**HAMPSHIRE COUNTY COUNCIL**

**Report**

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| **Committee:** | Policy and Resources Select Committee |
| **Date:** | 20 January 2017 |
| **Title:** | Analysis of Member Devolved Grant Budgets |
| **Reference:** | 8076 |
| **Report From:** | Director of Transformation and Governance |

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## 1. Executive Summary

1.1. This report updates Members of the Policy and Resources Select Committee on the review of the Members Devolved Grants budget, requested by the Leader further to Transformation to 2017 (T17) savings proposals being recommended at the Policy and Resources Decision Day in September 2015.

1.2. Among the different individual budget reductions put forward to enable Policy and Resources to meet its share of the 14.5% T17 savings requirement, was a proposal to reduce the Member Devolved Grants budget from £8,000 per Member per annum to £5,000 per Member per annum with the change to take effect from 2017/18 and coinciding with the first year of a new four year administrative term. The proposed reduction would have delivered a recurring budget saving of £234,000.

1.3. The Policy and Resources Select Committee agreed the approach and proposals outlined in the budget savings options report for Policy and Resources save for the proposal to reduce the level of Member Devolved grants. The Leader responded to the views of the Select Committee and asked for a review of the Members grants arrangements to be undertaken.

1.4. During 2016, a desk top analysis of the Members grant decisions over the three years to 2016/17 was completed. Further, a small but representative sample of Members were also spoken to in order to ascertain their views on the Devolved Grant arrangements and benefits. A headline review was also carried out in relation to the extent that similar type Member grant schemes are operated by our neighbouring and District Council Authorities. Nothing clear cut or consistent emerged from this latter piece of work.

1.5. It is clear that the recipients of the grant decisions and their local communities benefit (in some cases significantly) from the support they receive from the Members Grants scheme. The vast majority of grant awards are limited to £1,000 or less with a roughly equal split between those up to £500 and those between £501 and £1,000. The small sums of money make positive differences to hundreds of local initiatives, and local groups often made up of willing volunteers. It is also the case, as one would expect it to be, that the Members ‘interviewed’ welcomed the annual opportunity to financially support any number of different local initiatives.

1.6. That said, there is no clear evidence that reducing the number of grant awards, or reducing the amount of support given to individual projects would have a profound impact on local organisations and communities. Indeed it can be argued that having a smaller available grant pot could strengthen the focus around decision making and could lead to applicants being challenged themselves to be ever more innovative and/or more creative vis-à-vis securing other forms of financial support (increased match funding) for the projects they wish to take forward.

1.7. The Members interviewed acknowledged the severity of the financial challenges facing the Council and the importance of Members leading by example in terms of working to secure the same or similar community outcomes with less money was acknowledged. That said, there was a consistent view that any perceived or actual benefit of being seen to be ‘leading by example’ would be more than be countered by disappointment within their local communities at the reduction in directly available support for small, but important local initiatives.

1.8. Leaving aside impact and views, an analysis of annual Member grant activity shows that for the first three years of this administration, the cumulative average Devolved grant budget spend per Member per year has risen from £6,400 to £6,775 per annum. Arguably, this demonstrates that Members have managed to appropriately support their communities comfortably within the existing £8,000 per Member annual limit. This level of average spend per Member also suggests that operating at a new £5,000 annual limit from 2017/18 should not be too onerous or too inconvenient for Members or for the communities they serve. The Leader has considered the review findings and is minded to reduce the annual grant limit to £6,000 per Member from 2017/18. The reduction to £6,000 being closer to the actual cumulative average Devolved grant spend in the first three years of this administration.

1.9. In conclusion, the review of the Members Devolved grant budget operation including  discussions with a small number of Members has not resulted in an obvious reason why the annual grant level should not be reduced from £8,000 per Member and subsequently effected from 2017/18. To do other wise would leave a further recurring budget challenge of up to £234,000 for Policy and Resources from April 2017. The recommended reduction from £8,000 to £6,000 per Member per annum, results in a more manageable recurring budget challenge and means that communities are likely to benefit at broadly the same levels that they have done over the first three years of this administration. Cabinet were appraised at their September and December 2016 meetings of the financial outlook for the Council. It is clear that further, tougher decisions lie ahead with the Transformation to 2019 cost reduction programme set to have an additional c19% impact on Departmental cash limits by April 2019.

