

**Local Delivery Pilots:  
Local Investment  
A guide to help Pilots**



**V2. August 2019**

## **Foreword:**

The approach to investing into the pilot programme has been created through a collaborative exercise, built on shared thinking and placing the needs of the pilots at the heart of the process.

Working together has helped to create a rich picture of principles and challenges which are embedded in the approach we took to the Sport England Board in November 2018. A process which created the “pathfinder” and “accelerator” funds.

We are committed to continuing this collaborative approach as we move forward and continue to embrace strong engagement together as plans develop for further investment. Please continue to fully utilise the support of your Sport England Pilot Manager and Strategic Lead on this journey.

This guide is a result of feedback seeking further clarity/guidance on how the funding process works and what is required to draw down money into your pilot. It also contains further information on small grant type schemes and capital investment.

As a reminder, this is built on the following:

- The need to combine more agility and dynamism with the responsibility of being a public funder.
- Moving away from a typically linear approach of a set amount of funding over a fixed period to one of test and learn and an iterative approach. Investment should encourage the ‘start somewhere, follow it where it takes you’ approach.
- The importance of maintaining robust engagement with local communities throughout all stages (ensuring the community ‘voice’ is heard).
- **Working together** to understand impact and make decisions quickly - a collaborative approach throughout the life of pilots – not ‘fund and forget’.
- Creating an environment where there is some assurance of funding for each pilot and that avoids a ‘dash for cash’ undermining collaboration.
- Having a focus on learning and outcomes rather than inputs and outputs.
- Building on the principle of test and learn.

In the above context, this guide includes information on the ‘pathfinder’ and ‘accelerator’ funds together with information on process and things to consider when thinking through your approach.

It is important to note that awarding of funds will run up to 31<sup>st</sup> March 2021, by this point we expect to have fully committed the LDP programme investment in the form of awards to the 12 pilots. Spending of the budget within your pilot we recognise will go beyond this date, this is sensible, and we wouldn’t want to create the wrong behaviours by rushing to spend money in too short a space of time. We will agree with each pilot a sensible profile of spend and end date however, this cannot go beyond the end of our next strategy cycle (31<sup>st</sup> March 2025) and would include reporting by this date.

## **What does the above mean for Capacity Funding beyond 2021?**

Enabling pathfinder and accelerator funding to be spent beyond March 2021 raises questions over funding capacity (Development Awards) in pilots that currently ends on this date. We recognise this is an issue and we will be considering this over the next few months as part of our thinking about our next four-year strategy which we are just starting out on.

We do know that seeing and thinking in 'systems' will be a key part of our future approach. As part of this strategy development the ongoing learning and impact from the pilots is being shared and we will engage with you as the thinking develops.

Whilst we believe there is a strong case for some further capacity funding to support essential activity that ensures each pilot continues to evolve in a thorough and sensible manner, we would want to consider this in the context of what future work was needed and would expect pilots to be considering the impact of their work and looking closely at whether the system changes emerging are starting to unlock a reallocation of local resources to provide on-going support as well.

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- B. What happens once we have submitted our investment plans?**
- C. How does Sport England make a decision on local plans? When will we hear the outcome?**
- D. Delivery and reporting**
- E. Reconciling expenditure**

## **Annex:**

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**Annex B: Timetable for submissions and decisions**

**Annex C: Community funding schemes**

**Annex D: Capital funding**

**A: We would like to apply to draw on the funds available. What do we need to do?**

**LDP Pathfinder and Accelerator Investment Process**

1. In order to make an informed decision on significant lottery investment we will need pilot areas to work up and share with Sport England their investment plans.
2. These plans should form an essential part of your own local forward thinking and planning, building on the work and information you already have, or are gathering.
3. This guide builds on previous correspondence of 2<sup>nd</sup> November 2018 where we advised of the approach to the Pathfinder and Accelerator funding model. We agreed to provide a ringfenced allocation to each pilot of up to £3 million (over and above the development award already made) as a pathfinder investment (subject to evidence of need and value for money). The purpose of this funding was to support those substantial first steps in system change. The funding will support a 'test and learn' or 'proof of concept' approach and provide certainty around evaluation costs.
4. We also stated that Pilots can draw upon the Pathfinder fund at a time suited to their circumstances and can secure this funding either within one submission or to access it in separate parts. Subject to the final paragraph on page 2, Sport England remains committed to this flexible and agile process so that we can work with different pilots with different needs and within different timescales.
5. There is no set format for submitting proposals and your submission may include videos, pictures and testimonies alongside any written narrative. That said, Sport England does need to be able to demonstrate that it has considered your proposals in some detail before confirming awards and the terms on which these are offered.
6. As stated in para 4, you can apply more than once into the funding programme and we encourage you to start where the evidence and need is most compelling – start somewhere and follow it everywhere to use one of our shared principles. Do use the Pathfinder Fund initially to start to test and learn alongside drawing on the budget to support your evaluation framework/approach.
7. We really encourage you to fully utilise the support of your Sport England Pilot Manager and Strategic Lead in developing your proposals. It may also be beneficial to meet with colleagues from the Sport England Investment Team who will form part of the assessment process. Your Pilot Manager will remain your first point of contact and can also link you with appropriate Sport England staff.

