

CABINET

16 March 2011

COMMUNITY GRANTS – REVENUE AND CAPITAL AWARDS 2011/12

REPORT OF ASSISTANT DIRECTOR (ACTIVE COMMUNITIES)

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RECENT REFERENCES:

[CAB2098](#) – Proposals for a Commissioning Approach – 8 December 2010

[CAB1962](#) – Community Grants – Revenue Awards 2010/11 – 3 February 2010

[CAB1961](#) – Community Capital Grants 2010/11 – 3 February 2010

[CAB1932](#) – Community Revenue Grant Key Client Status – 9 December 2009

EXECUTIVE SUMMARY:

Cabinet has approved the principle of rolling out a new commissioning approach from April 2011. This new approach will apply to grants awarded by the Council which will in future be more actively specified to deliver community priorities. The supporting policy and procedure for this new approach is being drawn up and will be the subject of a Cabinet report in April, ready for implementation in the new financial year. 2011/12 is therefore a transitional year, which will see a mixture of grants and commissions.

The grants process for 2011/12 took into account the need to achieve savings in Revenue spending. The application process was suspended prior to the Comprehensive Spending Review and no small grant ('Community Chest') or capital grant applications were invited – the one exception being the Winchester Dramatic Society which is in the third year of a 3 year capital funding programme.

This report sets out recommendations for community revenue awards relating to the 5 key clients, Theatre Royal Winchester, and one capital grant application,

exclusively from the General Fund 2011/12. (Winchester Town Forum awards are in addition to this and will be considered by the Forum on 23 March 2011).

However, a decision taken at Council on 24 February 2011 will enable all 2010/11 grant recipients to apply for funding. Awards made are dependent on organisations fulfilling rules applicable in 2010/11. A process to invite applications will be undertaken and recommendations for awards brought to Cabinet for approval on 19 May 2011.

A number of applications for revenue awards have already been received following a short-listing process in November. Recommendations on these applications will now be included in the Cabinet report on 19 May.

This report also makes a recommendation about the way the Council acts as Guarantor for the pension liabilities of Winchester and District CAB, and Bishops Waltham and Meon Valley CAB.

RECOMMENDATIONS:

- 1 That revenue grant awards exclusively from the General Fund are approved as follows:

(i)	Bishops Waltham and Meon Valley CAB	£ 45,000
(ii)	Winchester and District CAB (with £5,000 ring- fenced for the CAB outreach service at Alresford)	£135,000
(iii)	Hat Fair	£ 28,000
(iv)	Winchester Area Community Action	£101,800
(v)	Trinity Winchester	£ 95,000
(vi)	Theatre Royal	£ 171,000

- 2 That the following capital grant is approved:

(i)	Winchester Dramatic Society	£ 30,000
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- 3 That in respect of Winchester and District, and Bishop's Waltham, Citizens' Advice Bureaux, the Head of Finance, in consultation with the Leader, be authorised to agree detailed changes to the existing guarantee agreements for the City Council to accept primary liability to the Pension Fund (in place of the Trustees) if a valuation of the Pension Fund is required (as described in Section 6 of the Report) and to enter into arrangements with the Pension Fund as part of any incorporation arrangements to subsume liability for any deficit on the Fund at the time of incorporation (rather than paying a capital deficit contribution to the Fund).

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1 Introduction

- 1.1 At the meeting on 8 December 2010, Cabinet approved the principle of rolling out a new commissioning approach from April 2011. This new approach will apply to grants given by the Council which will in future be more actively specified to deliver community priorities. The supporting policy and procedure for this new approach to funding will be the subject of a Cabinet report in April, ready for implementation in the new financial year. Winchester Area Community Action is working with the Council and with not-for-profit organisations to ensure that all parts of the sector are aware of the new approach and able to access it. This includes community groups, charities, arts and heritage organisations, sports clubs and any other group which has traditionally been eligible for the Council's community grants programme.
- 1.2 2010/11 has been a year of change. Alongside the desire to move towards commissioning there were concerns in advance of the Comprehensive Spending Review about whether Council funding could be made available for grants at the same level as in the past. The grants process was therefore suspended and applications were not invited in the usual way. Initially, officers wrote to organisations given grants last year to let them know they should assume that funding would not be available for the financial year 2011/12. A special seminar was arranged in November to explain to organisations the nature of the changes being proposed, and the help which could be provided through partner organisations such as Winchester Area Community Action.
- 1.3 As the financial picture became clearer, officers worked with leading Members to consider funding priorities for 2011/12, with a view not only to moving to the commissioning approach but also reducing the overall grants budget in line with the Council-wide service redesign process. As a result of these discussions, three groups were identified as followed:
 - a) Recipients of grants in the past which were less well placed to support the delivery of outcomes as set out in the Sustainable Community Strategy, and for which no funding would be proposed in 2011/12. Officers wrote again in November to inform these organisations of the

