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**TITLE: CLT Pre-Development Grant Scheme**

Committee: Finance & Assets Committee

Date: 24 March 2022

Author: Infrastructure & Strategy Manager

[W166]

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1.0 ISSUE

1.1 To consider the criteria and application process for the CLT Pre-Development Grant Scheme.

2.0 RECOMMENDATION(S)

2.1 Members are requested to approve the criteria for the CLT Pre-Development Grant Scheme as set out in Appendix 1.

3.0 BACKGROUND/OPTIONS

3.1 The Council is committed to assisting CLTs in the District and currently has a start-up grant fund of up to £5,000 per community group to enable them to become legally incorporated and begin work to bring forward community led development in their area. The Council also has dedicated resource to provide technical advice and support to CLTs free of charge.

3.2 The ability to access funds between start up and commencement on site is limited for a CLT. In 2021/22 Homes England made funding available, however, this was a national scheme with a limited time to bid for funds. Two CLTs in East Cambridgeshire were successful. The scheme was oversubscribed and is now closed. The grants enabled CLTs to bridge the funding gap between start-up and commencement of development.

3.3 On 22 February 2022 (Agenda Item 11) Council approved a budget allocation of £100,000 to be made available as a fund for CLT Pre-Development Grants. This grant would enable new and existing CLTs to apply for pre-development finance support.

3.4 The CLT Pre-Development Grant Scheme sets out:

- The objectives of the scheme,
- The principle of what the scheme is intending to fund,
- The eligibility criteria,
- The application process,
- The evidence requirements, and
- The application form.

- 3.5 The draft CLT Pre-Development Grant Scheme is provided at Appendix 1.
- 3.6 All applications for the CLT Pre-Development Grant will be determined by Committee.
- 3.7 Officers will ensure that the CLT Pre-Development Grant Scheme continues to be fit-for-purpose and, if needed, will make recommendations to the committee of any changes that may be required to meet the ongoing need to support CLTs in the pre-development stage.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

- 4.1 Council (22 February 2022- Agenda Item 11) approved a budget of £100,000.
- 4.2 Equality Impact Assessment (EIA) not required.
- 4.3 Carbon Impact Assessment (CIA) not required.

6.0 APPENDICES

- 6.1 Appendix 1- CLT Pre-Development Grant Scheme

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<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Council- 22 February 2022- Agenda Item 11	The Grange, Ely	Sally Bonnett- Infrastructure & Strategy Manager (01353) 665555 E-mail: <a href="mailto:sally.bonnett@eastcambs.gov.uk">sally.bonnett@eastcambs.gov.uk</a>

**East Cambridgeshire District Council  
CLT Pre-Development Grant Scheme  
DRAFT**

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## **Introduction**

### **The Objectives**

The objectives of East Cambridgeshire District Council's CLT Pre-Development Grant Scheme are to:

- Facilitate a support package to assist CLTs with pre-development finance support across East Cambridgeshire
- Increase delivery of genuinely affordable housing for people living and working in East Cambridgeshire, with housing and assets owned and managed by the community in perpetuity

### **Fund Principles**

East Cambridgeshire District Council (ECDC) has made £100,000 available under its CLT Pre-Development Grant Scheme. The Grant is intended to provide established Community Land Trusts (CLTs) with funding to support pre-development revenue costs. This may include (not exhaustive):

- Feasibility studies
- Site/property investigation costs
- Project-specific professional fees
- Legal fees
- Registration fees charged by the Regulator of Social Housing
- Project management costs
- Pre-application and planning application fees
- Community consultation
- Loan arrangement fees

The Scheme is not suitable for groups who are just forming and need start-up support, ECDC operates a different fund that may be suitable for groups at this stage.

The grant cannot be used to fund activity that has happened in the past, or prior to the grant being awarded. Groups must not start spending any money until the grant has been approved by way of issuing a formal grant agreement.

