

 <b>Executive – 9<sup>th</sup> March 2016</b>		<b>Agenda Item No.</b>  <b>6</b>
<b>Title</b>	Rural/Urban Capital Improvement Scheme (RUCIS) Criteria	
<b>For further information about this report please contact</b>	Jon Dawson Finance Administration Manager 01926 456204 e mail: jon.dawson@warwickdc.gov.uk	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	N/A	
<b>Background Papers</b>	Rural/Urban Capital Improvement Scheme details.	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality Impact Assessment Undertaken</b>	Yes

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	22.2.16	Chris Elliott
Head of Service	22.2.16	Mike Snow
CMT	22.2.16	Chris Elliot, Bill Hunt and Andy Jones
Section 151 Officer	22.2.16	Mike Snow
Monitoring Officer	22.2.16	Andy Jones
Finance	22.2.16	Mike Snow
Portfolio Holder(s)	22.2.16	Cllr Whiting
Consultation & Community Engagement		
<ul style="list-style-type: none"><li>• Note on RUCIS webpage on Council website since 10<sup>th</sup> July 2015.</li><li>• RUCIS article in the WCAVA E-Grapevine newsletter in October 2015</li><li>• RUCIS article in the CSW Sport E-Newsletter in November 2015</li><li>• Attendance at a WCAVA "South Warwickshire Funding and Development Network" meeting on 24th November 2015</li><li>• Verbal discussions have been held with some existing RUCIS applicants</li><li>• Community Partnership Team and Manoj Sonecha (Active Communities Officer); Copy of report forwarded 19 February 2016.</li></ul>		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

## 1. **Summary**

- 1.1 This report aims to seek the Executive approval of the revised criteria for the Rural / Urban Capital Improvement Scheme (see appendix 1).

## 2. **Recommendation**

- 2.1 That the Executive agree the revised criteria for the Rural / Urban Capital Improvement Scheme. Proposed changes are as follows:

- 2.1.1 The RUCIS scheme is split into two categories...

- "Small Grant Scheme" – projects with a total cost of up to £10,000 with a maximum contribution of up to 80%
- "Main Grant Scheme" – projects with total costs of more than £10,000 which remains as now at a maximum contribution of 50%

- 2.1.2 The current cash reserves criterion for whether an organisation is eligible to apply for a grant or not is redefined as:

- Grants cannot be awarded if... the organisation has reserves to fund the project themselves; unrestricted cash reserves / savings that total more than 12 months operating expenditure costs (i.e. basic fixed costs to ensure the organisation can exist for a further 12 month period should there be no income)

- 2.1.3 The current criterion with regards to an organisation's sustainability is redefined as:

- The organisation and / or project are not deemed sustainable for a minimum 5 year period, for example;
  - Income streams with a set time period of less than 5 years that are relied upon to meet annual expenditure costs without which there is potential risk of the organisation or the project being unable to continue to operate
  - Annual expenditure is higher than income resulting in operational losses
  - Leasehold premises with less than 5 years lease remaining
  - Risks of leasehold premises / land being sold
  - Lack of demand; low usage of facilities with no evidence that usage will increase
  - Non-payment or continual late payment of Warwick District Council invoices / debts

2.1.4 The current criterion whereby grants will only be awarded once in a two year period is redefined as:

- Individual organisations (e.g. Village Halls, Parish Councils, Sports Clubs, Voluntary Organisations) - Grants will only be awarded once in a 2 year period.
- Multi-sport organisations that are legally one entity but with separate sports activities that are operated and managed independently on a day-to-day basis with separate memberships, committees, volunteers, constitutions and bank accounts;
  - Each individual sport organisation can apply for a grant in their own right for a project that is connected to their sport / facilities. Grants will only be awarded once in a 2 year period.
  - If the project is for a shared facility, for example, a clubhouse used by each organisation; providing one of the individual sports organisations has not had a grant within the last 2 years and are prepared to be the applicant, a grant may be awarded. Grants will only be awarded once in a 2 year period.

In all the above; if an organisation is successful with a grant application in 2016 they will not be able to apply again until 2018 after the 2 year anniversary of the previous award.

2.1.5 A new criterion is added to state that grants cannot be awarded if there is no insurance cover, or there is an insufficient level of cover, for the capital asset that the project is connected to.

2.1.6 The current definition of a "non-profit making organisation" is redefined as a "not-for-profit organisation within Warwick District which makes use of volunteer labour".

### 3. **Reasons for the Recommendation**

3.1 Historically there has been a steady volume of RUCIS applications throughout each year which on the whole have been approved if they met the scheme criteria; however, the budget for the scheme has usually been under spent with slippage being carried forward into the next financial year.

- Anecdotally there is evidence that smaller organisations struggle with matched funding (currently 50%) on projects which either potentially delays applications being made or applications not being made at all
- The number of applications below £10,000 in 2015/16 has reduced by 50% compared to the number of applications in 2013/14:

	No. of Grants Awarded	Amount Awarded £	No. of Grants below £10,000	Average Award below £10,000
<b>2013/14</b>	10	152,262	6 (60%)	5,052
<b>2014/15</b>	9	107,844	5 (56%)	4,562
<b>2015/16</b>	9	177,915 (predicted)	3 (33%)	6,531
<b>Totals</b>	<b>28</b>	<b>438,021</b>	<b>14 (50%)</b>	<b>5,194</b>

- It is proposed that for projects up to £10,000, the Council would be awarding up to a maximum of £8,000 as opposed to the current £5,000. It is anticipated to have little effect on the annual budget but will potentially enable more grants to be awarded
- Other capital grant providers such as WREN and BIFFA operate schemes with two categories; one for smaller awards and one for larger awards