likelihood, subject to final budget considerations, that no funding would be available to them.

- b) Previously funded organisations considered to be providing vital services in support of the current Community Strategy priorities. These organisations received a different letter, followed up with individual telephone conversations where possible, in January. Officers discussed with them whether, with some continued funding (likely to be around 25% less than they had received this year), they would be able to focus on the contribution they make to delivering priority outcomes during 2011/12. Those organisations able to respond positively to this request were then asked to put in applications.
 - c) The Council's five key clients (Winchester and District CAB, Bishops Waltham and Meon Valley CAB, Hat Fair, Trinity Winchester, and Winchester Area Community Action) and also the Theatre Royal Winchester – which has traditionally sat outside the community grants programme, but which is the biggest single grant made by the Council - were told to expect a reduction of 25% in the funding available to them over the next three years (subject to the budget process). Reduced funding would require key clients to reduce costs by re-designing the way they work. Officers and Members have been working closely with key clients to find solutions which will help to mitigate funding reductions.
- 1.4 In addition, an application was accepted from the Winchester Dramatic Society which requests the third and final payment in a 3 year capital funding programme.
- 1.5 An overall sum of £739,123 (including £61,813) available for not-for-profit (community) revenue support was agreed as part of the budget recommendations at Cabinet in February.
- 1.6 At the meeting of Council on 24 February 2011, a decision was taken that all 2010/11 grant recipients should be invited to apply for funding to the level set out in the amendment to the Budget (see Appendix 1). This will result in a further application process with recommendations to be brought back to Cabinet in May. The Council will still consider value for money in making those awards, and organisations applying will be expected to fulfil rules applicable in 2010/11.
- 1.7 In line with the amendment to the Budget, a further process will also be put in place in respect of an additional budget amount of £50,000 to be made available for the award of community grants to groups, shops and community chest awards during 2011/12 (see Appendix 1).
- 1.8 For those organisations shortlisted for revenue funding in November, and from whom applications have already been received, no further application will be necessary and decisions on those awards will be made as part of the Cabinet report on 19 May. Officers will speak to those organisations to

ensure they will not be unduly disadvantaged by any delay. If so, a decision will be taken as to whether a portfolio holder decision notice is required in individual cases.

- 1.9 Consequently, this report focuses on revenue grant applications received from the Council's key clients and the Theatre Royal Winchester, and a capital grant application from Winchester Dramatic Society. There is also a recommendation in respect of the Council's guarantee for pension arrangements for two key clients.

2 Update on Key Clients

- 2.1 The Council's 5 key clients were reaffirmed by Cabinet for the period 2010-2013 in December 2009, reflecting their importance to the delivery of the Sustainable Community Strategy. Council funding towards core costs is guaranteed for the key clients during this period, although the level of funding is not. Last autumn, key clients were asked to plan for 25% reductions in their Council grants over the next 3 years. Like many organisations, key clients are finding that previous funding streams are drying or that project funding (which help to pay their overheads) is coming to an end.

