

## **Item: 17**

**Development and Infrastructure Committee: 6 September 2022.**

**Crown Estate Community Led Development Fund.**

**Report by Corporate Director for Enterprise and Sustainable Regeneration.**

### **1. Purpose of Report**

To consider eligibility criteria and parameters for the Crown Estate Community Led Development Fund.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That, on 21 June 2022, when considering the establishment of ring-fenced economic development and community development budgets within the Council's Crown Estate Fund, the Policy and Resources Committee recommended:

- That, following deduction of all funding commitments made to date, 50% of the balance of the Crown Estate Fund, plus 50% of future annual allocations of Crown Estate revenues, be allocated and split evenly to the following two new funding schemes:
  - Crown Estate Economic Development Fund.
  - Crown Estate Community Led Development Fund.
- That determination of applications for funding from the Crown Estate Community Led Development Fund be delegated to the Corporate Director for Enterprise and Sustainable Regeneration, in consultation with the Leader, Depute Leader, Chair and Vice Chair of the Development and Infrastructure Committee, together with the Chair of the Orkney Local Action Group, established to deliver the 2014-20 LEADER Programme.
- That any budget allocations to the Crown Estate Economic Development Fund and Crown Estate Community Led Development Fund that were not spent or committed within the financial year in which they were awarded be carried forward and retained as ring fenced elements within the Fund balances.
- That the Corporate Director for Enterprise and Sustainable Regeneration should submit a report, to the first available meeting of the Development and Infrastructure Committee, setting out eligibility criteria and parameters in respect of the Crown Estate Economic Development Fund and the Crown Estate Community Led Development Fund.

## **2.2.**

The limited provision of community led development funding following closure of the EU LEADER Programme within Scotland.

## **2.3.**

That a proposed scheme has been developed by Scottish Government that aligns with community priorities at both national and local levels, but with a significantly reduced budget compared to the EU LEADER Programme.

## **2.4.**

That ongoing communications with community groups, coupled with recent community consultations, have identified the priority of Community Led Local Development and potential projects from within these communities.

## **2.5.**

That proposed eligibility criteria and parameters for the Crown Estate Community Led Development Fund have been designed to complement and mirror the Scottish Government Community Led Local Development Fund.

### **It is recommended:**

## **2.6.**

That the following eligibility parameters in respect of the Crown Estate Community Led Local Development Fund be approved:

- Developing and regenerating Orkney communities including infrastructure and assets.
- Creating and safeguarding sustainable community economic growth and jobs.
- Providing communities with the means and opportunity to address issues of poverty, disadvantage and inequality.
- Contributing to net zero agenda through community assets decarbonisation and renewable energy, building in greater resilience.
- Supporting communities to develop projects which promote and develop local inclusion and resilience in areas, for example, food supply and connectivity.
- Supporting community capacity building and community development.
- Supporting opportunities for community skills development and learning experiences.
- Adding value to Orkney's economy through collective community body efforts including supporting promotion, developing new offers, and improving resilience/sustainability.
- Developing sustainable community tourism.
- Supporting strategic community events such as collective heritage/festivals infrastructure/development, etc.

- Safeguarding, restoring, enhancing or interpreting the coastal environment all across Orkney by the Community.
- Empowering, supporting, developing, participation and networking of young people (0-30 years) and their facilities/services/opportunities within the community.

## **2.7.**

That, for the purposes of disbursement of funding, the Crown Estate Community Led Development Fund be recognised as constituting funding which is external to the Council.

## **2.8.**

That the following schemes be established for funding from the Crown Estate Community Led Development Fund:

- Feasibility grants for potential community led projects, up to a maximum sum of £25,000 to any project, and at a maximum rate of 50% of total eligible costs.
- Delivery grants for community led projects, up to a maximum sum of £50,000 to any project, and at a maximum rate of 50% of total eligible costs.
- A young people's (0-30 years) grant scheme, to be funded from a ringfenced budget of £10,000 annually, to support young people develop projects up to a maximum sum of £3,000, and at a maximum rate of 100% of total eligible costs per project.

