

**REPORT TO THE EXECUTIVE MEETING OF  
Monday 13<sup>th</sup> May 2013**

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**Meeting:** Executive  
**Date:** 13<sup>th</sup> May 2013  
**Subject:** Section 106 Grants Review  
**Report of:** Tom Day - Community Partnerships Manager  
**Portfolio Holder:** Cllr Holyoak  
**Status:** For Decision

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1 Purpose of the Report

1.1 To agree a revised Section 106 grant process:

2 Recommendations:

It is recommended that

2.1 A Member Grants Panel should be held three times per year, which will make recommendations to the Executive for decision.

2.2 An Officer Grants Panel should be established to support the Members Grants Panel.

2.3 Additional support should be provided to communities and parishes to support the preparation of Section 106 applications for funding and to assist them in identifying and evidencing need.

2.4 The application process (including application form, guidance and weighted scoring criteria) should be developed to address the issues raised in this review by the Head of Policy, Performance and Partnerships in consultation with the Portfolio Holder for Health & Communities with the support of the Officer Grants Panel.

2.5 Robust monitoring should be carried out on funding allocated to ensure it is spent in line with the Executive decision, 106 grant conditions and within a period of two years.

2.6 In line with current practice there should be no upper or lower limit to grant requests as long as they are within the individual parish 'pots'.

3 Summary of Reasons for the Recommendations

- 3.1 There is currently only one Grants Panel per year. Every interviewee thought there should be more per annum.
- 3.2 To support the Member Grants Panel in recommending decisions it is proposed that applications in each of the three Section 106 Grant Windows would initially be scored by a panel of Officers. This would include representatives from Planning, Cultural Services, Community Safety, Parish Liaison, Business Support, Housing and Commissioning. Recommendations for funding would be made as a result of these Officer Panel discussions and these would be presented to the Member Grants Panel, which would make recommendations to the Executive.
- 3.3 There is an understanding that more community engagement work with parishes and communities is required to assist them in being proactive at identifying and evidencing need to secure future S106 Agreements and support them in making applications for current S106 monies.
- 3.4 Encouragement and support for parishes to write Parish Plans, Community Design Statements and Neighbourhood Plans is essential to help provide more detail of community facilities projects (to include details of sites, funding streams and timescales) and to ensure Section 106 funding is not lost. Feedback from interviewees is that the process is too slow and requires more clarity and transparency.
- 3.5 Robust monitoring post-approval is required to ensure money is spent in line with the Executive decision.
- 3.6 In order to have flexibility and respond to community needs it is recommended that in line with current practice there should be no upper or lower limit to grant requests as long as they are within the individual parish 'pots'.

#### 4 Impact on Communities

- 4.1 Section 106 money is an extremely useful funding stream for communities experiencing development. As highlighted above, it is becoming increasingly important for communities to identify need and demand prior to application being made to ensure maximum benefit and monetary allocation is achieved through Section 106 negotiations.

## 5 Key Facts

### **BACKGROUND**

- 5.1 There is currently one round of Section 106 Grant allocations per year.
- 5.2 The current process requires applicants to submit their grant application form, a bank statement, constitution or governance of the group and project quotes. As part of the application form, applicants must also demonstrate how their project relates to a number of criteria against which they will be assessed - including policies and strategies, evidence of need, usage, funding issues, best value and management and track record. However, there is little guidance available to applicants and no defined mechanism for scoring.
- 5.3 Prior to submission to HDC, each application is required to have been submitted to the relevant Parish Council for comment. A grant application is unlikely to be recommended without a statement of support.
- 5.4 In the absence of a Town or Parish Council in Market Harborough, applications for funding from community groups based in this area are discussed at a meeting of the ten Market Harborough Members. Recommendations from this meeting are noted and submitted to the Grants Panel.
- 5.5 A list of applications that have been received is circulated to all Councillors for information prior to the Grants Panel meeting. Members are invited to view the full set of applications and to submit any comments they may have for consideration at the Grants Panel meeting.
- 5.6 A summary and full set of applications are made available to the Grants Panel. Officer recommendations are also provided, however there is no set scoring system for either officers or Members to use when assessing each application.
- 5.7 The Grants Panel, a cross-party group of seven Members, then considers each application and makes recommendations to the Executive for final approval.
- 5.8 Applicants are informed of the outcomes of the Executive meeting in due course and issued award letters where appropriate, which include terms and conditions of the grant offer.
- 5.9 Payment of the grant is then made upon return of the offer letter or ringfenced for a period of time if the project requires further funding to be secured.
- 5.10 Once a grant payment has been made, project delivery is not subject to monitoring.

