

# Cabinet

18 April 2023

## Social Fabric Fund

### Recommendations

That Cabinet:

- 1) Approve proceeding with the establishment of a blended £2.5 million Social Fabric Fund, comprising £1 million revenue, and £1.5 million capital, focusing primarily on the 22 Lower Super Output Areas identified in the Countywide Approach to Levelling Up, with the ability to flex this by exception as set out in paragraph 4.10 of this report;
- 2) Approve an additional one-off £0.32 million revenue allocation to support the operation of the Fund as set out in paragraphs 4.13, and 4.19 of this report;
- 3) Approve the £1.32 million revenue elements of the Fund being funded from the Council's Revenue Investment Fund;
- 4) Approve the £1.5 million capital element of the Fund being funded from the Council's Capital Investment Fund and approves its addition to the Capital Programme; and
- 5) Authorise the Strategic Director for Resources to take all steps as he considers necessary to establish and operate the Fund in consultation with the Portfolio Holder for Environment, Climate, and Culture, and other Portfolio Holders as appropriate.

### 1. Executive Summary

- 1.1 As part of budget resolutions on 7 February 2023, Council agreed to bring forward proposals for a fund to invest in social infrastructure within Levelling Up priority Lower Super Output Areas (LSOAs), embedding the community powered principle of "working with" communities rather than "doing to" or "doing for" communities.
- 1.2 The Fund will have strong resonance with the Government's Levelling Up White Paper, in particular a focus on non-financial capitals/outcomes, although financial outcomes also remain important.

- 1.3 The Fund will have strong strategic fit with the Council Plan 2022-27, the Countywide Approach to Levelling Up, and the Voluntary and Community Sector Strategy 2020-25.
- 1.4 The Fund will support current and future Council Plan outcomes: for communities and individuals to be safe, healthy, and independent; and for the economy to be vibrant and supported by the right jobs, training, skills, and infrastructure.
- 1.5 There will be significant opportunity to use the Fund to complement and supplement other community powered funding sources, including grants given by the Borough and District Councils.
- 1.6 The Fund will set a stretching objective to be self-sustaining in the medium-term by attracting social investors and philanthropists, and businesses, highlighting the importance of utilising the right process and involving the right stakeholders.
- 1.7 The Fund will have a value of £2.5 million with an indicative split of 40% revenue and 60% capital. Additionally, £0.32 million of revenue will be needed for:
  - Essential support to sit alongside the Fund, including dedicated community workers, focusing primarily on the 22 priority LSOAs, and with specific responsibilities around supporting funding proposals. Options for the provision of the community workers include commissioning this service from an external provider. This work is considered essential to ensure that strong and targeted applications are brought forward within those communities where need is greatest and where there may not necessarily be sufficient capacity to generate proposals without additional support.
  - The operating costs of the Fund. Dedicated capacity will be required to operate the Fund. Options around the operation of the Fund include commissioning this service from an external provider.
- 1.8 The Fund will involve a simple awarding process to ensure quality assurance and due diligence. There will be two main stages, firstly, an outline investment case, which will be assessed by officers, and then secondly, and subject to getting past the first stage, a more detailed business case and approval to proceed by officers in consultation with relevant Portfolio Holders. Further detail of the awarding process is set out in paragraph 4.16.
- 1.9 It is anticipated that the Fund will run for two years, up to 31 March 2025.

## **2. Financial Implications**

- 2.1 As part of budget resolutions on 7 February 2023, Council agreed to establish a blended revenue and capital Social Fabric Fund.

- 2.2 The revenue element of the Fund, £1 million, and the £0.32 million for the essential support and operating costs of the Fund, will be drawn from the Revenue Investment Fund. This will reduce the amount available in the Revenue Investment Fund for other initiatives by £1.32 million. The remaining balance on the Revenue Investment Fund will be £11.38 million.
- 2.3 The capital element of the Fund, £1.5 million, will be drawn from the Capital Investment Fund. Capital investment will align with the Capital Investment Priority Outcomes agreed in February 2023 (Appendix 1). This will reduce the amount available in the Capital Investment Fund for other initiatives by £1.5 million, with expected £0.75 million draw downs in each of 2023/24 and 2024/25 respectively. The remaining balance on the Capital Investment Fund will be £88.757 million.
- 2.4 The capital element of the Fund will be added to and managed within the Capital Programme. It is not foreseen that the £1.5 million will be used to purchase/improve assets owned by the Council. Instead, use of the Fund will be to provide capital grants to external community organisations.
- 2.5 The Fund will provide financial assistance to a range of recipients that meet the principles of the Fund. Some of the financial assistance provided will constitute subsidies under the Subsidy Control Act 2022, see paragraphs 4.21 to 4.23.