**Pathfinder Funding:**

**The purpose of the Pathfinder Fund is to give each pilot the ability and confidence to begin delivering so that people in their area begin to benefit. It is a test and learn stage and could include proof of concept interventions across the system locally and evaluation costs.**

8. Your submission for Pathfinder funding should include the following:

- a. An update on the journey you are on and, how you have arrived at the proposals you are putting forward.
- b. Include in your submission your theory of change and explain how your approach reflects this.
- c. Set out your test and learn approach and the insight have you gathered that has informed this approach?
- d. Set out over what duration of time you are proposing delivery and if this is phased in any way. Is later delivery informed by any early prototyping or similar? What does this look like?
- e. How much investment you are seeking? Include a headline breakdown of costs, with some rationale of the split across key activities and the costs involved.
- f. Include information on how Sport England investment sits alongside other resources in the local system such as:
  - i. specific needs for the proposed investment
  - ii. any leverage you have secured or hope to
  - iii. rerouting of existing budgets (yours or your partners).
- g. Reflect on where this work sits in the context of systems change - linking back your proposals to the nested model of systems change. Please illustrate with examples where possible, of where a systems approach is being applied and what progress (if any) is currently being made.
- h. Include your thoughts on how you envisage creating sustainability from the proposed investment.
- i. Describe how your proposals connect back to your target audience and your outcomes framework.
- j. Please include information on your evaluation plan. This should include confirmation of current status of appointing an evaluation partner, outcomes and measures agreed.
- k. Include your mechanism for approaching your test and learn interventions.

Please set out:

- i. What it is that you are testing/hoping to prove.
- ii. The insight that has identified this problem.
- iii. How you are planning to evaluate it.
- iv. Your success criteria.

### **Accelerator funding:**

**The Accelerator fund builds on the evidence from pathfinder test and learn and is built on additional need or proof of concept.**

9. Investment from the Accelerator Fund can come after Pathfinder Funding has been released (in one or more further submissions over the course of the programme) or can be part of a joined up single investment submission if you are at a suitable point in your learning. If submitting an investment plan for both Accelerator and Pathfinder, then there should be a logical flow between the two and an appropriate balance / weighting.
10. Submissions into this fund should cover the areas set out under the Pathfinder funding guidance above (8).
11. In addition, the submission should reflect one or more of the following areas:
  - a. Is there a local context that guides the need for additional funds? This could be the degree of local deprivation, geographic coverage, complexity of audience, value for money, poor state of local infrastructure and capacity.
  - b. What is the increased strategic value of the proposal in terms of an audience or style of intervention we are interested in?
  - c. What is the opportunity to secure and influence local partnerships that we would otherwise not be able to engage with? Is there an increased value for co-investment opportunities that financial commitment from Sport England could leverage?
  - d. How does any early test and learn or proof of concept support scaling/further investment? Is there a clear rationale for the level and type of scaling?
12. Please include the following supporting evidence for accelerator funding:
  - a. Evidence of learning and impact that has got you to this point (your findings from the test and learn process you have been through).
  - b. Outline the scale that you are now seeking to achieve.
  - c. How you have evaluated this and why it gives you confidence that scale is now the right thing to do.
  - d. Set out how it's changing the way the system works locally.
  - e. Set out how you think the approach will be sustainable – please describe how it will be mainstreamed through other local resources
13. Currently £56m has been allocated for accelerator funding which must be awarded by March 2021. We are aware however, that elements of a pilot's pathfinder 'test and learn' approach may take some time before there is robust evidence for a proof of concept which will justify mainstreaming/increasing the scale and reach via accelerator funding. It is really important therefore for pilots to develop robust progress descriptors or proxy milestones within their test and

learn approaches. You should discuss your thinking around any accelerator proposals with your Strategic Lead and Pilot Manager at the earliest opportunity.

### **Telling Stories.**

14. One of the things that we have learnt together over the past 12 months is the importance of storytelling. Telling the story of your place is powerful. Supporting any submission with anonymised case studies will help to explain the value of what you are doing, the reach and impact you are having on real lives. Where you have compelling narratives, please include these in support of your submissions.

### **Clarity is Key.**

15. We recognise the complex environment that all pilots are working in and the breadth of data will continue to grow as the richness of your learning and insight evolves. Please ensure that when referencing support material that you pull out the relevant data to support what you are saying rather than signposting to lengthy reports where their depth makes it difficult to navigate quickly to the key messages/evidence you want to highlight.

### **Making second or third visits to the pathfinder or accelerator funds**

16. We recognise that a few pilot areas will return to Sport England for additional resources as their insight and learning grows. In these circumstances we only need you to provide new and additional information relevant to your request for further funding. This information will vary from pilot to pilot subject to the nature of your request. Core to any submission is the need to provide:

- A budget and financial plan
- Clarification of any partnership funding being provided
- Evidence of the insight/learning supporting the ask
- Explanation of what the funding is for

### **We have some other ideas about using Sport England funding differently. Is this possible?**

17. Lottery funding is subject to specific legislation, and Sport England also works under policy directions from Government guiding what it can and cannot fund, as well as how we invest. There is however scope for some investment approaches beyond traditional revenue and capital grants (such as loans, endowments, participatory budgeting) where these clearly align to the vision of your pilot area. These approaches are likely to require more development work and negotiation, and early engagement with Sport England colleagues is encouraged to discuss both the rationale and practicalities of any ideas or specific proposals emerging from your local work.