## **THE REVIEW**

5.11 Over the last three months the Parish Liaison Officer has carried out a review of the current Section 106 grant process. This involved:

- Assessing the current process timeline and analysing the time scales in an attempt to identify wastage.
- Discussions with parishes / community groups who have been both successful and unsuccessful with Section 106 grants and seeking their opinions on the current process.
- Discussions with the Portfolio Holder to identify issues with the current process and identify objectives for this process in the future.
- Engagement with parish councils and community groups to research the potential of more proactive work to identify need and demand in communities before an application is made.
- Consultation with officers at Harborough District Council to identify linkages between Section 106 grants and other Council work streams and projects.
- Background desk research through web searches, interviews with Officers from other Local Authorities, and documents addressing Section 106 grant funding and the different ways of delivery.

## **FINDINGS OF THE REVIEW**

5.12 Discussions with the consultees set out above indicates that the current process is deemed to be too slow from the time of application to decision.

5.13 There is currently only one grant panel per year. Every interviewee thought there should be more per annum.

5.14 There is an understanding that more community engagement work with parishes is required to assist them in being proactive at identifying need prior to planning applications being submitted.

5.15 The document “Assessment of Community Provision and Developer Contributions” prepared for the Council by Roger Tym and Partners in September 2010 provides key evidence on justified needs for community provision associated with growth in housing across the District.

5.16 Encouragement and support for parishes to write parish plans, community design statements and Neighbourhood plans is essential to help provide more detail of community facilities projects (to include details of sites, funding streams and timescales) and to ensure Section 106 funding is not lost.

5.17 There are negotiations between planners, developers and parishes at the pre application stage to refer to specific projects and agreed funding levels in

Section 106 agreements. The level of funding in Section 106 agreements which is currently unspecified – i.e. unrelated to a specific project for community facilities or off site recreational use – is likely to reduce sharply as new agreements are more clearly related to specific projects.

- 5.18 Members want greater assurances in relation to value for money, for example a requirement for a minimum number of quotes needed in an application.
- 5.19 The current application form is not user friendly.
- 5.20 Grant information supplied to parishes needs to be improved.
- 5.21 There is a Harborough District Council dedicated Community Grants mailbox which can be accessed via Outlook. This is not currently utilised in the process but could be used to streamline all queries regarding Section 106 grants.
- 5.22 Historically some projects have been issued grants but projects have not delivered as initially stated in their application form.
- 5.23 There is a concern that a project could be issued a grant but owing to the lack of significant monitoring, it may not be delivered.
- 5.24 Parishes would like more communication with regards to the money available to their parish and how this can be spent.
- 5.25 Community groups commented that they would like to have a greater say in how Section 106 money is distributed

## **PROPOSAL**

- 5.26 A new application form should be created, along with a weighted scoring sheet to ensure consistency and transparency in the grant scoring process. The application should set out the criteria simply and clearly. Guidance notes to complete the application form should advise applicants how to tailor their responses to meet the Section 106 criteria and the Council's priorities
- 5.27 A guide for applicants should be published to assist with grant submissions and this should be reinforced by a grant workshop hosted by Harborough District Council. The guide should include clarification around the different Section 106 requirements and the types of projects that could be funded under the following headings:
  - Community Facilities
  - Offsite Recreation
  - Offsite Open Space
  - Play Equipment
- 5.28 A Harborough District Council grants webpage should be created on the website and the application form and guidance notes, including case studies of successful projects should be downloadable from there.

- 5.29 Applications and queries regarding Section 106 grants should be directed through the Community Grants Mailbox communication channel.
- 5.30 There should be three grant application windows throughout the year which may align with the New Homes Bonus grant process i.e. one every four months.
- 5.31 Match funding should be encouraged by adding weight to this in the scoring sheet.
- 5.32 Financial information from applicants regarding their current financial status (balance sheet and profit and loss) should be a requirement to support an application.
- 5.33 Successful applicants should receive between 50% and 100% funding up front depending on project timescales. Trigger points (phased payments) should be written into the offer letters terms and conditions as necessary.
- 5.34 Successful applicants waiting further Match Funding (to initiate their project) could be awarded a grant, but no money should be issued until all funding to complete the proposed project has been secured.
- 5.35 The maximum time which an awarded grant would be held without being officially issued is 2 years.
- 5.36 There should be no lower or upper limit to grant requests, as long as they are within the individual parish pots.
- 5.37 Applications should be scored using the Section 106 criteria stated in the developer agreement documentation and should show how they link to the District Council's priorities.
- PRIORITY 1: Working with communities to develop places in which to live and be happy
  - PRIORITY 2: Provide the right public services to the right standard and at the right price
  - PRIORITY 3: Encourage a vibrant and sustainable business community intent on wealth creation
  - PRIORITY 4: Support the vulnerable in our society at the heart of the communities where they live

Weighting to specific Critical Activities can be made accordingly. The scoring criteria should be reviewed annually (April).

