

TITLE OF REPORT: PROPOSED RURAL COMMUNITY HALLS CAPITAL FUNDING SCHEME – INCLUDES UTILISATION OF RESIDUAL PACIF FUNDING

REPORT OF THE HEAD OF POLICY AND COMMUNITY SERVICES
PORTFOLIO HOLDER: COUNCILLOR TRICIA COWLEY

1. SUMMARY

- 1.1 The purpose of this report is to advise Cabinet on a proposal to create a new rural capital grant scheme, the source of its funding and ideas on how it might be implemented and managed.
- 1.2 To seek Cabinet's approval to implement the proposal as outlined in this report.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the contents of this report and agrees to the course of action proposed in the report.
- 2.2 That if the proposed new scheme is approved, authority be delegated to the Portfolio Holder for Community Engagement and Rural Affairs to determine the method of implementation.
- 2.3 That a report is presented to Cabinet in twelve months time providing information on the implementation of the new funding scheme.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure funding recovered from the PACIF grant scheme together with other funding that may be acquired from other sources is applied through a new managed grant process to the support of the Districts village halls and other similar rural facilities.
- 3.2 To allow the commitment of support for rural facilities as expressed in the Community Halls Strategy to be met in terms of support for the Districts rural communities.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Retain the recovered PACIF funding for future alternative capital investment.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 The rationale for the establishment of a new rural capital grants scheme following the closure of the PACIF scheme, in the light of de-committed grant awards from those projects unable to progress under that scheme, was proposed to members of the 2012/13 Parish Challenge Panel, at its meeting of 22nd January 2013, and following a few suggested changes received that panels support.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan for November 2012.

7. BACKGROUND

- 7.1 In October 2005 NHDC launched the Parish Amenity Capital Improvement (PACIF) grant scheme, a new capital improvement fund of £1M to assist Parish Councils and other rurally based community organisations to improve facilities in their villages and communities. The fund operated on an annual basis in April of each year up to and including 2008/09 at the rate of £250,000 per year.
- 7.2 At the end of the fourth, and originally intended final year of the fund, approximately £70,000 remained unallocated. It was decided therefore that the fund should be extended for a further year (2009/10) in order that, subject to the approval of compliant applications, the remaining funds might be awarded to rural projects.
- 7.3 Further to 7.2 above, and in response to the over subscription for awards that occurred in 2009/10, the Council allocated a further £250,000 for PACIF grants in 2010/11.
- 7.4 The fund was primarily aimed at helping local rural organisations that managed community amenities to be able to carry out major repairs and refurbishments or to contribute to the cost of new facilities. Such amenities were typically village halls, community centres (non urban) or sports halls. Now closed, all of the grant scheme's funds of £1.25M were allocated. However, two of the projects awarded grants failed to meet the schemes timescale or financial criteria such that their grants totalling £73,000 were withdrawn and are still therefore available via a new funding vehicle replacing the closed PACIF scheme. The purpose of this report is therefore provide Members with a proposal to make these recovered funds available again to rural community halls to undertake improvements to their facilities, in a similar managed fashion to that employed under the previously successful PACIF scheme..
- 7.5 In October 2011 Council adopted the Community Halls Strategy. That document provided an evidence base of the indicative improvement costs to refurbish each village hall and community centre in the District. A condition survey was undertaken in the first three months of 2010 and funded via the Strategic Priorities Fund on the basis of assessing the current condition of the primary facilities in the District i.e. urban halls, community centres and village halls. The survey of each building was undertaken by a qualified building surveyor. The surveys comprised analysis of building dimensions, accessibility, condition, usage considerations etc.
- 7.6 The strategy included estimated costs for the undertaking of the recommended works, which were ranked in order of priority from 'immediate' to 'within the next five years'. That quality review of District facilities was assessed on the following criteria:
- Compliance with primary Disability Discrimination Act (DDA) requirements
 - General condition of premises
 - Adequacy and condition of basic facilities
 - Compliance with general health and safety regulations
- 7.7 From these assessments the estimated costs needed to bring each facility up to 'current standards' were established (see Appendix 15.1), which in the case of rural facilities was a total of £1,810,300.

