

Cabinet

11 April 2019

Council Investment Funds – Criteria for the Allocation of Resources

Recommendations

Cabinet is asked to:

- 1) Agree the arrangements for the operation of the Early Intervention, Prevention & Community Capacity Fund as detailed in Section 2.
- 2) Agree the arrangements for the operation of the Children's Transformation Fund as detailed in Section 3.
- 3) Agree the updated arrangements for the operation of the Capital Investment Fund as detailed in Section 4.

1. Background

- 1.1. The 2019/20 Revenue Budget Resolution approved by Full Council on 7 February 2019 included a funding package for two new funds; an Early Intervention, Prevention and Community Capacity Fund and a Children's Transformation Fund.
- 1.2. The £2 million Early Intervention, Prevention and Community Capacity Fund is intended to support projects and initiatives that deliver the organisation's service objectives in relation to supporting Warwickshire's communities and individuals to be safe, healthy and independent. The budget resolution required that allocations to individual projects would require business cases that are evaluated against a set of criteria to be agreed by Cabinet.
- 1.3. The new £2.8 million Children's Transformation Fund is intended for one-off investment in initiatives to reduce demand for children's social care over the medium term, funded from the one-off grant from the Government allocated to support social care services.

- 1.4. In addition, a new capital strategy was also approved by Council in February 2019 that included the high level approach to the allocation of the Capital Investment Fund. This report sets out, for Cabinet's approval, the proposed approach to the allocation of the approved funding to individual projects/programmes within that framework.

2. Arrangements for the Operation of the Early Intervention, Prevention & Community Capacity Fund

Definitions

- 2.1. For the purposes of bidding to the fund, the following definitions are being applied:
- Early Intervention - Identifying and providing effective early support where there is a risk of poor outcomes.
 - Prevention - The action of stopping a pressure from happening or arising.
 - Community Capacity - Promoting the 'capacity' of local communities to develop, implement and sustain their own solutions to problems in a way that helps them shape and exercise control over their physical, social, economic and cultural environments.

Availability of Funding

- 2.2. Of the £2 million funding package, £1.5 million is non-recurring for 2019/20 only and £0.5 million is recurring funding from on-going corporate resource.
- 2.3. Any unused funding in 2019/20 will be added to an earmarked reserve and drawn down to fund future Early Intervention, Prevention & Community Capacity projects until the reserve is depleted.

Governance

- 2.4. Services will be asked to submit bids to an evaluation panel. This panel will operate in a similar way to the Capital Investment Fund evaluation panel with experts from across the organisation assessing bids. Where an application for funding is greater than £100,000 or is for a Pilot/Proof of Concept project then the evaluation panel will make recommendations to the Revenue Gateway group of Assistant Directors before onward reporting to Corporate Board, to ensure projects are captured within the overarching transformation

agenda and that potential future commitments from rolling out the project across the organisation are sustainable. Once Corporate Board has considered the results of the evaluation the schemes will come forward to Cabinet for final approval. For smaller projects up to a value of £20,000 approval is delegated to the Chief Executive. This is subject to a cumulative annual value of £150,000 for all small schemes.

Membership of the Evaluation Panel

- 2.5. The panel will consist of five officers from across the organisation covering all directorates, including a representative from the Finance service, to ensure a fair and balanced evaluation of bids. It is the intention that the same five officers are called upon to evaluate all bids to maintain consistency and given that the Panel is expected to have a relatively short lifespan.

Evaluation Criteria

- 2.6. The evaluation criteria against which submitted business cases follow an approach broadly similar to those used as part of the Capital Investment Fund process. This will ensure proposals are evaluated in a consistent way, are all subject to the same degree of scrutiny and where the approach to determining the benefits and success of a project are clear.