- a) Winchester Area Community Action has found it is unable to continue as leaseholder and landlord for the Winchester Centre which has served as accommodation and resource centre for voluntary organisations over the last 15 years. It has signalled an intention to surrender its lease and has given notice to all licensees. It is hoped that the Council can assist and possibly provide some alternative accommodation (see CAB2141 elsewhere on the agenda).
- b) Winchester and District CAB has projects which are coming to an end and which have helped to support core costs previously. This puts additional pressure on their financial situation. Both Winchester and Bishop's Waltham CABs have been asked by the Council to work much more closely together, and to prepare a joint plan showing how they will provide an optimal advice service across the District despite the reduction in funding available. It is anticipated that this will result in a fundamental redesign of the way the service is provided.
- c) Hat Fair has made a wide range of improvements over the past year, and is emerging from a period of financial stabilisation under a new Festival Director, supported by a recently created post of General Manager. It had been proposed to leave the Hat Fair grant exclusively from the General Fund at £29,407, which was the amount in 2010/11, to allow for the three year payback period for a loan provided by the Council in 2009/10. This loan will see £7,000 deducted from their total grant in each of the next two financial years. Full Council then decided to reduce the Hat Fair allocation exclusively from the General Fund to £28,000 in 2011/12, this being the figure before the deduction of the loan repayment. This change had not previously been proposed or discussed with the Hat Fair.

- d) Trinity Winchester is looking to make optimal use of its building to generate income.

2.2 Cabinet should note that Council also decided to reduce funding for the Theatre Royal Winchester in 2011/12. Officers had been working with a range of stakeholders to find a sustainable way to reduce the grant aid to the Theatre Royal by 25% over three years. Discussions were based on reductions in 2012/13 and 2013/14, but with retention of current levels of funding for 2011/12 to provide a year for adopting new arrangements in preparation for these changes. The budget amendments agreed by Council see immediate reductions to this grant, from a General Fund allocation of £180,000 in 2010/11 to £171,000 in 2011/12 (with an additional £20,000 contribution from the Town Account). This change had not previously been proposed or discussed with the Theatre.

3 COMMUNITY GRANTS OVERVIEW

3.1 Cabinet will note that for 2011/12 the total amount of the revenue grants requested through the applications included in this report is £647,949. A total of £575,800 is recommended for allocation to these applicants exclusively from the General Fund.

3.2 Appendix 2 gives details of the total grants awarded to each organisation in 2010/11 as well as details of amounts requested by applicants for 2011/12. The recommended allocations exclusively from the General Fund 2011/12 and the proposed awards from the Town Account are shown separately. The final (right hand) column in Appendix 2 shows the total revenue grant award for 2011/12 that, subject to approval, each applicant will receive.

3.3 There is only one capital grant recommended within this report. This relates to a programme of alteration and refurbishment at the Chesil Theatre by the Winchester Dramatic Society. This grant will be the final award of 3 tranches and has been included in the Council's capital programme (see CAB1961).

3.4 The Town Forum will meet on 23 March where approval of its own contribution to these organisations will be sought.

4 ASSESSMENT PROCESS

4.1 The audited accounts of all applicants have been reviewed by the Finance team. All applications have been assessed against outcomes and priorities in the Sustainable Community Strategy and the change plans. This process was undertaken in consultation with the Portfolio Holders for Active Communities, and Economic Prosperity. A separate meeting was held with the Town Forum Grants Informal Group (see Paragraph 5.2 below). The assessment process has been supplemented by the Council decision to determine levels of funding through an amendment to the budget. All grants will be subject to service level agreements which will be monitored throughout the year.

5 WINCHESTER TOWN FORUM GRANTS

- 5.1 The Town Forum considers only revenue applications that have direct relevance/benefits for residents living in the Town Area. In this respect it operates in a role similar to that of a parish council. In the Winchester District parish councils make awards to a number of groups listed in Appendix 2. Town Forum support is not a prerequisite for the award of a WCC revenue grant.
- 5.2 Revenue grant applications relating to the Winchester Town Area were considered by the Town Forum Grants Informal Group on 22 March 2011. Appendix 2 reflects the recommendations of the Informal Group back to the wider Town Forum. The Council amendment to the budget determined that awards agreed by the Town Forum will be additional to the levels of grant Council agreed for each organisation.
- 5.3 It should be noted that the Town Forum does not singularly make a revenue award to any group. For this reason the Town Forum contribution should not currently be viewed as a separate revenue grants budget. It is an integral part of the whole WCC Revenue Grant funding stream. The Town Forum has expressed a wish to review this arrangement and, as part of preparation for the new commissioning process the Commissioning Team will meet with the Chair of the Town Forum to discuss future arrangements. Any proposals for change will be brought to Cabinet in April 2011.