- 7.8 The proposed new Rural Community Halls Grant Scheme seeks therefore to use the de-committed PACIF funding in line with the surveyed needs identified for rural facilities in the Community Halls Strategy and as defined in Appendix 15.2, This would be driven by those identified needs rather than by an application process as previously employed by the PACIF scheme, but would still require Members approval for the release of any funding recommended by officers, following the re-assessment of those needs with the hall management committees concerned.
- 7.9 A suggested means by way of which the funding could be made available to the rural communities identified is outlined below for consideration. This could be developed further into a formal scheme criteria document, should the proposal be approved by Cabinet, with the precise details of the criteria to be approved by the Portfolio Holder for Community Engagement and Rural Affairs before implementation:-
- No applications for funding will be required / considered.
 - No facilities that have already received a PACIF award would be considered.
 - Funding to be made available with a maximum award of £15,000 and a minimum of £5,000.
 - Funding to be allocated for capital projects for (say) the six rural facilities identified in the Community Halls Strategy as being in most urgent need of improvements, see Appendix 15.1. This assessment to be made using the facilities' original condition surveys revisited for appropriateness, given the timescale that has elapsed since the original surveys were conducted.
 - Officers would contact the facilities concerned to explore possibilities, using an assessment criteria, and if appropriate suggest a possible funding award being made available on a joint funding basis. Should the assessment of (say) the first six facilities on the list still leave funding available then the next six facilities considered most in need of urgent improvement as identified in the Community Halls Strategy would be approached in order.
 - Council could contribute up to the full amount of project costs to a maximum of £15,000 if appropriate depending on amount of unallocated funds in the facility's bank account when assessed. Where the facility had substantial funding available to contribute to the project, a revision of the Council's contribution downwards would be applied to an appropriate level. If no agreement could be reached the offer of funding would be withdrawn.
 - An assessment of what capital works had been undertaken on the facility since the identification of requirements, and advised to that facility in the preparation of the Community Halls Strategy, would also be appropriate at this time.
 - No additional funding to be made available from any other NHDC grant scheme towards the project costs. The extent to which the facility has benefited from previous NHDC funding will however be taken into consideration when assessing the appropriateness of further funding from the new scheme.
 - Exploration of opportunities for other external funding sources to be made / demonstrated by the facility concerned, e.g. the 'Awards for All' funding scheme.
 - Where appropriate officers to seek to release any applicable S106 / Unilateral Undertaking (UU) funding held as contributions towards the project costs, and any other possible sources of funding that could be made available via the Council e.g.

from the North Hertfordshire Partnership (LSP), which it understood could currently contribute a further £76,000 of Performance Reward Grant (PRG) funding towards the new scheme. This funding will be solely for Capital Expenditure. (A definition of this expenditure is provided at Appendix 15.3)

- Following an assessment of each facility identified as appropriate for financial support, and with other relevant requirements in place, a detailed project capture and proposal report would be prepared by officers.
- The project definition and proposal report would be presented to the current members of the Parish Challenge Panel on an ongoing basis, for consideration, and comment. Where the members of that panel indicated their support of the proposal it would be forwarded to the Portfolio Holder for Community Engagement and Rural Affairs for further consideration, and if deemed acceptable, for formal approval taking into account any relevant advice from the Strategic Director of Finance, Policy and Governance. Following this final assessment stage members of the Parish Challenge Panel would be advised whether or not the funding had been awarded.
- Where members of the Parish Challenge Panel indicate to officers that they require further information on a funding award proposal before being able to make a judgment the proposal will be withdrawn and resubmitted when the issues raised had been addressed. If the panel can still not support the proposal it will still be forwarded to the Portfolio Holder and Strategic Director as outlined above but with the panel's concerns brought to their attention.
- The project delivery process to be undertaken will be by officers using the successful and proven PACIF model, with scope and delivery criteria for the project to be established and agreed between the Council and the facility concerned prior to release of funds. Projects to be managed by the facility with progress updates provided to the Council as required.
- Projects are to be completed within nine months of funding being acquired covering full project costs. A time limit may also be applied by the Council for this acquisition.

8. ISSUES

- 8.1 Since the closure of the PACIF grant scheme no other capital funding of this scale/level/significance has been identified or made available to support the needs of rural community facilities for the undertaking of improvements to their facilities.
- 8.2 The establishment of the Community Halls Strategy adopted by Council in October 2011 identified a great need for capital improvements to the District's community halls including those in the rural areas of North Hertfordshire. The costs of these works are almost without question out of the financial reach of those facilities.
- 8.3 The establishment of a new rural capital funding scheme as outlined in this report, using the recovered grants from the PACIF scheme, perhaps supplemented by other forms of finance from such sources as s106 and Unilateral Undertakings funds and others as may be identified, would go some way to allow those facilities in the greatest need to undertake the most urgent of works required. This would assist in the halls' day to day operation and contribute to the longer term sustainability of those buildings.
- 8.4 In many of the District's rural areas the 'village hall' forms the hub of local life for nearby residents. This is becoming more and more the case as local pubs, shops and post offices etc close under the current economic climate, a situation which it could be argued, can only become more severe over the coming years, thus making the support

of those local community facilities by the Council via the funding scheme as proposed here more important than ever.

