

North Yorkshire County Council

Executive

8 June 2021

North Yorkshire Community Renewal Fund, application to the Ministry of Housing, Communities and Local Government

Appendix A to this report contains information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended).

Report of the Corporate Director – Business and Environmental Services

1.0 Purpose of report

- 1.1 To update the Executive Members on the Community Renewal Fund.
- 1.2 To recommend to the Chief Executive Officer, under his emergency delegated powers, that NYCC act as accountable body for the community renewal grant and that delegations be made to officers regarding the submission and administration of applications to the Ministry of Housing, Communities and Local Government for the Community Renewal Funding in North Yorkshire.

2.0 Background

- 2.1 Following on from the expiry of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the 2020 Regulations”), which allowed for committee meetings to be held remotely, the County Council resolved at its meeting on 5 May 2021 that, for the present time, Committee business should be continued via the Chief Executive Officer making urgent decisions that would previously have been made by the Council’s committees, under his emergency decision making powers in the Officers’ Delegation Scheme, in consultation with other Officers and Members as appropriate. The Committee’s views and recommendations will be reported to the Chief Executive Officer for him to take into account when taking the formal decisions.
- 2.2 On the 3 March 2021, the Ministry for Housing Communities and Local Government (MHCLG) announced the launches of the Community Renewal Fund (CRF) and the Levelling Up Fund in the UK. These funding programmes represent the first steps in the transition from European Union Strategic Investment Funds to the UK’s own Shared Prosperity Fund, announced by the Chancellor Rishi Sunak in the budget in November 2020.
- 2.3 North Yorkshire County Council (NYCC) has been identified as the lead authority for the delivery of the CRF in North Yorkshire and as such is required to invite project proposals from local partners and organisations and to prioritise and shortlist project bids for submission to MHCLG against a set criteria. As lead authority, NYCC is the accountable body for the fund in North Yorkshire and will be required to receive funds from MHCLG for distribution to successful applicants. Also undertaking monitoring and evaluation to assess project delivery and compliance with the regulations of the fund contained in funding agreements between the Government and NYCC, and NYCC and the grant recipients.

- 2.4 A briefing session for Members of NYCC was held in April.
- 2.5 Key aspects of the Community Renewal Fund are as follows:
- 2.6 **Funding scope**
The UK Community Renewal Fund (CRF) is a one-off, standalone national funding programme that focusses on removing barriers that people face in accessing skills and local labour market opportunities, building the evidence base for future interventions and exploring the viability of new ideas. The key objective of the programme is to enable innovation through pilot programmes and new approaches ahead of the UK Shared Prosperity Fund.
- 2.7 Innovation is described as trailing new approaches and ideas at a local level in order to deliver one, or deliver across several, of the following national investment priorities:
- **Investment in skills** - projects that address current and emerging local skills needs and are complementary to broader place-based investment.
 - **Investment for local businesses** - finding new ways to promote green and tech adoption, commercialisation or helping create a pathway for upskilling local businesses via collaborations between higher education and small businesses.
 - **Investment in communities and place** - proposals for innovative pilots and projects that address community needs and support local places.
 - **Supporting people into employment** - delivering bespoke programmes, utilising a needs-based approach to support individuals to overcome multiple or complex barriers which inhibit their ability to gain employment.
- 2.8 In order to support the development of applications to the fund and to ensure a good strategic fit with local priorities including the Local Industrial Strategy and the Council's own Plan for Economic Growth, a themed approach was adopted by the Council. Applications were sought under the following headings, each with a theme lead tasked with providing guidance and ensuring communications between potential applicants;
- Town Centres
 - Community Investment
 - Smart Places
 - Tourism Heritage and Culture
 - Business and Employment
 - Skills
 - Green Futures
- 2.9 **Funding limits**
The Community Renewal Fund is primarily a revenue fund although applications may include a maximum of 10% of their costs as capital funding.
- 2.10 The fund prioritises projects that target investment at communities in need with a list of 100 priority places identified. Places are defined as the lowest tier of local government (excluding parish and town councils). In North Yorkshire, the Districts of Scarborough and Richmondshire are considered priority places according to Government criteria. All local authority areas are eligible to apply to the fund. Being identified as a priority place does not guarantee funding but the assessment criteria does prioritise bids which are primarily delivered in priority places, alongside a good contribution to strategic fit and delivery/effectiveness.
- 2.11 The Community Renewal Fund has a total national allocation of £220 million. In its submission to MHCLG NYCC can include bids up to a total value of £3 million per district and therefore up to a total of £21 million for the whole County.