6 CITIZEN'S ADVICE BUREAU PENSION SCHEMES

- 6.1 Bishops Waltham and Meon Valley CAB, and Winchester and District CAB have arrangements with the Pension Fund to allow them to offer the Local Government Pension Scheme (LGPS) to their employees. The City Council has agreed to guarantee these pension arrangements. This means that in the event that the trustees of the Bureau defaulting on their liability (including their liability to pay pension contributions, or meet any deficit in the pension fund upon a "cessation event" occurring, see below), the City Council would have to pay what the trustees should have paid.
- 6.2 A "cessation event" would occur in cases such as if a Bureau chose to close the Pension Scheme completely, or when the final contributing employee left or retired. At that point, the rules of the LGPS require the Pension Fund (as administering body) to carry out a valuation of the relevant part of the Pension Fund applicable to the Bureau, and if (as would probably be the case if the cessation event occurred today) there is a deficit on that part of the Fund, the Bureau (i.e. the Trustees) would have to pay an amount equal to this deficit into the Fund. The Trustees of one of the Bureaux are concerned at the fact that they are personally liable for these potential losses, and were therefore seeking to amend the existing guarantee agreement to provide for the Council to be primarily responsible for the making good any deficits if a cessation event were to arise, without any requirement on the trustees to have to exhaust their own (personal) resources beforehand. In practice this may not be more onerous than the existing guarantee agreement, although clearly it

will remove the personal liability from the trustees. Any change to the guarantee agreement would be limited to being primarily responsible for the requirement to make good the Pension Fund in the event that a cessation event occurring, rather than the liability to pay pension contributions, and the trustees would remain primarily liable to pay these and to act responsibly in the management of the organisation (although if they were to default on this obligation the guarantee agreement would still require the Council to pay these, as a longstop provision).

- 6.3 The personal liability of the trustees would cease if the Bureaux were to become incorporated bodies with limited liability. The Council's request for closer working between the two, coupled with funding constraints mean that a new legal entity may be created later this year to provide this service. It is likely that this would constitute a cessation event and a valuation of the Pension Fund would be required, and arrangements to meet any deficit then found would have to be made. This would have to be taken into account in the consideration of how the Bureaux should be set up in the future.
- 6.4 In other similar cases, it has been possible for the local authority (which is already contingently liable to the Pension Fund in respect of the deficit for the part of the Fund attributable to its own employees) to agree to take on the liability to pay the deficit attributable to the CAB element. This avoids an actual payment having to be made by the Trustees (or the Council) to the Pension Fund. The effect is equivalent to a situation where two or three of the Council's own staff decided to join the LGPS, and is therefore marginal, and certainly preferable than having to pay over what could be significant capital sums at this stage.
- 6.5 If the Council were to insist on the Trustees meeting a deficit payment (required as a result of an incorporation event) from its own reserves, this might result in a Bureau being unable to continue operating. It is therefore suggested that the Head of Finance, in consultation with the Leader, be authorised to agree detailed changes to the existing guarantee agreement to accept primary liability to the Pension Fund (in place of the Trustees) if a cessation event occurs and to enter into arrangements with the Pension Fund as part of any incorporation arrangements to subsume liability for any deficit on the Fund at the time of incorporation (rather than paying a capital deficit contribution to the Fund).

OTHER CONSIDERATIONS:

- 7 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):
- 7.1 Applications for grant funding are assessed against the Winchester District Sustainable Community Strategy outcomes (active communities, a prosperous economy, and a high quality environment) and the 5 priorities

(older people's wellbeing, access to services, district carbon footprint, Stanmore and Winnall).

