

Investment Board

Date	19 June 2023
Report title	Inclusive Communities Grants - Programme Business Case
Portfolio Lead	Cllr Kerrie Carmichael, Portfolio Holder for Inclusive Communities
Accountable Chief Executive	Laura Shoaf, Chief Executive Officer
Accountable Employee	Ed Cox, Director of Strategy, Integration and Net Zero Claire Dhami, Head of Systems Change and Inclusion Bethan Stimpson, Head of Commonwealth Games Legacy (Inclusive Communities)

Recommendation(s) for action or decision:*

The Investment Board is recommended to:

- (1) Approve the £10.5million proposal set out in the Programme Business Case and summarised in this report, for the Commonwealth Community Grants Programme.
- (2) Approve delegation of delivery of Grants Programme to an external Grant Administrator, following a robust and compliant competitive procurement process.
- (3) Approve 'in-advance' cash payment profile for the awarding of grant funds (in contrast to standard 3-month arrears terms).

1. Purpose*

This £10.5million Community Grants Programme will empower communities to design, propose and implement solutions to real problems felt in their own places and spaces, catalysed by the Birmingham 2022 Commonwealth Games.

The Birmingham 2022 Commonwealth Games helped hundreds of community-based organisations to access Games related opportunities and funding newly invested in the region. Many of these organisations were able to support new and most-in-need beneficiaries through their project activity. The implementation of this Community Grants Programme will enable many of these successful projects to continue.

It was also recognised that due to challenging timescales and a restricted/operationally focussed budget, many communities did not feel the benefit of the Games. Benefits, whilst realised broadly, were not necessarily felt consistently across the West Midlands, with

particular emphasis having been afforded to Birmingham, Sandwell and Coventry as significant host venue local authority areas. In addition to supporting and building on the successes of projects catalysed by the Games, this fund will also enable WMCA to address inequalities in benefit realised to date, improve consistency of public sentiment, and better connect individuals with the legacy of the Games.

2. Background*

£70million of one-off inwards funding to WMCA has been secured from DCMS resulting from a significant underspend on the Birmingham 2022 Commonwealth Games. £10.5million of this budget has been approved in principle by WMCA Board in December 2022 and March 2023 WMCA Board meetings, with further details of the proposed activity set out in this Cover Paper and supporting Business Justification Case for approval by Investment Board in June 2023.

The proposal included in this report represents a new investment in community-based grant awards. There is no existing business as usual activity within the WMCA in this specific area, though alignment with the Community Green Grants (Sustainability) and Cultural Grants to Local Authorities have been noted.

The Commonwealth Community Grants Fund (CCGF) will enable communities from across the West Midlands (including constituent and non-constituent WMCA members) to access dedicating funding, set aside to continue the impact of the Birmingham 2022 Commonwealth Games. From 1st September 2023 to December 2024, WMCA will, via an appointed Grant Administrator, award more than £9million of funding to organisations, community groups and clubs across our region. The balance of the funding (c. £1.5million) will finance the appointment of an experienced Grant Administrator, a comprehensive Evaluation, and a small WMCA based staffing team to ensure robust contract management and long term embedding of learning in future WMCA practices.

The Fund administration will be overseen by a reputable and established administrator(s), able to demonstrate their ability to manage substantial grant volume and value, commitment to WMCA objectives and tangible connections with the regional community for whom the Fund has been established. The Grant Administrator(s) will be required to establish an independent Community Panel to support in the review, challenge and selection of successful grant applicants. It is a core principle of this fund (further detailed below) that this Grant Fund is participative in its design and delivery; by the community for the community.

WMCA recognises that this Fund is likely to be oversubscribed and therefore not all prospective projects will be successful in seeking a grant. Projects that are unique, have a genuine community need, and stand out as having a real impact on improving community wellbeing will be prioritised. The process for grant applications will be transparent, fair and equitable, giving organisations across the West Midlands the same opportunity for success.

