

# URGENT BUSINESS DECISION

## Coastal Revival Fund – Request for City Council to act as Accountable Body. Urgent Business Decision

### Report of Chief Officer (Regeneration & Planning)

PURPOSE OF REPORT			
To provide information for an urgent decision to consider a request from the Venus and Cupid Arts Trust for the council to act as the Accountable Body for their Coastal Revival Fund application.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	N/A		
This report is public.			

#### RECOMMENDATION OF THE CHIEF OFFICER (REGENERATION AND PLANNING)

- (1) That the City Council agrees to act as the Accountable Body for the Venus and Cupid Arts Trust Coastal Revival Fund application.
- (2) That a letter from the Chief Executive agreeing to act as the accountable body for the funding is written and sent to the Venus and Cupid Arts Trust at the earliest opportunity.
- (3) That consultation is undertaken with a view to waiving call-in, in accordance with Overview and Scrutiny procedure rule 17, to enable the decision to be implemented immediately.

#### 1.0 Introduction

1.1 As part of its announcement around Coastal Community Teams the Government recently launched a call for applications for a share of up to £50K of a new £3M Coastal Revival Fund (CRF). The funding is intended to be used to support or restore local heritage and facilities on the English Coast that benefit the wider community and the surrounding economy. Applications are not restricted to those communities that have secured Coastal Community Team status.

1.2 Further details are available in the link under Background Papers. In summary the grant scheme is principally capital focused and seeking outcomes around:

- Improvement or reuse of a local asset.
- The prospect of tangible benefit to the community and economy.
- Access to additional funding from the private and/ or charity sectors.

The relatively simple and straightforward application process was launched in July with a deadline of 14th September 2015. Funding is for the 2015/16 financial year only and must be spent by 31 March 2016.

1.3 Applications are allowed from Coastal Community Teams, local authorities, charities, community groups and organisations, including social enterprises. However, it is intended that funding is passed to local authorities to hold and disburse on behalf of projects which are successful in their applications. Technically, the monies will be provided by DCLG direct to the local authority through a non-ring fenced Section 31 (s31) grant payment. This is similar to the process undertaken for previous Portas Pilot funds where the council is acting as the accountable body for Morecambe Town Council and the Town Team.

1.4 All projects must therefore ensure that one of their local authorities is willing to act as their accountable body. While the deadline for applications has passed, the process for securing approval from the local authority has a **deadline of 30<sup>th</sup> September 2015**. The City Council has made its own bid to the CRF and has also been approached to act as accountable body for two other submitted bids: Bay Cottage in Heysham; and the Beauty Surrounds Art Gallery for the Venus & Cupid Arts Trust (the Trust), acting on behalf of the Morecambe Artist Colony.

1.5 From the perspective of the council acting as Accountable Body the Bay Cottage application is covered under recent delegated authority secured in August 2015. However, the size and nature of the Art Gallery proposal means it is also a key decision. The Trust has also requested a decision on this be made by the 18<sup>th</sup> September to allow for formal matters to be concluded prior to holiday commitments for the key contact and the application to be submitted to the DCLG.

1.6 **There is no available Cabinet Meeting to obtain authority from before the required date for submission of the bid, so the urgent business process is the only means by which to obtain authority.**

## **2.0 Background**

2.1 A flavour of the duties which the accountable body can expect to attract under this funding stream can be seen by reviewing the Portas Pilot grant awarded a few years ago under a similar 'light touch' application and s31 disbursement process. It is likely the arrangements under Coastal Revival Fund will be similar. The main Portas offer letter requirements (Appendix 1) centred around two main points:

- Local authorities are required to be transparent in their use of public money. Greater transparency of public bodies is at the heart of enabling the public to hold politicians and public bodies to account. Where public money is involved there is a fundamental public interest in being able to see how it is being spent, to demonstrate how value for money has been achieved or to highlight inefficiency.
- Financial management arrangements would normally reflect the nature and size of the fund being administered, and systems put in place should make efficient any bureaucracy, not increase it, and be proportionate, light-touch and timely.