- 7.2 Many of the groups listed in Appendix 2 are supported in accordance with S2 Local Government Act 2000. This outlines a local authority's power to promote the economic, social and environmental well-being of their area and is relevant to partnership working with community organisations.
- 7.3 The Council must have full regard to the Sustainable Community Strategy when making grants and the statutory guidance on 'well-being' powers in the Local Government Act 2000 does not preclude any of the 2011/12 grants that are proposed. Additionally some awards can be made under powers outlined in S19 Local Government Act 1976 – "not-for-profit making recreation projects", S142 Local Government Act 1972 – "information/advice services -:" and S145 Local Government Act 1972 – "promotion of the arts".

8 RESOURCE IMPLICATIONS

- 8.1 The amount recommended for revenue grant awards exclusively from the General Fund in 2011/12 in this paper is £575,800. The amount for capital awards is £20,000.
- 8.2 The potential liability relating to the pension guarantee cannot be quantified until a valuation is undertaken (which itself would incur a cost).

9 RISK MANAGEMENT ISSUES

- 9.1 All successful applicants are expected to sign up to a Service Level Agreement with the City Council before any payments are made.
- 9.2 Organisations are not permitted to change the use of the approved grant unless otherwise agreed in writing by the City Council.
- 9.3 All grant funded organisations are expected to promote equality of opportunity for all sections of the community through the services they provide.

BACKGROUND DOCUMENTS:

- 9.4 Application forms and supporting documents submitted requesting community revenue grant support for 2010/11 are held by the Commissioning Team.

APPENDICES:

Appendix 1 – Council amendment to Budget in respect of community grants

Appendix 2 – Summary of awards recommended in this report.

**BUDGET AND COUNCIL TAX 2011/12
AMENDMENT TO BE MOVED BY CLLR KEITH WOOD**

That in order to support the vulnerable, the community, youth, and small business, the 2011/12 Budget be amended as follows:

1. In order to protect the existing support given to our Voluntary sector and to ensure they have the resources to carry out their important work:-
 - a. the project of collecting **Kerbside Glass** be deferred until the Council's finances have measurably improved. This will produce a saving in 2011/12 and could be reconsidered for 2012/13.
 - b. In the interim, a budget provision of **£10,000** be provided to supply **Community Glass Bins** to increase the District wide level of Glass Collection, to be funded by a release from the *Major Investment Reserve*.
2. That, to help both the Community and Business Sector, the increases in **Car Parking Charges**, recently introduced, be reversed as soon as practically possible, following the process of statutory notices.

Therefore:-

- a. **Sunday Charging** is to be discontinued both in short stay car parks and on metered street parking bays;
- b. the **free half hour to be reinstated** in Winchester;
- c. the increase in **charges for short stay rural car parks** be cancelled;

And:

- d. and a free hour be allowed in the **Rural District Car parks**
- e. That the estimated cost in 2011/12 of **£95,000** be met by a release from the LABGI fund.

3. That the publication of **Perspectives** be discontinued; a saving of some **£12,000** per annum.

**BUDGET AND COUNCIL TAX 2011/12
AMENDMENT TO BE MOVED BY CLLR KEITH WOOD**

4. That the Community will be better served by using the amounts saved in 2011/12 from deferring kerbside glass collection and ceasing Perspectives, for the support the Voluntary sector can provide to the Community, in line with the District's Sustainable Community Strategy. Accordingly, the **Community Grants** to be made in 2011/12 from the General Fund be reinstated to the same levels as for 2010/11:-
 - a. **for Key clients** as set out in **Appendix 1; and**
 - b. **for Other Clients as set out in Appendix 2.**

The Awards agreed by the Town Forum will be additional to the amounts set out in the Appendix. The rules that were applicable then, including our established procedures for awarding grants and SLA agreements, to be applied to these grants. This proposal is dependant on these organisations still being in existence and fulfilling the rules applicable in 2010/11.

The impact of these changes are estimated to be an additional **£75,090.**

5. To supplement **Rural business funding** and **small community groups:-**
 - a. a further budget amount of **£50,000** to be available for the award of community grants to groups, shops and community chest awards; and
 - b. The budget for this to be allocated from the savings above with any shortfall to be vired from the Commissioning budgets.
6. The reduction of staff for **Planning Enforcement** could jeopardise the tremendous progress that was begun in 2008 to get the outstanding cases under control. Therefore:-
 - a. the Planning Budget to be increased by **£50,000** to retain capacity for Enforcement; and

**BUDGET AND COUNCIL TAX 2011/12
AMENDMENT TO BE MOVED BY CLLR KEITH WOOD**

- b. the budget for the above to be funded from the increased levels of **Planning Fees**, due to be introduced later in 2011.
7. That the figures in the budget be amended to take account of the above.

