

SURREY COUNTY COUNCIL

CABINET

DATE: 21 JULY 2020



REPORT OF: MR MARK NUTI, DEPUTY CABINET MEMBER TO THE LEADER

LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE

SUBJECT: COMMUNITY PROJECTS FUND

SUMMARY OF ISSUE:

The report sets out the proposed approach to the development of the Community Project Fund (CPF) in readiness for it to be launched in the Autumn. It sets out the aims of the Fund to bring community-led place-making or place-improving projects to life at a scale to make a significant impact and deliver a real legacy in communities. The Fund is also an important tool that will contribute to the recovery phase following the Covid-19 outbreak, helping to support the rebuilding of local communities and groups that have been affected. The Fund has been developed in collaboration with a cross-party Member Task Group drawn from the Communities, Environment and Highways Select Committee.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Consider and agree the proposed process, criteria and governance for managing the Community Projects Fund (CPF);
2. Note the role of the Member Task Group in helping to shape the CPF;
3. Agree that £300k of revenue funding in 2020/21 be allocated from the Corporate Feasibility budget to establish a core CPF team to manage the delivery of the fund as well as other set up costs, on the understanding that the ongoing cost of managing the Fund will be built into the Medium Term Financial Strategy (MTFS) from 2021/22;
4. Agree to delegate authority to approve funding awards, including the ability to transfer appropriate amounts from the capital pipeline to the capital programme, as well as to make funding awards to successful applicants in the following three bands, on the understanding that the named decision maker will make such decisions after receiving and giving due consideration to the recommendations from the CPF Panel:
 - Projects up to £100K – delegated to the Executive Director for Environment, Transport and Infrastructure
 - Projects between £100K and 500K – delegated to the appropriate Cabinet Member as determined by the Leader

- Projects over £500K – decision taken by Cabinet
5. Agree to an initial phase of community co-development to test key aspects of the CPF as set out in this report prior to the formal launch of the Fund in the Autumn;
 6. Agree to receive a further report in September confirming the outcome of the co-development phase and the final details of the Fund.

REASON FOR RECOMMENDATIONS:

The development of the Community Project Fund (CPF) represents a significant opportunity for Surrey County Council (SCC) to invest in a meaningful and lasting way in communities. The recommendations in the report will enable the Fund to be developed in a way that ensures that the right level of due diligence and ensuring value for money is achieved from the Fund's investments, while at the same time ensuring that the Fund is as accessible as possible.

DETAILS:

Background

1. The Community Projects Fund (CPF) has been developed to bring community-led place-making or place-improving projects to life at a scale to make a significant difference to such communities. It is designed to support the aims of the Community Vision for 2030, in which Surrey is a place in which communities feel supported and people are able to support each other, where people feel able to contribute to their community and no-one is left behind.
2. It is being launched in recognition that the Community Vision cannot be delivered by SCC and our partners alone – communities should feel empowered to help shape their local area. The partnership commitment of the Community Vision sets out that the Council will seek to involve residents in the design of solutions, and actively encourage people and organisations to participate in community activity. The CPF will play a key role in this building of active and participatory communities, where people feel a genuine sense of ownership of the environment around them and where a voice is given to new and underrepresented ideas.
3. The CPF builds on the lessons learned from the Council's previous experience of the Community Improvements Fund which was administered between 2014 and 2016, but is in fact, a very bold and different proposition. Whereas the previous CIF was a total of £500,000, funding bids of between £10,000 and £30,000, the CPF will provide a significantly greater amount of money, with the potential for much larger projects to be funded. It intends to provide a genuinely unique opportunity to invest in large community-led projects in a way that will create a real legacy.