2.2 This can sometimes be a difficult 'balancing act' for the accountable body. Members should be aware that even the minimum requirements impose a management and administration requirement on officers and also an expectation in terms of spending and outcome evidence from the project sponsor. Third Party organisations sometimes do not have the resources or satisfactory systems in place which can, in turn, lead to significant officer time spent in ensuring the correct administration systems are understood by the sponsor, the systems are in place or have a good prospect of being in place.

2.3 Members should in the main be concerned about whether there is a competent entity and systems in place to use and account for the money and ultimately be responsible for the project outcome. In addition the proposal should not conflict with the City Council's stated policy position.

## **3.0 Beauty Surrounds Art Gallery Feasibility Proposal**

3.1 The funding bid (Appendix 2) is for the funding of professional consultant support to develop a business plan for the conversion of a vacant historic building in Morecambe to create a dedicated art exhibition space. The viability of the proposal will be tested with an initial temporary opening phase and the findings and experience will be used to bid for other sources of funding. While the proposer does not own the building or have any current formal relationship with the owner discussions are ongoing. The activities presented cost £29,200 (exclusive of VAT) and appear to be eligible under the grant scheme. There is no conflict with the council's own policy framework and, should a final project be successful, will be compatible with the framework outlined in the Morecambe Area Action Plan.

3.2 The proposing body is Venus & Cupid Arts Trust, a registered charity, recently formed to ensure the future of the Venus and Cupid sculpture which lies on

Morecambe Promenade at Scalestones Point. The objects of the Trust also allow it to promote further public arts and sculpture projects in Morecambe.

3.3 While the Trust is a relatively new body there are a number of individuals associated with the organisation, and who are known to council officers, having long experience in handling project management, consultant commissions and the prudent use of public funds. While the funding requirements and spend deadlines for CRF are a significant factor and could be onerous for many voluntary sector organisations, it is considered that the Trust have the capacity and experience to deal with both the DCLG and council’s audit requirements.

**4.0 Options and Options Analysis (including risk assessment)**

4.1 The following options can be considered:

	<b>Option 1 (Preferred Option):</b> Agree to act as Accountable Body for the Venus and Cupid Arts Trust CRF application.	<b>Option 2:</b> Decline to act as Accountable Body for the Venus and Cupid Arts Trust CRF application.
Advantages	<p>Allows consideration and assessment of the Trust’s feasibility funding application.</p> <p>Potential for a valuable addition to the visitor and community offer in Morecambe.</p> <p>Consultants’ studies could provide useful market/audience information and benchmarks for future exercises and input into other Morecambe initiatives.</p>	<p>Could be seen to assist the chances of the council’s own CRF application. However, there is no formal mechanism agreed locally around prioritising under CRF or other external funds. The council has also already agreed to be the Accountable Body for another third party bid to CRF.</p> <p>Potential to miss out on a valuable addition to the visitor and community offer in Morecambe.</p> <p>No officer resources required to administer and support a third party grant offer.</p>
Disadvantages	<p>Could be seen as ‘in competition’ with the council’s own bid under CRF.</p> <p>Commits officer resources to administration and support of third party grant offer.</p>	<p>Reputational damage to the council in not supporting local organisations and projects to improve Morecambe’s community and visitor offer.</p> <p>There is no guarantee that the council’s own, or other third party, CRF application will be successful. This proposal may be a better ‘fit’ for this particular fund under assessment.</p>

	<b>Option 1 (Preferred Option):</b> Agree to act as Accountable Body for the Venus and Cupid Arts Trust CRF application.	<b>Option 2:</b> Decline to act as Accountable Body for the Venus and Cupid Arts Trust CRF application.
Risks	There is no guarantee that the funding bid will be successful.  Risks are mainly around the ability of the proposing organisation to handle the evidence, audit and monitoring requirements in the use of public funds.	Risks are mainly around the reputational impact of the council not accepting to act as Accountable Body without good reason.