### **There are plans to establish a grants programme in our pilot - is this possible?**

18. There are restrictions on the use of lottery funding and Sport England's role as a licensed distributor. This includes a general restriction on our funds being used for 'onward' grant-making.

19. We have been working hard with our Investment and Legal Teams at Sport England to develop a process for pilot-led community funding schemes that comply with lottery regulations.
20. Annex C outlines a process of delivery, decision-making and reporting that will allow a more localised approach to developing, assessing and awarding on a small scale, that can be responsive to a fast-paced environment.
21. It is important that your submission explicitly states your wish to work in this way, as it will need to be reflected in your funding agreement.
22. If you are likely to have capital infrastructure plans in your proposals, please advise your Pilot Manager and Strategic Lead early in the process. There is further specific guidance included under Annex D in this document.

**Once a pathfinder/accelerator application is received, what happens next?**

23. Once proposals are received (at a date previously agreed with your Pilot Manager), these will be shared with the Investment Team at Sport England where a review of the submission will be carried out.
24. For transparency, and to adhere to good practice in public sector grant giving, Sport England will have clear segregation of duties. One of our Investment Team staff will be appointed to conduct the process of assessment.
25. Pilot Managers will provide a summary and review of the pilot's governance arrangements, risk and financial management arrangements and this will contribute towards final assessment and recommended decision.
26. The table below sets out the key areas that will be assessed by our Investment Team.

<p><b>Pathfinder fund</b></p> <ul style="list-style-type: none"> <li>• <b>Learning, engagement and insight to date:</b> eg is it clear how learning is being applied, being used to shape direction and proposals?</li> <li>• <b>Delivery arrangements:</b> eg Are there appropriate mechanisms to plan, manage, resource and deliver the range of activities proposed?</li> <li>• <b>Budget and value for money:</b> eg Is resource allocation across the plan appropriate and reasonable? Is this an appropriate use of public funding?</li> <li>• <b>Line of sight from vision through to proposals:</b> eg Does this link back to key audiences you have previously set out for your pilot, build on previous submissions, and justify next steps?</li> </ul>
<p><b>Accelerator fund</b></p> <ul style="list-style-type: none"> <li>• <b>Proof of concept:</b> eg is an appropriate level of learning from prototyping being logically applied to next steps/'scaling up'</li> <li>• <b>Local context:</b> eg is there something in your local pilot that highlights the need to draw on more sizeable investment - Evidence of local deprivation, geographic coverage, complexity of audience, value for money, poor state of local infrastructure and capacity.</li> <li>• <b>Value, significance and scalability:</b> eg is there potential learning and replication that could be of particular value beyond the pilot area?</li> </ul>

- **Leverage and influence:** eg are there specific opportunities to secure and influence local partnerships or broader investment.

27. Following this assessment, a peer review involving colleagues from across the business will take place. This will include the Investment Team member who assessed the submission and the Pilot Manager. We may at this point seek further information from the pilot to address any points raised that require clarification.

28. This clarification will take place prior to drafting a decision paper to be sent to the relevant Sport England Investment Committee/Board meeting.

**How does Sport England make an investment decision on an application?  
When will pilots hear the outcome?**

29. Under Sport England's scheme of delegated authority, all investment decisions above £1m are taken by our Investment Committee (up to £2m) or Board (over £2m).

30. This is a cumulative total, so includes the development funding you have been awarded. This means most LDP awards will require decisions at Board level as we move forward.

31. Our decision-making timetable therefore reflects the cycle of Board meetings, and these are set out in Annex B, along with the lead-in time required for assessment, review and any clarification required regarding your submission.

32. Where possible, the Sport England Investment Committee would prefer to see and discuss proposals before Board consideration. We are keen that this does not slow down decision-making and jeopardise momentum. In such cases, we can engage with our Investment Committee members in the lead up to a Board deadline.

33. We will let you know the outcome as soon as possible after the relevant committee/Board meeting.

34. Your award will be added to your existing "URN" (unique reference number for every award that Sport England makes) and an updated lottery funding agreement ("LFA") will be sent out to you, taking account of the updated amounts. The LFA includes a template to use for local delivery partner agreements where you are contracting with a third party to deliver interventions and the value exceeds £25k.

**Delivery and Reporting:**

35. We are asking all pilots to report in line with the evaluation cycle - at 6 (process) and 12 (impact) month points. The process reporting timeline is fixed (all pilots report on a 6 monthly basis in March/April and Sept/Oct each year) Impact will be built from when you baseline and then 12 months thereafter. Reporting for the purposes of your award agreement with Sport England will follow this same timeline/process.

36. Whilst reporting at 6 and 12 months will include updates of the investment made

and any impacts, in order to learn quickly you may from time to time need to pull impact information out quicker than at the 12-month point. This will aid the pace of evaluation of test and learn and potential scaling up. You should consider this with your evaluation partner as part of your evaluation recruitment process.