The Fund and its aims

4. The CPF will provide £100m of capital funding to be allocated to community projects over a five-year period. It is intended to:
 - Enable local communities to directly identify, propose and deliver projects which make Surrey's places better;

- Make the most of community assets, upgrading facilities in order to improve cohesion and bring people together;
 - Build on the strength of the vibrant local communities that already exist in the county, in both urban and rural areas; and
 - Make Surrey a more sustainable place, addressing the challenges highlighted in the declaration of the climate change emergency
5. The Fund will support a series of projects put forward by residents, community groups and organisations that meet a relatively simple set of criteria, designed to ensure the deliverability and sustainability of the proposals put forward.
 6. The CPF specifically provides capital funding, and so will not provide revenue costs, such as for the running and administration of an organisation. It is intended to be separate to funding for programmes of work where the Council is carrying out its statutory function; however, the aim for the Fund is for it to be flexible and responsive to the nature of bids coming in, so there could be the potential for it to complement Council works where appropriate. Further, where possible, the aim is for it to be allocated in coordination with, or used to leverage, other funding such as Community Infrastructure Levy (CIL) or funding from other external sources.
 7. The aims of the Community Vision 2030 and principles of Surrey County Council's Organisation Strategy will guide the use of the fund:
 - "Focus on ensuring no one is left behind"
 - "Take a fresh approach to working in partnership"
 - "Support people to help themselves and each other"
 - "Involve and engage residents earlier and more often in designing and delivering services, and responding to challenges"
 8. The Fund takes on new importance in the context of the county's emerging recovery from COVID-19 in its ability to support the rebuilding of local communities and groups that have been affected.

Member Task Group

9. A Member Task Group derived from the Communities, Environment and Highways (CEH) Select Committee has been helping to develop the process behind the CPF to ensure it is able to meet the aims set out in paragraph 4. Feedback from the Member Task Group emphasised the need to achieve a balance between ensuring the right level of due diligence to ensure value for money is achieved from the Fund's investments, while at the same time ensuring the accessibility of the Fund to communities.
10. The Member Task Group was also very clear that the process that is put in place to attract bids and administer the Fund should be proportionate to the ask from communities, and flexible to allow the Fund to be shaped over time and tailored to community demand.
11. The shape of, and the proposed process associated with, administering the Fund set out in this report has been developed with the input of this Member Task Group.

Process and thresholds

12. The below sections provide highlights of the proposed process for delivering the Fund, which is detailed more fully at **Annex 1** to this report. It will be tested with a

recommended period of co-development with groups of residents, councillors and other stakeholders in the run-up to the formal launch of the Fund, likely to be in the Autumn.

13. Importantly, it is proposed that the administration of the Fund is kept as flexible as possible. This reflects the fact that as a truly unique opportunity, it is important that the Council is willing to make changes to some of the details set out below to enable it to meet the needs of communities over the five-year period of the Fund.
14. To this end, it should be noted that although the CPF is currently profiled in the capital pipeline as £20m per year over five years, this profile can be adjusted. For example, if there is a significant project that pushes spend over £20m in any given year, or if there is an underspend and money is rolled into a subsequent year.
15. Following experience of administering previous funds and feedback from the Member Task Group, a minimum threshold of £10K is set for applications to the Fund in order to focus its investment where it can have the greatest impact and to enable more effective management of the Fund. As with other aspects of the CPF, thresholds can be reviewed as the life of the Fund develops, in line with reviewing the amount of bids and amount of money left in the Fund.
16. In line with Member feedback from the Task Group to streamline processes as much as is possible, the level of detail required as part of a submission to the Fund will reflect the level of funding being bid for. Smaller project proposals will be subject to a more simplified application process than larger projects, which in turn will require more detail to support the level of due diligence required. To this end, three bands of funding have been proposed at **Annex 1** and set out in Table 1 below, for which the application will be tailored:

TABLE 1: Thresholds per financial year, subject to sensible variation¹

Scheme Size	Max Number of Projects Per Year (subject to budget)	Indicative Budget for Scheme Size	Business Case required
£1m+	10	£10m	Full - Detailed
£50k - £1m	30	£8	Full - Detailed
£10k - £50k	60	£2m	Short Form
	c. 100 projects	c. £20m p.a	

17. There will be a limit to the number of projects that the Fund can accommodate each year, given the resource available to administer the Fund. As such, **Table 1** sets out the anticipated number of projects in each funding range; however, these are only indicative numbers and are subject to change based on where there is greatest demand for funding. In addition, it is recommended that the resource required to administer the Fund is kept under review to ensure that as much community demand as possible can be met.
18. In order to maintain as streamlined a process for application to the Fund as possible, it is proposed that there will be five stages to the process:

¹ Max numbers and indicative budget columns show indicative numbers only which are subject to change.

