

BRECKLAND DISTRICT COUNCIL

Report of: Sam Chapman-Allen, Deputy Leader and Executive Member of Strategy, Governance & Transformation
Paul Claussen, Executive Member of Place

To: Cabinet, 4th June 2018

(Author: Greg Pearson, Corporate Improvement & Performance Manager)

Subject: Community Reserve Protocols

Purpose: To establish a protocol that sets out how the Council will identify potential projects/items that can be funded from the newly established Community Reserve.

Recommendation:

- 1) That Cabinet agrees the protocols around how the Community Reserve can be used as set out in this report.
- 2) That Cabinet agrees that the sum of £250,000 be ring-fenced from the Community Reserve to be used by the Market Town Initiative and makes a recommendation to Full Council to agree this in line with the Council's Financial Regulations.

1.0 BACKGROUND

1.1 At Council on 22nd February 2018, Elected Members agreed the establishment of a Community Reserve to support projects and initiatives in Breckland. The funding has been generated by the removal of the Council's reliance on New Homes Bonus from the General Fund. Funding totalling £6.15 million is likely to be available over a four year period as follows: -

- 2018-19 = £1,785,946 (confirmed)
- 2019-20 = £1,479,766 (expected)
- 2020-21 = £1,334,368 (expected)
- 2021-22 = £1,550,667 (expected)

1.2 It has been agreed that it would be pertinent to set out an agreement that clearly defines how the funds in this reserve should be spent to ensure that they are being used in the manner that Council intended them to be. This agreement will be known as the Community Reserve Protocol and the criteria that it establishes are set out in this report.

1.3 THE PROTOCOL

1.4 The purpose of the Community Reserve is to deliver benefits to the communities of Breckland by investing in assets or initiatives that will either/or:

- Provide a direct financial benefit to the Council through:
 - i. Rental income
 - ii. Increased business rates income

iii. Increased council tax collection

- Save the Council money by:
 - i. Reducing service demand by ensuring skills improvement and growth
 - ii. Increasing employment opportunities creating a reduced demand for services such as benefits and council tax relief
- Address specific locality issues through:
 - i. Utilising fixed term resources to deliver actions that will address or reduce the impact on the affected community
 - ii. Commissioning specific services from third parties that will address or reduce the impacts of these issues
 - iii. Delivering a positive activity that brings benefit to the community

1.5 Initiatives chosen using the above criteria must have a social return on investment. This is calculated by using a framework that allows us to estimating the economic, social and environmental value of our intervention and enables us to demonstrate that the investment made is delivering a genuine benefit. This might not necessarily be a cashable benefit, but it will give us a measure of the non-cashable benefits that add real value to people's lives.

1.6 Projects that are solely investment focused and will not deliver a community benefit should be funded from the Growth & Investment Reserve with monies transferred accordingly.

1.7 The Community Reserve will not be used to fund the following as these will be covered separately by the Market Town Initiative: -

- Street furniture
- Presentation of retail premises on the 'high street'
- Park and Gardens

1.8 It must be acknowledged that due to the nature of community projects that any return on investment is likely to: -

- Be higher risk than commercial activities
- Take longer to realise than commercial activities
- Have a lower yield than more commercial activities
- Deliver community benefit not just financial return
- Capital investment will always be retained but can be disinvested if required

1.9 A full list of initiatives that the Community Reserve will be utilised on during the 2018-19 financial year will be brought forward at a future date. This report is setting the parameters for how the Community reserve could be spent rather than what specific projects or initiatives it will be spent on. The list of initiatives will come forward (to Cabinet) for approval on 9th July 2018. If Members have proposals for initiatives they would like to see funded from the reserve that meet the above criteria they can submit these to the relevant Executive Director up until 22nd June 2018.

