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## **REVIEW OF FINANCIAL SUPPORT TO COMMUNITY COUNCILS**

### **Report by Director Resilient Communities**

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#### **EXECUTIVE COMMITTEE**

**14 November 2023**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report sets out a series of recommendations to the Executive Committee following the review of financial support to community councils which was undertaken by a short life working group following agreement by the Executive Committee in June 2023.
- 1.2 Scottish Borders Council currently provides iro £80,696 by way of financial support to community councils per year. This can vary due to the amount of funding claimed via reimbursement or changes to insurance premiums.
- 1.3 Area of financial support considered during this review were:
  - a) Annual support grant
  - b) Insurance
  - c) Local community paths maintenance grant
  - d) Hall hire reimbursement
  - e) Data protection renewals
- 1.4 A comprehensive survey of community councils was carried out between 20/07/23 – 16/08/23, the results of which were used alongside information obtained from annual accounts, to understand the financial pressures on community councils and to inform the review.
- 1.5 A total of 38 community councils responded to the survey. This represented a 55% response rate. Community councils from all localities responded representing at least 50% of operational community councils in each annual support grant bracket.
- 1.6 When asked whether the support grant covered all costs five community councils responded that it did while 33 said it didn't. Of these, 20 community councils said that they took steps to identify funding elsewhere while 13 said that they are limited in what they do.

## **2 RECOMMENDATIONS**

### **2.1 I recommend that the Executive Committee agrees:-**

- a) Increase the annual community council support grant by 10% representing a budget increase of £4,970,**
- b) Review the annual support grant every three years,**
- c) Limit spend of the annual support grant to operational matters in the first instance and other initiatives thereafter,**
- d) Disallow community councils from using of the annual support grant to fund third party organisations,**
- e) Cover the cost of all community council insurance premiums, capped at the current level of assets and events, at an additional cost of approximately £6,000 for 2024/25 allowing for annual increases thereafter,**
- f) Increase the maximum local community paths maintenance grant to £600 per applicant, representing a budget increase of £5,100,**
- g) Officers to support a review of Scottish Borders Community Councils' Network to consider the establishment of locality-based networks in consultation with community councils,**
- h) Maintain SBCCN annual grant at current level to be reviewed once the future of SBCCN has been agreed, and**
- i) The wider support available to community councils to be reviewed.**

### 3 BACKGROUND

3.1 There are currently 69 community council areas in the Scottish Borders. As of October 2023 there were community councils operational in 66 of these areas, the exceptions being Ayton, Jed Valley and Maxton & Mertoun, it should be noted that an election has been called for Ayton Community Council.

3.2 The last review of financial support was undertaken in 2009 with recommendations presented to, and agreed by, Council in October that year. Since 2009 the financial support provided has been enough to cover the cost of the core functions of community councils. However, the sharp rise in inflation has seen costs rise to a level that community councils are struggling to meet.

3.3 At their meeting on 13 June 2023 the Executive Committee agreed that a short life Member/Officer Working Group be established to undertake a review of financial support to community councils, report back to the Executive Committee, and agreed changes fed into the budget setting process for 2024/25.

3.4 Members on the Working Group were:

- Cllr Pam Brown
- Cllr Caroline Cochrane (Chair)
- Lynne Cuerden (Democratic Services - support)
- Tracey Hutchison/Ross Oliver (Finance)
- Graeme Johnstone (Economic Development – Pathways Maintenance Grant only)
- Clare Malster (Communities & Partnerships)
- Cllr Aileen Orr
- Cllr Neil Richards
- Cllr Eric Small

3.5 The Scheme for the Establishment of Community Councils is currently being reviewed although it is not expected that any recommendations in this report will be affected by that piece of work.

### 4 FINANCIAL SUPPORT TO COMMUNITY COUNCILS

4.1 Currently, financial support to community councils is as follows:

Table 1: Financial support to community councils.

<b>Support</b>	<b>Financial cost to SBC</b>
Annual support grant	£50,950 <sup>1</sup>
Data Protection renewal	£2,760
Insurance <sup>2</sup>	£5,995.92 (2023/24)
Hall hire reimbursement <sup>3</sup>	£5,991.02 (cost for last pre-Covid claims 2019/20)
Local community paths maintenance grant	£15,000
<b>Total costs <sup>2</sup></b>	<b>£80,696.94</b>

<sup>1</sup> Includes £1,250 grant to Scottish Borders Community Councils' Network

<sup>2</sup> Hall hire reimbursement and insurance costs generally increase year on year

<sup>3</sup> With the exception of the path maintenance grant all funding is top sliced from the Neighbourhood Support Fund.