## 2. Contextual Information

2.1. Members Devolved grants have existed since 2007. Members currently receive an annual grant budget of £8,000 which can be used to support projects/initiatives for the benefit of the local community subject to meeting (flexible) conditions set out in a Members grants protocol which was updated as recently as 2015. Members do not have to spend all £8,000 in a given year and are permitted to carry forward unspent balances to the next financial year. No carry forward is permitted in the last year of an administrative term.

2.2. The Executive Member for Policy and Resources considered a T17 report "Revenue Savings Proposals" on 21 September 2015. The report was the culmination of planning work that had been completed, including a public consultation, in response to the County Council needing to identify savings of 14.5% against Departmental cash limits to enable an overall budget deficit of £98m to be closed by the beginning of 2017/18.

2.3. The 21st September report detailed a number of proposed revenue savings including an annual reduction of £234,000 in respect of Members Devolved grants meaning that individual Member grant levels would be reset at £5,000 per Member per annum in 2017/18 from the current level of £8,000 each per annum. The report also provided details of the Equality Impact Assessments (EIAs) produced in respect of these proposals and highlighted some of the key issues arising from the aforementioned public consultation exercise and how these impacted on the final proposals presented in this report.

2.4. The decision record from the 21 September meeting states: "That an internal analysis of the effectiveness of Member Devolved grants be carried out and reported back to the Executive Member for consideration. A copy of this report to be made available to the Policy and Resources Select Committee".

2.5. Notwithstanding the above, the reduction in Members devolved grants was included in the report "Transformation to 2017- Revenue Saving Proposals" considered and approved by Cabinet on 5 October 2015.

2.6. The report was then agreed at Full Council on 22 October 2015. The Leader reported that the views of Members and of the Policy and Resources Select Committee regarding the proposal to reduce the level of Members Devolved Grant from £8,000 to £5,000 per annum, would be taken into account, hence the reason for speaking privately to a small handful of Members on the issue.

## 3. Framework for Grant Analysis

3.1. The areas for analysis were agreed in consultation with the Leader and with the Chairman of the Policy and Resources Select Committee. Twelve grant themes were agreed covering a broad spectrum of typical grants awarded. These are: Environmental, Improving Access/Transport, Youth Activity, Promoting Equality (e.g. a hoist in a swimming pool, Interfaith work, disability), supporting vulnerable adults (e.g. luncheon clubs, veterans support), Community Safety, Community facilities/ infrastructure/resilience (e.g. community association), Culture/Arts/Fetes and Festivals, Miscellaneous (including IT), Supporting Vulnerable families (e.g. Homestart, Volunteering/ Training) and Sport.

3.2. The beneficiary area used is taken directly from the grant application forms.

3.3. There were six bespoke areas of research:

a) **Analysis of grants awarded by theme and area** (Figure 1, Appendix 1). Each grant was reviewed and included in all the relevant thematic groups and each relevant geographic area. (Note: This comprehensive approach results in some double counting.)

b) **Analysis of total value of grants awarded by theme** (Figure 2, Appendix 1). This research was different in that each grant was assessed and its value included only in the most appropriate thematic group.

c) **Examination of total amount awarded to youth activities/projects by organisation type** (Figure 3, Appendix 1). A further financial breakdown of grants awarded to traditional organisations such as Scouts, Guides, Pre-school groups compared with other organisations.

d) **Pattern of grant distribution by value and District area**. (Figure 4 and 5, Appendix 1). The size of each grant awarded has been noted in each geographical area (some grants have more than one beneficiary area).

e) **Strategic financial overview of Councillor grants** (Figure 6, Appendix 1) . This table shows the total collective grant budget for Councillors, value of grants awarded, number of grants awarded and amount of grant monies carried forward in recent years.

f) **Examination of the amount of grant monies carried forward by individual Councillors –** detail not included in Appendix 1.