## **Making an Application**

### **Eligibility Criteria**

To be considered for a pre-development grant the CLT will need to meet the following key criteria:

1. The applicant group/organisation must be established as a not-for-profit legal incorporated entity
2. The applicant group/organisation must be community-controlled and community-owned, with an open democratic membership structure
3. The applicant group/organisation must have a membership of five or more members who are not related and who are all living at different dwellings, including three committee members who are not related and who are all living at different dwellings
4. The applicant group/organisation must be based in East Cambridgeshire
5. The applicant group/organisation must have a suitable bank account to receive the funds
6. The applicant group/organisation must be clear about the community that it has been established to serve and have a clear description of the proposed project and expected outcomes
7. The proposed project must contain an element of affordable housing to meet local housing needs and this should be permanently affordable for local people on local wages
8. Any benefits to the local area and/or specified community of interest must be clearly defined and legally protected in perpetuity
9. The applicant group/organisation should, as a minimum, be able to provide evidence, of early stage interaction and opinion gathering from the community and that the proposed project has general community support

### **Application Process**

All applications will need to be on an ECDC CLT Pre-Development Grant Scheme application form (Appendix 1). This can be downloaded from the Council's website. *[the link will be added here once the scheme is published]* Interested applicants should first contact the Community Led Development Advisor at East Cambridgeshire District Council who will review the project information and carry out the necessary due diligence to ensure the project is eligible to apply. The completed application will then be submitted, with a recommendation from the Community Led Development Advisor, to the appropriate Committee for consideration.

The decision of the Committee will be final.

## **Evidence Requirements**

As part of the grant application, applicants will need to submit the following documents to support their application:

1. Copy of Rules/Governing document
2. An outline of their plans for developing community-led housing. This should cover the following items:
  - a. A summary of the proposed development, including the expected number of homes and tenure, facilities, features, etc.
  - b. Whether a proposed development site has already been identified
  - c. If so, whether the land has been secured or details of what the proposals are for securing it
  - d. The current planning status of the site
  - e. An outline of how the community will benefit from the proposed scheme, including details of who is expected to buy/rent the homes to be developed and any supporting evidence that forms the basis of these assumptions
  - f. Details of community engagement already carried out or proposed
3. Copy of any feasibility or viability work carried out – if available
4. Draft allocations policy – if available
5. Details of the grant being requested including:
  - a. The total amount of grant sought
  - b. Total costs for the associated works/activity
  - c. A summary of the activity for which the grant is being sought
  - d. An explanation of how the budget lines were developed including copies of any supporting quotes
  - e. A timetable for when works to be funded by the grant will be completed

## **Subsidy Control**

There is a legal requirement to consider whether the grant could be a subsidy under the UK-EU Trade and Cooperation Agreement (“the TCA”), and therefore unlawful. Funding can constitute a subsidy if:

- a. assistance arises from the state or resources of the state;
- b. it is given to an economic actor;
- c. it confers an economic advantage on one or more economic actors and is specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services;
- d. and it has, or could have, an effect on trade or investment between the UK and EU.

There is currently a minimal financial assistance threshold (previously known as a de minimis exemption) of circa. £350,000 calculated over a rolling three-year period. This means that an individual economic actor can lawfully receive up to a maximum of £350,000 in grants over three years without it constituting a subsidy. It is important to note that the £350,000 maximum is per recipient and must account for all grants received, over the three years whether from this fund or from other funds for different projects. Applicants should seek and rely on their own legal advice regarding subsidy control compliance matters.

Applicants will be responsible for ensuring that if they are successful in receiving this grant it would not constitute unlawful subsidy by exceeding the Subsidy Allowance Limits.



## **Grant Acceptance and Payment**

If a grant is approved then a grant offer letter will be issued within 14 days of the decision. Funds will be released to the applicant once any grant offer conditions have been met and the applicant has signed and returned the offer letter.

Prior to payment of the grant, ECDC will conduct a due diligence check. For this check applicants will be asked to provide bank account details for their group/organisation, details of at least two independent authorised signatories on the account and a bank statement dated within the last three months for the bank account receiving the grant. Payment will be made in one lump sum payment.

## **Reporting**

It will be a condition of the grant that applicants report regularly on project performance at least quarterly according to the pre-agreed timetable. Such reporting will include evidence of expenditure and outcomes achieved as a result of the grant funding as well as an update against the approved works timetable.