## 5 INFORMATION TO SUPPORT THE REVIEW

5.1 A comprehensive survey was issued to all community councils, the results of which were used alongside information obtained from annual accounts, to understand the financial pressures on community councils and to inform the review.

5.2 A total of 38 community councils responded to the survey. This represented a 55% response rate. Community councils from all localities responded representing at least 50% of operational community councils in each annual support grant bracket.

Table 2: Responses by locality

<b>Locality</b>	<b>No. of CC responding (operational CCs in locality)</b>
<b>Berwickshire</b>	12 (20)
<b>Cheviot</b>	15 (13)
<b>Eildon</b>	9 (13)
<b>Teviot &amp; Liddesdale</b>	5 (8)
<b>Tweeddale</b>	7 (12)

Table 3: Responses by grant level

<b>Annual support grant</b>	<b>No. of CC responding (operational CCs in receipt of grant at this level)</b>
<b>£540</b>	14 (20)
<b>£630</b>	16 (32)
<b>£990</b>	4 (8)
<b>£1,365</b>	3 (4)
<b>£1,780</b>	1 (2)

5.3 In analysing the data it was found that the number of times a community council met a year bore no relationship to the amount of the support grant that was spent, with 33 community councils indicating that they spent between 76-100% of the grant each year; spend by meeting frequency is set out below.

Table 4: Percentage of CC grant spend by number of meetings per year

% of grant spent / year	No. of meetings year								Total
	5	6	7	8	9	10	11	12	
26-50%	-	-	-	-	1	-	-	-	1
51-75%	1	1	-	-	-	2	-	-	4
76-100%	-	7	4	1	1	8	6	6	33
<b>Total</b>	<b>1</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>38</b>

5.4 When asked whether the support grant covers all costs five community councils responded that it did while 33 said it didn't. Of these, 20 community councils said that they took steps to identify funding elsewhere while 13 said that they are limited in what they do.

5.5 Information was submitted about where the financial pressures lay, these included: floral displays, Christmas decorations/trees/lights, community councillor expenses, maintenance of defibrillators, insurance and venues for community meetings (e.g. wind farms).

## 6 AGREEMENT OF RECOMMENDATIONS

6.1 In arriving at each of the recommendations included in this report the Working Group considered each area of financial support provided by SBC to community councils as set out in Table 1 above. These recommendations are set out in sections 7 – 12 below.

## 7 ANNUAL SUPPORT GRANT

7.1 The annual support grant is currently structured in five bands based on the population of the community council area:

Table 5: Community council funding levels

Population	Funding	No. of CCs
Over 10,000	£1,780	2
4,000 – 10,000	£1,365	4
2,000 – 4,000	£990	8
500 – 2,000	£630	34
Under 500	£540	21

Scottish Borders Community Councils' Network receives annual core funding of £1,250 (SBCCN is covered in section 12 below).

7.2 There is set criteria in place that a community council must meet before the annual support grant is awarded:

- a) Submission of annual accounts
- b) Agreement to abide by the Code of Conduct for Community Councils
- c) Completion of an evaluation setting out how the previous year's grant was spent
- d) No more than the equivalent of two years annual grant held by way of reserves, excluding money ring fenced for specific initiatives.

- 7.3 Research into how the community council support grant is structured in other local authority areas shows that others also award a grant based on population. This is a mix of fixed funding bands (as with SBC) and a flat rate topped up by an allow per head of population.
- 7.4 It is recognised that the current grant isn't enough, for the most part, for community councils to operate and deliver community initiatives within their area, particularly following the sharp rise in costs over the past 12 months.
- 7.5 The purpose of the annual support grant (ASG) is set out in the Scheme for the Establishment of Community Councils:
- "All monies received by a Community Council, whether by way of grant, gift or loan, shall be applied to maintain its administrative structure and/or to further the objects of such Council."
- 7.6 The defined purpose enables community councils to use the support grant to cover costs incurred from the wide range of work that they are involved in, including floral displays and Christmas lights/decorations as well as costs incurred from resilience work.
- 7.7 Recognising the huge variety of work that community councils undertake in their areas it is not proposed to make large changes to how the annual support grant can be spent. However, there are some occasions when the annual support grant is used to cover costs that could be funded elsewhere e.g., SBC's Neighbourhood Support Fund or National Lottery Awards for All. It is therefore being recommended that the purpose of the support grant be changed to state that it should be used to cover operating costs in the first instance, e.g. stationery, expenses, preparation of accounts and memberships / subscriptions. Once all operating costs have been covered any remainder can be used to support other costs the community council may incur. This will allow flexibility to continue to use the annual grant to cover costs, such as electricity for Christmas lights, which can't be met elsewhere. A team of Community Engagement Officers, within SBC's Community & Partnerships Team, can support groups, including community councils, to identify and apply for funding from other sources.
- 7.8 It is also recommended that money from the support grant can no longer be used to fund other community groups / organisations (53% of community councils who responded to the survey said that they give donations/grants to other community groups). Any groups requiring financial support should be encouraged to contact the Communities & Partnerships team for help and advice to access funding. This is not seen as penalising community groups but will help to ease the financial pressure on community councils, which are sometimes seen as the first port of call for funding by local groups, and will also help other groups build up knowledge about other sources of funding and develop their capacity.
- 7.9 When considering the financial pressures being experienced by community councils the Working Group agreed that the level of grant should be increased. Mindful of the budget pressures faced by Scottish Borders Council the proposed increase has been set at 10%. Whilst a conservative increase given that the grant had not been reviewed since 2009 it is