37. We will seek to build in time to meet with your Sport England Board/Exec Director champion. This will, over time, provide a deeper understanding at Exec and Board level within Sport England of the progress and impact pilot areas are making, and help to inform our wider approach.

38. This might include:

- i. Time with your strategic board including attendance at a possible board meeting
- ii. Time within the pilot area meeting with communities and local stakeholders
- iii. Time spent with your delivery team

39. Variations to agreed budgets will require approval from your Sport England Pilot Manager and Strategic Lead and reported retrospectively to Sport England Board/investment committee, where a variation is in excess of 20% of the overall award. (When reconciling spend areas with a greater than 20% variance, please include an explanatory note).

40. Sport England will provide a Delivery Partner Agreement template that pilots should use when sub-contracting elements of delivery to other local partners. This will be disseminated with the Lottery Funding Agreement (LFA). Where you have existing local contracts, you should look to share these at your earliest convenience with Sport England so that we can take a shared view if they offer sufficient clarification for Sport England and the local accountable body.

### **Reconciling your spend:**

41. As an accountable public body, Sport England is regularly audited and needs to account for the public investment that it makes.

42. We recognise that the accountable body for each local pilot will have its own systems and processes to capture and document its invoices, payments and cashflows, and for reporting these through to the partners involved in the pilot.

43. We ask that each pilot area establishes a simple and effective way that it accounts for pilot spend. Sport England will not routinely ask for evidence of spend beyond cost centre print outs but reserves the right to do so.

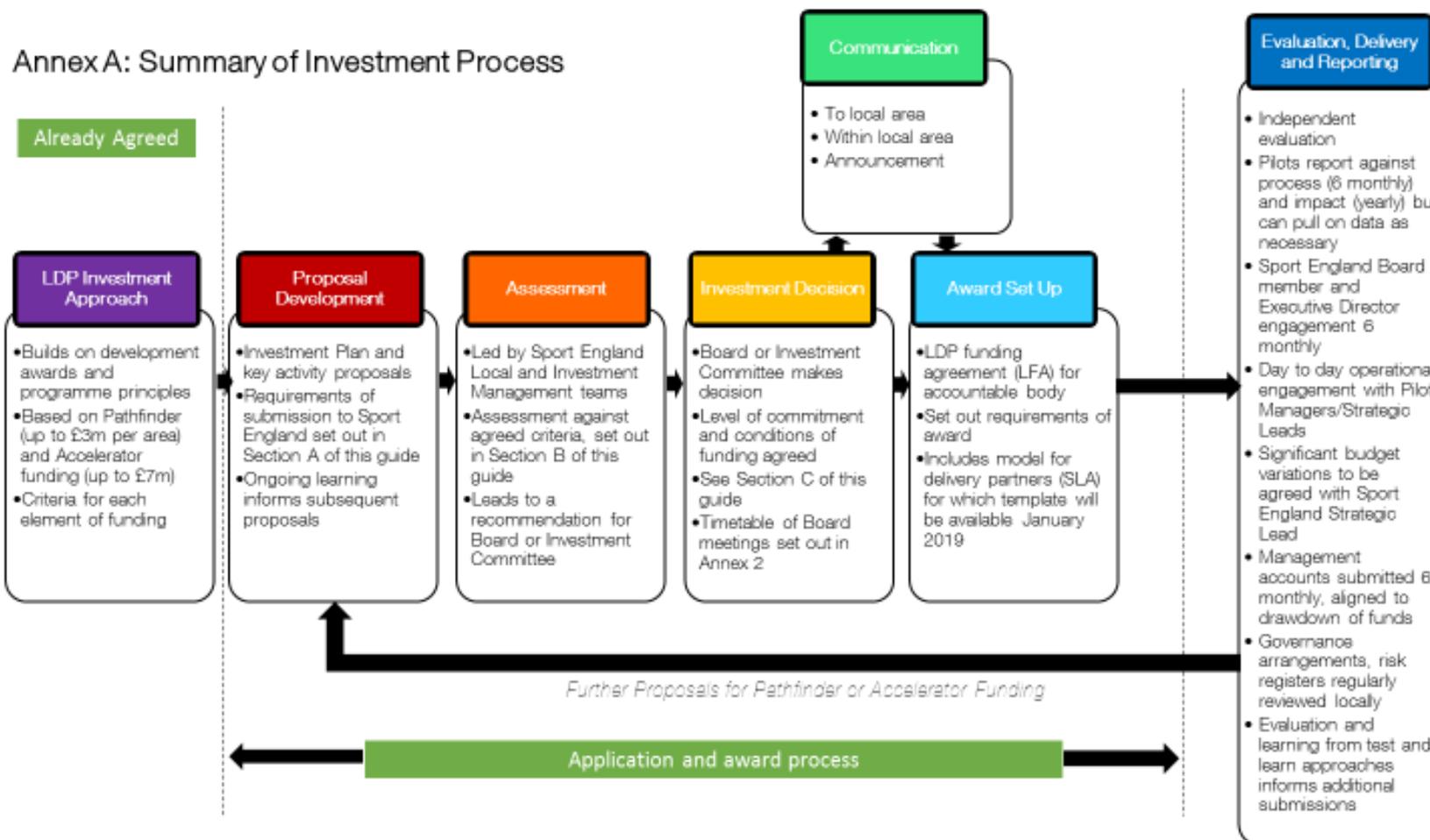
44. To assist with the speedy execution of reconciling spend, and draw down of the next wave of investment, pilots are encouraged to establish a suitable process early on. If in doubt about what you are proposing to establish, please speak early with your Sport England Pilot Manager or our Investment Management team.

