



**FAIRER SCOTLAND FUND:
STANDARD TERMS AND CONDITIONS OF GRANT
BOARD MEETING – 18 SEPTEMBER 2008**

1. PURPOSE OF REPORT

- 1.1 To present to the Community Planning Partnership (CPP) Board for consideration and endorsement the Standard Terms and Conditions of Grant for projects and initiatives funded by the Fairer Scotland Fund.

2. BACKGROUND

- 2.1 The CPP Board will recall that the Scottish Government, as part of the November Spending Review, announced the establishment of the three-year Fairer Scotland Fund from 1 April 2008. The Fairer Scotland Fund is allocated to each Community Planning Partnership to enable partners to work together to tackle area-based and individual poverty, and to assist more people to access and sustain employment opportunities. The Fund requires to be fully spent by 31 March 2011.
- 2.2 The Board will also recall that full reviews of each of the existing initiatives funded by the funding streams that make up the new Fairer Scotland Fund were progressed in April/May 2008 to determine whether they continued to meet the requirements for the Fairer Scotland Fund and future Community Planning priorities in East Ayrshire. Recommendations in respect of the Fairer Scotland Fund programme were approved by the CPP Board at a special meeting on 10 June 2008.

3. STANDARD TERMS AND CONDITIONS OF GRANT

- 3.1 To ensure compliance with the Fairer Scotland Fund Standard Terms and Conditions of Grant issued by the Scottish Government, it is proposed that nominated lead officers for all projects and initiatives funded by Fairer Scotland Fund resources allocated by the CPP Board are issued with Standard Terms and Conditions of Grant, which will be provided by the Community Planning and Partnership Unit.
- 3.2 The draft Standard Terms and Conditions of Grant document, which is provided for consideration by the Board at the Appendix to this report, includes the requirements of the Scottish Government, where applicable, and additional requirements from an East Ayrshire perspective. The document has been developed by staff in the Community Planning and Partnership Unit and the Council's Finance and Asset Management, in consultation with Internal Audit.
- 3.3 Work will continue to be progressed to develop the corporate monitoring framework and an Accounting Policy Bulletin in respect of the Fairer Scotland Fund, the details of which will be presented to the Board for consideration in due course.

4. RECOMMENDATIONS

4.1 The CPP Board is requested to:

- i) consider and endorse the Standard Terms and Conditions of Grant for the projects and initiatives funded by the Fairer Scotland Fund; and
- ii) otherwise, note the content of the report.

Elizabeth Morton
Depute Chief Executive/Executive Director of Corporate Support
East Ayrshire Council
15 September 2008



FAIRER SCOTLAND FUND

DRAFT

STANDARD TERMS AND CONDITIONS OF GRANT

(Internal and External Projects)

Glossary of Terms

Please refer to the glossary of terms attached as an appendix to this agreement document.

EAST AYRSHIRE COMMUNITY PLANNING PARTNERSHIP

FAIRER SCOTLAND FUND

STANDARD TERMS AND CONDITIONS OF GRANT

SECTION 1 - FAIRER SCOTLAND FUND - AIM

The purpose of the Fairer Scotland Fund (FSF) is to regenerate communities by tackling area based and individual poverty; and to help more people overcome barriers to employment to allow them to access and sustain employment opportunities.

The FSF will provide investment to assist in the achievement of the key outcomes agreed by East Ayrshire Community Planning Partnership (CPP) informed by the Scottish National Performance Framework and set out in proposals related to the FSF and for no other purpose whatsoever.

The Scottish Government considers the following key principles crucial to investment of the FSF by Community Planning Partnerships (CPPs):

- A clear focus on investment to address the causes of poverty, not its symptoms;
- A strong emphasis placed on making early interventions for vulnerable individuals, families and disadvantaged communities;
- Promotion of joint working between local partners;
- Focused action on improving employability as a key means of tackling poverty; and
- Empowering communities and individuals to influence and inform the decisions made by CPPs.