anticipated that other recommendations contained in this report will help to alleviate the financial pressure on community councils.

- 7.10 Increasing the support grant by 10% would cost SBC an additional £4,970 p/a. It is recommended that the grant be reviewed every three years going forward.
- 7.11 As previously stated, there has been no increase in the level of support grant since 2009. However, during this period community councils have increased the level and range of work they do. In some instances the community council may be the only, or best placed, community group able to take on initiatives within their towns and villages such as environmental enhancement (flower displays/planters) or responsibility for Christmas lights.
- 7.12 The ask of community councils from SBC has also increased. During the Covid pandemic the community council-led resilience groups were central to the Borders response. The resilience groups are also vital during times of severe weather, for example Storm Arwen, not only for their presence 'on the ground' but knowledge of the local situation and who may be most at risk.
- 7.13 Not providing a suitable level of funding to cover operational costs, and initiatives that can't be funded from other sources, could be viewed as SBC not valuing community councils and the work they do. This not only presents a reputational risk to SBC but could lead to a reduction in the number of people joining community councils, resulting in them falling into abeyance, if people do not feel that their work is valued.

## **8 INSURANCE PREMIUM COSTS**

- 8.1 Scottish Borders Council covers the cost of standard insurance for all community councils in the Borders. This is provided by Zurich Municipal via the insurance team at City of Edinburgh Council through a shared service agreement.
- 8.2 Standard insurance cover comprises:
- a) Money
  - b) Basic public liability
  - c) Employers liability\*
  - d) Personal accident cover
  - e) Employees personal accident cover\*

\*This cover is added by request and is currently in place for five community councils

- 8.3 Community councils that own assets e.g. Christmas lights, defibrillators or gazebos, or who run community events, and therefore require additional insurance cover are required to meet the additional cost themselves. This isn't paid for by SBC as it is for things that are over and above the core purpose of community councils which is:

"The general purpose of a Community Council is to find out, co-ordinate and express to Scottish Borders Council, and other public authorities, the views

of the community which it represents in relation to matters for which those authorities are responsible.”

- 8.4 Research into the arrangements in other local authority areas shows a mix of support with some areas covering the cost of all insurance while others pay for standard cover only. In some areas the community councils themselves are responsible for arranging cover which is then reimbursed by the local authority.
- 8.5 In 2023/24 40 community councils took out all risks cover (for assets owned) and/or public liability cover for events. Costs incurred ranged from £61.60 to £639.52 (representing between 5% – 36% of the annual grant).
- 8.6 As community councils take on more and more within their communities they incur increased additional costs to ensure that appropriate insurance cover is in place. Some equipment being insured is linked to resilience work and has been obtained by community councils over and above that supplied by SBC. Not supporting this cost in some way could pose a reputational risk to SBC being seen as increasing the ask of community councils but not the financial support. This could lead to community councils reducing the amount of work they undertake (incl. resilience work) or opting to not take out appropriate levels of insurance cover.
- 8.7 To reduce this financial pressure on community councils it is recommended that SBC meets the full cost of the insurance premium for all cover required by community councils - capped at the current level.
- 8.8 Based on the cost of the additional premiums incurred in 2023/24 it is estimated that an increase in budget of £6,000, allocated to the Communities & Partnerships Team, would be required for 2024/25. An annual increase should be built into this to allow for price increases as a result of cost increases within the sector.
- 8.9 Capping support for insurance costs at the current level would mean that the cost of insuring assets and events, currently insured (and on the insurance renewal form for 2023/24), would be met by SBC going forward. A community council would be responsible for the cost of insuring any additional assets and events, added to the policy from 2024/25 onwards.
- 8.10 It is anticipated that SBC paying the insurance premium cost, of assets and events currently insured, will reduce the financial pressure on community councils. It is also anticipated that the requirement for community councils to meet the cost of any assets and events added to the policy will encourage them to identify ways to cover those costs, at the earliest opportunity.
- 8.11 From 2024/25 community councils will be asked to submit an asset register annually. This will identify the items they own and set out what should happen to the assets should the community council fall into abeyance.