## 4. Interpretation of findings (purely) from Grant Analysis

4.1. A headline analysis of the three full grant years to 2016/17 was carried out including a more detailed analysis of all grant activity for the 2014/15 financial year. The main findings from the analysis are:

i. There was a good distribution of grants awarded across all thematic groups and in all geographic areas.

ii. The most common value of grants awarded was between £250 and £1,000. Just under 90% of grants approved were valued at £1,000 or less with 52% of awards being at £500 or less. Across 2013/14 – 2015/16, just six grants were awarded for £5,000 and over and these had benefits for 7 District areas. In analysing grant allocation by value and area, the number of Councillors within a geographic District area varies thereby making direct comparisons difficult.

iii. In relation to 2014/15 activity, three thematic groups received significantly more grant funding, namely Community facilities or infrastructure (circa £93,000), Youth activity / project (£88,000), followed by Culture, arts, fetes and festivals (£83,000). The thematic group receiving the least was Transport (circa £8,000) followed by Volunteering / training and then supporting vulnerable families. Grants awarded to the other thematic groups were of more consistent value.

iv. 37% of youth grants in 2014/15 were awarded to “Traditional” organisations including scouts, guides and pre-schools.

v. Some 700 grants are awarded yearly based on an annual grant budget of £8,000. In the last administrative year there is typically an increase in the number of grants awarded due to carry forwards from previous years. No carry forward is permitted in the final administrative year.

vi. The value of unallocated grant monies carried forward into 2014/15; 2015/16 and 2016/17 varied and the values accumulated year by year within the administrative period.

vii. **Average spend per Member in 2013/14 was £6,406**.

viii. The cumulative average spend per Member per year very marginally increased to **£6,407 by the end of 2014/15**.

ix. This figure increased more significantly to **£6,761 by the end of 2015/16**.

x. In 2014/15 there were three Members who did not award any grants. In 2016/17 there are two Members with a grant budget in excess of £20,000 and a further twelve Members with grant budgets exceeding £15,000.

xi. Approximately half of Members have a carry forward amount of £2,000 or under for 2016/17. Nine Members have no carry forward for 2016/17.

4.2. Within the above, it is possible that the annual yearly averages are slightly overstated as the research identified a number of instances where projects have been awarded funded but the actual project spend occurred in the following financial year.

4.3. The amount of grant monies that are carried forward is a potential issue of concern. Firstly large accumulations of underspent grant monies results in an uneven allocation of grant monies for local projects and potentially deprives worthy projects of much needed funding. Secondly the increased grant activity in the final year of administration adds additional resourcing pressure to manage the grant scheme.

4.4. The **total amount carried forward into 2016/17 is £289,916** (in addition to the £624,000 annual budget). The combined grant budget for 2016/17 has therefore been increased by some 46%.

4.5. The total amount carried forward in 2016/17, £289,916, exceeds the annual savings being targeted (£234,000).

## 5. Views of (small handful) of Members

5.1. Informal discussions were held in the summer of 2016 with a small handful of Members, including Cabinet Members, a Member of the Policy and Resources Select Committee and 3 other Members including one from an opposition group.

5.2. Unsurprisingly, it is accurate to report that all bar one of the Members informally interviewed did not support the planned reduction to £5,000 per annum. The main reason put forward being that at a time of strengthening austerity and challenges for public service delivery, it was ever more important to work closely and locally with communities and to continue work to build or help maintain resilience at the local level. It was also stated that Members know their patches well and that maintaining grant budgets at existing levels complements the discussions and work being driven by the County Council in terms of devolution and closer collaboration with parishes and local community groups.

5.3. Members understood the perceived value of themselves being seen to lead by example and taking an equitable share in terms of budget reductions but they strongly felt that any positivity would be more than lost in terms of the disappointment they could face at the local level as their ability to directly support local initiatives would be compromised.

5.4. When it was put to Members that working with a smaller annual allocation could result in local groups having to work harder to secure matching funding contributions, this was accepted. On the flip side it was stated that community groups and local projects are already working hard to secure other sources of financial and in-kind support and that there is a limit to how far some individuals and groups (usually hard working volunteers) can actually go.

5.5. Each of the Members accepted that there was a case for annual carry forwards and cumulative carry forwards to be better restricted. There was support for carry forwards to not be allowed to exceed £1,000 to £2,000 in any given year. Members enjoyed the flexibility of being able to carry forward at least some of their annual allocation arguing that if they were not able to carry forward (sensible) sums of money this could give rise to supporting some local projects that ordinarily they would not do in order to utilise in any year their entire monetary allocation.