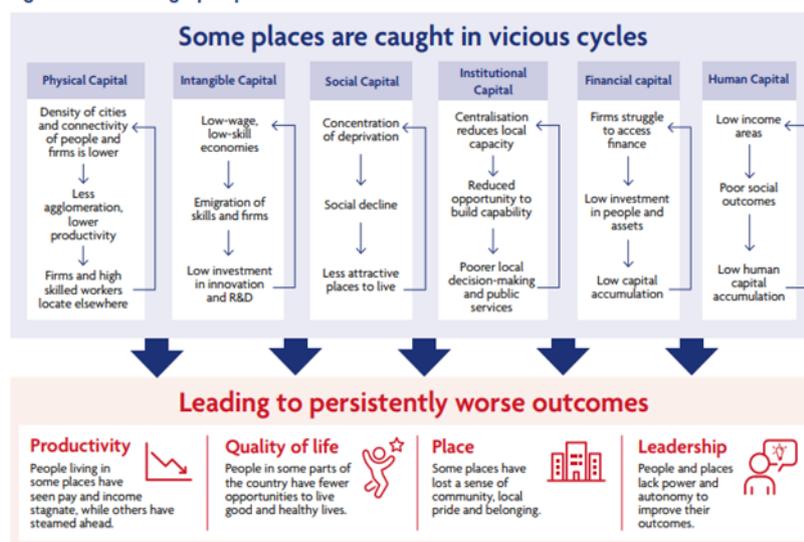
### **3. Environmental Implications**

- 3.1 As part of the awarding process, proposals will describe how potential investment tackles climate change and supports biodiversity, linking to the Council's emerging Sustainable Futures Strategy.
- 3.2 The Council will not award funding to any proposal deemed to conflict with the Council's commitments around climate change and biodiversity.

### **4. Supporting Information**

- 4.1 Recent research by Local Trust, the British Academy, and Power to Change on the Levelling Up agenda emphasises the importance of:
1. Investing at a hyper-local or neighbourhood level.
  2. Targeting resources at the places and individuals that need them most.
  3. The need for longer-term (10-15 year) funding to build community confidence and capacity.
  4. Local community leadership.
- 4.2 The Government's Levelling Up White Paper emphasised a series of "capitals" that go beyond financial gain and can lead to different outcomes (better or worse).

Figure 1.62 Levelling Up Capitals Framework



- 4.3 Other nationally published reports have emphasised the critical role of local people, acting together, either on their own initiative or with the support of public bodies to design and deliver the kind of neighbourhood they want to be part of, on the basis that they are the ones who know what is needed and are the most effective architects of sustainable solutions for local places.
- 4.4 Community Power is central to Warwickshire County Council’s Council Plan 2022-27, which states that:
- “The Council will harness the power of communities to tackle inequality and social inclusion through a community-powered approach. This requires us to work differently with residents, communities, and partners. We will build on their strengths and assets and keep alive the community spirit, so powerful before and during COVID-19. This will change our relationships and requires new ways of communicating and engaging with citizens and communities. We will change from “what will the Council do” to “what do we want to do together, and how could the Council support the community to deliver it?””
- 4.5 Community power also underpins the Countywide Approach to Levelling Up, defined as “increasing pride in the place you live in, and unleashing the potential of communities by increasing your voice and influence over your places”.
- 4.6 The objective of the Fund is a simple one, to invest in social infrastructure to strengthen Warwickshire’s most deprived communities and, in so doing so improving people’s life chances and reducing inequalities.
- 4.7 The Fund will seek to be successful enough to become self-funding in the medium-term by attracting social investors, philanthropists, businesses, and, potentially, by supporting a Devolution Deal “ask” to Government for devolution of Warwickshire’s share of the Dormant Assets Fund in the event that Warwickshire is invited to progress a Devolution Deal.

- 4.8 The Fund will create a blended revenue and capital fund of £2.5 million with an indicative split of 40% revenue (£1 million) revenue and 60% capital (£1.5 million) funding. This will be available for investment in community powered initiatives primarily within the 22 LSOAs in the top 20% of the IMD, also identified as priority areas in the Countywide Approach to Levelling Up.
- 4.9 17 of the priority LSOAs are in Nuneaton and Bedworth Borough, with many forming a column down the western side of Nuneaton. Consequently, there is a significant opportunity for a single investment to benefit multiple LSOAs.
- 4.10 While the Fund will focus primarily on initiatives within the 22 LSOAs in the top 20% of the IMD, it is recognised that there are other areas across all five Boroughs and Districts that fall within the top 30% of the IMD and may feature as part of the work being undertaken on the local Levelling Up plans. It is also unclear at this stage whether additional external funding may be available to complement the funding available through the Fund.