- 5.38 Applications in each of the three Section 106 Grant Windows should initially be scored by a panel of Officers. This would include representatives from Planning, Cultural Services, Community Safety, Parish Liaison, Business

Support, Housing and Commissioning. Recommendations would be presented to the Member Grants Panel, which would make recommendations to the Executive. These recommendations would be presented to the Executive for agreement.

5.39 The aim would be to work to a time period of 12 weeks from the application deadline date to the point of payment as follows:

Week One	Deadline for grant applications
	Acknowledgements sent to all applicants informing them of procedure and timescales from this date
Week Two	Sorting of grant applications
	Check applications to ensure they are accompanied by necessary documents. If not inform applicant and request further information.
	Preparation of scoring templates for the Officer and Member Grants Panels
Week Five	Applications sent to the Officer Grants Panel for discussion and recommendations
Week Six	Collation of recommendations made by the Officer Grants Panel for the Member Grants Panel
Week Seven	Officer Recommendations sent to the Member Grant Panel for discussion, alteration and/or agreement
Week Eight	Collation of recommendations made by the Member Grant Panel for the Executive Committee
Week Nine	Member Recommendations sent to the Executive Committee for agreement
Week Ten	Letters sent out to successful applicants
	Financial procedures initiated
Week Twelve	Payments made to successful applicants

5.40 Successful applicants should provide Harborough District Council with a completion report OR end of year update (end of March) whichever is the soonest. Monitoring of the projects through the implementation stage would be carried out on a risk based approach.

5.41 Press opportunities should be highlighted and fed into the Communications forward plan.

## 6 Legal Issues

6.1 Section 106 contributions and how they are applied are bound by the terms of the relevant agreement or undertaking in terms of how the money can be spent in the community.

## 7 Resource Issues

7.1 The introduction of the Parish Liaison Officer post as part of Transformation has created the capacity to carry out more pre-grant application work with communities. This will ensure that applications coming forward are more robust and require less administration once submitted e.g. missing information.

7.2 Holding three Grant Panels per year will involve more administration than the current system but the Council will seek to manage this within existing resources initially but this will be reviewed as part of the review process.

7.3 Officers who form the Officer Grants Panel will be required three times per year and this could be met from existing resources.

## 8 Equality Impact Assessment Implications/Outcomes

8.1 The application form will be user friendly and accessible to all.

8.2 The agreed grants process will be communicated widely to all who could gain from these grants.

8.3 Applicants would be required to demonstrate that their projects are accessible to all and would not have a detrimental impact on any of the groups of protected characteristics.

## 9 Impact on the Organisation

9.1 Agreeing the recommendations in this report would have a positive impact on the organisation and demonstrate to communities that the Council has listened and responded to feedback on one of its services.

9.2 Delivery of projects funded by Section 106 money provides positive opportunities for media coverage.



## 10 Community Safety Implications

- 10.1 There are no Community Safety implications arising from this report. Community Safety implications of individual applications will be addressed as part of the Grant Process.

## 11. Carbon Management Implications

- 11.1 There are no Carbon Management implications arising from this report. Carbon Management implications of individual applications will be addressed as part of the Grant Process

## 12. Risk Management Implications

- 12.1 The proposals in this report would reduce the risk of the loss of S106 money due to communities not submitting robust applications within the time limits.
- 12.2 More robust monitoring and tighter criteria and application requirements would ensure that money is spent in line with the specific 106 agreement and Executive decision.
- 12.3 A pro-active, evidence-based approach to the Section 106 grant process would ensure that the Council is better placed to negotiate Section 106 agreements with developers. This is essential to ensure that community facilities are able to cope with increased population arising from development.

## 13 Consultation

- 13.1 Throughout this Section 106 Grants review process a variety of sources have been consulted with. These include:
- Portfolio Holder
  - Corporate S106 Group at HDC
  - Strategic Planning team at HDC
  - Planning Officer at HDC
  - Policy and Performance Officer at HDC
  - CMT at HDC
  - Melton Borough Council
  - Broadland District Council
  - Past Applicants; successful and unsuccessful
  - Review of feedback from Section 106 grants panel minutes
  - Great Glen Parish Council
  - Harborough District Parish Council clerks
  - A Scrutiny Task Group met on 24<sup>th</sup> April to consider the findings and recommendations of the review. The meeting notes are attached at Appendix 1.

14 Options Considered

- 14.1 Continue with the current system of one application window per year, but this was discounted following feedback from consultees

15 Background Papers

*A Parish Guide to Planning Obligations and Open Space Contributions, Blaby District Council*

*Harborough District Council: Assessment of Local Community Provision and Developer Contribution, Roget Tyn and Partners*

*The Road Not Taken, Joe Manning*

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**Previous report(s):**

**Reports to the Executive approving 106 Grants**

**Information Issued Under Sensitive Issue Procedure: N**

**Ward Members Notified: N**

**Appendices:**

**Appendix 1 Meeting Notes of the Scrutiny Task Panel 24 April 2013 , Section 106 and New Homes Bonus Grants**