

North York Moors National Park Authority

24 September 2012

Review of Provision of Grant Aid by the Authority

1. Purpose of the Report

- 1.1 To inform Members of the review process.
- 1.2 To propose changes to the Authority's grant schemes aimed at efficient delivery and effective use to achieve the Authority's objectives.
- 1.3 To seek Members' approval for these changes.

2. Introduction

- 2.1 In December 2011 Members approved a paper proposing a rationalisation of grant schemes provided by the Authority. It was agreed the review should establish more efficient grant delivery and ensure that the schemes were effective in achieving the new priorities identified by the National Park Management Plan and Authority Business Plan. The Process has also been informed by feedback from Members and the public arising from consultations, the process of change within the Authority and benchmarking exercises carried out over the past two years.
- 2.2 The Authority has recently reviewed the Business Plan and its Strategic Priorities and Cross Cutting Theme in the light of the new National Park Management Plan. The delivery and criteria of the grants schemes will therefore be consistent with the following principles:

We aspire to:

- Deliver improvements to the connectivity of habitats in order to improve the biodiversity and landscape character whilst mitigating the impacts of climate change
- Promote the North York Moors to achieve the second purpose and support the local economy
- Ensure that the services are delivered in the most efficient way to ensure that quality outcomes are delivered most economically.

- 2.3 The proposals in this paper seek to ensure that the grant resource is better directed at these priorities. In order to achieve this, as well as indicating changes to the grant award criteria, it also considers the options for the alternative delivery of grants and provides evidence of benchmarking and increased efficiency.

3. Method of Delivery

- 3.1 The majority of grant schemes funded by the Authority have been delivered by officers utilising in house administration and financial processes. This has a number of advantages. The management, financial control and audit of Authority funding are 'under the same roof' and are therefore easier to monitor.

The scale and administrative structure of the Authority means that finance, legal and audit requirements of grant schemes can often be absorbed with little extra cost. Adaptation and ability to respond to changing circumstances is faster as delivery contracts do not need renegotiating. In terms of working relations and profile, the Authority is seen as the body providing assistance by the recipient rather than another organisation.

- 3.2 However, when considering how best to achieve efficient delivery of grant schemes it is appropriate to assess alternative mechanisms. These could include employing a consultancy or agent or setting up an alternative delivery body such as a trust.
- 3.3 An assessment of the advantages of the different methods of delivery needs to look at costs, in terms of the percentage of overall grant funding spent on delivery, as well as issues such as adaptability, ease of management, financial control, monitoring and working relations with land managers.
- 3.4 The Authority has framework contracts with a number of ecological and countryside consultancies which contain agreed fixed costs. An indication of the cost of delivery via an agent can be obtained by examining these. As an example the lowest daily rate from the contracts is £180 per day. If applied to the projected costs for the delivery of the new Simple Boundaries Scheme (see part 4.2 of this report) this would result in a 68% increase. Added to this would be the cost of contract establishment and management and separate audit. In addition it is considered that the ability to adapt grant delivery and respond to changed circumstances would be reduced as would communication between officers (and the Authority) and land manager.
- 3.5 There are a range of legal structures which may be used to set up an alternative delivery body. The benefit of this approach is that, in certain circumstances, a trust or social enterprise can have access to sources of funding not available to public authorities. This is of benefit if the body is established for fund raising purposes but not if the purpose is to deliver the Authorities own monies. There are now tighter regulations in place to curtail the establishment of trusts that aim to mirror the activities of public bodies and which are largely funded by those public bodies. In addition, the funding needed to support a separate body and the necessary separate financial and management processes would inevitably mean that overall costs for grant delivery would be higher.
- 3.6 It is therefore considered that the operation of grants via internal systems remains the most advantageous delivery method for the Authority in terms of overall costs and benefits.
- 3.7 In terms of the Authority's own costs the Value Adding exercise identified that the administrative costs of providing the Authority's grant schemes as at April 2011 was 17% of the total spend on grants. Inevitably, some of the schemes were more complex and demanded more Officer time than others so there are significant variations within this figure. Given that the Authority's schemes are frequently designed to address 'gaps' in national provision, to be innovative or deal with complex local problems, this is seen as a reasonable figure. However, part of the remit of this review is to consider how the grants administration could be delivered more effectively and efficiently and seek to reduce this figure.
- 3.8 In order to establish the efficiency of this baseline Officers have identified a number of potential comparators within both the public and charitable sector with which it is possible to compare the costs of administration. These comparative figures ranged from 10% to 23%, which is indicative that the Authority's overall baseline was in the mid range.