## 6. Neighbouring Authorities and Hampshire Districts

6.1. A desk top review of what Member grant arrangements exist within neighbouring and District authorities highlighted a mixed picture of practice.

6.2. In terms of neighbouring (upper or Unitary) Authorities, Surrey operate the most generous scheme, West Sussex have a scheme similar to the County Council, whilst East Sussex, Portsmouth and Southampton do not have Member grant schemes.

6.3. At District Council level, six of the eleven Hampshire local Council's do not operate Member grant schemes, although within these Eastleigh administers local area Committee grants. Of the five Council's that do have schemes, most are limited in nature with the exception being East Hampshire where individual Councillors enjoy a current annual allowance of £4,000, meaning that a County Councillor division can benefit from c£30,000 of Member related grant support.

6.4. Nothing material or consistent resulted from the review of neighbouring or District authority arrangements.

## 7. Conclusions

7.1. The review analysis shows that there is a good spread of grant allocation across a variety of themes in all areas and that most grant awards are for financial support up to £1,000. Indeed typically, 50% or so of annual awards are contained to sums of up to £500 for grass root initiatives/projects.

7.2. Annual average grant spend per Member over the first three years of this administration has been contained to £6,761. For the first two years, the average spend per Member in each year was marginally above £6,400. This indicates that working with a reduced annual allowance from 2017/18 will not represent a major challenge for Members or for the communities they serve.

7.3. The review of grant activity has led to a conclusion that annual carry forwards should be more tightly restricted perhaps to no more than £1,000 to £2,000 in any given year. This will help preserve the integrity of the grant programme and should result in grants being awarded more equitably for the benefit of communities in each of the four years of future administrations.

7.4. Informal discussions with a small handful of Members were beneficial in terms of gathering headline views about the scheme and the planned annual reduction. Unsurprisingly, the Members spoken to were not in favour of the reduction to £5,000 per annum from next year. Generally, they believe there is an increasing need for Members to be able to directly support local initiatives at a time when the need for community resilience and stronger contributions from communities, voluntary groups/volunteers has never been greater. Members were supportive of a tightening of the conditions in relation to annual carry forwards. Whilst a view was expressed about limiting the size of individual awards in order that grass root initiatives further benefit from the scheme, evidence shows that c90% of awards are for sums of £1,000 or less.

7.5 In summary, the review of the Members Devolved grant budget operation has not resulted in an obvious reason why a reduction from the current £8,000 per annum should not be confirmed and subsequently implemented at the start of the new administration. The Leader has considered the review outputs and is minded to reduce the annual grant allowance from April 2017 to £6,000 per Member. This is nearer to support levels that communities have benefitted from over the first three years of this administration. This way forward leaves a smaller and more manageable recurring savings gap of £78,000 to be secured from elsewhere across the Policy & Resources Budget area.

## 8. Recommendations

8.1. That the Policy and Resources Select Committee note the contents of this report and the outcomes of the Members Devolved Grant budget review.

8.2. Note that the Leader is minded to approve (at this afternoon’s Decision Day) a new annual Member Grants level, effective in 2017/18 (the start of the new administration) of £6,000 per Member.

8.3. Note that the annual carry forward provision is set to be limited to no more than £2,000. Meaning that the maximum annual allowance including any previous underspends will be limited to no more than £8,000 per Member.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

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|---|---|
| **Hampshire safer and more secure for all:** | yes |
| | |
| **Maximising well-being:** | yes |
| | |
| **Enhancing our quality of place:** | yes |
| | |

**Other Significant Links**

| **Links to previous Member decisions:** | | |
|---|---|---|
| Title | Reference | Date |
| Executive Member for Policy & Resources and Leader of the Council : http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?sta=&pref=Y&item_ID=6585&tab=1&co=&confidential= | 6583 | 9 April 2015 |
| Executive Member for Policy & Resources and Leader of the Council : Policy & Resources Transformation to 2017- Revenue Saving Proposals http://decisions.hants.gov.uk/ViewDecisionItem.aspx?id=6892 | 6892 | 21 September 2015 |
| Cabinet : Medium Term Financial Strategy Update and Transformation to 2017 Savings Proposals http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=6920&tab=2&co=&confidential= | 6920 | 5 October 2015 |
| County Council : Medium Term Financial Strategy Update & Transformation to 2017 Savings Proposals http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?pref=Y&tab=1&item_ID=7006&cancel=n | 7006 | 22 October 2015 |

## IMPACT ASSESSMENTS:

### 1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionally low.

1.2. **Equalities Impact Assessment:**

1.3. An impact assessment was conducted for the initial policy and Resources Decision Day 21 September 2015. There has been no change to this.

