

# Financial Appraisal Report

External Funding Application to the Home Office for funding from the Safer Streets Fund

## Report to Cabinet

Date Issued: 8th April 2021

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## 1 Executive Summary

### Introduction

Homes & Communities are seeking retrospective approval to submit an external funding bid for £0.265m to the Home Office for funding from the Safer Streets Fund.

The project aims to target high levels of crime in three wards within West Bromwich and Bearwood during 2021/22, with the installation of CCTV cameras, security gates and the employment of a Community Crime Prevention Officer.

Recent data provided by West Midlands Police indicates that the communities of West Bromwich and Bearwood are disproportionately affected by crime, with both areas experiencing high income deprivation, long term unemployment, child poverty and older people living alone.

Police data has recorded 127 offences in these areas at retail and licenced premises over the last 18 months and the highest offences have been burglary, theft and vehicle crime.

Strategic Finance has been asked to carry out an appraisal of the funding application, which has been evaluated against HM Treasury Green Book guidance. The appraisal process recorded a score of 72%, with some areas of risk identified.

### Project Objectives

- To support the Council's Vision 2030, in ensuring that our communities are built on mutual respect and taking care of each other, supported by all the agencies that ensure we feel safe and protected in our homes and local neighbourhoods.

### Project Details

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In January 2021, the Home Office launched a second round of funding from the Safer Streets Fund to safeguard areas that are persistently and disproportionately blighted by neighbourhood crime.

The project will deliver the following:

- Installation of 8-10 CCTV Cameras
- Recruitment of a Community Crime Prevention Officer
- 100 Home security packs
- Alley Gating for 20 identified sites
- Public awareness campaign

The cost to deliver the 'Safer Streets' initiative is £0.331m. Grant funding of £0.265m has been requested from the Home Office. Sandwell MBC will be required to provide a minimum 20% match funding (£0.066m) for the project, which will be provided as a 'contribution in kind' through existing staff resources.

The project will be completed by March 2022.

### Scope and objectives of financial appraisal

The purpose of financial appraisals is to consider the guidance provided by HM Treasury in evaluating business case proposals and assessing the potential risk to the Council in achieving its objectives. The following components and risks are assessed:

HM Treasury Green Book	Potential Risks
<u>Strategic Case</u> Objective, need, demand and reasonableness	Insufficient justification for project/will not meet strategic objectives
<u>Economic case</u> Option analysis and risk	Poor use of council resources & excessive risk to Council
<u>Commercial Case</u> Legal and statutory implications	Project may contravene legal/statutory regulations
<u>Financial Case</u> Affordability	Proposals are not affordable or realistic
<u>Management Case</u> Governance, project management, monitoring and evaluation	Non-delivery of project and outputs
Limitations to scope of appraisal	Information provided by Project Officer

LEVEL OF ASSURANCE GAINED FROM FINANCIAL APPRAISAL

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Limited (0%-65%)	Satisfactory (66%-80%)	Substantial (81%-100%)
There is a high risk of objectives not being met due to insufficient assurance within the project proposals. There is limited evidence to confirm that the risks to the Council could be adequately mitigated.	There is adequate assurance that objectives could be met, but further actions are required to adequately mitigate the risk to the Council.	There is good assurance that objectives will be met, with little risk to council resources.

## Overall Conclusion

The appraisal scored 72% and provides **satisfactory assurance** over the adequacy of the proposals.

Financial appraisals will identify the following levels of issues:

### Fundamental

Action is imperative to ensure that the objectives of the project are met

### Significant

Action is required to avoid exposure to significant risks in achieving objectives

### Merits Attention

Action is advised to enhance operational efficiency

## Summary of key issues identified

- The financial appraisal has identified no 'fundamental' issues
- The financial appraisal has identified 3 'significant' issues
- The financial appraisal has identified 2 'merits attention' issue

## 2 Issues Arising

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## 2.1 **Commercial Case – Funding Terms and Conditions**

Sandwell MBC will be required to enter into a funding agreement with the Home Office and adhere to its terms and conditions. Whilst terms and conditions of funding are not expected to be too onerous for the Council to comply with, at the time of appraisal these were not available for review. The level of risk to the Council can therefore not be confirmed at the present time.

### **Implication:**

Failure to adhere to the funder's terms and conditions will result in a breach of contract and may have financial implications regarding the clawback of grant.

### **Recommended Action:**

- That prior to entering into a funding agreement with the Home Office for delivery of the project, Strategic Finance review the terms and conditions of funding.

## 2.2 **Financial Case – Accurate costs and contingency**

- (a) A breakdown of costs were provided within the application but limited information was available to support the calculation, and an allowance for contingency was only provided on the cost of the CCTV cameras.
- (b) The proposal includes the use of grant funding for the employment of a Community Crime Prevention Officer (Grade Band F) for a period of 12 months. However, the application for grant funding has only requested funding to cover salary costs at the lower end of Grade F (SP26) and eligible expenditure under the grant can only be incurred until 31<sup>st</sup> March 2022.
- (c) Only 7% of the total project cost should relate to indirect costs. It is not clear what the funder defines as 'indirect costs' and how much of the council's match funding 'in kind' are for such costs.

### **Implication:**

There may be insufficient grant funding available to deliver the project and additional council resources may be required.

### **Recommended action:**

- That all estimated costs are reviewed for reasonableness to ensure they can be managed within the available funding.

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- That additional council resources are identified to support any additional costs relating to the employment of the Community Crime Prevention Officer for which grant funding is not available.
- That adequate evidence can be provided to the funder to support all match funding 'in kind' of officer time used on the project, along with a breakdown of direct and indirect costs.

### 2.3 **Financial Case – Future Asset Management & Maintenance**

The addition of CCTV cameras to the Council's stock will require future management and maintenance beyond the grant funding period.

**Implication:**

Management and maintenance costs will need to be funded from within council resources.

**Recommended action:**

That adequate funding is identified from Housing Management's existing resources to fund future management and maintenance costs of the additional CCTV cameras.

Action is advised to enhance operational efficiency  
**Merits Attention**

### 2.4 **Commercial Case – State Aid**

State aid advice has not been received for the project.

**Implication:**

Grant funding may not be compliant with state aid regulations.

**Recommended action:**

- That state aid advice is sought from Legal Services to ensure all grant funding is state aid compliant.

### 2.5 **Financial Case – VAT/Tax implications**

Whilst it is not envisaged that the project would have any negative VAT or tax implications for the Council, confirmation has not been sought from the Council's Tax Accountant.

**Implication:**

Negative VAT/tax implications may have financial implications for the Council.

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**Recommended action:**

- That VAT/tax advice is sought from the Council’s Tax Accountant.

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