- 8.5 The introduction of the rural capital funding scheme proposed in this report would be entirely in keeping with the views expressed in the Community Halls Strategy which at Section 13.2.6 stated that *“The Council will join with the support already provided to the village halls by the Community Development Agency (CDA) via its Village Halls Advisor, and that provided by the North Herts. Council for Voluntary Services (NHCVS), to provide further assistance and support to these rural facilities where possible to ensure their continued success and sustainability”*

9. LEGAL IMPLICATIONS

- 9.1 Cabinet’s terms of reference include taking ‘decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver and implement the budget and policies decided by the full Council’ and ‘to monitor expenditure on the capital programme.’
- 9.2 Section 1 of the Localism Act 2011 empowers a local authority to do anything that individuals generally may do.

10. FINANCIAL IMPLICATIONS

- 10.1 The Council has been very successful in providing capital works funding via the PACIF scheme to help facilitate the sustainability of facilities in the rural areas of the District since the schemes inception in 2005. The PACIF scheme has supported the successful delivery of twenty nine projects with two still awaiting completion. On the basis that a similar rationale will be used by the Council in the new scheme as those for PACIF there is confidence that the proposals set out in this report for the use of the remaining funding from the original £1.25M in the PACIF scheme will again be well utilised and achieve the same levels of success in the delivery of capital works projects to the extent possible by the funding available.
- 10.2 The Performance Reward grant (PRG) proposed for use in the new scheme was earned by local partners through successes in the first round of the Hertfordshire Local Area Agreement. The grant is allocated to the North Hertfordshire Partnership (the Local Strategic Partnership) but is public funding and must be accounted for properly. The LSP would award this money based on the needs identified in the Sustainable Community Strategy. NHDC is the accountable body, responsible for the North Hertfordshire’s allocation of PRG funds. The grant is, therefore, subject to relevant audit by NHDC, Hertfordshire County Council and ultimately central government. Therefore, PRG is governed by District Financial Regulations. In this financial scenario NHDC Cabinet, would receive exception reports on the Local Strategic Partnership’s recommendations as an additional financial safeguard.
- 10.3 The proposed use of S106 and UU ‘Community Halls’ funding as contributory to the scheme will assist the Council to achieve it’s obligations under agreed planning permissions to employ the available monies, contributed by developers associated with those permissions, to the benefit of the communities concerned as envisaged in the Councils Supplementary Planning Document (SPD) - Planning Obligations, other appropriate planning strategies and documentation, and relevant government legislation.
- 10.4 The proposal in the new scheme to require an affordable contribution to any proposed funding allocation to a facility by way of assessment of that facilities current financial position, in conjunction with ongoing liaison with the facilities management committee

concerned during project delivery where funding from the scheme has been released will ensure that the Council achieves value for money in respect of any capital project funded under the new scheme.

11. RISK IMPLICATIONS

11.1 A risk relating to the Community Rural Grant Fund has been identified and added to Covalent, the Council's Performance & Risk system. There is a risk that the management committees of the halls fail to get quotes or manage the works. This could mean the standard of the halls fail to improve or that Council funding is not used appropriately. This risk will be managed by the Council's appointed officer for the scheme who will work closely with the facilities approved for funding from the project definition stage through project implementation to completion.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.3 The proposal to reallocate the un-spend PACIF funds can only benefit the rural communities, of which those with protected characteristics will inhabit. The proposal seeks to enhance those village halls to provide greater accessibility and benefits to the community as noted at section 8.0. In fact it directly addresses any access issues that may be faced. This should have a positive impact on how all members of the community use the halls and interact with each other – this then advances equality of opportunity and the fostering of good relations. This proposal acknowledges that there is a greater reliance in rural areas on village halls as other vital services such as schools, village stores, pubs etc are withdrawn or closed down in rural areas.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section in paragraphs 12 above.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human Resources or Equalities issues. However it should be noted that work associated with this proposal will be absorbed by officers, and therefore financed from within existing budgets.

15. APPENDICES

15.1 Appendix 1 - Definitions of rural community facilities.

15.2 Appendix 2 - Table showing cost of the order of urgent capital works required derived from Table 11 contained in the Community Halls Strategy.

15.3 Appendix 3 - Definition of Capital Expenditure.

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17. BACKGROUND PAPERS

17.1 North Hertfordshire District Council Community Halls Strategy, Version 1, dated October 2011. This can be found on the Councils website found at:
http://www.north-herts.gov.uk/index/community_and_living/community_centres_and_facilities/community_halls_strategy.htm

APPENDIX 1

Definitions of rural community facilities

For the purposes of this document the following definitions apply:

“Community” means a social group of any size whose members reside in a specific locality, share government, and often have a common cultural and historic heritage.