## 5.0 Officer Preferred Option (and comments)

- 5.1 The proposal does not conflict with any published council policies and a successful project could actively support the council's corporate objectives particularly around the Morecambe Area Action Plan. Officer resources will be required to administer the grant award and claim process should the application be successful. However, the organisation is a competent body with individuals used to handling public funds and grant requirements and officers do not expect the support requirements to be onerous.
- 5.2 Under the CRF multiple applications from a local authority area are allowed. However, if the available funding is oversubscribed (which is highly likely) then CRF will prioritise schemes based on the scale of the impact in the main criteria. They may also use the following factors:
- Evidence of the likelihood of unlocking additional funding or investment.
  - Whether the building, structure or area in question is on the National Heritage List for England.
  - Creating a geographical spread of projects around the English coast.
- 5.3 Whilst the Trust's application could be seen as being in direct competition with the council's own CRF application, it could also be viewed as complementary. However, there is no transparent local mechanism in place to decide upon CRF priorities or endorse certain bids over others. There is also no guarantee any bid will be successful as the assessment/scoring procedure is not transparent and other bids may be seen as simply a better 'fit' under the scheme. As the proposer has met the requirements for competent administration of public funds, and there are sufficient officer resources in place to support the grant administration requirements the preferred option is Option 1.
- 5.4 Should the decision be to approve the recommendation it is intended to make any CRF grant award subject to a written funding agreement administered by

the Regeneration and Planning Service in line with processes used for similar third party grant initiatives. This will ensure the tendering and evidence requirements are clear; grant claims/payments are staged according to the achievement of key activities/milestones; grant payment is made in arrears; and the proposer adopts governance arrangements and formal reporting systems consistent with the amount of funding and the nature of the scheme.

## **6.0 Conclusion**

6.1 The report has apprised Members of the issues and duties required in consideration of the Venus & Cupid Trust's request for the council to be the Accountable Body for its application for funding under the Coastal Revival Fund. It is recommended that Members agree to be the Accountable Body and for the Trust to be informed at the earliest opportunity.

### **List of Appendices**

**Appendix 1** - Advice to Local Authorities regarding the role of Accountable Bodies (Portas Pilot)

**Appendix 2** - Beauty Surrounds Art Gallery Feasibility Proposal CRF application

### **RELATIONSHIP TO POLICY FRAMEWORK**

In supporting this CRF proposal the council will be achieving against a number of its corporate objectives/outcomes as defined in the Corporate Plan 2015 -18. Should the project be successful and follow through to implementation it should actively support Sustainable Economic Growth outcomes, success, measures and actions.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

**Health & Safety:** None arising from accepting the role of Accountable Body.

**Equality & Diversity:** None arising from accepting the role of Accountable Body.

**Human Rights:** None arising from accepting the role of Accountable Body.

**Community Safety:** None arising from accepting the role of Accountable Body.

**HR:** Should the application be successful council officer resource will need to be applied as outlined in the report. In the main the implications will be on Regeneration and Planning Service and financial input from Resources service in dealing with offer letter and claims processes.

**Sustainability:** None arising from accepting the role of Accountable Body.

**Rural Proofing:** None arising from accepting the role of Accountable Body.

### **LEGAL IMPLICATIONS**

Recent previous s31 grant made to third parties via the city council outline the likely minimum requirements which must be met in order for any grant award to be progressed in a prudent manner. The council must effectively satisfy itself that the proposing organisation is

a competent body and capable of dealing with legal and administrative requirements the council will impose to ensure the prudent expenditure of public funds. The route for the council to discharge its responsibilities as an Accountable Body under this fund is outlined in the report.

Any CRF grant award to third parties should be subject to a written funding agreement/contract administered by the Regeneration and Planning Service in line with processes used for similar third party grant initiatives.

### **FINANCIAL IMPLICATIONS**

The Council is experienced in managing external funds of this type and has robust arrangements in place for administering such grant should the Venus and Cupid Arts Trust application be successful.

It is not expected therefore, that there will be any additional financial implications arising for the Council from the preferred option and that the application of officer time associated with the role of accountable body can be managed within current staff resources.

### **OTHER RESOURCE IMPLICATIONS**

#### **Human Resources:**

Should the application be successful council human resources will be used to support the grant offer and claim process as outlined in the report. The main operational issues will primarily involve Regeneration and Planning staff in managing offer/claims process. Financial support from Resources service will be involved in reviewing claims.

#### **Information Services:**

No implications.

#### **Property:**

No implications.

#### **Open Spaces:**

No implications.