Where the spend is different from that approved in the grant offer letter the organisation will need to seek approval from ECDC to agree if it would be possible to 'reprofile' the approved grant. Such reprofiling must always be in accordance with the purpose of the CLT Pre-Development Grant Scheme.

Variations without approval by ECDC will be deemed as ineligible expenditure and may be subject to clawback provisions. Any unspent funds will also need to be returned to ECDC and full details of reporting requirements and how to pay back any unspent funding will be provided with the terms and conditions of the grant offer.

## East Cambridgeshire District Council CLT Pre-Development Grant Scheme

## Application Form

Group/Organisation details	
Group/Organisation name	
Registered office address	
	Postcode:
Website address	
Name of lead contact	
Job title/Position	
Correspondence address <i>(if different to registered address)</i>	
	Postcode:
Telephone	
Email address	
What is the current legal status of your organisation? -Company Limited by Guarantee -Company Limited by Shares -Community Interest Company (CIC) Limited by Guarantee -Community Interest Company (CIC) Limited by Shares -Charitable Incorporated Organisation (CIO) -Co-operative Society (IPS) -Community Benefit Society -Trust -Other (please specify - 20 words max)	
Company/society registration number	
Date of registration	
Copy of governing documents/rules attached	Yes/No

Please briefly describe the number of members in your group, how people can become members and how the group is accountable to its members and the local community

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Does your organisation have a bank account?	Yes/No
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**Scheme details**

Project description: Please provide a brief outline of the proposed community led housing project, including the types of housing, any community facilities, unique features, etc.

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Total number of homes	
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<p>What definition of affordable housing are you using for any affordable units?  <i>For example, will rents be based on a percentage of the market rates, percentage of household income, median local incomes, related to local social rents, or based on other factors.</i></p>	
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Community benefit: Please outline how the community will benefit from the proposed scheme, including details of who is expected to buy/rent the homes to be developed. What work has been carried out to determine there is a need for this?  
*Please attach any supporting evidence to this application.*

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Community support: Please outline the community support you have developed for your project to date and what further community engagement is proposed  
*Please attach any supporting evidence to this application.*

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Has a proposed development site already been identified?	Yes/No <i>(If no, please go to the next section – Grant Details)</i>
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Please provide details of the site including location, current planning status of the site and proposals for securing the site

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<b>Grant details</b>	
Total amount of grant being requested	
Please provide a breakdown of what you intend to spend grant monies on and the expected outcomes	
Please explain, with evidence, how costs have been calculated <i>Please attach any supporting evidence or quotes to this application.</i>	
Please provide an estimated timetable for when works funded by the grant will be completed	

### Subsidy control declaration

There is a legal requirement to consider whether the grant could be a subsidy under the UK-EU Trade and Cooperation Agreement (“the TCA”), and therefore unlawful.

Funding can constitute a subsidy if:

- a. assistance arises from the state or resources of the state;
- b. it is given to an economic actor;
- c. it confers an economic advantage on one or more economic actors and is specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services;
- d. and it has, or could have, an effect on trade or investment between the UK and EU.

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This means that an individual economic actor can lawfully receive up to a maximum of £350,000 in grants over three years without it constituting a subsidy. It is important to note that the £350, 000 maximum is per recipient and must account for all grants received, over the three years whether from this fund or from other funds for different projects.

Applicants should seek and rely on their own legal advice regarding subsidy control compliance matters.

**Please confirm that the organisation will not exceed Subsidy Allowance Limits by accepting this grant.**

No, the group/organisation would not exceed the Subsidy Allowance limits by accepting the grant

Yes, the group/organisation would exceed the Subsidy Allowance limits by accepting the grant

### Supporting documents checklist

Copy of Rules/Governing document	Yes/No
Evidence to demonstrate housing need	Yes/No
Evidence of community engagement work carried out	Yes/No
Copy of any feasibility or viability work already carried out	Yes/No
Draft allocation policy	Yes/No
Supporting quotes for planned expenditure items	Yes/No
Other – Please specify	