## **3. Introduction**

On 21 June 2022, when considering the establishment of ring-fenced economic development and community development budgets within the Council's Crown Estate Fund, the Policy and Resources Committee recommended:

- That, following deduction of all funding commitments made to date, 50% of the balance of the Crown Estate Fund, approximately £627,095 as at 31 March 2022, plus 50% of future annual allocations of Crown Estate revenues, estimated at £535,000 per annum over 2020 to 2022, be allocated and split evenly to the following two new funding schemes:
  - Crown Estate Economic Development Fund.
  - Crown Estate Community Led Development Fund.
- That up to 25% of the allocations referred to above, estimated at £134,000 per annum over the next two years, be used to cover respective associated staff and administration costs, subject to all available government funding for that purpose being claimed first.
- That determination of applications for funding from the Crown Estate Community Led Development Fund be delegated to the Corporate Director for Enterprise and Sustainable Regeneration, in consultation with the Leader, Depute Leader, Chair and Vice Chair of the Development and Infrastructure Committee, together with

the Chair of the Orkney Local Action Group, established to deliver the 2014-20 LEADER Programme.

- That any budget allocations to the Crown Estate Economic Development Fund and Crown Estate Community Led Development Fund that were not spent or committed within the financial year in which they were awarded be carried forward and retained as ring fenced elements within the Fund balances.
- That the Corporate Director for Enterprise and Sustainable Regeneration should submit a report, to the first available meeting of the Development and Infrastructure Committee, setting out eligibility criteria and parameters in respect of the Crown Estate Economic Development Fund and the Crown Estate Community Led Development Fund.
- That annual monitoring reports in respect of the Crown Estate Economic Development Fund and the Crown Estate Community Led Development Fund be submitted to the Development and Infrastructure Committee.
- That the Corporate Director for Enterprise and Sustainable Regeneration should review the funding allocations to the Crown Estate Economic Development Fund and the Crown Estate Community Led Development Fund after a period of three years from the date the funds were launched, and submit a report, to the Policy and Resources Committee, detailing the outcome of that review.

## **4. Background**

### **4.1.**

The previous LEADER Programme, European Union support which has been present since 1994, has not been replaced by a multi-annual government programme. In June 2022, the Scottish Government announced 2022/23 allocations of Community Led Local Development (CLLD) funding to all 21 previous Scottish LEADER areas. Orkney's allocation is £188,330, including an allocation for administration of up to £57,142.

### **4.2.**

Recent community feedback, using the Scottish Government Rural Communities Testing Change Funding, during the Orkney Matters consultation, highlighted the continued need for community projects to be funded after the EU LEADER funding has ended, due to the insufficient Scottish Government Community Led Local Development funding, with many communities waiting for the replacement funds to progress projects.

### **4.3.**

The Council's Crown Estate Community Led Development Fund parameters and criteria have been designed to complement the Scottish Government Community Led Local Development Fund, ensuring long term funding for Community Development activity and to offset the reduction in budget arising from the end of the LEADER Programme.

## **5. Crown Estate Community Led Local Development Fund Parameters**

### **5.1.**

In defining relevant fund parameters and criteria, consideration has been given to the alignment with the following policy documents:

- The Council Plan 2018-2023.
- Orkney Community Plan 2021-2023.
- The Scottish Government's Marine Scotland, Blue Economy Vision for Scotland.
- The Scottish Government's National Islands Plan
- Supporting Impact – Scottish Crown Net Revenue: Local Authority Use and Insights.

### **5.2.**

In order that the Crown Estate Community Led Development Fund can be used to match existing Council and other public agency schemes, the new monies should be classed as external funds from the allocation given by the Scottish Government.

### **5.3.**

In line with current local and national community led development priorities, it is recommended that the Crown Estate Community Led Local Development Fund be used to support the following:

- Developing and regenerating Orkney communities including infrastructure and assets.
- Creating and safeguarding sustainable community economic growth and jobs.
- Providing communities with the means and opportunity to address issues of poverty, disadvantage and inequality.
- Contributing to net zero agenda through community assets decarbonisation and renewable energy, building in greater resilience.
- Supporting communities to develop projects which promote and develop local inclusion and resilience in areas, for example, food supply and connectivity.
- Supporting community capacity building and community development.
- Supporting opportunities for community skills development and learning experiences.
- Adding value to Orkney's economy through collective community body efforts including supporting promotion, developing new offers, and improving resilience/sustainability.
- Developing sustainable community tourism.
- Supporting strategic community events such as collective heritage/festivals infrastructure/development, etc.

- Safeguarding, restoring, enhancing or interpreting the coastal environment all across Orkney by the Community.
- Empowering, supporting, developing, participation and networking of young people (0-30 years) and their facilities/services/opportunities within the community.

#### 5.4.

It is proposed that feasibility grants for potential community led projects should be funded from the Crown Estate Community Led Development Fund, up to a maximum sum of £25,000 to any project, and at a maximum rate of 50% of total eligible costs.

#### 5.5.

It is proposed that delivery grants for community led projects should be funded from the Crown Estate Community Led Development Fund, up to a maximum sum of £50,000 to any project, and at a maximum rate of 50% of total eligible costs.

