



CABINET – 24TH JULY 2024

SUBJECT: COMMUNITY EMPOWERMENT FUND – TREATMENT OF UNDERSPENDS

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To recommend to Cabinet that all remaining Community Empowerment Fund underspends from the 2021/22, 2022/23 and 2023/24 financial years that are not allocated by 30th September 2024, are returned to the General Fund.
- 1.2 To recommend to Cabinet that in future financial years, any Community Empowerment Fund underspends from the previous financial year that are not allocated by 30th September each year, are returned to the General Fund.

2. SUMMARY

- 2.1 The report will update Cabinet on the performance of the Community Empowerment Fund since its inception in late 2021. It will highlight some of the issues that have been experienced in a small number of wards over the last 3 years, in terms of the funding being utilised. It will also suggest to Cabinet an approach to dealing with an underspends from the previous three financial years (as well in any future financial years) in order to ensure that the spend within wards supported by individual Councillors is maximised.

3. RECOMMENDATIONS

- 3.1 That all remaining Community Empowerment Fund underspends from the 2021/22, 2022/23 and 2023/24 financial years that are not allocated by 30th September 2024, are returned to the General Fund.
- 3.2 That in future financial years, any Community Empowerment Fund underspends from the previous financial year that are not allocated by 30th September each year, are returned to the General Fund.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that spend against the budget for the Community Empowerment Fund is

maximised, and that any unused allocations not utilised within the first six months of the following financial year are returned to the General Fund, to be used for other purposes.

- 4.2 Allowing six months into a new financial year for underspends to be utilised would allow a reasonable time for further engagement with communities. Return of any unused underspends to the General Fund would help to support the significant financial challenges facing the Council

5. THE REPORT

- 5.1 The Community Empowerment Fund (CEF) has been in operation since 2021. Cabinet Members will recall that they approved its inception at their meeting on 21st July 2021.
- 5.2 The CEF was established to allow the Council to focus on further strengthening the relationships between it and its communities – residents, businesses, voluntary and community groups. Caerphilly county borough benefits from a vibrant and engaged voluntary and community sector, which offers significant opportunity to maximise community participation. Therefore, the CEF was seen as a mechanism for enabling this relationship to be strengthened.
- 5.3 In the Council's budget setting for 2021/22, Members approved a £328,000 annual funding allocation for the CEF, to support community-led initiatives that complement and support those provided through public services. In 2022/23 the budget was increased to £341,120 and subsequently was reduced to £250,000 in 2023/24 due to budgetary pressures.
- 5.4 The mechanism used to allocate the budget fairly across the county borough was to allocate a 'pot' of funding to each individual ward Member, which would allow direct support to local projects. Applications are invited from eligible organisations, but they must be supported, or, effectively, sponsored, by the relevant ward Member(s). This resulted in an allocation of £4,490 per ward Member in 2021/22 (73 Members), £4,940 per ward Member in 2022/23 (69 Members) and £3,630 per ward Member in 2023/24.
- 5.5 Members can choose to support projects individually, they can choose to merge their ward funding pots with other Members in the same ward to fund larger projects, and they can also choose to merge their funding pots across ward boundaries, in order to fund projects operating across a wider geographical area.

- 5.6 On the whole, since its inception the CEF has been broadly successful. A summary of the number of projects supported and the amount of funding allocated per financial year is shown in the table below. It should be noted that the first round of the CEF did not take place until October 2021, which affected the number of projects supported and value of awards in 2021/22:

Financial year	Number of projects supported	Total value of awards
2021/22	32	£98,516.02
2022/23	84	£414,783.99
2023/24	84	£288,428.16

- 5.7 Whilst the majority of wards have utilised their annual allocation effectively, there are a small number of wards where there have been underspends in individual financial years, and a very small number of wards have carry forward amounts in their funding pots from the very first year of operation of the CEF, as well as subsequent years.
- 5.8 The situation was more complex at the start of the 2022/23 financial year due to the Local Government Elections. The number of Councillors was reduced from 73 to 69, a significant proportion of the existing Councillors were not standing for re-election and there were a number of boundary changes across the county borough. Also, only two rounds of the CEF were operated during the 2021/22 due to approval not being given by Cabinet until July 2021 and the lead in time required to establish the new grant scheme. Therefore, it was agreed with the Chief Executive and Leader at that time that any CEF underspends from the 2021/22 financial year would be ringfenced at the ward level and then reallocated equally to ward Members in each ward following the Elections.
- 5.9 At the end of the 2022/23 a further discussion took place regarding underspends from the 2021/22 and 2022/23 financial years, and it was agreed by the Leader and the Cabinet Member for Finance and Performance that any underspends would be ringfenced to individual Members. These decisions have therefore led to a small number of Members having large amounts remaining in their funding pots, due to carry forwards from previous financial years.
- 5.10 The issue of underspends was not addressed in the original Cabinet report of 21st July 2021, although there was a commitment that the CEF would be reviewed after 12 months in order to review the take-up of the fund and to identify and mitigate against any emerging barriers to the scheme. However, given the current financial position the Council is facing, it is no longer sustainable to continue to allow Members to carry forward unallocated amounts. At the end of the 2023/24 financial year, the total underspend across the county borough for the three financial years in question was £125,400.12. (this amount also includes funding circulated back into the scheme from underspends on individual projects, and a small number of projects approved that did not progress).
- 5.11 Officers have put significant effort into helping all Members to fully utilise the funding available within their wards – a leaflet was produced for all Members in advance of the scheme, which outlined the expectations on them in terms of sponsoring projects and how the scheme would operate; awareness sessions were held which were open to all Members when the scheme was launched and following the Elections; Officers have attended Community & Town Council meetings and other meetings within the

