

BRIEFING NOTE - APRIL 2005

Capital Grant Funding

Information provided by Steve Bishop - Strategic Director

Grant Funding Options - Community Grants

- 1 Ad hoc requests for Community Grant Funding are received by the relevant Area Committee or Executive. Each committee has its own grant budget for this purpose. As these are revenue budgets the recipient organisations are free to apply and use the money for revenue or capital purposes.
- 2 If a grant exceeds the Area Committee's unspent budget the Area Committee can refer the matter to the Executive for consideration. If the Executive has inadequate budget but wishes to support the grant, the Executive can agree a supplementary estimate which will transfer budget from Contingency to the budget cost centre. The Council has a very modest Contingency, so supplementary estimates need to be rare and for exceptional purposes.

Grant Funding Options - Lottery and Other Grants Support Fund

- 3 The Council's Lottery and Other Grants Support Fund is a central capital fund set up to provide matched funding for schemes that have received grant funding from another organisation but whose grant conditions require a proportion of the grant to be met by the applicant, or, separate grant aid from a third party (in this case the Council).
- 4 There are restrictions over the use of this Fund:
 - It is a source of funding, not a budget. In other words, it can be used at year-end to offset the cost of grant-funding so that the cost does not impact the Council Tax payer. But any grant payments during the year need to be charged to a capital cost centre, increase the actual capital expenditure and should ideally be budgeted for.
 - Any grants must be used for capital purposes rather than general running costs, repairs or maintenance
- 5 The Council maintains a modest balance on this Fund. If use of the Fund reduces the balance to zero during the year, additional 'top up' will be required from general capital receipts which will reduce the investment income generated from the receipts. This inevitably impacts on the Council Tax payer.

Grant Funding Options - Capital Programme

- 6 The Council could formally award a capital grant as a capital scheme within the Capital Programme. This option is rarely used.

Other 'Funding' Options

- 7 Previous reports have referred to Council loans. These are not sources of funding per se as the applicant has to repay the loan with interest. They do allow the applicant to spread the cost of their scheme over a longer period. The applicant would need a regular source of income (or parish precept). As previously agreed any loan application must satisfy the Council's risk-minimisation criteria, requiring a guarantor, bond or similar protection. As a result loans will not be available to many applicants.
- 8 The process of using the capital funding should be as follows:

- In order to ensure that legal requirements for capital expenditure are met, all applications must be technically vetted by the Head of Asset Management, including ensuring that the applicant has received separate grant funding which is conditional upon securing third party funding (i.e. the Council)
- All applications must be determined by the Executive, even if they are first referred to an area committee for recommending onto the Executive.
- Members should approve the recommended annual usage of the Fund as part of the Budget-setting.
- Any spend above the budgeted usage increases the capital expenditure. Provided this does not go above the total capital programme budget this poses no problem. Should the grant application seek to spend above the planned capital programme, this exceeds the Executive's authority and a recommendation to Council will need to be made.
- A de minimis level of say £5k would be useful given the administration caused by these grant applications and to make it more likely that they are capital. (The Council's own de minimis for capitalising expenditure is £10k)