It is intended that spend ranges by Local Authority area are included in the contract with the selected Grant Administrator to ensure fair distribution regionally. Spend ranges are not proposed to be advertised publicly. A consistent formula has been applied to all constituent and non-constituent Authorities reflecting three key factors:

1. Population size;
2. Nationally recognised Multiple Indices of Deprivation (MID) scoring;
3. A weighting (80:20) to reflect WMCA constituent membership;

This Fund has been made possible by an underspend on the 2022 Birmingham Commonwealth Games (B2022). It is therefore important that the Fund retains a connection to its origins; the Games itself. From its onset, B2022 established core mission principles which were embedded into the Games' Legacy Plan. These core missions remain fundamental to the foundations and decision-making principles of this new fund and include:

1. Bringing people together – supporting projects that connect communities, people and places.
2. Strengthening our communities - Capacity building across education, voluntary, community & faith sectors.
3. Telling our story – continuing to raise the profile of the West Midlands through the Legacy of the Commonwealth Games.

Approval of this funding has scope to unlock further sustainable investment from public and private sector partners from March 2025. Fund sustainability discussions are well-advanced and centre on how private and national funding could be leveraged to support projects beyond March 2025.

The programme is committed to robust Evaluation and £450k (reflecting industry best practice) has been allocated to procure an Independent Evaluator. This Evaluation will also enable reporting on spend by Local Authority area and inclusive practice (including disability, ethnic minority, LGBTQI+ and youth engagement).

3. Strategic Aims and Objectives

This programme contributes to top-level WMCA priority objectives including:

- (i) Secure new powers and resources from central government – the commitment from DCMS and HMT to retain the B2022 Games underspend within the West Midlands is in itself a significant achievement. Scrutiny from Central Government is expected to remain significant throughout the funding period. Successful delivery of this Grants Programme, particularly given its public facing campaign, has the opportunity to positively influence WMCAs future ability to leverage in new funding to the region.
- (ii) Develop our organisation and our role as a good regional partner – WMCA will seek to extend the impact of this Fund through additionally leveraged match funding, either through WMCA itself, or through contractual expectations on the appointed grant administrator and/or successful grant applicants.

Three sector focus areas have been reflected in the Fund design: Physical Activity & Sport, Mental Health & Wellbeing and Arts, Culture & Creativity. Objectives across these sectors have been developed following extensive consultation and input from sector experts. These are presented in the table below.

Core Themes		Objectives		
		Physical Activity & Sport	Mental Health & Wellbeing	Arts, Culture & Creativity
1.	<u>BRINGING PEOPLE TOGETHER</u>	<p>Removing barriers preventing sport and physical activity being inclusive, accessible & a safer place for all.</p> <p>Utilising major sports events in the region as a catalyst to getting people active.</p>	<p>Addressing racial inequalities in mental health & wellbeing, in terms of outcomes, experiences & access to help.</p> <p>Strengthening the systemic economic inclusion of people with or significantly at risk of mental ill health.</p> <p>Increased utilisation of physical activities & sports to contribute to good mental health & wellbeing</p>	<p>Removing barriers preventing arts, culture, and creativity being inclusive, accessible & enjoyable by all.</p> <p>Reach audiences and strengthen community relationships. Utilising local arts, heritage and creative spaces/professionals.</p>
2.	<u>STRENGTHENING OUR COMMUNITIES</u> Capacity building across education, voluntary, community & faith sectors.	<p>Building the capacity and strengthening the resilience of the voluntary & community sector to enable them to get more people active.</p> <p>Helping voluntary & community organisations to start up and be fit for purpose with good governance and operational practices needed to access the funding long-term to help them get more people active.</p> <p>Supporting regional organisations to improve start to life activity for children and young people through Sport and Physical Activity.</p>	<p>Strengthening the role and contribution of the voluntary, community and faith sectors to address diverse, unmet mental health and wellbeing needs.</p> <p>Enhancing mental health and wellbeing in education settings including schools and colleges, for pupils, learners and staff.</p> <p>Strengthening approaches to meeting mental health needs as part of the Education, Health and Care plan process under the Special Educational Needs and Disabilities (SEND) agenda.</p>	<p>Building the capacity and strengthening the resilience of the community, voluntary, and faith sectors to enable them to get more people into arts, culture and creativity.</p> <p>Enhancing arts, heritage and creativity in education settings (from Early Years to Higher Education) including alternative provision and YOT's, for pupils, learners and staff.</p>
3.	<u>TELLING OUR STORY</u> Raising the profile of the WM	<p>Sharing best-practice, excellence & innovation through conferences, events & international exchange.</p> <p>Supporting communities to benefit from future major event activities; using these as a catalyst for stories from the West Midlands to presented on a National and Global stage.</p>	<p>Sharing best-practice, excellence & innovation through conferences, events & international exchange.</p> <p>Development and delivery of Mental Health awareness campaigns tackling stigma and targeting most at risk groups.</p>	<p>Sharing best-practice, excellence & innovation through conferences, events & international exchange.</p> <p>Supporting projects that seek to tell the story of the West Midlands and its people.</p>