- **Expression of interest** – Communities will be asked to submit their ideas to the Fund via an expression of interest which will be kept as streamlined as possible
 - **Invitation to apply following feedback and submission of application** – Depending on the level of funding requested, the project will be required to supply further details, including passing initial pass/fail criteria
 - **Assessment of applications** – Applications will be scored against the full criteria by officers, and those that are applicable will be shortlisted
 - **CPF panel to review shortlisted applications** – The Panel will review and make a final decision on the shortlisted applications
 - **Award of funding** – Following the recommendation or decision by the Panel an award of funding will be made, with a funding agreement and monitoring programme put in place to ensure the delivery of agreed outcomes
19. Feedback from the Member Task Group highlighted the need to reflect the importance of equalities, inclusivity and climate change in the process of reviewing bids to the Fund. As part of the criteria scoring community backing and evidence of wider community benefit, proposals will need to set out how they will be inclusive, while projects will also need to set out how it ensures that long term its sustainability doesn't negatively impact on the environment.
20. Any formal applications to the Fund will be expected to have carried out a form of Equality Impact Assessment (EQIA) and Environmental Sustainability Assessment (ESA) for their project proposal, which will be reviewed as part of the scoring process. As part of the Fund guidance that is being developed, it will be explored as to whether the Council's existing EQIA and ESA templates will be used 'as is' or if more light touch versions could be designed for the specific use of the Fund, particularly for bids that fall in the lowest threshold.
21. It is also important to note that where projects are not successful in their application for CPF funding, the intention is that, rather than SCC simply saying "no," constructive feedback is provided, and where possible, projects are connected to other funding opportunities and/or wider opportunities for further development. This development of a dialogue with communities as part of a broader conversation with communities to help connect them to opportunity is an important part of the development of the Fund.

Community engagement

22. An important aspect of delivering the Fund will be the way in which communities are engaged not only in the application for funding but in gathering their views on projects submitted. To this end, an online platform will enable ideas and proposals that have been submitted to be plotted on a map with details of the proposals provided, which will allow local communities to engage in expressing their support for these projects.
23. This platform will be designed in a way that ensures it is joined up with other SCC online engagement with communities where possible. However, the Fund itself will have a clear and distinct identity within that wider conversation.
24. However, the Member Task Group specifically recommended that further work be done to consider yet other ways and stages at which communities could be involved in the Fund whether to pitch or discuss ideas for funding – perhaps through community events or similar opportunities.

25. With this in mind, and recognising the diversity of our communities, it is recommended that further community involvement needs to be incorporated into the CPF process, and that exploratory work is undertaken with a representative group of residents to consider all aspects of the grant making process for the CPF. This period of “co-development” would take place between the proposed Cabinet decision and the formal launch of the Fund.

Ensuring equal access to the Fund

26. A further aspect of the Fund worthy of highlight is the need to ensure that the Fund meets the requirements of all communities and potential applicants rather than just catering for one group or part of the county. It is important to ensure that there is a ‘fairness’ of opportunity for all communities in applying for the Fund.
27. To this end, the Council will use data and evidence that it holds to monitor the bids and successful funding awards to identify if certain communities appear to be not engaging with the Fund. Where this is found to be the case, efforts will be made to review the promotion of the Fund in that area or with specific groups.
28. Further, evidence will be used to highlight the specific needs of different areas across the county and the types of projects that would make a difference in those locations. This data and evidence will also be used as part of the ongoing monitoring of the Fund to review its impact and how it could be adapted during its lifetime.