It is considered sensible to provide for a degree of flexibility, to be applied in exceptional circumstances, where a proposal for funding does not directly benefit one of the top 20% LSOAs but may indirectly benefit one of those areas and/or have a wider benefit in an identified area. This flexibility will be applied by the Strategic Director for Resources in consultation with the Portfolio Holder for Environment, Climate, and Culture only in cases where the initiative clearly supports the principles set out in paragraph 4.14 and the overall operation and intention of the Fund is not prejudiced.

- 4.11 The Fund will deliver the following outcomes:
1. Provide a blend of funding to enable target communities to access:
    - a. Capital funding to build “social fabric” through physical community infrastructure and/or -
    - b. Time-limited start-up revenue funding for community development that delivers on local priorities and demonstrates sustainability.
  2. Fill a demonstrable gap in capital funding available to community groups.
  3. Be highly flexible, starting with communities’ strengths and priorities.
  4. Encourage investment proposals to include additional revenue or capital funding, or volunteer time, from other sources, avoiding the constraints of straight “match funding” while enabling the Council to bring together potential contributors (of funding, time, or assets).
  5. Be visibly led by, or demonstrating strong support from the local community, so that the Fund’s investments put power in the hands of the local community, working with the community rather than “doing to” the community.
  6. Enable the Council to contribute directly through asset transfer, including considering the sale or rental of property/land at below market value provided this can satisfy our best value duties, comply with subsidy control rules and where this is the right thing to do for both the Council and the local community.

4.12 The Fund will recognise the importance of a wide range of stakeholders and contributors, including:

1. Town and Parish Councils (where these exist).
2. Borough and District Councils.
3. New Local, our delivery partner for Community Powered Warwickshire.
4. The Purpose Coalition, particularly in terms of Corporate Social Responsibility and “anchor” institutions.
5. Schools, Further Education institutions, and Higher Education institutions.
6. Coventry and Warwickshire Integrated Care Board and local NHS bodies, particularly GPs, pharmacies, and other primary care providers.
7. Warwickshire’s businesses, in particular major employers.
8. Voluntary, Community, and Social Enterprise (VCSE) sector organisations.
9. Sports clubs.
10. Entrepreneurs and philanthropists.
11. National Lottery Community Fund, Big Local, Big Society Capital, Access Foundation, and Local Trust.
12. The West Midlands Combined Authority.

4.13 Sitting alongside the Fund will be dedicated community workers, focusing primarily on the 22 priority LSOAs, and with specific responsibilities around supporting funding proposals. There are multiple options for the provision of the community workers, including commissioning this service from an external provider. The final decision will be made by the Strategic Director for Resources in consultation with the Portfolio Holder for Environment, Climate, and Culture. The community workers will:

1. Increase community power and build social fabric in target areas.
2. Lead in-depth community powered engagement to understand local priorities and challenges.
3. Scope, shape, and support proposals to address local priorities and challenges.
4. Take the lead to help the community take proposals through a staged process with officers from the County Council, the relevant Borough or District Council, and the Integrated Care System to co-produce a proposal.
5. Liaise with the Council and other potential contributors (time, skills, money, assets) to the projects, whether LSOA pilots or Social Fabric Fund.

4.14 The following principles will drive the Fund:

1. Investment will demonstrate strong community support and engagement.
2. Investment will create or improve a long-term community asset, or build long-term community capability and resilience, or both.

3. Proposals will demonstrate sustainability and a credible longer-term funding/exit strategy.
4. Proposals will contribute to the identified priorities in the Countywide Approach to Levelling Up:
  - a. Investment will reduce disparities and address gaps and inequalities.
  - b. Investment will increase opportunity and social mobility.
  - c. Investment will support the Council's commitment to tackling climate change and the biodiversity crisis, reflecting the draft Sustainable Futures Strategy.
  - d. Investment will build community power.

4.15 The awarding process for the Fund will be as follows:

1. An assurance assessment undertaken by officers against the principles set out in paragraph 4.14 above, including engagement with partners relevant to that project.
2. Due diligence on feasibility and deliverability undertaken by officers.
3. A recommendation to the Strategic Director for Resources, who will make a decision in consultation with the Portfolio Holder for Environment, Climate and Culture, and other relevant Portfolio Holder/s as appropriate.