2.12 Key points to note:

- Closing date for applications to NYCC was by midnight on Thursday 13 May 2021.
- All project activities must be completed and all monies expended by 31st March 2022.
- A higher priority will be given to projects that deliver predominantly in the Priority 1 areas defined as 51% or more of the total project spend benefitting Scarborough or Richmondshire districts.
- All applications must include the cost of between 1-2% of their award to be dedicated project evaluation with a minimum threshold of £10,000.
- NYCC, acting as the lead authority will appraise and prioritise projects up to a maximum of £3m per place and submit a shortlist on or before 18 June 2021 to MHCLG.
- NYCC, acting as the lead authority, will be responsible for appraising all submitted applications against the Government's assessment methodology – the UK Gateway criteria and assessment criteria based on the themes of strategic fit, and deliverability, efficiency and effectiveness.
- The Ministry of Housing, Communities and Local Government will have the final say as to which projects or programmes are awarded funding
- Government will announce successful bids late July/early August 2021.

2.13 The guidance is clear that all organisations eligible to receive government funds are able to apply and that Lead Authorities should undertake an open and transparent process in encouraging and appraising bids. The Government guidance is clear that there is no lower limit or value that applications should meet, however it is stated that to maximise impact and deliverability larger projects of £500,000 or more are considered most effective.

2.14 North Yorkshire County Council has undertaken a comprehensive engagement programme to promote the fund and give information and guidance to prospective applicants.

2.15 Appraisal of applications has been undertaken by a group of NYCC officers and one external assessor. The appraisal process followed prescribed scoring and ranking criteria found in the Government's prospectus documents.

3.0 Performance

3.1 In total NYCC, in its role as lead authority received 66 applications requesting £27.4m of funding. It is recommended that the highest scoring eligible applications which fall within the limits of the available funding in each district are submitted. This is a total of 28 projects with a total request for CRF funding of £8.4m. Appendix A outlines those applications which will be submitted to MHCLG. The table below summarised the value and number of projects by District.

District	Total value of applications received £m	No of shortlisted applications with spend in the district	Total Value of applications submitted to MHCLG
Craven	2.07	15	£817,249
Hambleton	2.24	15	£818,090
Harrogate	1.8	13	£432,009
Richmondshire	6.9	19	£1,904,097
Ryedale	2.43	16	£981,180
Scarborough	9.9	22	£2,981,341
Selby	2.03	11	£469,150
Total	27.4		£8.4m

3.2 Of the 66 applications received the majority (56) included Scarborough Borough alongside other districts in the County. Once Scarborough's £3m application limit is reached no further projects which include Scarborough Borough can be submitted and this has a limiting effect on the total value of bids in other districts. It is notable however that the proportions of bids submitted by district is almost identical to that shortlisted.

4.0 Financial Implications

4.1 As set out above the total bid is for £8.4m which covers 28 projects.

4.2 The Community Renewal Fund is funded entirely by the Government with no requirement on behalf of applicants or NYCC for match funding, although this is considered a benefit in terms of value for money. Some shortlisted bids do include match funding, usually in terms of staffing time.

4.3 The Government has indicated that when projects are approved 50% of the CRF funds will be paid to lead authorities immediately with the remaining 50% paid on project completion. It has been proposed that funds will not be paid to grant recipients until they have demonstrated successful delivery of the project including evidence of any defrayed funds, and until such funds have been received by the County Council from the Government. Funding agreements with successful applicants will mirror the Government's funding agreement with NYCC so that all such obligations are passed on to the applicant where possible. Successful projects will be subject to ongoing monitoring by NYCC staff.

4.4 Applications have been assessed as far as possible for financial robustness of the organisation by evaluating sources of evidence such as statutory accounts, management accounts and reports from credit reference agencies. Although this decreases the probability of awarding funding to organisations that may fail during the delivery period, this risk cannot be totally mitigated.

4.5 A review has also been undertaken to assess the financial viability of the successful bids, as far as possible, based on the financial information provided. For some of the bids, additional information is being requested in order to provide assurance and / or more detail on the financial deliverability of the bids. This additional information will be assessed prior to the final submission of the bid.

4.6 The CRF is primarily a revenue fund with an allowance for up to 10% capital spend per project. Projects in which capital expenditure exceeds 10% will not be submitted to MCHLG.