45. We ask that you provide a financial reconciliation at 6 and 12 month points from point of first release of funds (remember Sport England pays 6 months in advance). Where you have issues of cashflow, we will accept a slightly earlier

reconciliation for the previous period, allowing you a small carry over into the next period to cover the administrative process timelines.

46. All reconciliation paperwork should be sent electronically to [funding@sportengland.org](mailto:funding@sportengland.org)
47. Sport England processes payments on a weekly basis. Upon receipt of a reconciliation template and supporting cost centre print out, we will check against progress and whether there are any significant variances.
48. We will also check any relevant terms and conditions have been met. Assuming we receive everything, and we do not require further clarification then you should allow up to 28 days from the date of submission to funds being received in your account.
49. The information contained within this guidance is accurate as at August 2019, whilst we note that work will build up over the next 12 months in developing our next strategy for 2021/2025 and the resources connected to this may necessitate a further set of guidance later in 2019.

## Annex A: Summary of Investment Process



**Annex B: Timeline for decisions:**

<b>Pilot submission Date</b>	<b>Assessment Period</b>	<b>Peer Review (Prep)</b>	<b>Peer Review</b>	<b>Write Paper</b>	<b>Paper submission deadlines (SE internal)</b>	<b>Investment Committee 2019/2020 (verbal update)</b>	<b>Boards 2019 and 2020</b>
<b>27<sup>th</sup> September</b>	<b>30<sup>th</sup> September to 9<sup>th</sup> October</b>	<b>10<sup>th</sup> to 14<sup>th</sup> October</b>	<b>15<sup>th</sup> October</b>	<b>16<sup>th</sup> October to 22<sup>nd</sup> October</b>	<b>23<sup>rd</sup> October</b>	<b>17<sup>th</sup> October</b>	<b>6<sup>th</sup> November 2019</b>
<b>1<sup>st</sup> November</b>	<b>4<sup>th</sup> to 13<sup>th</sup> November</b>	<b>13<sup>th</sup> to 18<sup>th</sup> November</b>	<b>19<sup>th</sup> November</b>	<b>20<sup>th</sup> to 26<sup>th</sup> November</b>	<b>26<sup>th</sup> November</b>	<b>26<sup>th</sup> November</b>	<b>10<sup>th</sup> December</b>
<b>20<sup>th</sup> December</b>	<b>20<sup>th</sup> Dec 2019 to 6<sup>th</sup> Jan 2020</b>	<b>7<sup>th</sup> to 10<sup>th</sup> January</b>	<b>13<sup>th</sup> January</b>	<b>15<sup>th</sup> to 20<sup>th</sup> Jan</b>	<b>21<sup>st</sup> January</b>	<b>-</b>	<b>4<sup>th</sup> February 2020</b>
<b>17<sup>th</sup> February</b>	<b>17<sup>th</sup> 24<sup>th</sup> March</b>	<b>25<sup>th</sup> to 28<sup>th</sup> March</b>	<b>3<sup>rd</sup> March</b>	<b>4<sup>th</sup> to 9<sup>th</sup> March</b>	<b>10<sup>th</sup> March</b>	<b>24<sup>th</sup> February</b>	<b>24<sup>th</sup> March</b>
<b>30<sup>th</sup> March</b>	<b>30<sup>th</sup> March to 3<sup>rd</sup> April</b>	<b>6<sup>th</sup> to 9<sup>th</sup> April</b>	<b>15<sup>th</sup> April</b>	<b>16<sup>th</sup> to 21<sup>st</sup> April</b>	<b>22<sup>nd</sup> April</b>	<b>15<sup>th</sup> April</b>	<b>6<sup>th</sup> May</b>
<b>8<sup>th</sup> May</b>	<b>11<sup>th</sup> to 15<sup>th</sup> May</b>	<b>18<sup>th</sup> to 21<sup>st</sup> May</b>	<b>22<sup>nd</sup> May</b>	<b>26<sup>th</sup> May to 1<sup>st</sup> June</b>	<b>2<sup>nd</sup> June</b>	<b>2<sup>nd</sup> June</b>	<b>16<sup>th</sup> June</b>
<b>3<sup>rd</sup> August</b>	<b>4<sup>th</sup> to 10<sup>th</sup> August</b>	<b>11<sup>th</sup> to 14<sup>th</sup> August</b>	<b>18<sup>th</sup> August</b>	<b>19<sup>th</sup> to 24<sup>th</sup> August</b>	<b>25<sup>th</sup> August</b>	<b>3<sup>rd</sup> Sept</b>	<b>8<sup>th</sup> Sept</b>
<b>2<sup>nd</sup> Nov</b>	<b>3<sup>rd</sup> to 9<sup>th</sup> Nov</b>	<b>10<sup>th</sup> to 13<sup>th</sup> Nov</b>	<b>16<sup>th</sup> Nov</b>	<b>17<sup>th</sup> to 23<sup>rd</sup> Nov</b>	<b>24<sup>th</sup> November</b>	<b>25<sup>th</sup> November</b>	<b>8<sup>th</sup> December 2020</b>