### 2. Impact on Crime and Disorder:

2.1. Some grants awarded through the Devolved Member grant scheme are for Community Safety initiatives although there is great breadth in the type of projects funded.

### 3. Climate Change:

3.1. This report and recommendation has no impact on climate change.

**Appendix 1: Analysis of Members Devolved Grants**

**Figure 1:** Analysis of number of grants awarded in 2014/15 by theme and area

| | **B'stoke and Deane** | **East Hants** | **Eastleigh** | **Fareham** | **Gosport** | **Hart** | **Havant** | **New Forest** | **Rushmoor** | **Test Valley** | **Winchester** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Environmental Project (including gardens) | 11 | 14 | 4 | 11 | 6 | 20 | 7 | 5 | 8 | 7 | 11 |
| Improving Access / Transport | 1 | 3 | 3 | 2 | 1 | 6 | 1 | 2 | 4 | 0 | 1 |
| Youth Activity / Project | 25 | 14 | 15 | 20 | 16 | 4 | 11 | 16 | 26 | 15 | 14 |
| Specific focus on promoting equality e.g. hoist in swimming pool, interfaith work, disability | 11 | 8 | 10 | 5 | 4 | 6 | 4 | 5 | 2 | 9 | 3 |
| Supporting vulnerable adults e.g. luncheon clubs, veterans support | 2 | 3 | 1 | 4 | 3 | 1 | 3 | 9 | 3 | 5 | 4 |
| Community Safety | 6 | 3 | 4 | 2 | 1 | 8 | 3 | 1 | 11 | 4 | 2 |
| Community facilities/ infrastructure/resilience e.g. community association, club properties | 15 | 16 | 7 | 14 | 6 | 9 | 11 | 15 | 10 | 18 | 20 |
| Culture/ Arts/ Fetes and Festivals | 42 | 25 | 22 | 22 | 30 | 18 | 13 | 35 | 25 | 18 | 14 |
| Miscellaneous (including IT) | 3 | 8 | 1 | 0 | 0 | 3 | 0 | 10 | 3 | 3 | 8 |
| Supporting Vulnerable families e.g. Homestart | 1 | 6 | 3 | 5 | 3 | 2 | 3 | 3 | 8 | 2 | 3 |
| Volunteering and Training | 1 | 2 | 2 | 2 | 3 | 6 | 2 | 2 | 3 | 3 | 5 |
| Sport | 5 | 8 | 10 | 9 | 6 | 6 | 6 | 9 | 7 | 7 | 8 |