- 3.2 The current cash reserves criterion wording has confused some applicants and does not take into account that some organisations have “restricted” cash reserves, i.e. grants or donations that can only be used for a specific use or project. The proposed change will better define what we consider as the operating expenditure to ensure that an organisation can continue to operate for a 12 month period should there be no income.
- 3.3 Historically there have been applications which have raised doubts over the organisations sustainability, for example; they have recently lost hirers and / or grants that have previously been a main source of their income. Currently the criteria isn’t robust enough to avoid potential challenges on applications that we do not progress, the proposed change will introduce specific examples where we may decline applications due to sustainability concerns.
- 3.4 Currently a grant can only be awarded once in a two year period; this criterion was added to prevent the same organisations continually applying for and benefitting from the RUCIS scheme, the idea was to enable more organisations and communities to benefit from the scheme. In recent years organisations have struggled financially and as a consequence the government has encouraged that sports organisations join up and share facilities which is also the view taken by Sports England when considering grant applications. However, the current criteria prevents us from considering further applications from multi-sport organisations that are legally one entity when one of the organisations has already received a grant within the last two years despite the organisations operating independently with regards to separate memberships, committees, constitutions and bank accounts.
- 3.5 There are no requirements in the current criteria for organisations to have insurance cover for the assets that we are contributing towards. If the assets are vandalised / stolen / broken / destroyed with no means to replace them, the RUCIS grant we have provided for the community to benefit will have been wasted. There has been one recent example of this whereby the project funded by the Council was destroyed.

- 3.6 The current wording of “non-profit organisation” can lead to confusion and interest from organisations for whom a grant may not be appropriate. Amending the wording to “not-for-profit” and including the stipulations that organisations must make use of volunteer labour and operate within Warwick district should help to reduce ‘grey areas’ around eligibility created by the current criteria and guidelines.

#### **4. Policy Framework**

- 4.1 The Rural and Urban Capital Improvement Scheme supports the Sustainable Community Strategy and the cross cutting themes which form the priorities for funding areas as follows:-
- Community Engagement & Cohesion (including Families at Risk)
  - Targeting disadvantaged rural locations
  - Reducing inequalities

#### **5. Budgetary Framework**

- 5.1 The budget for the Rural/Urban Capital Improvement Scheme applications for 2016/17 is £150,000 (£75,000 for rural projects and £75,000 for urban projects).
- 5.2 As part of the February 2016 Budget report it was agreed that in future the unallocated RUCIS budget would no longer be carried forward, but returned to the Council’s overall finances.

#### **6. Risks**

- 6.1 There are no main risks for this proposal.

#### **7. Alternative Option(s) considered**

- 7.1 The Council could do nothing and retain the current criteria, however, this is not deemed a viable option as per the rationale noted above in the reasons for the recommendation.
- 7.2 To split the RUCIS scheme into two categories, the Council could decide alternative amounts and / or percentage contributions

#### **8. Background**

- 8.1 The Council operates a Rural and Urban Capital Improvement Scheme (RUCIS) which gives grants to non-profit community organisations towards capital projects that are located in an area of Warwick District.

## 8.2 The key criteria revisions recommended are as follows:

### 8.2.1 Amendments to Existing Criteria

- a) The scheme has changed from one to two categories; Small Grants Scheme and Main Grants Scheme with a variance to the maximum contribution to overall project costs;
  - i. Small Grants Scheme – up to £10,000, maximum 80% contribution
  - ii. Main Grants Scheme - £10,001 to £30,000, maximum remains as 50%
- b) The criteria that states the organisations cash reserves cannot be more than 12 months expenditure has been redefined, it now reads;
  - i. Grants cannot be awarded if....“The organisation has reserves to fund the project themselves; unrestricted cash reserves / savings that total more than 12 months operating expenditure costs (i.e. basic operating costs to ensure the organisation can exist for a further 12 month period should there be no income)”
- c) The criteria that states grants can only be awarded once in a two year period has been amended to recognise multi-sports organisations , it now reads:
  - i. Individual organisations (e.g. Village Halls, Parish Councils, Sports Clubs, Voluntary Organisations) - Grants will only be awarded once in a 2 year period
  - ii. Multi-sport organisations that are legally one entity but with separate sports activities that are operated and managed independently on a day-to-day basis with separate memberships, committees, volunteers, constitutions and bank accounts;
    - § Each individual sport organisation can apply for a grant in their own right for a project that is connected to their sport / facilities only. Grants will only be awarded once in a 2 year period
    - § If the project is for a shared facility, for example, a clubhouse used by each organisation; providing one of the individual sports organisations has not had a grant within the last 2 years and are prepared to be the applicant, a grant may be awarded. Grants will only be awarded once in a 2 year period

In all the above; if an organisation is successful with a grant application in 2016 they will not be able to apply again until 2018 after the 2 year anniversary of the previous award.

- d) The 'Who can apply' section is amended to read “must be a not-for-profit organisation” and “must operate within Warwick District and make use of volunteer labour”.

### 8.2.2 New Additions to the Existing Criteria

- a) An additional bullet point has been added with regards to organisations sustainability;
  - i. The organisation and / or project are not deemed sustainable for a minimum 5 year period, for example;
    - § Income streams with a set time period of less than 5 years that are relied upon to meet annual expenditure costs without which there is potential risk of the organisation or the project being unable to continue to operate
    - § Annual expenditure is higher than income resulting in operational losses
    - § Leasehold premises with less than 5 years lease remaining
    - § Risks of leasehold premises / land being sold
    - § Lack of demand; low usage of facilities with no evidence that usage will increase
    - § Non-payment or continual late payment of Warwick District Council invoices / debts
- b) An insurance criterion has been added to state that "grants cannot be awarded if....there is no insurance cover, or there is an insufficient level of cover, for the capital asset that the project is connected to"