- 3.9 It is anticipated that the proposed changes will result in a 20% reduction in the cost of delivery of the Authority's grant schemes which should reduce the headline percentage to 15% of the total spend on grants. The actual delivery costs will, of course, vary depending on the objectives of the scheme and the level of negotiation required. The lowest delivery costs will be achieved by simple schemes, such as 4% estimated for the Simple Boundaries Scheme (see part 4.2 of this report).
- 3.10 Another element of Value for Money is ensuring that the optimum output is obtained from the Authority's resource and when revising the criteria Officers have given consideration of the intervention rates and the use of standard costs and procurement processes to ensure that the market is effectively tested. These rates will need to be reviewed as part of the State Aid to agriculture notification.
- 3.11 The December report established a case for centralising the administration of all grant schemes as a means of improving efficiency within the Authority. It has been agreed that this work will be based in the Conservation Department although the actual delivery of grants will be carried out by a wider range of officers as set in tables 1 and 2.
- 3.12 The budgets proposed for the various grant schemes in tables 1 and 2 are drawn from the indicative baseline figures for 2014/15 as set out in the Business Plan. This is because there are a number of externally funded and continuing projects which distort core expenditure figures up to that time. These budgets will be subject to change in the light of future Defra decisions on the level of National Park Grant.
- 3.13 In order to provide structure to this review paper the grant types have been divided into two. These are:
- a) Environmental (including cultural heritage)
 - b) Community and Sustainable Development

4. **Environmental Grant Aid**

- 4.1 At the December meeting Members expressed their wish that there should be a continued commitment to farmers and land managers in the form of practical grant schemes to help them achieve Park purposes. In the past these have included the Farm Scheme, Upland Management Scheme, Landscape Intervention Fund, historic buildings and conservation area grants, wildlife and woodland schemes. The baseline budget for all of these grants combined is £475,000. The Monument Management Scheme (aimed at improving the condition of Scheduled Ancient Monuments) adds £50,000 per year to this but is not covered by this review as it is almost entirely funded by English Heritage.
- 4.2 In recognition of the landscape importance of traditional boundaries within the Park, the Business Plan identifies the need for a new, simple and highly efficient scheme to provide support for the repair and restoration of walls and hedges. The severe limitation of funding from the national agri environment schemes for this type of work has also emphasised the importance of such a measure. A Simple Boundaries Scheme (SBS) has now been developed and it is proposed that it should be available throughout the National Park. Efficient delivery is a priority for this new scheme and estimates indicate that this is likely to be around 4% of overall costs. Proposed criteria for the scheme are set out in **Appendix 1**.

- 4.3 In order to achieve the priority to improve habitat connectivity the Authority will need to have both revenue (i.e. management payment) and capital grant schemes. These will be used to support measures such as tree planting, woodland, grassland and river management, the creation of wetlands or flower rich headlands and other works that contribute to achieving connectivity targets.
- 4.4 The priority to accelerate the restoration of Planted Ancient Woodland Sites (PAWS) is due to the concentration of this habitat type in the Park, and the high risk of their degradation over time. In many cases such work will be closely associated with improving connectivity. However, due to the importance of these woodlands it has been agreed that pursuing opportunities to achieve PAWS restoration should not be limited to connectivity target areas.
- 4.5 It is proposed that support for connectivity and PAWS work will be based on existing, recently reviewed, grant agreement formats which will provide a range of mechanisms to assist land managers with the work necessary on the ground. These grants will, in most cases, be initiated by officers rather than being subject to an application process. The proposed criteria for the offer of grant under this heading are set out in **Appendix 2**.
- 4.6 The development of a new agricultural skills project, identified as a priority in the Management and business Plans, has yet to be progressed. Although unlikely to require significant funding from the Authority there will be a need for some finance for facilitation and possible events. It is proposed that this should be drawn from the conservation grants budget up to a maximum of £10,000 per annum.
- 4.7 Conserving the Park's built heritage continues to be a priority. To this end, the historic buildings and conservation area grants have been retained but have been revised and streamlined in terms of administration and paperwork. These grants will be delivered by the Building Conservation Team with administration provided by the Conservation Department. New criteria for the schemes are provided in **Appendix 3**.
- 4.8 A breakdown of the suggested budgets for conservation grants is provided in Table 1. These are presented as working figures; it is proposed that there should be flexibility within the overall grant pot to allow response to special opportunities and needs.

