

Financial Appraisal Report

External Funding Application to Ministry of Housing,
Communities & Local Government, for funding from the
Community Champions Local Authority Fund

Report to Cabinet

Date Issued: 18th May 2021

Contents:

1. Executive Summary
2. Issues Arising

1 Executive Summary

Introduction

Homes & Communities are seeking retrospective approval to accept grant funding from the Ministry of Housing, Communities & Local Government to deliver support to communities and groups most at risk from COVID-19.

The project will be delivered by Public Health in partnership with several voluntary sector organisations.

An offer of funding was received in January 2021, following the submission of an expression of interest approved by the Council's Statutory Officer's Group.

The project aims to support a range of interventions to improve COVID-19 compliance and maximise vaccination take up.

Public Health England's review of disparities in risks and outcomes from COVID-19 in June 2020, highlighted that certain communities are disproportionately impacted by COVID-19, both in transmission rates and in mortality. Black, Asian and Minority Ethnic (BAME) communities and people with disabilities have been severely impacted by the COVID-19 pandemic. Death rates from the virus are higher for Black and Asian ethnic groups when compared to White ethnic groups.

Sandwell is an ethnically diverse borough and data from the 2011 Census showed 34% of residents are from black and minority ethnic communities. This compares to 20% across England and Wales.

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 66%, with some areas of risk identified.

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Project Objectives

- To support the Council's Vision 2030, in ensuring that we have a strong approach with all partner organisations to prevent ill health and improve long-term health and wellbeing by protecting our most vulnerable adults and children.

Project Details

In October 2020, the Ministry of Housing Communities and Local Government (MHCLG) launched a £25m 'Community Champions' fund to support communities disproportionately affected by Covid-19.

The project aims to deliver the following:

- Vaccine Take-Up Grants Programme - offering total grant funding of £250,000 for Voluntary Community Sector groups to provide practical solutions such as appointment reminders and lifts, as well as additional costs relating to COVID-19 compliance work including translation costs, videos, volunteer expenses etc.
- Weekly briefings and training sessions - a virtual team will work with key Voluntary Community Sector stakeholders including Community Offer, Sandwell Community Health Partnership, Sandwell Consortium and Sandwell Advice Providers Network to respond to local data about COVID-19 and vaccine take-up.
- Improve COVID-19 compliance through weekly briefings, support from additional partners, including community champions in voluntary sector groups that can reach and support people with disabilities and by providing additional support for BAME communities through welfare calls

The cost of delivering the Community Champions project is £0.319m, with 100% grant funding offered by the Ministry of Housing, Communities and Local Government.

Whilst grant funding should have been committed by March 2021, project delivery can extend beyond this period but will need to have commenced by June 2021.

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>	Insufficient justification for project/will not meet strategic objectives

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Objective, need, demand and reasonableness	
<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

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 66% 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

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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 2 'significant' issues
- The financial appraisal has identified 4 'merits attention' issues

2 Issues Arising

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

2.1 Commercial Case – Funding Terms and Conditions

Sandwell MBC and the Ministry for Housing, Communities & Local Government have entered a Memorandum of Understanding with the following obligations:

- (i) Sandwell Council will be responsible for ensuring that any third-party partnership arrangements or procurement activities related to delivering activities for the Community Champions: Local Authority Fund programme comply with Procurement Law and Sandwell Council's own procurement procedures.
- (ii) Sandwell Council will be responsible for procedure, contract management and undertaking due diligence processes (including but not limited to the prevention of financial crime), on all organisations in receipt of financial support, which will be used in the delivery of the Community Champions programme.

Funding agreements have been issued by Sandwell MBC to voluntary sector organisations for the delivery of the project, but terms and conditions of funding do not include any procurement requirements and it is not clear to what extent the Council undertakes due diligence on external partners.

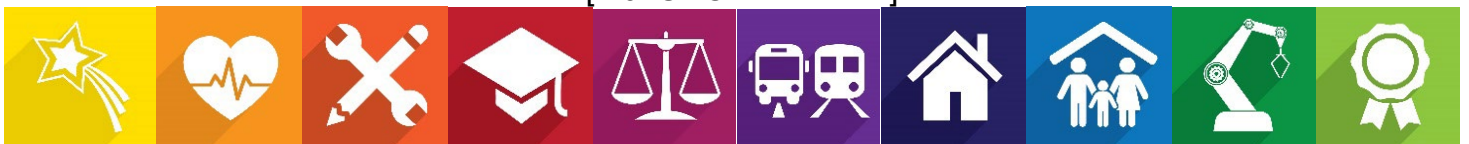
Implication:

Failure to adhere to the funder's requirements may have financial implications on the Council regarding the clawback of grant and may increase the risk to the project of non-delivery.

Recommended Action:

- (i) That all funding agreements with third-party organisations include the requirement to comply with Procurement Law and Sandwell's own

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procurement procedures and should transfer the risk of terms and conditions of external funding to the partner.

- (ii) That advice is sought from Procurement Services, to ensure that a reasonable level of due diligence can be undertaken on all third-party organisations, prior to future grant funding, ensuring good practice and mitigating financial risks to the Council.

2.2 Financial Case – Accurate costs and value for money

A breakdown of proposed grant funding allocations to third party organisations has been provided but no information was available to determine the level of outputs expected from partners.

Implication:

The lack of pre-determined levels of outputs, limits the potential for adequate evaluation of project delivery and cannot provide assurance that value for money is provided by partners.

Recommended action:

- That agreed output levels are agreed with partners involved in the delivery of the Community Champions programme and monitored throughout the funding period.

Action is advised to enhance operational efficiency
Merits Attention

2.3 Economic Case – Risks

A corporate Risk Register has been provided but only identified two risks. There was concern that not all risks to the project have been identified, including project delivery risks by partners.

Implication:

Risks may not be identified and therefore not adequately mitigated. This may impact on the delivery of outputs and result in financial implications to the Council.

Recommended action:

That the Risk Register is reviewed to ensure all risks relating to the project are identified and adequately mitigated.

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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.

Recommended action:

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

2.6 Management Case – Project evaluation

Whilst Sandwell Council will be expected to provide short monthly progress reports during the funding period, it is not clear what programme evaluation will be undertaken to determine the success of the project.

Implication:

Objectives and outcomes may not be adequately evaluated for external audit purposes and cannot inform future improvements in service delivery.

Recommended action:

- (i) That expected outcomes are quantified,
- (ii) That a system be established to capture all outcomes relating to the project, to ensure that the project can be effectively evaluated,
- (iii) That a process for the evaluating and reporting of project outcomes is determined.

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