Governance

29. As set out at para 18, after initial expression of interest phases, it is proposed that applications will be shortlisted by officers against criteria set for the Fund and detailed in **Annex 1**. A CPF Panel will then consider shortlisted applications and make a recommendation on the applications to be funded.
30. It is proposed that the CPF Panel is comprised of a selection of Members from across parties, proportionate to the political make-up of the council (c. 4 or 5, including the relevant Cabinet Member or a suitable representative), one or two senior officers, and potentially one or two external representatives from either community and/or business background to provide external expertise and experience to the process. The Panel will be comprised of no more than 10 individuals.
31. Members on the CPF Panel will be asked to take a Surrey-wide view of projects, and no Member will be allowed to vote on an application from their Division. All members of the panel will be asked to declare any relevant interest and if necessary, not take part in discussions on an item.
32. As part of the assessment process, Cabinet Members will be made aware of when a project falls within their portfolio area, while Divisional Members will be made aware when a project is in their electoral division.
33. Shortlisted applicants, at least of the medium to large projects, will be asked to provide a short presentation and to answer questions from the Panel to assist the Panel in developing their recommendations. It is intended that the Panel will make its final decisions on recommendations in public.
34. The Panel will deliberate applications and make final recommendations to the appropriate decision-maker on the proposed funding awards to be made. To ensure that final decision-making is as streamlined and proportionate to the amount being sought as possible, it is recommended that Cabinet delegate authority for final

decisions on funding awards in three bands, with the intention that the named decision maker will make such decisions in full consideration of the CPF Panel's recommendations. The authority delegated to the named decision maker by Cabinet will need to include the ability to transfer the award amount from capital pipeline to capital programme, as well as release of that funding in funding awards made. The proposed delegation amounts are as follows:

- Projects up to £100K – delegated to the Executive Director for Environment, Transport and Infrastructure
- Projects between £100K and 500K – delegated to the appropriate Cabinet Member as determined by the Leader
- Projects over £500K – decision taken by Cabinet

35. To provide oversight to the performance of the Fund, it is proposed that the funding awards are made public and an annual report on the performance of the Fund is scrutinised by the CEH Select Committee. Cabinet will then receive the final annual report and recommendations from the Select Committee.

Resources

36. It is proposed that administering the Fund will require both an **officer team and budget** to coordinate and administer the Fund, as well as **funding to support the development of projects** that have been shortlisted where required.

37. In terms of the officer capacity required, it is estimated that there will need to be one full time equivalent (FTE) lead Fund manager to be in place to provide oversight, and a further three FTE officers to support bids at the ideas stage, as well as managing contracts and payments. Alongside this core team, it is intended that officers from across the organisation will be involved in helping to support projects depending on the type of project involved. This includes critical roles in the communication and engagement of communities, with input from Communications, and input from an officer within the Insight, Analytics and Intelligence team to provide data on communities as part of monitoring and analysis.

38. Additional funding will be required to deliver the co-development phase proposed at paragraph 25 and to establish the online platform associated with the Fund.

39. To this end, it is recommended that Cabinet agree to allocate up to £300k of revenue funding in 2020/21 from the Corporate Feasibility budget to establish the core CPF team to manage the delivery of the Fund. The ongoing cost of the core team will be built into the budget process for 2021/22 and the medium term and kept under review.

40. Finally, it is expected that further funding will be required to support the development and delivery of some projects. It is expected that a large proportion of these development costs would be able to be capitalised, for example, design / development of schemes that successfully deliver a capital asset can be charged directly against the £100m budget. However, there may be a revenue pressure for abortive costs, viability work, or helping communities develop bids. There may also be costs associated with elements of evaluation and capacity building in the voluntary sector.

41. It is estimated that development funding of up to 10% of the value of the fund will be needed to support development of shortlisted projects. This funding will be managed in line with the 2021/22 budget process and medium term financial strategy.

42. As set out at paragraph 16, however, it is recommended that the funding required for both the officer support and to support project development and delivery are kept under review, given the need to be flexible in responding to community demand.

Communications and engagement

43. In the lead up to the launch of the Fund, and then subsequently in the lead up to the opening of each of funding window, a communications and engagement campaign will take place to publicise the fund and its purpose. It will be important to generate and channel community energy in the most productive way possible, and a clear communications strategy will be critical in doing so.
44. More targeted communication may be needed if it becomes apparent in the monitoring of the CPF that certain communities are not engaging with the Fund.