**Table 1 - Conservation Grants
Indicative budgets**

Title	Delivery Department	2014/15 Baseline Budget
Historic Building Grants	Planning	£ 40,500
Conservation Area Grants	Planning	£ 15,500
Simple boundary Scheme	Conservation	£100,000
Connectivity, PAWS and new agricultural skills	Conservation	£295,000
Monument Management Scheme	Conservation	£ 50,000
Continued commitments from existing agreements as of 2014/15	Conservation	£ 25,000
Total		£525,000

5. Sustainable Development Grants

5.1 Sustainable Development Grants were discussed by Members at the Authority's AGM in June this year. It was agreed that the full range of community and sustainable development funding should be encompassed by the SDF. This includes community caretakers, the Village Improvement Scheme (currently absorbed in to the LEADER Small Scale Enhancement Scheme), the new priority to increase awareness of the North York Moors "Brand" through Local Distinctiveness and Innovation in the Environment. Overall these constitute a substantial fund of around £190,000. It was also agreed that consideration would be given as to how best to engage with the Parish Forums to obtain local input on priorities for community sustainable funding.

5.1.1 The following proposals seek to address these issues.

5.2 Community Caretakers

5.2.1 Feedback from consultations and the expenditure review has emphasised the value placed by local communities on the Authority's contribution to community caretakers. A commitment was therefore made in the Business Plan to maintain this support. It is therefore proposed that these will continue in their current form, delivered by the Ranger Service.

5.3 Village Improvement

5.3.1 The LEADER Small Scale Enhancement Scheme (SSE) continues to demonstrate the value and popularity of small scale grants to improve the appearance of villages. LEADER funding for the SSE comes to end in December 2013. In accordance with the Business Plan, a revised Village Improvement Scheme will be introduced at that time to be delivered by the Building Conservation Team.

5.4 Local Distinctiveness

5.4.1 Working to raise the profile of the North York Moors and promote its local distinctiveness has been identified as a priority in both Management and Business Plans. An application for LEADER funding to commence this process has been approved. This will provide a foundation on which to build but will certainly not achieve the level of recognition that the area deserves. Proposed criteria for Authority grants which support measures to reinforce the identity of the area are provided in **Appendix 4**.

5.5 Parish forums and Community Sustainability

5.5.1 It is proposed that a simple grant scheme is established to give community groups a straight forward means of accessing sustainability funding. This will be set up as follows.

1. Parish Forums will be consulted to ascertain their priorities for community sustainability. These priorities will be reviewed every 2 years.
2. Criteria for assessing applications which deliver these priorities will be drawn up by officers with advice from the panel.
3. The priorities and criteria will be publicised and a simplified small grant application process developed but officer support with applications will not be provided.
4. Small scale applications (up to £5,000) will be dealt with on a first come first served basis, assessed by officers with grants being awarded where the criteria are met.
5. Larger scale community sustainability proposals which fulfil the identified criteria will be dealt with in the same way as full application for innovative projects.

5.6 Innovation in the Environment

- 5.6.1 Grants will continue to be available for innovative projects. At the AGM Members agreed that the application process for this would need to be streamlined but that input by the SDF panel should be retained in some form. The application process will therefore be reviewed and applications will continue to be referred to the panel for comment and advice, possibly electronically and certainly on a less frequent basis than hitherto.
- 5.7 It is proposed that the community sustainability and innovation processes will be set up and delivered by the Conservation Department. As illustrated below (and suggested by Members) no precise allocation has been proposed for three areas of support (local distinctiveness, community sustainability and innovation). This is in order to retain flexibility to respond to varying levels of demand or any high value, large scale, opportunities which may arise.

**Table 2 - Communities and Sustainable Development
Indicatives budgets excluding New Homes Bonus**

Title	Delivery Department	2014/15 Baseline Budget
Village Caretakers	Park Services	£30,000
Village Improvement Scheme	Planning	£30,000
Local Distinctiveness, Community Sustainability and Innovation in the Environment	Park Services Conservation	£125,000
Support for Community Toilets	Park Services	£4,000
Total		£189,000

6. Financial and Staffing Implications

- 6.1 All proposed budgets for grant schemes have been set using baseline figures from the Authority's Business Plan and do not include any additional expenditure. Staff resources for delivery and management of the schemes have been identified and accommodated within the restructured and existing staff of the departments concerned.

7. Sustainability Appraisal

- 7.1 In terms of the National Park Management Plan, the recommendations contained in this report will have the following significant beneficial sustainability implications.
- Wildlife, cultural and built heritage and landscape conservation priorities will be delivered.
 - Assistance will be available to increase the sustainability of the Park's communities and to encourage innovation that helps the environment.
 - Organisations that assist in achieving the Authority's objectives will be supported.

8. Legal Implications

- 8.1 Guidelines and agreements used to deliver and manage the various schemes constitute legal contracts and have been drawn up with guidance from the Authority's legal services. Agri environment grants and support are subject to EU state aid to agriculture rules and will be delivered in accordance with the National Park Authorities' approved scheme except where they are exempt under de minimis rules.