“Community Hall” means a facility where members of the public may gather for group activities, social support, public information, entertainment, education and other social purposes.

“Village Halls” – Community Halls owned by charitable trusts or Parish Councils which, through management committees of local volunteers, provide community facilities to the local and wider population.

APPENDIX 2

Table showing cost of the order of urgent capital works required derived from TABLE 11 contained in the Community Halls Strategy.

Property	Estimated Value of Works Required By Urgency							Total Est. Cost of Works (£)
	1	1/2	2	2/3	3	3/4	4	
Hexton St Faiths Centre	£24,000	£26,500	£20,000	£0	£4,000	£0	£22,000	£96,500
Lilley Casel Memorial Hall	£8,978	£728	£730	£6,480	£728	£178	£5,428	£23,250
Codicote Peace Memorial Hall	£8,264	£5,514	£1,514	£43,014	£1,514	£715	£15,465	£76,000
Wallington Village Hall	£6,600	£500	£500	£8,000	£500	£0	£11,250	£27,350
Willian Village Hall	£6,000	£4,750	£0	£1,500	£0	£0	£71,250	£83,500
Great Wymondley Village Hall	£5,200	£700	£700	£17,700	£700	£0	£24,000	£49,000
Rushden Village Hall	£5,000	£16,750	£15,600	£1,500	£3,000	£0	£0	£41,850
Barkway Village Hall	£4,750	£4,500	£1,700	£3,200	£1,700	£950	£34,850	£51,650
Knebworth Village Hall	£4,000	£5,750	£50	£13,550	£50	£1,550	£10,450	£35,400
Preston Village Hall	£3,370	£5,244	£0	£4,116	£0	£0	£4,620	£17,350
Peters Green Village Hall	£3,250	£36,750	£0	£1,500	£0	£0	£53,750	£95,250
Kimpton Memorial Hall	£1,500	£11,000	£0	£15,150	£0	£0	£12,000	£39,650
Newnham Village Hall	£0	£12,500	£0	£39,750	£0	£0	£19,250	£71,500
St Ippolyts Parish Hall	£0	£12,500	£0	£17,750	£0	£0	£4,000	£34,250
Therfield Fordham Memorial Hall	£0	£15,850	£3,000	£6,500	£2,833	£9,833	£1,334	£39,350
Pirton Village Hall	£0	£21,500	£0	£3,500	£0	£0	£5,750	£30,750
Barley Town House	£0	£30,500	£0	£25,000	£0	£0	£20,000	£75,500
Breachwood Green Village Hall	£0	£31,750	£0	£47,500	£0	£0	£5,500	£84,750
Codicote Sports & Social Club	£0	£39,107	£357	£102,857	£0	£1,072	£25,357	£168,750
Graveley Village Hall	£0	£60,000	£0	£9,500	£0	£0	£7,750	£77,250

Notes

- a) – “Estimated Value of Works Required By Urgency” is an assessed priority need for the works identified to be undertaken approximated in years from the date of the survey of each property.
- b) – for the purposes of this report the order of need in the table has been assessed using the costs shown in the first column i.e. priority one. The order of the facilities may however change when the extent to which each has benefited from previous NHDC funding to date is taken into consideration.

APPENDIX 3

Definition of Capital Spend

The definition of capital is (taken from the Practitioner's guide to Capital Finance in Local Government):

- Acquisition of land, buildings, plant, apparatus & equipment.
- Construction of roads and buildings
- Enhancement of a fixed asset (land, roads and buildings etc). Where enhancement lengthens the life of the building, or increases the extent or the economic benefit to which the asset can be used by the authority.

In relation to fixed assets, the definition provided by Financial Reporting Standard (FRS) 15 is: *'rights or other access to future economic benefits that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in reporting entity's activities'*.

For NHDC purposes, the cost of purchase of plant and equipment or the enhancement of Council owned plant and equipment must add up to or exceed £10,000. The limit for property is £20,000. However, the Council's policy was updated a couple of years ago to reflect the fact that there is no de-minimis (or lower limit) for expenditure to be classed as capital when that expenditure is on a third party's asset. Expenditure would still need to meet the definition of capital expenditure i.e. results in an enhanced asset which will provide benefits in future years.

Capital expenditure would be classed as: the production or supply goods or services such as a building, machinery, vehicles, and equipment or for administrative purposes such as laptops or desk top computers. Small value items in large quantity do not satisfy the stated definition.