CONSULTATION:

45. A member session was held in February 2020 to introduce the principles behind the establishment of the CPF. The session collected views from Members on the best ways to advertise the Fund to residents so that everyone is aware of the opportunity, how can we support/encourage greater engagement and to begin to think about the type of projects that could be supported.
46. It was agreed in March 2020 that the approach to the delivery and administration of the CPF would be developed with input from a Member Task Group made up of members of the Communities, Environment and Highways Select Committee.
47. The aim of the Task Group was to advise the officer steering group on:
- How can we ensure that the process for applying to the fund is streamlined, simple and accessible?
 - How can we ensure the criteria provides the highest quality applications and delivers excellent community improvements?
 - How should the governance and administration of the Fund be developed?
48. The first meeting of the Task Group took place on 21 May 2020 and provided input to the early stages of the development of the Fund. The Task Group were asked to consider the shape of the Fund, along with the process and criteria with a view to the Fund's outcomes.
49. Meetings of the Task Group then took place on 10 June, 24 June and 29 June.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

50. The £100m of capital funding allocated to the Community Projects Fund is within the agreed budget for the capital programme.
51. It is recommended that Cabinet agree to £300k of revenue funding in 2020/21 (funded from the Corporate Feasibility budget) to establish the core CPF team to manage the delivery of the fund. The ongoing cost will be built into the budget process for 2021/22 and the medium term and kept under review.

SECTION 151 OFFICER COMMENTARY

52. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain. The public health crisis has resulted in increased costs which are not fully funded in the current year. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected from next year onward, 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.
53. As such, the Section 151 Officer supports that the proposed revenue costs for establishing the Community Projects Fund team for 2020/21 will be met from the existing feasibility fund. The ongoing costs will be factored into the Medium-Term Financial Strategy.

LEGAL IMPLICATIONS – MONITORING OFFICER

54. The 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, support delivering greater value for money and innovation further to the Localism Act 2011.

EQUALITIES AND DIVERSITY

55. The Fund is designed to provide investment in schemes that encourage community participation, reduce isolation, and develop the potential for social wellbeing and economic prosperity. As such it is anticipated that it will have a positive impact on a number of those who may rely on or gain support from within the local community and those within protected characteristics that maybe more likely to experience social and economic exclusion.
56. Potential barriers to accessing the Fund for some within the protected characteristics have been identified during the development of the process of managing the CPF in terms of the use of the online platform and support that may be required in developing projects to enable their delivery. Details for how these potential impacts will be addressed is set out in the Equalities Impact Assessment attached at **Annex 2**.
57. Once the Fund is launched, at the end of each funding round, monitoring will take place to understand if there are any equalities and accessibility issues that need to be addressed.
58. Any formal applications to the Fund will be expected to have carried out an Equality Impact Assessment for their project proposal, which will be reviewed as part of the scoring process.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

59. Any formal applications to the Fund will be expected to have carried out an Environmental Sustainability Assessment for their project proposal, which will be reviewed as part of the scoring process. Projects will be required to set out that they

have considered the environmental implications of being delivered, in terms of the processes, materials and long-term impact.

WHAT HAPPENS NEXT:

60. Subject to Cabinet agreement and the outcome of the co-development phase, the proposed timeline for the launch of the Community Projects Fund is as follows:

- Carry out initial phase of community co-development on CPF processes in July to August 2020
- Communications and branding work to take place in July 2020 ready for engagement to begin in August 2020
- Data and intelligence gathering to inform process design to take place in July and August 2020
- Design, recruitment and training of team to support the CPF to take place between July and September 2020
- Build digital engagement platform between July and September 2020
- Fund launched in October 2020 to begin exploration of project ideas with communities
- First bidding round for proposals to be submitted February 2021

61. A further report to Cabinet in September will report on the outcome of the co-development phase, along with any recommended changes or further decisions required ahead of the formal launch of the Fund.

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Consulted:

- Member Task Group
- Communities, Environment and Highways Select Committee
- Council officers

Annexes:

Annex 1- CPF process and criteria

Annex 2- Equalities Impact Assessment