Overarching programme objectives which will influence the selection of successful grantees via the Grant Administrator include:

- Award grant funding to causes which contribute to existing regional and national policy priorities, including causes which continue the legacy impact of the 2022 Commonwealth Games.
- Extend the reach of community-based, including the Physical Activity, Health and Wellbeing sector, to support disproportionately disadvantaged groups, with particular focus on youth, women and girls, and those with disabilities.
- Support regional communities and organisations to engage with this grant funding opportunity; enabling funding to reach new audiences through barrier breaking and innovative grant making practices.
- Support an upskilled region-wide community.
- Maximise impact, reach and timeline of Games surplus funding through additional leveraged match funding from key regional contributors.
- Be better positioned to attract inward financial investment through improved community capacity. Develop knowledge of granting practices and learning and impact on the communities who are the beneficiaries of such investment.

4. Financial Implications*

The total available from the CWG Legacy Fund for Inclusive Communities Grants Programme is £10.5m revenue grant funding for 2 years through to March 2025, subject to receipt of the final grant award letter for the Commonwealth Games Legacy funding from DCMS and accepted by WMCA.

The programme has been specifically designed to the allocated finite budget of £10.5million. Efforts to minimise spend and maximise efficiency, whilst not compromising outcomes have been prioritised. There is therefore no budgetary shortfall to delivery and no required match funding from WMCA, subject to the full £10.5million budget set out in this report being approved at June Investment Board, .

The Programme also benefits from a Commonwealth Games Legacy Enhancement Fund (totalling £70m) contribution to central function costs (i.e. Finance, HR etc) which will cover any incremental costs of essential practice such as recruitment of staff plans outlined in this Programme Business Case. This project is deemed to be affordable subject to receipt of committed funds from DCMS.

WMCA anticipates notification of revenue grant funding from DCMS through Q1 23/24. However, as this business case will not be formally approved until June 23 Investment Board, any expenditure prior to this approval will need to be agreed and underwritten by WMCA's S.151 Officer. This approach was agreed at the CA Board meeting in March 23.

This business case includes a financial risk of c.£105k relating to Q1 expenditure, associated with temporary staff who have worked on the development of the CWGLF business cases since April.

The table below sets out the total budget allocations against the four core cost bearing components. Costs items 2-4 will largely accrue evenly over the lifetime of the programme

(to March 2025). The payment of grant funding (£9million) will be tied to the receipt of quality, acceptable applications from the regional community. A 'rolling application window' model will be followed (reflecting learnings from industry best practice) and therefore accuracy of detailed cashflowing is more limited. This will be monitored and managed by the WMCA Finance team and effort will be made to encourage applications and awarding of funds from September 2023 – June 2024 to maximise the time available for grantee delivery and minimise risk of underspend by March 2025.

	Cost Element	Budget
1	Community Grant Awards	9,000,000
2	Grant Administrator Fee (Contract Value c.8-10%)	800,000
3	Programme Evaluation (5% of granted funds)	450,000
4	Core Staffing	150,000
		10,500,00

The costings for the different elements of the project have been designed based on experience within the WMCA in working on similar projects in the past as well as specific inputs from a specially formed Reference Group comprised of grant sector experts. Notably, the percentage allocations for the Grant Administrator and Evaluation (8-10% and 5% respectively) have been directly informed by best practice, lessons learned and industry standards.

