

AGENDA ITEM 9**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL****CABINET****22ND OCTOBER 2015****WELSH CHURCH ACT FUND -- REVIEW OF FUND CRITERIA AND IMPLEMENTATION ARRANGEMENTS****REPORT OF THE DIRECTOR OF REGENERATION AND PLANNING****Author: Debbie Pike, Team Leader (Enterprise)****1. PURPOSE OF THE REPORT**

- 1.1 This report provides details on the current operation of the Welsh Church Act Fund.
- 1.2 It outlines proposed changes to the criteria and the implementation arrangements of the Fund to bring the Fund more in line with the grant offer provided by other funders, as well as ensuring a greater positive impact for local communities.

2. RECOMMENDATIONS

It is recommended that:

- 2.1 The revised Welsh Church Act Fund criteria and implementation arrangements set out in paragraphs 5.1 - 5.4 are agreed for formal consultation with Bridgend and Merthyr Councils.
- 2.2 Subject to no objections from Bridgend and Merthyr Councils, the new arrangements are implemented.
- 2.3 The Director of Regeneration and Planning be authorised to make the necessary operational arrangements for Rhondda Cynon Taf Council:-
 - to support applicants as set out in paragraphs 7.3 - 7.4
 - to progress payments which support cashflow, as set out in paragraph 6.2.
- 2.4 A review of the revised arrangements is undertaken after a period of operation.

3. BACKGROUND

- 3.1 The Welsh Church Act 1914 is an Act of Parliament under which the Welsh part of the Church of England was separated and disestablished. The Welsh Church Act Fund was established from the proceeds and assets, which were then distributed amongst the former County Councils in Wales and further divided between the Unitary Authorities following their establishment in 1996.
- 3.2 The Fund operates across the county borough areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil. It is a charitable trust and is managed by Rhondda Cynon Taf Council, with all Councillors of Rhondda Cynon Taf acting as trustees.
- 3.3 The Welsh Church Act states that income from the funds should be devoted to charitable or alms giving purposes and as such applications are accepted from places of public worship, community organisations and charities.
- 3.4 The Fund supports expenditure of a capital nature including building works and purchase of items of equipment. It cannot be used for retrospective expenditure or to support organisations that hold an alcohol license.

4. CURRENT FUND CRITERIA AND IMPLEMENTATION ARRANGEMENTS

- 4.1 The Fund is operated on a rolling programme basis, which means there are no set deadlines and projects are assessed as and when they are fully developed.
- 4.2 There are currently two levels of grant available;

<i>Category</i>	<i>Maximum Grant</i>	<i>Match Funding Contribution</i>
<i>Small</i>	<i>Up to £2,000</i>	<i>Nil</i>
<i>Large</i>	<i>Up to £10,000</i>	<i>Minimum 50%</i>

- 4.3 The current annual budget is £250,000 per annum. This is managed as a single pot across the 3 County Borough areas and there is no separate allocation for small and large projects.
- 4.4 The majority of projects supported have been in the small category where a match funding contribution is not required. From experience of operating the Fund, there appears to be two main reasons for this, the difficulty for applicants in accessing match funding in the current economic climate and the more favourable grant thresholds and less onerous match funding requirements, of other funders including the Big Lottery and Heritage Lottery Funds, as well as the Welsh Government's Community Facilities Programme.
- 4.5 This has been reaffirmed with the feedback from a survey undertaken with Fund recipients which highlighted the following key issues;
- A higher threshold of grant support would be beneficial, particularly for schemes involving building works.
 - Securing the required level of match funding can be very difficult as well as the issues associated with timing, as all funders require a secured match funding package. Community groups often have cashflow

pressures to pay staff and rarely have sufficient levels of unallocated reserves.

- 4.6 As at 31st March 2015 the fund held total investment assets of £8.9M, comprised of £5.7M in the Charities Official Investment Fund, £1.9M in the Charities Official Fixed Interest Fund, and £1.3M of UK Government Gilts. Cash balances stand at £3.2M and are invested on the short-term money markets in line with Rhondda Cynon Taf Council's Treasury policies.
- 4.7 The income generated from investments is currently around £300-350k per annum. The priority for the Fund's investments is security, not return, in order to maintain sufficient capital to generate enough income to continue to fund grants for the foreseeable future.

