheme will allow funds to be accessed quickly by communities that demonstrate need. The funds will be low value and relatively low risk, with assessment required to ensure their suitability.

Legal Implications – Monitoring Officer:

35. Council has extensive powers to provide assistance to support community projects including through its power of general competence which it can use to benefit its area and residents, to support delivering greater value for money and innovation further to the Localism Act 2011.
36. The criteria and procedure for applications and the final sign off process for officers following consultation and input from Divisional members is set out in the report and is considered proportionate in the circumstances.

Equalities and Diversity:

37. It was determined, in consultation with the Director for Law and Governance, that a separate Equalities Impact Assessment (EIA) was not required for the development of Your Fund Surrey – Small Community Projects. The full EIA prepared for the Your Fund Surrey project and presented to Cabinet in July 2020 has been reviewed with any additional impacts or mitigations from the proposals set out in the report.
38. The steps being taken to fund a wider range of community led projects with close involvement of the Divisional members are considered to have a positive impact for all Surrey residents including those in protected groups.

Other Implications:

Environmental sustainability implications

39. The environmental impact of all applications is assessed. Applications will not be accepted if they go against policies in Surrey County Council's climate strategy.
40. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail in Table 4 below.

Table 4 – Implications for Council priorities and policy areas

| Area assessed: | Direct Implications: |
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| Corporate Parenting/Looked After Children | No significant implications arising from this report |
| Safeguarding responsibilities for vulnerable children and adults | No significant implications arising from this report |
| Environmental sustainability | The fund is aligned with the Council's Greener Futures climate change delivery plan 2021 to 2025 |
| Compliance against net-zero emissions target and future climate compatibility/resilience | The fund is aligned with the Council's Greener Futures climate change delivery plan 2021 to 2025 |
| Public Health | No significant implications arising from this report |

What Happens Next:

41. The proposed timeline for the launch of Your Fund Surrey – Small Community Projects fund is as follows:

- Fund criteria released to Members in December 2022 to enable conversations with communities to begin
- Digital engagement platform built by end of 2022; testing early 2023
- Member training session scheduled for 23 January 2023
- Fund due to be launched in February 2023
- External communications campaign and launch of new website in February 2023

42. A report outlining wider changes to YFS – Large Community Projects will be brought to Cabinet in the first quarter of 2023

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Consulted:

Your Fund Surrey applicants

Members of the YFS Advisory Panel

Members of the Communities, Environment and Highways Select Committee

Internal Audit

Sources/background papers:

Community Projects Fund, Cabinet, 21 July 2020

[CPF - Cabinet report - 21.07.20.pdf \(surreycc.gov.uk\)](#)

Community Projects Fund, Cabinet, 29 September 2020
[CPF - Cabinet report - 29.09.20- Final Report.pdf \(surreycc.gov.uk\)](#)

Your Fund Surrey Update, Cabinet, 26 January 2021
[YFS - Cabinet report - 26.01.21.pdf \(surreycc.gov.uk\)](#)

Your Fund Surrey Update, Communities, Environment and Highways Select Committee,
8 March 2022
[Report \(surreycc.gov.uk\)](#)

Your Fund Surrey Update, Communities, Environment and Highways Select Committee,
5 December 2022
[Report \(surreycc.gov.uk\)](#)