## **9 LOCAL COMMUNITY PATHS MAINTENANCE GRANT**

- 9.1 The Local Community Paths Maintenance Grant is available to reimburse annual expenses incurred up to the value of £450 for local path



maintenance or improvements undertaken. This includes grass cutting, vegetation removal, surfacing, installation of gates, etc. and can be used towards the purchase of relevant tools and machinery. The total annual budget is £15,000.

- 9.2 The grant was last reviewed in 2002/03 when it was increased from a maximum of £300 to £450 per applicant.
- 9.3 Over the last six years an average of 34 community councils received the grant each year with an average award of £400. In 2022/23 18 community councils applied for more than the maximum award of £450.
- 9.4 Of the 38 community councils that completed the survey 24 received the grant, 11 of these said that all their costs were covered while 13 said that only some of their costs were covered.
- 9.5 A cost benefit analysis has shown that in 2022/23, a total of 2,007.25 hours were spent on pathway maintenance by volunteers and contractors undertaking work on behalf of community councils, this equates to an hourly rate of £5.94. In the same year 18 claims for payments above the cap of £450 were received.
- 9.6 Not covering all costs could pose a reputational risk to SBC and result in some community councils restricting the amount of path maintenance they undertake; this would result in an increase in costs if SBC was required to carry out this work. It is therefore being recommended that the maximum grant be increased from £450 to £600 per applicant. This would represent an annual budget increase of £5,100 to be allocated to the Countryside Access Team.

## **10 DATA PROTECTION**

- 10.1 Scottish Borders Council covers the cost and administration of data protection renewals. The annual fee is currently £40 per community council, having been increased from £35 in 2018/19.
- 10.2 It is not proposed to make any changes to this support.

## **11 HALL HIRE REIMBURSEMENT**

- 11.1 Scottish Borders Council provides free use of premises owned and under its control for the purposes of holding Community Council meetings; where such accommodation is not available 100% of hire costs are reimbursed.
- 11.2 Due to the increase in energy costs it is expected that we will see an increase in the level of claims for meeting room hire reimbursements in 2023/24, which are paid a year in arrears. However, it is anticipated that we will be able to meet any increase from an underspend in annual support grant payments this year due to three community councils being in abeyance. Once we have up to date costs, we will be better placed to forecast future spend.
- 11.3 It is not proposed to make any changes to the arrangements for this support.

## **12 SCOTTISH BORDERS COMMUNITY COUNCILS' NETWORK**

- 12.1 The support provided to Scottish Borders Community Councils' Network was also considered in the review.
- 12.2 SBCCN was established in 1999 and currently receives an annual grant of £1,250 to support it in its role "to promote and support community councils in the Scottish Borders and to provide a collective view of the community councils on regional issues to SBC, the Government and others."
- 12.3 Questions about Scottish Borders Community Councils Network (SBCCN) were included in the survey of community councils to best understand whether it is delivering what is needed by community councils.
- 12.4 Community councils were asked whether they attend SBCCN meetings, whether they think SBCCN is meetings its purpose and objectives and if there is anything that it could be doing differently.
- 12.5 SBCCN has an important role to play in facilitating community council peer support and representing community councils across the Borders. Comments received submitted in the survey suggest that that this role may not be being fulfilled at the moment. The Working Group considered the responses and recommends that officers support the Network to review its purpose and objectives in line with comments received and in consultation with community councils. Consideration should be given as to whether locality community council networks would better address the needs of community councils rather than a single body. Excluding Berwickshire community councils, where a local community council forum is already in place, 32% of survey respondents indicated that they would attend a locality-based forum while 3% said they wouldn't. 34% indicated that they possibly would attend or weren't sure.
- 12.6 Berwickshire Community Councils Forum (BCCF) is the collective community council body in place in Berwickshire. BCCF provides opportunities for community councils in Berwickshire to come together and share information, exchange ideas, discuss community council issues and anything else relevant to them as community councils. BCCF is self-managing and self-funding.
- 12.7 It is recommended that any increase to the annual grant be reviewed once the future shape of SBCCN had been agreed.

## **13 OTHER SUPPORT TO COMMUNITY COUNCILS**

- 13.1 While this review only looked at financial matters, it is recommended that the wider support available to community councils is reviewed. To assist with such work questions were included in the survey about support required by community councils, over and above funding.