#### 5.6.

It is proposed that a young people's (0-30 years) grant be funded from the Crown Estate Community Led Development Fund, with a ringfenced budget of £10,000 annually, to support young people develop projects, up to a maximum sum of £3,000, and at a maximum rate of 100% of total eligible costs per project.

#### 5.7.

The following proposed criteria will be taken in account when determining funding awards:

- **Strategic Fit** – To what extent does the project align with at least one of each of the priorities of the Orkney Community Planning Partnership, The Council's Plan, Local Development/Place Plans and the specific CECLDF Priorities?
- **Proportionality** – Does the project contribute to the aims of the CECLDF proportionate to the funding being requested?
- **Project Need/Demand and Community Engagement** – Does the project meet an identified community need or opportunity, has this been evidenced sufficiently and is there sufficient community engagement?
- **Need for grant** – Is the grant requested the minimum amount required for the project to proceed and have other sources of match funding been adequately explored?
- **Capacity to deliver** – Does the organization, project plan/business plan have capacity to deliver (financial and staff/volunteers) as set out and on time?
- **Legacy and Sustainability** – Will the project deliver a lasting legacy beyond its lifetime and be sustainable once grant funding has ended?

## 6. Links to Council Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Thriving Communities.

## 7. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priorities of Community Wellbeing and Sustainable Recovery.

## 8. Financial Implications

### 8.1.

The balance remaining in the Crown Estate Fund at 31 March 2022 was £1,897,195 with further commitments of £643,005, leaving an unallocated balance of £1,254,190.

### 8.2.

It was agreed that 25% of the unallocated Crown Estate Fund at 31 March 2022 be allocated to the Crown Estate Community Led Development Fund, amounting to £313,547.

### 8.3.

Internal Council estimates for future annual allocations are outlined below:

Year.	Estimated Annual Crown Estate allocation.	25% CECLDF allocation.	Administration and Animation* up to 25% of CECLDF.	CECLDF Scheme allocation.
2022/23.	£1,009,813.	£252,453.	£63,113.	£189,340.
2023/24.	£1,130,388.	£282,597.	£70,649.	£211,948.
2024/25.	£1,281,106.	£320,276.	£80,069.	£240,207.
2025/26.	£1,431,825.	£357,956.	£89,489.	£268,467.

(\*Animation refers to activity to support the Community Led Local Development staff/office and the running of, and capacity building of the Orkney Local Action Group)

### 8.4.

Any allocations that are not spent or committed within the financial year in which they are awarded will be carried forward and retained in fund balances.

## **8.5.**

The financial implications of the CECLDF have been approved with annual monitoring reports at the end of each financial year to the Development and Infrastructure Committee.

## **8.6.**

The financial implications of the CECLDF have been approved, with a review required prior to the 2025/26 financial year, to be reported to the Policy and Resources Committee.

# **9. Legal Aspects**

## **9.1.**

The Council has a statutory duty to ensure best value. The Council must take this into account along with the expectation of Scottish Ministers that local authorities use the revenues generated from Crown Estate marine assets for additional expenditure to specifically benefit coastal communities.

## **9.2.**

The State Aid (Revocations and Amendments) (EU Exit) Regulations 2020 revoked EU state aid law from the scope of domestic law. However, the UK's Subsidy Control Act 2022 (expected to come into force later this year) retains similar concepts but uses different terminology. The 'Minimal Financial Assistance' route is a subsidy control exemption that allows up to £315,000 of subsidies to be awarded to an enterprise within a three year period. Any proposed award would require to be considered along with any others which may have been made over a three-year period. If the limit is exceeded, the new Subsidy Control Act 2022 will require further consideration to see whether another exemption may apply, failing which the subsidy control rules will require to be adhered to.

## **9.3.**

If grant assistance is to be provided by the Council, a legally-binding agreement will require to be entered into between the Council and the recipient, setting out the terms on which the funding is being provided. This may include specific conditions of award such as maximum amounts and intervention rates, evidence of match funding and expiry dates, as any investment decisions made by the Council in relation to the Crown Estate funding must comply with all Scottish Government conditions and guidelines for the funding.

## **9.4.**

The community representatives on the Orkney LAG will assess project applications and make a recommendation to the Council's CECLDF Assessment Panel (Corporate Director for Enterprise and Sustainable Regeneration, Leader, Deputy Leader, Development and Infrastructure Committee Chair and Vice Chair, together with the Chair of the LAG) which will be responsible for assessing the application with the LAG recommendation.



## **10. Contact Officers**

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