SECTION 2 - FAIRER SCOTLAND FUND - GRANT EXPENDITURE

FSF grants may be spent on:

- salaries and other employment costs
- redundancy
- equipment
- land
- leases
- property
- buildings
- furniture
- information technology costs
- reasonable travel and subsistence
- training
- transport
- audit/consultancy fees
- professional advice
- insurance
- administration costs
- support costs
- publicity
- reasonable hospitality
- non recoverable VAT

Match Funding

- FSF resources may be used as a match allocation to attract additional sources of funding. This will, however, be dependent on the rules of the particular grant scheme in question.

Hospitality

- FSF resources may be used for reasonable hospitality costs associated with the work of the CPP, for example, to facilitate meetings, seminars or official openings. Caution should be exercised when considering hospitality and if unsure, consultation should take place with the Lead Department.

FSF resources may not be utilised to:

- fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party.

Virement Policy

Lead Departments must ensure compliance with the CPP Board Virement Policy:

- Submission of re-allocation requests to the CPPU for movement between existing projects approved by the CPP Board for cumulative amounts in excess of 10% of the annual allocation or £50,000, whichever is higher. Such virement must be in line with agreed outcomes.
- Notification to the CPPU where resources cannot be used to achieve agreed performance; in these exceptional cases resources will be re-allocated by the CPP Board to other Lead departments;
- Virement Request Forms will be available from the CPPU.

Internal Projects

It is the responsibility of Lead Departments to ensure compliance with the Terms and Conditions of Grant and, in addition, to ensure compliance with East Ayrshire Council's Financial Regulations and to adhere to the corporate monitoring framework as advised by the CPPU.

SECTION 3 – GRANTEES RESPONSIBILITIES

Grantees have the following responsibilities:

- to ensure sound governance of public funds in management of the project;
- to ensure expenditure accords with the aims of the Fairer Scotland Fund;
- to keep full and proper accounts for all expenditure;

- to ensure systems for income and expenditure control exist;
- to monitor cash flow;
- to ensure regular financial reporting to the appropriate management committee/ Boards;
- to ensure full compliance with financial and performance monitoring requirements; this will include the submission of quarterly finance and bi-annual performance reports which will be used to form an opinion on the release of payments:
- to complete and provide to the Lead Department and Community Planning Partnership Unit a statement of funds levered in from other partners as a result of the investment of Grant, by 15 April each year;
- to advise the Lead Department (via the key departmental contact officer) and Community Planning and Partnership Unit immediately and in writing of any potential over/under spend in FSF allocations;
- to ensure compliance with all applicable statutory obligations, which relate to FSF expenditure, including VAT, PAYE, National Insurance, Data Protection and Freedom of Information legislation;
- to provide the Lead Department and Community Planning Partnership Unit (on the specified template) an annual update on progress towards achievement of agreed outcomes;
- to participate in appraisal visits by the Lead Department or Scottish Government officials, as necessary; quarterly appraisal visits will be carried out by the Lead Department to review quarterly financial and bi-annual performance returns;
- to advise the Lead Department of any changes to the organisation's legal or financial (for example, VAT) status;
- to provide a copy of audited accounts for review to the Lead Department within six months of the financial year end, and to do this for each financial year in which FSF is provided. The audited accounts should clearly show FSF income (it should be noted that statutory bodies such as Strathclyde Police may not be able to reflect this requirement in their accounts). Where audited accounts cannot be provided within the six months, the Grantee should contact the Lead Department to agree an alternative timescale, which should be expressed in writing and adhered to.
- to keep, maintain and make available for inspection, complete records of income and expenditure. All documentation and records relating to the financial transactions associated with the FSF should be retained for a period of 6 years following the financial year the transaction occurred;

- to ensure that appropriate insurance is in place for associated activity/resources; and
- to ensure robust processes are in place to allow an audit trail to be followed.

In terms of overall stewardship, East Ayrshire Council (as grant recipient) reserves the right to conduct an independent examination or audit of the financial records associated with the overall programme at any time and to access all of these records as necessary.