## Annex C:

### Community funding schemes

#### Introduction

- Sport England recognises that Pilots may want to invest small amounts of money to community groups to help them reach inactive audiences, and that this investment may take the form of a community funding scheme or grant programme. Small amounts refer to awards ranging from £50 to a maximum of £10,000. Based on dialogue to date, in most instances we expect schemes will be operating at the lower end of this range.
- The good news is we have a way we can support pilots with this.
- This Annex explains what is permissible under the National Lottery Act and seeks to support Pilots in managing any such award schemes.
- The National Lottery Act requires distributors of Lottery funds to follow certain rules when delegating any of its functions. This includes when an award recipient seeks to distribute funding to third parties.
- The notes below are relevant only if you have ruled out a procurement process and contract of service. Provided you follow your own procurement rules and that those rules meet any relevant procurement legislation, Sport England would not impose any specific operational requirements on a process of procurement resulting in contract of service.

#### Requirements

- Essentially, Sport England can only delegate its grant making function with the express permission of the Secretary of State and then, only when certain criteria are met.
- **However, working in partnership with another body is permissible where Sport England retains the final say of the funding decision.** This is the proposed approach to community funding schemes agreed as part of Local Delivery Pilot awards.
- We would expect your Sport England Pilot Manager contributing to the design of any application form and process with you.
- The following summarises the process:
  - a. The Pilot Lead body should set a criteria and budget for the approach which will be agreed with Sport England
  - b. The Pilot Lead body should request applications from community bodies and partner(s) against the set criteria and available budget for the delivery of the Pilot objectives and outcomes. (this may be done via calling for expressions of interest)
  - c. The Pilot Lead body should receive and assess applications against the set criteria and budget availability
  - d. The Pilot Lead body should then make recommendations to Sport England for those projects that meet the set criteria and present scores and recommendations for awards against the available budget

- e. Sport England will consider the portfolio to be funded and confirm approval to award. We would envisage recommendations being grouped together and would seek to provide the final decision within a few days. In most instances we would expect this to be monthly/bi-monthly
  - f. Monitoring and evaluation is to be provided by funding recipients to the Pilot Lead body as agreed locally until conclusion of the individual projects
  - g. The Pilot Lead body retains the strategic overview, direction and lead responsibility for the programme.
- Once you have outlined your suggested approach to us, and the amount of funding to be distributed is determined, we will confirm our agreement (see flow diagram overleaf). Should you decide you would like to repeat the process with additional funds we will need to agree this separately with you.
  - If you have any queries, please contact your Pilot Manager.

### **Additional Guidance:**

- The following additional guidance might be of assistance to you when considering how you will establish your Community Funding Scheme
- If you wish to devolve the running of your community chest/grant scheme to another organisation to administer on your behalf (ie a partner such as a VCS) and the funding they distribute is below £25k, you should develop an appropriate partnership agreement. If the investment will exceed £25k you must use the Delivery Partner Agreement supplied by Sport England.

### **Formal and Informal networks and bodies:**

- Sport England funding requires recipient bodies of small grants to have a recognised constitution in place. We acknowledge that in some cases the ideas that you generate from within the community might however come from individuals and/or un-constituted informal groups. Whilst we are reviewing how other funding bodies respond to these challenges, at present we are working to the following guidance.
- **Constituted** groups are easier to deal with as they have all the necessary requirements in place in terms of governance and therefore once you have read through the applicants constitution, you will be in a position to recommend an award (subject to the application proposal and any local due diligence that you undertake).
- **Unconstituted** groups are a little more complicated, the following options should be considered:
  1. Can you help fast-track the organisation to become constituted (with support from you or your local Active Partnership?)
  2. Could it use another Accountable Body such as a VCS to support it and act as the applicant/manage the funds for them?

3. Could the pilot team manage bookings/payments (likely only to work on a very small scale and one-off basis given demands on resource and capacity)

No matter what avenue is chosen, pilots must agree the community funding scheme process with Sport England.

- SE must agree the criteria, process & retain decision making on awards
- Documentation must make explicit reference to LDP/Sport England/Lottery funding

The following flow diagram may be of help in further understanding the journey.



## **Annex D:**

### **LDP Capital Guidance**

Sometimes your request for investment will include capital items. Please talk to your Strategic Lead/Pilot Manager early to confirm that the capital route is appropriate and to ensure a smooth process.

#### **Firstly, determine if this is a capital project or not?**

What do we consider as a capital item?

- Fixed assets and fixed equipment (examples might include substantive street furniture items, street lighting, play equipment that is fixed, landscaping)
- Modernising existing or developing new spaces/facilities (this could include things like community social space, toilets, catering facilities)
- New facilities – extensions, floodlighting, modular buildings
- Larger traditional facilities eg new build swimming pool.

When are items not considered to be capital?

Some items might have a low financial value, in such cases, it would be excessive to follow a capital route. Costs below £5,000 per item would be deemed 'de-minimus' and should be considered revenue items. This would cover items such as a single park bench or a small shed to retain equipment.