community to raise awareness of the scheme; Officers have provided assistance to Members for social media campaigns; there is a dedicated webpage with the application criteria on the Council website; Members are regularly updated via email with regard to the amount in their funding pots, including any underspends; finally, Officers regularly provide advice and assistance to Members in terms of eligibility for the scheme. However, despite this support, some individual wards still have significant underspends.

- 5.12 When the CEF was established, and in the immediate aftermath of the pandemic, it was envisaged that it would encourage new groups to set up in order to build capacity locally and empower communities to do more for themselves. However, this has not happened and in the vast majority of cases funding applications have come from often long-standing, existing groups. Also, some groups have accessed the grant scheme every year, which reduces the opportunity for other groups or new groups to apply for funding.
- 5.13 Therefore, given the significant financial pressures faced by the Council, it is recommended that all remaining CEF underspends from the 2021/22, 2022/23 and 2023/24 financial years that are not allocated by 30th September 2024, are returned to the General Fund. The latest application round closed on 31st May 2024 and a further round was planned to close on 30th August 2024, however this date can be extended to the 30th September, depending on the outcome of this report. Where applicable, carry forwards from previous years will be used to fund projects received in these two rounds, for those individual Members who still have carry forward balances. Any carry forward balances that still remain for individual Members after these two rounds would be returned to the General Fund. The further month in the funding round is being added to give Members an opportunity to engage with their communities following recess.
- 5.14 In addition, it is recommended that in any future financial years, any CEF underspends from the previous financial year that are not allocated by 30th September each year are returned to the General Fund. This will encourage Members to maximise allocations from their funding pots and avoid the large carry forward balances that have built up over the past three financial years for a very small number of individual Members.

5.2 Conclusion

- 5.2.1 The report above summarises the performance of the CEF since its inception in 2021. It highlights the successes of the grant scheme, but also the issues faced in a small number of wards, despite the significant support provided by Officers over the past three years. The report provides a recommendation on dealing with the underspends from the 2021/22, 2022/23 and 2023/24 financial years, as well as an approach for managing underspends in any future financial years.

6. ASSUMPTIONS

- 6.1 There are no assumptions within the report. The CEF budgets for the 2021/22, 2022/23 and 2023/24 financial years have been confirmed.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An IAA was compiled when the CEF was established and this report relates to changes in the treatment of underspends, and not allocation of the fund itself

8. FINANCIAL IMPLICATIONS

8.1 The financial implications of the recommendations are detailed in the report.

9. PERSONNEL IMPLICATIONS

9.1 The grant scheme is administered by the Council's Policy and Partnerships Team. Currently the underspends need close monitoring, but if these are returned to the General Fund, it will reduce the administrative burden of managing the grant scheme, thereby freeing up the time of the Officers involved to undertake other duties.

10. CONSULTATIONS

10.1 Responses from consultees will be reported during the Cabinet meeting.

11. STATUTORY POWER

11.1 Equality Act 2010 and Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. One of the specific duties covers matters of engagement.

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Consultees:

- Dave Street, Deputy Chief Executive
- Richard Edmunds, Corporate Director Education and Corporate Services
- Mark S Williams, Corporate Director Environment and Economy
- Gareth Jenkins Interim Director Social Services
- Cllr Sean Morgan, Leader of the Council
- Cllr Eluned Stenner, Cabinet Member for Finance and Performance
- Cllr James Pritchard, Deputy Leader and Cabinet Member for Prosperity, Regeneration and Climate Change
- Cllr Lindsay Whittle, Leader of Plaid Cymru Group
- Cllr Nigel Dix, Leader Independent Group
- Sue Richards, Head of Education Planning and Strategy
- Robert Tranter, Head of Legal Services and Monitoring Officer
- Lynne Donovan, Head of People Services
- Stephen Harris, Head of Financial Services and S151 Officer
- Leanne Sykes, Deputy Head of Financial Services and S151 Officer
- Kathryn Peters, Corporate Policy Manager
- Mark Richards, Assistant Accountant
- Hayley Lancaster, Transformation Manager - Engagement

Appendices:

Appendix 1 Cabinet report – 21st July 2021