**BUDGET AND COUNCIL TAX 2011/12
AMENDMENT TO BE MOVED BY CLLR KEITH WOOD**

Appendix 1

The awards to the Key Clients from the General Fund are proposed to be:

a) Key Clients	2011/12 General Fund Budget
Bishops Waltham/Meon Valley Citizens Advice Bureau	£45,000
Winchester Citizens Advice Bureau (to include £5,000 ring fenced for Alresford CAB Outreach Service)	£135,000
Hat Fair	£28,000
Trinity Centre, Winchester	£95,000
Winchester Area Community Action	£101,800
Theatre Royal Winchester	£171,000
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	£575,800

**BUDGET AND COUNCIL TAX 2011/12
AMENDMENT TO BE MOVED BY CLLR KEITH WOOD**

Appendix 2

The awards to the Other Clients from the General Fund are proposed to be:

	2011/12 General Fund Budget
Age Concern Winchester	£1,500
Bishops Waltham festival	£2,000
Bumps2 Bundles	£1,300
Carroll Centre (The)	£5,500
Deaf Plus	£1,300
Eating Disorders Family and Friends Support Group	£500
Hampshire & IOW Youth Options	£11,500
Hampshire Deaf Association	£1,300
Havant & District CAB	£600
Homestart Meon Valley	£11,500
Homestart Winchester and Districts	£4,500
KIDS	£1,500
Meon Valley Carers	£4,000
Olive Branch (The)	£1,000
Relate Winchester	£3,500
Signature Care and Support	£4,000
Stanmore Combined	£500
Vitalise	£500
Winchester & District Mencap	£1,500
Winchester & District Young Carers Project	£2,000
Winchester Churches – Nightshelter	£3,500
Winchester Churches Housing Group - Keystone	£5,000

**BUDGET AND COUNCIL TAX 2011/12
AMENDMENT TO BE MOVED BY CLLR KEITH WOOD**

	2011/12 General Fund Budget
Winchester Detached Youth Work Project	£5,500
Winchester Festival	£3,000
Winchester Folk Festival (Mayfest)	£900
Winchester Live at Home Scheme	£5,500
Winchester Rent Deposit Scheme	£2,000
Winchester Rural Youth Theatre	£6,500
Winchester Youth Counselling	£2,500
Winnall Community Association	£3,500
Winnall Junior Youth Club	£1,200
Winnall Rock School	£4,500
TOTAL	<hr/> £103,600 <hr/>

Proposed Transitional Year Grant Awards as at March 2011

1. Key Clients and Theatre Royal

Organisation	2010/11 Award		2011/12 Award			
	Town Forum	Gen Fund	Requested	Town Forum	Gen Fund	Total
BW/Meon Valley CAB		41,190	41,190		45,000	45,000
Winchester CAB	9,980	118,975	180,886	9,980	135,000	144,980
Hat Fair	3,468	29,407	32,875	3,468	28,000	31,468
Trinity, Winchester	3,850	87,350	91,198	3,850	95,000	98,850
Winchester Area Community Action		101,800	101,800		101,800	101,800
Theatre Royal Winchester	20,000	180,000	200,000	20,000	171,000	191,000
TOTALS	37,298	558,722	647,949	37,298	575,800	613,098

2. Capital Grant

Organisation	2010/11 Award			2011/12 Award		
	Town Forum	Gen Fund	Total	Town Forum	Gen Fund	Total
Winchester Dramatic Society (Chesil Theatre)	10,000	20,000	30,000	10,000	20,000	30,000

Note: Town Forum Grants Budget 2011/12 is **£61,813**. This includes £20,000 contribution to Theatre Royal and £10,000 capital grant to Winchester Dramatic Society (Chesil Theatre). Town Forum proposed funding levels 2011/12 are based on input from Town Forum Grants Informal Group on 22 February 2011.