If you conclude your ideas are capital, please follow the guidance below.

If you are **applying for pathfinder/accelerator** funding, please go to **section A**.

If you have **already been awarded** funds for capital in a previous pathfinder/accelerator application but at that time you didn't know the detail of what, where, with whom etc but now want to progress a capital project then please go to **section B**.

## **Section A: Applying for funding as part of a pathfinder/accelerator funding application.**

If you are in the process of applying for investment through the pathfinder and accelerator fund and know you have a capital project and can be clear about what it is then please include the following in your submission:

1. The name and address of the organisation within the pilot you want to support.
2. If you want to manage the investment directly or you want a partner organisation to receive the award (see page 22 of this document for further information).
3. Where the asset is located in your pilot area and how it relates to the defined geography of your pilot.
4. What the project is - include a description (feel free to include photos/video to highlight your need/what you want to do). Include information on the following:
  - What capital works you are seeking to undertake.
  - How much the project is likely to cost (total project cost) and how the funding is made up (including any VAT).
  - How much funding you are seeking from Sport England?
  - The intended beneficiaries - are these consistent with your LDP priority audiences?
  - The supporting insight you have that has informed the need for this investment.

**If the pathfinder/accelerator award is approved dependent on your preferred model we will award directly to your partner organisation or to you to manage. In any event the project will then move into delivery and follow the process set out in section B overleaf.**

**Section B: We have been awarded funds from Sport England and now want to proceed with delivering a capital project.**

**What is the process from here?**

**Help and support is close by!**

For capital requests up to £150,000 (each individual project) Sport England will use the support framework we have put in place for our Community Asset Fund - in simple terms this is a framework including technical design and build specialists, business planning specialists and agronomists. **We will ask you for a bit more information that will help us determine what kind of support we need to put in place to help you deliver a successful project** and maximise the value of the investment made.

1. To get this moving, for each capital investment you are seeking to make, please visit our Community Asset Fund online portal and submit a simple expression of interest <https://sportenglandcaf.microsoftportals.com/>. Please ensure in the response to the questions you include your Pilot Name and that this forms part of your LDP investment approach.

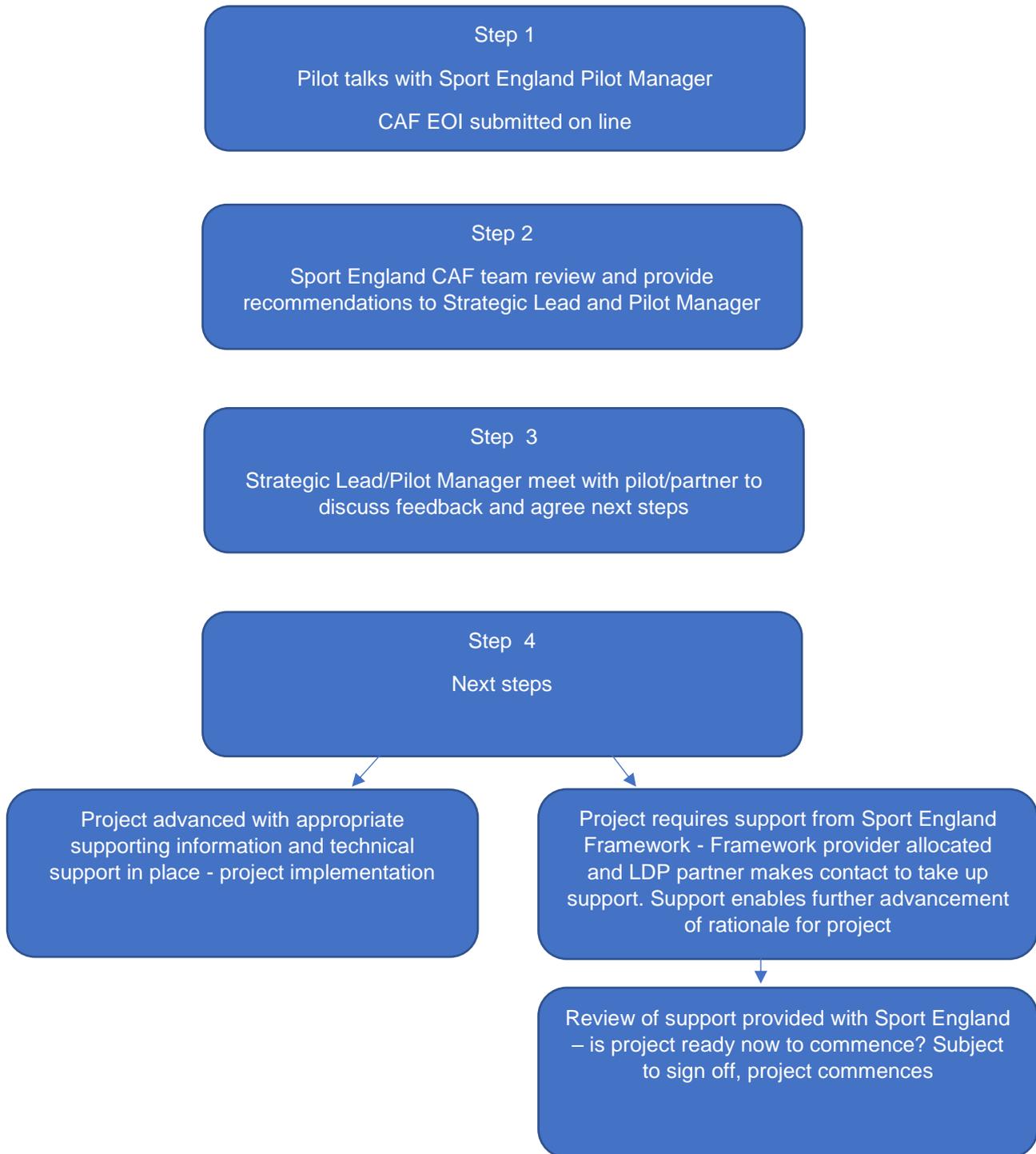
This will tell us information about:

- What the project is, what you want to do, the solution you have come up with and why
- Who will benefit from the investment, how you have understood their needs and the role that they have played in informing your plans
- Why you need the investment. Your current situation and how the investment will improve it
- How your organisation is governed and how you will deliver the project.

You may find our guidance “Developing your idea” which can be found on the Sport England website of help as well:

<https://www.sportengland.org/funding/community-asset-fund/>

## What does the process look like?



### **Accountable Body for the capital investment:**

Capital investments require a different process to that of revenue awards due to the issues of land ownership, security and technical building requirements such as planning consent, and protecting the use of public money.

We have sought to make the process as flexible as possible at Sport England to help you to deliver quickly and effectively. There are two options Sport England will consider in delivering your capital project under the LDP programme. Early engagement with your Strategic Lead or Local Delivery Pilot Manager is recommended to ensure that we can prepare the legal agreements efficiently and effectively to support your project.

#### **Option 1:**

You manage capital projects through a single URN with Sport England. In this option the LDP lead body would need to use a delivery partner agreement (a template issued as part of the Lottery Funding Agreement with amendments to cover the capital elements) to manage the capital project with your partner organisation that owns the site/asset in question (if you don't own the site/asset yourself).

Where you don't own the site yourself, it would require you to provide Sport England with a usage agreement(s) for the site(s) setting out the operational use of the site(s) (opening/closing times and who can use it etc). You would need to negotiate this with your project partner (the asset owner) and Sport England would have to sign off the usage terms.

As lead body for the Pilot you would ultimately remain responsible for this investment for the period of its life (likely to go beyond the revenue funding of the LDP). In the event that the asset in question closed/was demolished or it underwent significant and fundamental change of use and was no longer providing for physical activity, you would be responsible for any clawback by Sport England. You would need to take legal advice on whether this would require you to enter into a separate legal agreement between yourself and the asset owner to get an indemnity if a clawback event occurred.

The benefits of this approach include you having a single agreement for funding the capital and revenue elements of the LDP for ease of reporting and measuring outcomes. The risks are in negotiating agreements that would sit alongside the Funding Agreement that set out usage and security of the site / asset, along with your organisation as lead body for the LDP award being responsible to Sport England should the agreement be breached.

#### **Option 2:**

If as the Accountable Body for the main LDP investment award you are not the asset owner of the site for the capital works, you could split your award and we could contract directly with the asset owning partner. This would still form part of your LDP investment portfolio, but it would avoid you having to work through separate legal agreements between yourself and your partner.

In this option, Sport England would establish a separate funding award directly to your partner organisation responsible for the capital investment. The legal agreement for the award would be between Sport England and your partner organisation. We would link the outcomes of site(s) usage and evaluation back to the LDP and the evaluation programme the LDP is working on.

The benefits of option 2 are having clear agreements directly with the parties to define which party is responsible for differing elements of the pilot, and who has liability to Sport England if a funding agreement is breached. The risks of option 2 are that having separate agreements and linking the reporting / measurements and outcomes could be more burdensome administratively.

***If your preference is option 2 Sport England would ideally need to understand this before any investment decisions are made to avoid retrospectively de-committing funding from you as the lead body and re-awarding it to a partner body. Where this isn't possible, Sport England will work with you on any alterations to any award paperwork already issued.***

### **Other early things to think about that you might find helpful**

Whilst at this point we don't need to know these details, if funding is committed through your pathfinder/accelerator application and the project moves to delivery you/your partner will need to consider the following in due course:

- Do you/they have security of tenure on the site/asset that investment is being sought for – i.e. are you/they in a position to authorise capital works to be carried out on the asset? This usually means you/they have a freehold or leasehold on the site for a minimum period of time (this varies depending on the amount of investment being sought).
- What type of organisation the funding is for (ie a local authority, constituted sports club, school, other)
- If appropriate operating policies are in place including safeguarding policies and governance documents.
- If an agreement about usage has been reached that would satisfy the needs of the project.
- For investments over £150,000, or investments that Sport England considers to be high risk, Sport England may require a legal charge or restriction. In this event, Sport England will amend the Funding Agreement to require these as conditions of the investment and will advise you of the level of security it needs in order to proceed with the capital investment. This may also affect the length of the award as Sport England is required to ensure it protects public money invested into capital works.
- For projects under £150,000, Sport England may not enforce grant security however it remains at Sport England's discretion to consider whether this is required based on the individual project.