## **14 SUMMARY OF CHANGES TO COMMUNITY COUNCIL FINANCIAL SUPPORT**

- 14.1 If agreed the recommendations in this report will have the following impacts on community councils:

14.2 Increased level of grant to all community councils as set out in Table 6.

Table 6: Increased community council funding levels

<b>Population</b>	<b>Funding</b>	<b>No. of CCs</b>
Over 10,000	£1,958	2
4,000 – 10,000	£1,501	4
2,000 – 4,000	£1,089	8
500 – 2,000	£693	34
Under 500	£594	21

14.3 The annual support grant would be reviewed every three years.

14.4 The purpose of the grant would be restricted to covering operational costs in the first instance. Once operational costs have been covered the balance can be used to fund other work undertaken by the community council. A list of things deemed to be operational costs will be circulated to all community councils.

14.5 Community councils would no longer be able to give grants/donations using money from the annual support grant to other groups/ organisations. Instead, these groups should be encouraged to contact the Communities & Partnerships Team to discuss other options for grant funding. It is anticipated that this could have a two-fold benefit:

- i. Remove the call on community councils to use the annual support grant to fund things that could be funded elsewhere, and
- ii. Help groups to build up their knowledge of grant funding options that can fund both small and larger scale projects. In some instances, this may reduce the need for community groups to go to a number of funders for a small amount of money if one funder is able to fund all project costs.

14.6 All insurance costs, as they currently stand, would be paid for by Scottish Borders Council. Based on 2023/24 costs this would represent a financial benefit to community councils of between £61.60 and £639.52. Insurance cover for any new assets or events would need to be funded by community councils.

14.7 The maximum reimbursement available for local community path maintenance would be increased from £450 to £600 per community council.

14.8 Officers will support Scottish Borders Community Councils' Network, in consultation with community councils, to review its purpose and objectives and consider the establishment of locality-based networks.

14.9 SBCCN's annual support grant will not be increased but reviewed once its future has been agreed.

14.10 The wider support, e.g. training, will be reviewed.

## **15 IMPLICATIONS**

## 15.1 Financial

The financial implications contained in the report are:

- a) 10% increase in the annual support grant, totalling an additional £4,970 allocated to the budget held by the Communities & Partnerships Team
- b) An additional £6,000 (2024/25) to cover the All Risks and Public Liability (Events) insurance premiums, capped at current level of cover, for community councils allowing for a year-on-year increase to allow for price rises. This to be allocated to the Communities & Partnerships Team.
- c) Increasing the budget held by the Countryside Access Team to enable the Local Communities Pathway Maintenance Grant to be increased from £450 to £600. A total budget increase of £5,100.
- d) Review of the Scheme in three years' time.
- e) Increase to be included as part of the 2024/25 financial planning process.

The total financial implications are £16,070 for 2024/25 with a year-on-year increase for insurance costs thereafter.

## 15.2 Risk and Mitigations

The report fully describes all the elements of risk and mitigation that have been identified and are included in sections 7 – 9.

It is also highlighted that in October 2023, 15 community council areas, out of 30, in the Western Isles were facing uncertainty due to a lack of volunteer members. In five areas no nominations were received in the recent community council elections, while another 10 districts, received too few nominations to formally establish a community council. Although the reasons for the lack of people coming forward are not specified it is a reminder that the existence of community councils is reliant on volunteers within our communities.

## 15.3 Integrated Impact Assessment

An integrated impact assessment has been completed for the proposals contained in this report. While it is anticipated that the proposals would have a positive effect on the relationship between SBC and community councils there are no impacts foreseen on those with protected characteristics specifically. Similarly, the proposals in this report are not expected to specifically impact on the groups listed under the Fairer Scotland Duty.

## 15.4 Sustainable Development Goals

Providing improved financial support to community councils may have a positive impact on community involvement through the recognition that SBC puts on the work undertaken by community councils. This contributes to the UN Sustainable Development Goals to Ensure healthy lives and promote wellbeing for all at all ages.

## 15.5 Climate Change

The proposals contained in this report have been assessed to have no impact on climate change.

## 15.6 Rural Proofing

N/a

## 15.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

## 15.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

## 16 CONSULTATION

16.1 The Director (Finance & Procurement), the Director (Corporate Governance), the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council, Insurance Manager and Corporate Communications have been consulted and any comments received will be incorporated into the final report.

### Approved by

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**Background Papers:** Review of financial support to community councils – survey responses

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**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Clare Malster can also give information on other language translations as well as providing additional copies.

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