WMCA will be required to cashflow this programme as the grant can only be claimed quarterly in arrears from DCMS.

Financial spend and associated risk within these cost elements falls into four distinct categories:

1. Grant Administrator contractual spend – total spend is limited to £900k under the Tender Specification. A specialised supplier agreement will dictate agreed payment terms between WMCA and the supplier. Supplier payments will be spread across of the lifetime of the project and will subject to effective contract management and robust supplier performance reporting.
2. Distribution of grant funds (£9million) to the Grant Administrator for onwards distribution – it acknowledged that the Grant Administrator will not have sufficient cash flow or commercial appetite to cashflow the awarding of grant funds to community-based organisations from its own reserves. Therefore, payment of funds to the Administrator will be made following selection of successful projects, but in advance of delivery of outcomes.

Grantees will be expected to report on delivery of outcomes to the Grant Administrator, who will onwards report this to WMCA under the terms of their Supplier Agreement. The exact balance of funds to be paid to the Grant Administrator will be dependent on the applications received and selected from prospective grantees. Specific task-based finance activity to be undertaken by the Grant Administrator to provide assurance to WMCA will include:

- Grantee performance monitoring, including sample-based project audits;
- Reporting of top-level budget to actuals for all projects;
- Provision of detailed project based activity and financial spend to WMCA upon request;

3. Procurement of an independent Evaluator, to capture quantitative and qualitative outputs and stories. The contract value will be £450k (5% of total granted funds via the Administrator). The Procurement process will comply with all relevant procedures and regulations.
4. WMCA internally managed spend – cost that is managed directly in house by WMCA and its Finance team, including staffing and Evaluation oversight. This is considered to be the lowest area of financial risk and all activity will comply with relevant WMCA policies and procedures.

5. Legal Implications*

Delivery of this Programme is proposed to follow a competitive Procurement based approach. Therefore legal implications are consistent with Procurement requirements.

A suitable DPS Framework from which a Grant Administrator can be appointed has been identified. The contract value for this Procurement is expected to be £650,000-£900,000. Use of this Framework satisfies relevant conditions for public Procurement at this contract value.

Legal support will be required in the contracting stage, once a suitable supplier has been identified and appointed, to ensure the following key performance criteria are captured in the resulting contract:

- Evaluation and Monitoring – that the grant administrator has the commitment and infrastructure to provide the required inputs to any WMCA set monitoring and evaluation criteria;
- Governance – the delivery agent must be able to demonstrate suitable governance processes and procedures to ensure the effective running and decision making related to the devolved programme delivery;
- Financial Controls – the Delivery Partner/s must demonstrate suitable Financial maturity (for example through evidence of a suitable Financial Control framework) to receive and spend out the allocated funding.

Procurement activity is actively taking place in tandem with the approval of this PBC, ensuring that pending formal approval at Investment Board in June 2023, progression to contracting and commencement of delivery is suitably expedited.

The Tender Specification was launched on 24th May and the application deadline is set for 15th June 2023.

It is expected that Significant Control will pass to the selected Grant Administrator, consistent with similar WMCA led grants programmes run previously. The Grant Agreement between DCMS and WMCA will be back-to-backed by Legal to ensure all relevant terms are imposed on the Grant Administrator to comply with DCMS delivery and reporting requirements.

A 'no-disrepute' clause will be included in the contract between WMCA and the Grant Administrator to mitigate reputational risk to WMCA.

6. Single Assurance Framework Implications

At meetings on 19 December 2022 and 17 March 2023, WMCA Board approved an approach to the £70million Commonwealth Games Legacy Enhancement Fund (CWGLEF) in line with the SAF. Following Board approval of a four-pillar programme allocation, £21.8million was ringfenced for 'Inclusive Communities', with £10.5million to be spent on the Community Grants Programme.

The continuation of support for this project is contingent on a comprehensive Programme Business Case to be assessed through the SAF process and presented to and approved by Investment Board at the meeting on 19 June 2023.

