

<b>Report title: Lottery Funding Agreement for the Essex Local Delivery Pilot</b>	
<b>Report to: Cllr John Spence - Cabinet Member for Health and Adult Social Care</b>	
<b>Report author:</b> Mike Gogarty, Director, Wellbeing, Public Health & Communities	
<b>Date:</b> 21 <sup>st</sup> January 2022	<b>For:</b> Decision
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<b>County Divisions affected: All Essex</b>	

## 1. Everyone's Essex

- 1.1 Everyone's Essex, our ambitious new plan for the county, has four main aims and, within those aims, 20 commitments. One of those strategic aims is health, wellbeing and independence for all, and it includes a commitment to support people to live healthy and active lifestyles.
- 1.2 The proposal in this paper is entirely consistent with this commitment, seeking agreement to accept further funding from Sport England, as part of an on-going programme of support, to continue helping people become more physically active. This has direct benefits, in helping improve health generally, including, crucially, mental health. But it also has more significant advantages: the healthier people are, the better quality of lives they can lead; the more able they are to maximise their potential, both at home and in their working life, supporting themselves and their families, as well as helping local communities; enabling a more competitive workforce, and therefore economy, to thrive for everyone's benefit.
- 1.3 By reaching more deprived areas of the county and supporting those who are currently inactive, this funding will support levelling up, both in terms of health outcomes, but also, though the many benefits of healthier lifestyles, economic outcomes as well.
- 1.4 By encouraging greater physical activity, it is anticipated that this decision will have a neutral, and potentially beneficial, impact on ECC's net zero ambitions.

## 2 Recommendations

- 2.1 To agree to accept £2,357,500 funding from Sport England as part of the existing Local Delivery Pilot.
- 2.2 To enter into a deed of variation of the original Lottery Funding Agreement dated 23<sup>rd</sup> July 2019 (LFA) to record the provision of the funding set out in paragraph

2.1 and to agree to delegate to the Head of Active Essex to agree the final terms of the deed of variation.

### **3 Background and Proposal**

- 3.1 In December 2018, Essex County Council (ECC) was chosen to be one of 12 local delivery pilots in England (LDPs) by Sport England. The Essex Local Delivery Pilot (LDP) is a way to secure funding to encourage the people of Essex to become more physically active. The proposals are about system change and new ways of working to encourage the 391,600 people in Essex who are inactive to enjoy the physical, social, and mental health benefits of an active lifestyle.

#### **Funding Awarded**

- 3.2 At the time of the award, Sport England confirmed that ECC would receive an initial award of funding up to a maximum of £5,902,500 to be paid straight away for phase one of the LDP. It was also agreed that an additional £3,937,500 would be available to ECC for phase two of the LDP, that was contingent on further internal approval at Sport England. The phase one and two funding provided a total of £9.84m for ECC. A decision was taken by Cabinet on 18th June 2019 to accept the funding and enter into the LFA with Sport England to set out the terms of the grant.
- 3.3 On 7th August 2020, a further award of £1,997,656 was given to ECC by Sport England. This was for ECC to provide additional project capacity and evaluation work. The award of the Additional Funding was made available until 2025, bringing the total sum awarded to ECC to £11,837,656. A decision was taken by Executive Director to accept that Additional Funding. The Additional Funding was recorded in a variation agreement dated 28th April 2021 (First Variation).
- 3.4 On 17 March 2021 Sport England provided approval to release £2,357,000 of phase-two funding. The release of this funding by Sports England will need to be recorded in a further variation of the LFA. The proposal in this decision paper is now for ECC to accept the release of the £2,357,000 funding and enter into a variation to the LFA to record this. Award of the remaining phase two funding of £1,580,000 will be subject to further approval by Sport England and will require a further decision from ECC to accept this and further amend the LFA.
- 3.5 The LDP funding provided to date has been used for multiple initiative, all of which have had separate governance. A table at appendix 1 to this report shows the breakdown of the funding to date.
- 3.6 The proposed variation to the LFA confirms that ECC must submit revenue and capital expenditure reconciliations and provide delivery updates every six months. If ECC fail to meet criteria for funding, ECC may have to return all or part of the funding to Sport England. This is mitigated by robust governance and oversight from the Health and Wellbeing Board and line Management from Director of Public Health. The variation also allows ECC to use £300,000 of the £2,357 500 for capital projects (subject to a limit of £150 000 in respect of a single item of capital expenditure). Sport England have agreed that this will be

administered and dealt with under current ECC capital governance processes with projects, monitoring and spend, subject to appropriate ECC governance.

## **4 Links to our Strategic Ambitions**

4.1 This report links to the following aims in the Essex Vision

- Enjoy life into old age
- Strengthen communities through participation

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

## **5 Options**

### **Option 1 –Accept the funding and enter into the Deed of Variation to LDP terms – recommended**

5.1 This will enable the conversion of in-principle funding to hard commitment from Sport England and allow the project to be delivered to meet ECC's aspirations of improving physical health and wellbeing, strengthening communities and tackling inequalities.