East Ayrshire Council (as grant recipient) may add, amend or delete reporting requirements by providing notification in writing.

SECTION 4 - ARRANGEMENTS FOR GRANT PAYMENT TO EXTERNAL PROJECTS

The nominated Lead Council Department will make arrangements for grant payments to individual initiatives, as appropriate.

Building up Cash Reserves/Surplus Funds

- Cash limits must be adhered to and no additional unapproved expenditure should be made.
- The grant recipient reserves the right to recover surplus balances remaining following the completion of any project within allocation.

Default

The CPP/East Ayrshire Council may re-assess, vary, make a deduction from, withhold, or require immediate repayment of the grant or any part of it in the event that:

- any default is committed;
- the CPP/Grant recipient considers that any change or departure from the purposes for which the Grant was awarded warrants an alteration in the amount of the Grant;
- the Grantee fails to carry out the Project;
- in the CPP/Grant recipients' opinion, the progress on the Project is not satisfactory; or
- in the CPP/Grant recipients' opinion, the future of the Project is in jeopardy.

In the event that the Grantee becomes bound to pay any sum to EAC in terms of section 4 above, the Grantee shall pay to EAC the appropriate sum within

14 days of a written demand for it being given by or on behalf of the Council as grant recipient.

Notwithstanding the provisions above, in the event that the Grantee is in breach of any of the Conditions, the CPP/EAC may, provided that the breach is capable of a remedy, postpone the exercise of their rights to recover any sum from the Grantee in terms of section 4 for such period as they see fit, and may give written notice to the Grantee requiring it to remedy the breach within such period as may be specified in the notice.

In the event of the Grantee failing to remedy the breach within the period specified, the Grantee shall be bound to pay the sum to EAC in accordance with the foregoing provisions.

Any failure, omission or delay by EAC in exercising any right or remedy to which they are entitled by virtue of section 4 shall not be construed as a waiver of such right or remedy.

SECTION 5 - ASSET MANAGEMENT

- All land, buildings and moveable property with a value of £50,000 or more purchased with the aid of FSF funds shall be owned by the grant recipient and shall not be disposed of during the funding period without the consent of Scottish Ministers. Income from disposal may need to be returned to Scottish Ministers.
- Where land buildings and moveable assets purchased with the aid of the grant are worth less than £50,000, it is for the grant recipient with the agreement of the Partnership to decide who should own the asset. If ownership is to rest with someone other than the grant recipient then it is the grant recipient's responsibility to ensure that full value for money is achieved in the management of the assets in question and in realising the optimum value of all surplus assets.
- Owners of assets purchased with the aid of the FSF resources costing more than £2,500, and with a useful life of more than a year, must maintain a register of these assets in accordance with generally accepted accounting practice.
- When disposing of assets purchased with the assistance of the Grant, all owners should adhere to the general principles that receipts should be maximised and should not generate cash benefits for any individual.
- Scottish Ministers/East Ayrshire Council, or any authorised officer on their behalf, has a right to enter upon any land or building and to inspect any moveable property or books of account where the land, buildings or moveable property have been acquired by the aid of the Grant or the books of account relate to projects or services which are/or having received FSF funds.

SECTION 6 - PROCUREMENT PRINCIPLES

- Goods and services should be selected on the basis of best value.
- The roles of budget holder/customer, purchaser and payment authoriser must be separated.
- Procurement should be through open competition, unless there are exceptional and convincing reasons to the contrary, authorisation for which will be required in writing from the Lead Department.
- A minimum of 3 tenders/quotations is required for all procurement in excess of £1,000 and sealed bid procedures should be used for all procurement in excess of £10,000, and for any lower-value, but potentially contentious, procurements.
- All procurement processes must comply fully with all applicable procurement legislation.
- Suppliers should be paid on time, in accordance with contractual agreements, but not in advance of receipt of goods or services purchased.
- Procurement should be undertaken to the highest ethical standards and with fairness to suppliers.
- All contracts should be in writing.