7. Equalities Implications

EDI is a cross-cutting thematic priority within the Commonwealth Community Grants Programme. Specific EDI KPIs, thresholds and targets will be included in the legal agreement between WMCA and the selected Grant Administrator.

The Fund has been positioned with WMCA's Inclusive Communities portfolio, with the expectation that core 'designing in' inclusion principles derived from WMCA led activity, including the Young Combined Authority, Faith Strategic Partnership Group, Race Equalities Taskforce, Homelessness Taskforce and our wider work to address health and equity has been embedded in Fund design.

There is current evidence of demand for financial support amongst communities and VCSEs in the West Midlands. In 2023, community engagement tested post-Games sentiment and demand for ongoing strategic leadership in the Games Legacy space. Communities said that the Games brand continues to be seen as inclusive, positive and powerful, with the potential to engage underserved beneficiary groups.

It is widely acknowledged that the Games received negative criticism from some of these communities, largely resulting from gaps in the funding landscape, and perceptions that some areas/groups did not receive the same positive impact as others. This proposal has been specifically designed to mitigate concerns arising from the community, to address and plug acknowledged gaps, and seeks to level the playing field in terms of access to legacy benefits across the West Midlands.

8. Inclusive Growth Implications

This Business Case proposal forms part of the CWGLEF Inclusive Communities pillar, which itself contributed to WMCA Inclusive Growth priorities through the development of an inclusive communities strategy and community-led activities. These activities will together in combination help achieve our power, influence, and participation fundamental.

The Community Grants Programme will further contribute to WMCA's Inclusive Growth Priorities by providing a fair, transparent and community led opportunity for organisations and individuals regionally to benefit from this newly leveraged funding. This will specifically contribute to WMCA's commitment improve:

- Power and participation – by empowering communities to identify, propose and implement solutions to real challenges in their own places and spaces.
- Connected communities – one of the thematic pillars of the Community Grants fund is ‘bringing people together’
- Education and learning – the Grants Fund specifically seeks to attract proposals to support youth in education and community settings.
- Health and wellbeing – sports, physical activity and mental health and wellbeing all form part of the programme’s thematic priorities. £3million has been specifically committed to selection of projects in this area.
- Equality – equal opportunity is an agreed principle of this Fund, with the proposed application process being fair and transparent to ensure equal access to opportunity across the West Midlands.

9. Geographical Area of Report’s Implications

This report applies to West Midlands Combined Authority constituent and non-constituent local authority areas. This applies to both the Grant Administrator and prospective downstream applicants seeking financial support from the fund. Specific consideration was made to this geographic definition in WMCA Board on 17th March 2023, and further details of approval are noted here: [Point 15 on Page 10, of Item 9 at 17th March 2023’s WMCA Board.](#)

Successful bidders to the Grant Administrator tender, as well as downstream fund applicants will be required to demonstrate at least one of the following:

- Significant base of operations within the West Midlands (defined as above);
- A distinct beneficiary base within the West Midlands (defined as above);
- Demonstrable evidence of positive delivery and associated outcomes within the West Midlands previously, with a clear plan of how this would be replicated again under this Fund.

10. Other Implications

There is current evidence of amongst communities and VCSEs in the West Midlands for ongoing legacy benefit from the Commonwealth Games. In 2023, community consultation found that the Games brand and image continues to be seen as inclusive, positive and powerful, with the potential to engage underserved beneficiary groups across the region.

It is widely acknowledged that the Games received negative criticism from some of these communities, largely resulting from gaps in the funding landscape, and perceptions that some areas/groups did not receive the same positive impact as others. This proposal has been specifically designed to mitigate concerns arising from the community, to address and plug acknowledged gaps, and seeks to level the playing field in terms of access to legacy benefits across the West Midlands.

11. Schedule of Background Papers

Benefits Realisation Plan and Benefits Register
Risk Management Strategy
Communications Strategy

Risk Register and Issue Log
Stakeholder and Communications Strategy
Programme Schedule
Change Management Strategy
Grants Eligibility Criteria
Procurement Timeline
Reference Group Terms of Reference
Lessons Learnt Log