- 2.7. In summary the evaluation criteria are:

- Alignment with the organisation's strategic objectives (15%)
The assessment will focus on: how well the project aligns with our and partner's strategic objectives, the clarity around the purpose of the project and the issues it is seeking to address.
- Financial Viability (30%)
The evaluation will focus on: the level of risk; the detail of the investment being required; any future financial returns and/or savings; the relationship with existing service capacity and funding and, most importantly, how financial sustainability will be achieved beyond the timescales of any funding allocated.
- Community Capacity and Well-Being (45%)
The main element of the evaluation will focus on: the benefits from the project and the long term impact on individuals and communities including how clearly the project will enhance or improve individual/community wellbeing; the specific benefits the project will bring to individuals and the community, and what sectors of the community and which individuals will benefit.

- Political, Organisational and Environmental Impact (10%)

2.8. Cabinet are asked to approve these evaluation criteria.

3. Arrangements for the Operation of the Children's Transformation Fund

3.1. It is proposed that the £2.8 million Children's Transformation Fund becomes part of the Council's overall Portfolio of Investment Funds that support the Council's current and future transformation and service change. On this basis it is proposed that resources are allocated in the same way as for the Corporate Transformation Fund and the Digital-by-Design Fund.

Governance

3.2. Services will be asked to submit business cases that identify how the investment in transformation is aligned to the new operating model, will positively impact on the management of demand and/or is an invest-to-save project that will deliver revenue savings in future years. The business cases will be considered by the Revenue Gateway Group of Assistant Directors who will then make a recommendation to Corporate Board, with the formal delegated decision-making with the Chief Executive.

3.3. All allocations would be used to support the transformation of Children's Social Care, ensuring the funding is used for the purposes intended by the Government when they allocated the grant funding.

Prioritisation Criteria

3.4. It is proposed applications for the Children's Transformation Fund would be prioritised in a standardised way using the same prioritisation matrix as for the other transformation funds. This assesses whether the impact of the investment would have a high, medium or low impact across a range of criteria and then on balance whether the investment should therefore be supported.

3.5. The prioritisation criteria assess:

- The strategic alignment
- The impact on the Council's reputation
- The impact on customers, partners and businesses
- The complexity of the proposal

- The organisational impact
- The level of resource requirement and the availability of alternative sources of funding
- The savings delivered and the payback period
- The extent to which the change being proposed is a statutory requirement

3.6. Cabinet are asked to approve the proposed approach to the allocation of the Children's Transformation Fund.

4. Updated arrangements for the Operation of the Capital Investment Fund

4.1. In February 2019, Council approved the updated Capital Strategy for 2019/20. This included a reshaping of the Capital Investment Fund's (CIF's) evaluation criteria to ensure focus on delivering core outcomes via a structured evaluation process that assesses:

- What we are trying to achieve for Warwickshire residents, businesses and visitors by investing in particular assets
- The contribution of the new assets to the delivery of the corporate outcomes
- The financial costs and benefits over the short, medium and long term, and
- The risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling.

4.2. The proposed overall approach for CIF applications remains as in 2018/19:

- On a quarterly basis, project managers are asked to submit bids to the CIF in a standardised template. "Priority" schemes (those already given notional allocations by Members) may make bids outside of these regular processes but are still subject to reasonable timescales for the remainder of the process.
- A CIF panel formed of a chair, legal advisor, finance advisor and two other senior managers reviews the bid and supporting documentation against the assessment criteria. The CIF panel meets to score the bid collectively and to identify comments to be made.
- The CIF panel reports its conclusion to Corporate Board. Corporate Board are also kept apprised of schemes under development that may lead to bids in the near future.

- If Corporate Board support the allocation of funds, a report is taken to Cabinet (and where necessary to Council) to ask Members to approve the allocation. The report is usually written by the panel chair but for “priority” schemes may be prepared by the project manager.
- 4.3. A recently completed internal audit of the capital programme made a recommendation about the approach taken within the CIF when schemes return for supplemental funding after their initial approval. New supplemental criteria to be evaluated in these circumstances have now been added to the evaluation criteria. In such cases both the base and supplemental criteria would be evaluated, with the questions adding into the relevant section of the base criteria for weighting purposes.
- 4.4. Cabinet are asked to approve this approach.

5. Background Papers

1. Early Intervention, Prevention and Community Capacity Fund application form and evaluation criteria
2. CIF Evaluation Criteria

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No Elected Members have been consulted on this report prior to its publication.