**Figure 2:** Total value of grants awarded by theme in 2014/15

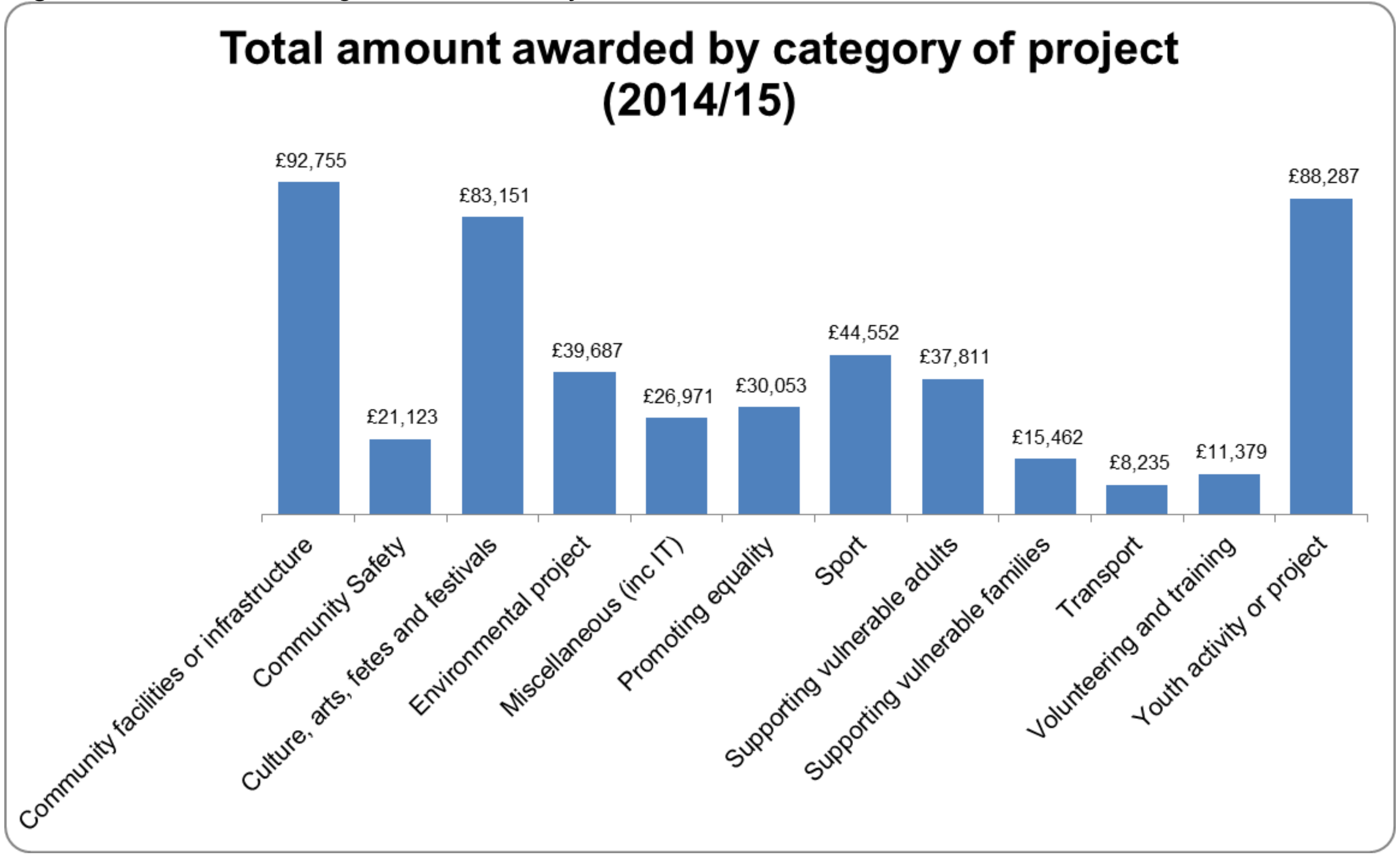

**Figure 3:** Total amount awarded to youth activities/projects by organisation type in 2014/15

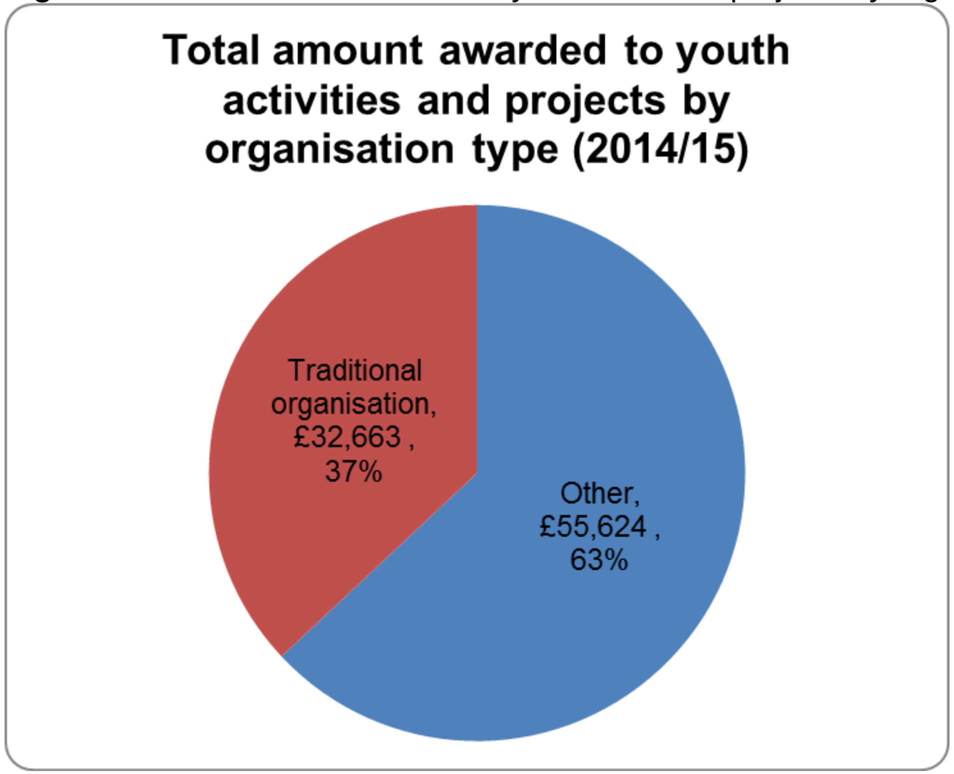

**Figure 4:** Pattern of grant distribution by value and District area (2014/15)

| | | District area – please note that applications can cover more than one area each | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Grant size** | **Total** | **B'stoke and Deane** | **East Hampshire** | **Eastleigh** | **Fareham** | **Gosport** | **Hart** | **Havant** | **New Forest** | **Rushmoor** | **Test Valley** | **Winchester** |
| £100-£250 | 80 | 12 | 6 | 5 | 9 | 7 | 10 | 3 | 9 | 19 | 9 | 8 |
| £251-£500 | 275 | 29 | 35 | 20 | 20 | 22 | 32 | 26 | 28 | 35 | 31 | 31 |
| £501-£1,000 | 258 | 38 | 32 | 30 | 40 | 32 | 25 | 17 | 37 | 22 | 31 | 38 |
| £1,001-£2,000 | 49 | 10 | 7 | 5 | 4 | 1 | 4 | 3 | 13 | 2 | 4 | 5 |
| £2,001-£4,999 | 11 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 4 | 0 | 0 | 2 |
| £5000 and over* | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 1 |

Grant awards up to £500: 53%

Grant awards up to £1000: 91%