Internal projects are also subject to the Council's procurement processes.

Information and guidance on procurement procedures can be obtained from the Lead Department.

SECTION 7 - CONFLICT OF INTEREST

Individuals who have any relevant personal interests require to declare this interest **before** any discussion takes place on a subject in which they have a personal interest.

In addition, where any conflict of interest develops after a Grant has been allocated, this personal interest requires to be declared to the Lead Department (via the key departmental contact officer).

Individuals should be regarded as having an interest (financial or otherwise) in a project or activity, or in the provision of services, if:

- any spouse, partner or close relative has an interest in it; or
- any firm of which he or she is a partner has an interest in it ; or
- any company of which he or she is a director, substantial shareholder or employee has an interest in it; or

- any organisation, of which he or she is a management committee member, trustee, employee, voluntary worker or elected representative, has an interest in it.

All financial/non financial interests require to be recorded.

The Grantee shall not offer or give or agree to give any person any gift or consideration of any kind as an inducement or reward in relation to this Grant. The Grantee shall ensure that its employees shall not breach the terms of the Prevention of Corruption Acts, 1889 to 1916 in relation to this or any other grant.

SECTION 8 - PUBLICITY

Full recognition should be given to the value of the Scottish Ministers' Fairer Scotland Fund and the support of any partners, where reasonably practicable.

All public information, including press releases, leaflets on similar information should again, where reasonably practicable, highlight the support of both the Scottish Government and East Ayrshire Community Planning Partnership.

Initiatives will ensure that nothing contained in any materials produced nor the reproduction of such materials shall constitute an infringement of any third party copyright or intellectual property right and shall indemnify the CPP/Grant recipient/Scottish Ministers against all actions, proceedings, claims and demands made by reason of any such infringement.

In all cases of work involving significant capital expenditure, a board available to public view must be erected near the site clearly showing that the works are receiving FSF funds, the grant recipients and, if appropriate, the support of any partners. The following text should be carried:

Supported by the Fairer Scotland Fund – Scottish Government Funding.

SECTION 9 - EMPLOYMENT ISSUES

Organisations and groups utilising FSF funds to employ staff are required to be aware of their responsibilities as employers under current employment legislation.

They must have in place appropriate personnel policies and procedures to ensure that they meet the legislative requirements in respect of Recruitment and Selection; Equal Opportunities; Industrial Relations; Health and Safety; and Employee Relations, including discipline, grievance and redundancy. Training and development, and other related activities should also be duly considered.

In addition, projects in receipt of FSF funds will ensure that they and anyone acting on their behalf will comply with the relevant law, for the time being in force in Scotland. In particular, the project will comply with all relevant

legislation in relation to Human Rights, Discrimination, Procurement, State Aid and all other relevant statutes.

All employees should receive the correct rate of pay for their respective posts subject to the appropriate deductions in respect of income tax and national insurance contributions.

All employees should be treated with dignity and respect within a safe working environment, with appropriate resources being provided to enable them to carry out the duties of their post effectively and efficiently.

Internal projects managed by East Ayrshire Council require to comply with the Council's personnel policies and procedures, and ensure appropriate Committee approvals for the recruitment of staff.

External projects not managed by East Ayrshire Council require to satisfy their nominated Lead Department that they meet their statutory responsibilities with regard to their employees. In addition, they should have access to specialist professional advice, where appropriate.

SECTION 10 - CONFIDENTIALITY AND DATA PROTECTION

The CPP/EAC will respect the confidentiality of any personal or commercially sensitive information that they have access to as a result of funding within the FSF programme.