5. PROPOSED REVISIONS TO THE FUND CRITERIA

- 5.1 To address these issues and ensure that the Fund has a greater positive impact in local communities, the following revisions are proposed;

Category	Maximum Grant	Match Funding Contribution
Small	Up to £2,000	Nil
Medium	£2,001 - £10,000	Minimum 10%
Large	£10,001 - £50,000	Minimum 20%

- 5.2 The detailed assessment criteria will need to be finalised but it is proposed that in addition to the standard eligibility criteria, applicants will need to meet the following requirements;

Small	• demonstrate the benefit to the local community
	• demonstrate an ongoing benefit to the activity of the organisation
Medium	• <i>same requirements for small grants and;</i>
	• addresses an identified need
	• appropriate consultation and engagement has been undertaken
Large	• takes into account the work of other groups or organisations in the community
	• <i>same requirements for small and medium grants and;</i>
	• takes into account local priorities / existing services or plans
	• involves collaborative working with key partners
	• demonstrates the wider community benefit / impact
	• demonstrates longer term economic sustainability beyond the lifetime of the proposal

The large category proposals will be assessed through an initial Expression of Interest and subsequent full application.

- 5.3 The indicative annual budget now proposed is £500,000, but this can be varied at the discretion of Rhondda Cynon Taf's Section 151 Officer. This amount includes existing balances the Fund has previously accrued. The available budget will need to be kept under regular review to reflect any changes to the investment policy of the Fund.
- 5.4 Regular reviews will also be necessary to assess the level of demand for the small, medium and larger grants, and balance this against the available budget.
- 5.5 These arrangements have been discussed with officers in both Bridgend and Merthyr Councils. If Cabinet approve these arrangements, a formal consultation can be undertaken with both Councils. Subject to there being no objections, the new arrangements could be implemented.

6. FEEDBACK FROM VOLUNTARY SECTOR LIAISON STEERING GROUP

- 6.1 This proposal was presented to the Voluntary Sector Liaison Steering Group on 7 September. The feedback was positive, with the Steering Group welcoming the suggested changes, particularly the increase in the maximum grant level.
- 6.2 It was requested by the Group that consideration be given to making advance payments to organisations to assist with cashflow. As part of the revisions it is now proposed that for the Large Category projects, operational arrangements will be developed to allow interim payments in advance.
- 6.3 The following points were raised by the Group regarding the possibilities of;
 - a. the Fund offering revenue support
 - b. the Fund offering loan finance as well as grant support
 - c. use of the Fund to provide match funding at source

To prevent any delay with the implementation of the changes outlined in this report, it is proposed that these points are considered as part of a further review of the revised Fund arrangements, after a period of operation.

7. BENEFIT OF CHANGES TO THE FUND

- 7.1 The proposed revisions to the Fund will ensure that it is more appropriate to the current climate that organisations are operating within. The increase in the grant available and the reduction in the match funding requirements will bring the Fund more in line with the opportunities offered by other funding providers such as the National Lottery.
- 7.2 As the revised Fund will be able to financially support larger scale projects, applicant organisations will require additional support with the complexities of developing their schemes to ensure successful implementation, as well as ensuring that they can gain maximum leverage through the use of other complementary sources of funding.

- 7.3 It is proposed that support is made available to applicants in Rhondda Cynon Taf, from resources within Regeneration and Planning. This will include support and advice with the development, management and implementation of projects, including advice on statutory planning requirements. To complement this, the provision of information on other sources of funding available, and liaison with the Community Asset Development Officer, will ensure a well rounded support service. This will result in greater financial stability and future sustainability of the participating organisations.
- 7.4 Currently the Welsh Church Act Fund is recharged £21,000 per annum for the service of accountancy, audit and quantity surveying. It is proposed that, to reflect the additional rigorous assessment requirements, and the project development support required that this recharge is increased to £31,000.
- 7.5 The proposed changes will complement and add value to the Council's policy of encouraging community asset transfer / service delivery. The Council is keen to secure the future of local facilities by encouraging and supporting groups to work together for the benefit of their local communities.

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