**Figure 5:** Pattern of grant distribution by value and District area (2013/14 - 2015/16)

| | | District area – please note that applications can cover more than one area each | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Grant size** | **Total** | **B'stoke and Deane** | **East Hampshire** | **Eastleigh** | **Fareham** | **Gosport** | **Hart** | **Havant** | **New Forest** | **Rushmoor** | **Test Valley** | **Winchester** |
| £100-£250 | 245 | 28 | 28 | 23 | 35 | 22 | 16 | 31 | 18 | 40 | 28 | 20 |
| £251-£500 | 836 | 100 | 126 | 81 | 65 | 72 | 91 | 82 | 85 | 90 | 128 | 117 |
| £501-£1,000 | 752 | 114 | 98 | 81 | 111 | 80 | 61 | 84 | 98 | 69 | 96 | 128 |
| £1,001-£2,000 | 179 | 28 | 20 | 28 | 22 | 13 | 14 | 13 | 36 | 7 | 16 | 15 |
| £2,001-£4,999 | 48 | 10 | 5 | 5 | 8 | 8 | 5 | 1 | 13 | 0 | 0 | 3 |
| £5000 and over* | 6 | 1 | 0 | 0 | 1 | 1 | 2 | 0 | 1 | 0 | 2 | 1 |

Grant awards up to £500: 52%

Grant awards up to £1000: 89%

**Figure 6:** Strategic Financial overview of Councillor grants – figures adjusted to show returns as at 01 September 2016

| | Annual budget (£) | Total number of grants awarded | Total awarded (£) | Carry forward total to following year (£) | Cumulative average spend per Member (£) |
|---|---|---|---|---|---|
| **2013/14** | 624,000 | **688** | **499,730.45** | **124,269.55** | **6,406** |
| **2014/15** | 624,000 | **678** | **499,812.36** | **248,457.19** | **6,407** |
| **2015/16** | 624,000 | **705** | **582,541.61** | **289,915.58** | **6,761** |
| **2016/17** | 624,000 | *TBC* | | | |