### **DEPUTY SECTION 151 OFFICER'S COMMENTS**

The Deputy Section 151 Officer has been consulted and has no further comments.

### **MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further comments.

### **BACKGROUND PAPERS**

<https://www.gov.uk/government/publications/coastal-revival-fund-bidding-prospectus-and-application-form>

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Department for  
Communities and  
Local Government

ADVICE TO PORTAS PILOTS, TOWN TEAM PARTNERS AND LOCAL  
AUTHORITIES REGARDING THE ROLE OF ACCOUNTABLE BODIES

Background

The funding identified by DCLG to support Portas Pilots (and Town Team Partners) is s31 unringfenced revenue grant. As such it can only be paid to local authorities listed in section 33 of the Local Government Act 2003. Town and parish councils are not local authorities for the purposes of the Act. Therefore in cases where local partnerships, such as Town Teams, have been formed, the funding is paid to the relevant local authority who will act as Accountable Body.

Local authorities are required to be transparent in their use of public money. Greater transparency of public bodies is at the heart of enabling the public to hold politicians and public bodies to account. Where public money is involved there is a fundamental public interest in being able to see how it is being spent, to demonstrate how value for money has been achieved or to highlight inefficiency.

The Transparency Code says that, as a minimum, the public data that should be released are:

- Expenditure over £500, (including costs, supplier and transaction information). Any sole trader or body acting in a business capacity in receipt of payments of at least £500 of public money should expect such payments to be transparent.
- Copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector.
- Grants to the voluntary, community and social enterprise sector should be clearly itemised and listed.

A number of local authorities, Portas pilots and Town Team Partners (“town teams”) have asked for some advice on the requirements on each of them to account for this



funding. This note suggests some issues that both parties might consider when reaching agreement about how the funding can be made available to town teams.

Ultimately this is a matter on which agreement needs to be reached between the town team and the local authority. DCLG will not comment on individual arrangements or act as arbiter.

### Basic principles

Local authorities have a responsibility as public bodies to satisfy themselves, their electorate and their auditors that any funds they are responsible for are spent legitimately.

Local authorities have considerable experience in allocating funds to third-party organisations, such as charities and voluntary groups, and will have well-established procedures for doing so.

Local authorities might consider following the same basic principles and procedures they would apply when awarding grants to local voluntary groups when agreeing arrangements with town teams.

Financial management arrangements would normally reflect the nature and size of the fund being administered, and systems put in place should make efficient any bureaucracy, not increase it, and be proportionate, light-touch and timely.

### Some things to consider

It is the Accountable Body's role to ensure that proper and effective governance is in place. There are three broad areas where the Accountable Body is likely to require assurance that the funding is being managed correctly, as follows

- decision-making
- financial management
- performance management

These are also important aspects of managing any project.

Decision-making - Decision-making, involving the spending of public money, should be open, transparent and effective. Town teams may find it useful to have some form of written constitution or terms of reference that sets out how the partnership will operate. This could include a set of basic instructions as to how they will conduct business (voting arrangements, if any, etc), and a code of conduct for members which sets out the obligations individuals must comply with when considering how funding should be spent. It may be appropriate for members to declare any outside interests to guard against any accusation of impropriety, particularly where contracts or employment are being offered.

With agreed procedures in place it will make it quicker and easier for money to be spent that will deliver local projects.

Financial management - The Accountable Body will want some evidence of how decisions have been made and a clear audit trail from a decision, to the award of a contract (for example) and payment being made. This could take the form of minutes of meetings, written quotes from contractors, and assessment of tenders by

members.

A proportionate approach might suggest the need to establish a de minimis level below which monitoring arrangements were not required, ie travel and subsistence claims, purchase of train tickets, office expenditure such as printing.

Some town teams are also being match-funded by other parties, including the local authority. The local authority will want to follow its own procedures for managing the match-funding, but could seek to follow the basic principles of “light-touch” management when dealing with the funding provided by government.

Performance management - It is good practice for an Accountable Body to ensure that the funds they have distributed have been used for the purposes for which the money had been allocated, and is related to the project plan set out by the town team in their application, or any other agreed plans that have been developed since the application was made. They may want to see some evidence that there are clear reporting and monitoring procedures for both spend and project outcomes.

September 2012