Option 1 is recommended as it will enable continued delivery of the project budgeted plans until March 2025. The risk of non-delivery and need for return of the funding will be mitigated by a robust governance and oversight from the Health and Wellbeing Board and line Management from Director of Public Health.

### **Option 2 – Do nothing**

5.2 If the 'do nothing' option is selected the funding will not be released and the project will not continue as planned unless another organisation agrees to act as accountable body.

This would carry a reputational risk to ECC and damage to relationships with partner organisations and Sport England and would not deliver the hoped-for reduction in physical inactivity.

To do nothing would mean that the service forgoes the opportunity to deliver the change required by residents and communities to participate in an active lifestyle and for that reason, option 2 is not recommended.

## 6 Issues for consideration

### 6.1 Financial implications

6.1.1 In December 2018, Sport England confirmed a grant award of £9.84m for Local Delivery Pilots, £5.9m was confirmed as award for phase one, £3.94m agreed in-principle for phase two. On 7th August 2020, a further award of £1,997,656 was given to ECC by Sport England. This was for ECC to provide additional project capacity and evaluation work. The award of the Additional Funding was made available until 2025, bringing the total sum awarded to ECC to £11.8m. This decision relates to accepting £2.358m of the £3.94m for phase two. The remaining £1.58m will be subject to further approval by Sport England and will require a further decision from ECC to accept this. Award of the remaining phase two funding of £1,580,000 will be subject to further approval by Sport England and will require a further decision from ECC to accept this and further amend the LFA.

The additional funding will cover the period 2022 to 2025 and will be phased as per the following table:

	Prior Years (£)	2021/22 (£)	2022/23 (£)	2023/24 (£)	2024/25 (£)	TOTAL
Spend profile	2,905,462	1,770,000	1,770,000	1,770,000	1,624,538	9,840,000
Core Staffing Capacity & Evaluation costs		499,414	499,414	499,414	499,414	1,997,656
<b>TOTAL Expenditure</b>	<b>2,905,462</b>	<b>2,269,414</b>	<b>2,269,414</b>	<b>2,269,414</b>	<b>2,123,952</b>	<b>11,837,656</b>
<b>Funding:</b>						
Grant previously awarded	7,900,156					7,900,156
Grant converted		2,357,500				2,357,500
Grant awarded in-principle			1,580,000			1,580,000
<b>TOTAL Funding</b>	<b>7,900,156</b>	<b>2,357,500</b>	<b>1,580,000</b>	<b>-</b>	<b>-</b>	<b>11,837,656</b>

6.1.2 Within the above spend profile is up to £300,000 which can be used to fund capital expenditure. Any proposed capital spend will be subject to further governance to be added to the capital programme and will comply with the terms of the agreement with Sport England.

6.1.3 Grant payments to ECC will be conditional upon satisfactory receipt of detailed delivery plans every six (6) months which clearly set out planned activities in each partnership area and financial reconciliations of revenue and capital expenditure every 6 months, of how we spent the grant funding, by providing cost centre evidence. The funding will be received by ECC, as the Accountable body for the LDP, pending distribution to partners (including Basildon Council;

Colchester Borough Council; Tendring District Council) as per the investment guidance document that Cabinet has formally adopted in June 2019.

6.1.4 The LDP Investment Guidance includes the following decision-making thresholds:

- up to the value of £500,000 by the Director, Wellbeing, Public Health and Communities on the recommendation of the Core Group
- over £500,000 will be approved by the Cabinet Member for Health and Adult Social Care by a way of a Cabinet Member Action.

6.1.5 To do nothing would mean that the service forgoes the opportunity to deliver the change required by residents and communities to participate in an active lifestyle and for that reason, option 2 is not recommended.

## **Financial Risks**

6.1.6 There is a risk that Sport England will require the return of all or part of the grant if any Local Delivery Pilot partners fail to meet the criteria set out in the Lottery Funding Agreement. Where funding is passed to a third party for delivery, a grant agreement will need to be put in place to minimise the risk of clawback for ECC. In addition, ECC will only passport funding once payment is received from Sport England and will not be topping up any reductions in grant value as a result of a third party failing to meet the criteria.

## **6.2 Legal implications**

6.2.1 ECC must ensure that it complies with all conditions of the funding from Sport England (Funding Conditions or it will be liable to repay such amounts to Sport England. Where ECC pass the funds onto a delivery partner to deliver an LDP project, ECC must ensure that the delivery partner is also bound by the Funding Condition including any clawback provisions.

## **7 Equality and Diversity Considerations**

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil

partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 List of Appendices**

8.1 Breakdown of the Essex LDP funding to date – Appendix 1

8.2 Equality Impact Assessment - Appendix 2

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor John Spence, Cabinet Member for Health and Adult Social Care</b>	03.03.2022

**In consultation with:**

<b>Role</b>	<b>Date</b>
<b>Insert name and title of Executive Director consulted Gavin Jones, Chief Executive Officer</b>	03.03.2022
<b>Executive Director, Corporate Services (S151 Officer) Stephanie Mitchener on behalf of Nicole Wood</b>	24.02.2022
<b>Director, Legal and Assurance (Monitoring Officer) Laura Edwards on behalf of Paul Turner</b>	25.01.2022