5.0 Legal Implications

5.1 Payment of the Community Renewal Fund to NYCC will be subject to a contract or funding agreement with MHCLG. Lead Authorities (including NYCC) will then enter into funding agreements / contracts with grant recipients. To minimise risk to NYCC, any contract entered into with a grant recipient will mirror the detail of the funding agreement with Government and flow down any obligations accordingly.

5.2 As part of the grant process, applicants must undertake a subsidy control assessment, and certify that their application is compliant with the subsidy control regime.

6.0 Consultation Undertaken and Responses

- 6.1 NYCC officers have undertaken extensive engagement with potential applicants including hosting a number of online webinars and live events as well as providing support for individual queries. This has resulted in a total of 66 applications being submitted from a wide range of organisations including businesses, universities and the voluntary sector. Briefing sessions were also held with Directors of Development from North Yorkshire and neighbouring authorities including West Yorkshire Combined Authority, City of York Council and East Riding of Yorkshire.

7.0 Impact on Other Services/Organisations

- 7.1 NYCC services are eligible to bid for funding from the CRF. Government Guidance states that officers involved in the assessment of bids should not participate in project development and bidding process. A number of bids have been submitted by the LEP and by NYCC services. Should these bids prove successful services will be required to deliver the entirety of their project by the end of March 2022.
- 7.2 Support from legal service, financial services and procurement services has been essential to the delivery of the programme.

8.0 Risk Management Implications

- 8.1 Key risks relate to finance and reputation. From a financial perspective the management of the fund is being undertaken so as to minimise the risks to the authority. Key to this is undertaking thorough due diligence on applicants, monthly monitoring of successful projects and ensuring that payments are made according to the Government's own payment schedule, largely in arrears, and that no payments are made to applicants before Government funds have been received by NYCC.
- 8.2 Reputational risks exist on the basis that the final decision on project approval rests with MHCLG and there is no lower level of guaranteed funding. Therefore not being successful in achieving any (or a very low level of) funding may result in reputational damage for the authority. Also misadministration of the fund, for example not submitting the programme to MHCLG before the deadline of noon on the 18 June 2021 would be likely to result in reputational damage. Management safeguards are in place to minimise the likelihood of events such as these.

9.0 Human Resources Implications

- 9.1 Delivery and administration of CRF has been labour intensive due to the short timescales of the fund, however this has been met largely utilising existing staff from services including finance, legal, procurement and economic growth. To deliver the programme up to the point of application submission, the Government has awarded each lead authority £20,000 per priority place, (£40,000 in North Yorkshire), regardless of outcomes of the application. This funding has been used to employ external support for the appraisal process.

10.0 Equalities Implications

- 10.1 Applications submitted to the CRF are required to meet the Government criteria, including considering equalities implications asking applicants to describe how they have considered the equalities impacts of their proposal, the relevant affected groups based on protected characteristics, and any measures proposed in response to these impacts. See Appendix B.

10.2 NYCC officers have undertaken to encourage applications from a wide range of organisations. Due regard has been paid to advance equality, eliminate discrimination and victimisation for those who have a protected characteristic.

11.0 Environmental Impacts/Benefits

11.1 The CRF prospectus highlights the transition to zero carbon as a key criteria of successful projects. The application form asks applicants how their project supports the Government's Net Zero ambitions or wider environmental considerations. This is not a requirement of employment support proposals. See Appendix C.

12.0 Recommendation

- 12.1 That the Executive recommend to the Chief Executive Officer under his emergency delegated powers that:
- i. NYCC act as accountable body for the Community Renewal Fund in North Yorkshire;
 - ii. delegated approval be given to the Corporate Director of Business and Environmental Services in consultation with the Corporate Director Strategic Resources and Assistant Chief Executive (Legal and Democratic Services) and the Executive Member for Open for Business to select, finalise and submit applications with a value of £8.4m as contained in Appendix A of this report, to the Ministry of Housing, Communities and Local Government for Community Renewal Funding in North Yorkshire; and
 - iii. If funding is granted to all or part of the submitted projects the further administration and delivery of the Community Renewal Fund as Lead Authority be delegated to the Corporate Director of Business and Environmental Services (BES) in consultation with the Corporate Director, Strategic resources and Executive Members to oversee the implementation of the fund.

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Background Documents: None

Appendices:

Appendix A – Submission (Confidential)
Appendix B – Equality Impact Assessment
Appendix C – Climate Change Impact Assessment