4.16 The application process will involve two gate stages:

1. Gate 1, outline investment case. This will set out a high-level summary of what the investment will achieve, what is needed, and the anticipated benefits against the objective and outcomes of the Fund. This will lead to an "in-principle" allocation against the Fund, approved by the Assistant Director for Business and Customer Services and/or the Assistant Director of Governance and Policy, but no commitment of funds until the second gate is passed.
2. Gate 2, approval to proceed; this will assess a business case for the investment and will be subject to Strategic Director for Resources approval in consultation with relevant Portfolio Holder/s (including Environment, Climate and Culture).

4.17 The purpose of the gateway approach is to avoid a traditional, competitive application process, to ensure public sector skills and capacity support the application process rather than simply judging it, to build assurance and due diligence, and to give opportunity for wider Council and other potential contributor input (time, skills, money, and assets).

4.18 Indicatively, 50% of the Fund will be awarded by 31 March 2024, and the remainder by 31 March 2025. However, there will be some flexibility on both timescales and the revenue/capital split, with the ability for officers to recommend that Cabinet changes the balance of revenue/capital if there are good reasons for doing so, and subject to available funding.

- 4.19 Dedicated capacity will be required to operate the Fund. There are multiple options around how the Fund could be operated, including commissioning the service from an external provider, which has several advantages including expertise, capacity, and links to social investors, philanthropists, and businesses. The final decision will be made by the Strategic Director for Resources in consultation with the Portfolio Holder for Environment, Climate, and Culture.
- 4.20 Comprehensive monitoring and reporting will apply to the Fund. As a minimum the Council will require updates every six months in addition to end of works' reports. These will be co-ordinated and facilitated by a combination of the dedicated community workers (paragraph 4.13) and the dedicated operating capacity (paragraph 4.19).
- 4.21 The Fund will provide financial assistance to a range of recipients that meet the principles of the Fund. Some of the financial assistance provided will constitute subsidies under the Subsidy Control Act 2022. Accordingly, the Fund will be a scheme for the giving of subsidies under the Subsidy Control Act 2022 and will be published on the Subsidy Transparency Database (as will any subsidies over £100,000 awarded under the scheme).
- 4.22 The Fund meets the subsidy control principles. The Fund is to pursue a specific policy objective to address an equity concern, being to invest in social infrastructure to strengthen Warwickshire's most deprived communities and, in so doing improving people's life chances and reducing inequalities, focusing primarily on the 22 priority LSOAs. The scheme is the best means for achieving the policy objective because the projects funded will harness community support and engagement and be powered by communities to be strengthened by the Fund so that the communities can contribute to their own community assets or capability rather than have it chosen for them or done for them.
- 4.23 The application process set out above will ensure that any subsidies awarded are proportionate and minimise any distortion. The Fund will be highly flexible, so some of the projects funded may constitute Services of Public Economic Interest.

## **5. Timescales associated with the decision and next steps**

- 5.1 The indicative timetable for the roll-out of the Fund is as follows:
- Cabinet approval on 18 April 2023.
  - Identification, and if applicable commissioning, of additional capacity to operate the Fund in May 2023.
  - Appointment, and if applicable commissioning, of dedicated community worker capacity between May and July 2023.
  - First year operation to 31 March 2024.
  - Second year operation from 1 April 2024 to 31 March 2025.

## Appendices

### Appendix 1 Capital Investment Priority Outcomes

#### Background Papers

None.

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The report was circulated to the following members prior to publication:

Local Member(s): N/A County wide report

Other members: Councillors Adrian Warwick, Parminder Singh Birdi, Sarah Boad, Caroline Phillips, and Will Roberts.

## Appendix 1

Capital Investment Priority Outcomes most likely to align with business cases:

- Best Lives: Help for residents to lead a healthy lifestyle.
- Sustainable Futures: Investment to support active travel and the positive benefits of outdoor activity.
- Thriving Economy and Places: Initiatives which contribute towards employment skills and skills development.
- Thriving Economy and Places: Building stronger communities by helping communities to help themselves.
- Invest to Save: Effective and accessible services to residents, communities, and staff through investment in digital, ICT services and capacity.
- Invest to Save: Investment to maximise the effectiveness of our property estate as part of a future plan for the use of our buildings.
- Invest to Save: Better ways of delivering services, such as libraries and heritage/culture.