1.10 Separate to this list coming forward it is proposed that £250,000 be ring-fenced from the reserve to provide ongoing investment in the Market Town Initiative. Currently this is being funded by one off money that has been released, once this has been spent then no further work can be undertaken. This would enable the continuation and growth of the initiative to ensure that our Market Towns continue to be vibrant places that people want to visit. Given the value of this under the Council's financial regulations this would need council approval, therefore this report is seeking a Cabinet recommendation to Full Council to approve this.

- 1.11 In order to provide greater oversight on how the Community Reserve is spent, it is recommended that decisions made on expenditure have an amended criteria to that set out in the Council's Constitution. The table below sets out this proposed amendment: -

| Financial Level | Decision Maker |
|--------------------|---|
| < £10,000 | Executive Director of Place in consultation with the Deputy Leader and the Executive Member for Place |
| £10,000 - £100,000 | Cabinet |
| >£100,000 | Full Council |

2.0 OPTIONS

- 2.1 Do nothing (Not Recommended)
- 2.2 Agree the protocols around what the newly established Community Reserve can be used for as set out in this report. **(Recommended)**

3.0 REASONS FOR RECOMMENDATION(S)

- 3.1 By utilising the Community Reserve in the way set out above it would bring significant benefits to both the Council and the residents. It would enable the council to invest in its community in a sustainable way that would bring long term financial benefits through either additional income or cost reduction. It would benefits residents by improving skills and income levels across the district.
- 3.2 The Council has made already the decision to establish the Community Reserve. The budget for 2018-19 has made a provision that this money will be spent and Council Tax rates have been set taking this into account. By not spending this reserve the Council would have in affected set its Council tax rates too high.

4.0 EXPECTED BENEFITS

- 4.1 By utilising the Community Reserve in the ways set out above the benefits to the Council would be:
- a. Additional income through increased Council Tax collection, increased business rates income and/or additional rental income;
 - b. Cost reduction through reduced service demand achieved by increased employment and income opportunities in the district.
- 4.2 It must be noted that the expected delivery of any benefits from the Community Reserve will be long term and unlikely to be realised within the first two years after investment.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 **Constitution & Legal**

- 5.1.1 As set out in paragraph 1.9 it is proposed that there is an amended decision making criteria for the Community Reserve to those set out in the Council's Constitution. This is to provide greater oversight on how the funds are being spent.
- 5.1.2 All legal implications of any initiative will need to be fully explored and set out as part of a business case put together to secure funding from the reserve.

5.2 **Corporate Priorities**

- 5.2.1 The creation of a community reserve and its investment into initiatives supports the delivery of the Council's corporate priority 'Enabling stronger, more independent communities' as set out in its corporate plan.

5.3 **Financial**

- 5.3.1 As with all expenditure, the Council's financial standing orders will need to be followed. It is however, proposed in paragraph 1.9 that these are revised for expenditure against the Community Reserve. This will mean that any initiative costing between £10,000 and £100,000 will need to be authorised by the Cabinet. Any amount over £100,000 will need sign off by Full Council.
- 5.3.2 Depending on what initiatives the Council's chooses to spend the reserve on there could potentially be tax implications which would need to be fully explored. All options would need to be set out in any business case brought forward prior to the agreement to release funding from the reserve.
- 5.3.3 Appendix A of this report sets out the financial implications relating to the Community Reserve in full.

5.4 **Health & Wellbeing**

- 5.4.1 Investment into initiatives that have a positive community benefit will improve the health and wellbeing of Breckland residents. The focus of one of the protocol's criteria on delivering improved skills and employment options to the district will increase income levels which national research shows has a positive benefit on health and wellbeing.

5.5 **Reputation**

- 5.5.1 By choosing to invest in community initiatives the Council is likely to receive positive recognition from its community, this will have a positive impact on the Council's reputation.

6.0 **WARDS/COMMUNITIES AFFECTED**

- 6.1 This will affect all wards in Breckland dependent on the initiatives that the Reserve supports.

7.0 **ACRONYMS**

- 7.1 NA

Background papers: - [See the Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: Yes

Exempt Decision: No

This report refers to a Discretionary Service