9. Recommendation

9.1 That: Members approve the proposals and budgets set out in parts 2, 3 and 4 of this report.

9.2 That Members approve the criteria set out in Appendices 1, 2, 3 and 4.

Contact Officer

Peter Barfoot

Director of Conservation

Tel No 01439 770657

Irene Brannon

Director of Corporate Services

Background papers to this Report

File ref

1. Review of the delivery of Authority grant.
Report to the National Park Authority, 19 December 2011.

Simple Boundary Scheme (SBS) Criteria for Grant Aid

The Simple Boundary Scheme (SBS) is available to all land managers in the National Park.

Works eligible for grant aid area:

- The restoration of hedges.
- Planting new hedges.
- The restoration of dry stone walls.
- Fencing and top wiring where necessary to protect the restored boundary.
- The works must be visible from a public road, rights of way or access area.

SBS is not available in respect to any boundaries that are due for restoration under other schemes or which are a legal requirement or responsibility.

Grants will be payable once the works are completed.

The level of grant will be based on the Authority's standard rates and governed by state aid rules.

No grant can be paid on any works commenced before an agreement is signed.

Connectivity, PAWS and Landscape Capital and Revenue Grant

Criteria for Grant Offers

1. Authority grant and support will only be offered for works that are outside the remit or practical capacity of national environmental and forestry schemes and which are not required by environmental legislation, planning conditions or requirements such as Single Payment Scheme cross compliance.
2. Value for money will be ensured by the use of the Authority's procurement process, or a requirement for quotations placed on the recipient or the use of standard costs prepared by the Authority.
3. The work to be supported must contribute to the following:
 - Improving habitat connectivity within connectivity target areas by introducing management or establishing new habitats or features on priority sites.
 - Works to carry out or facilitate PAWS restoration. The first priority being where this contributes to connectivity.
 - To protect sites of existing wildlife importance in particular species rich grasslands, where they come under threat.

Conservation Area Grant

Criteria for grant aid

- Grant is available to restore important lost architectural features on buildings within Conservation Area.
- Good building conservation practice must be followed and a detailed specification procedure.
- All statutory conditions must be met.
- Grants will be paid on the satisfactory completion of the work.
- The grant rate will normally be 50% upto a maximum of £2000.

No grant is payable on any works commenced before an agreement is signed or on works for which other grant is being claimed.

Historic Buildings Grant

Criteria for grant aid

Grants are available to assist owners of listed buildings within the National Park which are deemed to be at risk.

Historic buildings grant is available towards the cost of major repairs which will secure the buildings survival.

Good building conservation practice must be followed and a detailed specification for the works produced.

All statutory requirements such as Listed Building Consent and Building Regulations must be met.

Grant will be paid on the satisfactory completion of the work.

The grant rate will normally be 50% upto a maximum of £10,000.

No grant is payable on any works commenced before an agreement is signed or for which other grant is being claimed.

Tourism Capital and Revenue Grant

Criteria for Grant Offers

1. The overall aim is to promote and raise the profile of the North York Moors National Park and wider North York Moors area.
2. The work to be supported must contribute to at least one of the following objectives:
 - Initiatives that increase awareness of the North York Moors National Park and/or the wider North York Moors brand, for example promotional material, new events;
 - Utilising the area's local distinctiveness for the benefit of visitors;
 - Contribute towards the Management Plan's objective of ensuring that any increase in visitors to the area is sustainable, i.e. activities must protect and/or have no adverse impact on the natural and historic environment and tranquillity, must not disturb communities or vulnerable or protected wildlife.
3. Proposals could include, for example, sustaining communities, the use of local goods and services, minimising the effects of seasonality.
4. The work must comprise a new area of activity; projects which merely replace existing activity such as reprinting promotional materials will not be eligible.
5. The grant will be open to individuals, businesses, organisations and communities with priority given to collaborative projects and those with community benefits. Individual businesses will be prioritised during the life of the LEADER project as they will not be eligible for direct support from LEADER.
6. Applicants need not be located within the National Park boundaries. Provided that the criteria above are met, the eligible area will coincide with the North York Moors, Coast & Hills LEADER boundaries.
7. In general, awards will not be expected to exceed £5,000. A grant ceiling of £10,000 will be set beyond which projects will be considered individually by the Authority.
8. Value for money will be ensured by the use of the Authority's procurement process, or a requirement for quotations placed on the recipient.
9. Applications will be assessed by officers and verified by the Director of Park Services, with grants being awarded where the criteria are met.