Notwithstanding the above, the CPP Board may disclose any information as required by law or judicial order. All information submitted to the CPP/EAC/Scottish Ministers may require to be disclosed and/or published by the CPP/EAC/Scottish Ministers. Without prejudice to the foregoing generality, the CPP/EAC/Scottish Ministers may disclose information in compliance with the Freedom of Information (Scotland) Act 2002, any other law, or, as a consequence of judicial order, or order by any court or tribunal with the authority to order disclosure. Further, the Scottish Ministers may also disclose all information submitted to them to the Scottish or United Kingdom Parliament or any other department, office or agency of Her Majesty's Government in Scotland, in right of the Scottish Administration or the United Kingdom, and their servants or agents.

When disclosing such information to either the Scottish Parliament or the United Kingdom Parliament it is recognised and agreed by both parties that the Scottish Ministers shall if they see fit disclose such information but are unable to impose any restriction upon the information that it provides to Members of the Scottish Parliament, or Members of the United Kingdom Parliament; such disclosure shall not be treated as a breach of this agreement.

Grantees shall ensure that all requirements of the Data Protection Act 1998 are fulfilled in relation to their activity.

SECTION 11 - COMPLIANCE WITH THE LAW

The Grantee shall ensure that in relation to the Project, they and anyone acting on their behalf shall comply with the relevant law, for the time being in force in Scotland. In particular the Grantee will comply with all relevant legislation in relation to Human Rights, Discrimination, Procurement, State Aid and all other relevant statutes. It will also indemnify and keep indemnified the Scottish Ministers, their servants, agents and anyone acting for them against all actions, claims, demands, costs and expenses incurred by or made against the Scottish Ministers and their foresaids in respect of loss, damage or personal injury (including death) which arises directly or indirectly from any advice given or anything done or omitted to be done under the Project.

Equalities agenda

The FSF is intended to assist in the reduction of inequalities. Bodies which benefit from FSF funds should ensure that expenditure is in line with their own equal opportunities policy and does not support activity which is discriminating.

SECTION 12 - ASSIGNATION

The grantee shall not be entitled to assign, sub-contract or otherwise transfer its rights or obligations under the agreement without prior written consent of EAC.

SECTION 13 - TERMINATION

The agreement may be terminated by EAC/ CPP giving not less than 3 months' notice in writing from the date of the notice being sent.

SECTION 14- APPLICATION OF TERMS AND CONDITIONS

Unless otherwise indicated, these Terms and Conditions are assumed to apply to all projects.

FAIRER SCOTLAND FUND - GLOSSARY OF TERMS

Name of Grant: Fairer Scotland Fund 2008-10

“Agreement” means the agreement constituted by East Ayrshire Council (EAC) on behalf of the Community Planning Partnership (CPP) and the Grantee and the Grantee’s acceptance of these Conditions.

“Conditions” means these grant conditions.

“Default” means:

- Any breach of the obligations of either party under this Agreement (including, but not limited to, any breach of any undertaking or warranty given under or in terms of this Agreement);
- Any failure to perform or the negligent performance of any obligation under this Agreement;
- Any breach of any legislation; or
- Any negligence or negligent or fraudulent miss-statement or misappropriation of Grant, or any other default,

In all cases by either party, its employees, agents or representatives.

“Financial Year” means a period from 1 April in one year until 31 March in the next.

“Grant” means the grant offered by East Ayrshire Council on behalf of the CPP to the Grantee as specified in the Award Letter, as varied from time to time in accordance with these Conditions.

“Grantee” is the holder of the funds for which the Grant has been awarded as described in the Offer of Grant (relates to both internal and external projects). The Grantee must operate and disburse the Grant in a way that safeguards public money and ensures that the Grant is properly accounted for and used for the purpose for which it is intended.

“Grant recipient” the nominated partner by the Community Planning Partnership to formally accept, disburse and monitor the Fairer Scotland Fund grant from Scottish Ministers.

“Partnership” refers to the Community Planning Partnership. It has the same meaning as in the Local Government in Scotland Act 2003 Community Planning: Statutory Guidance 2004. The Partnership will use the overall Fairer Scotland Fund Grant to help achieve the outcomes set out in the Single Outcome Agreement, specifically those related to the Grant and its specific purpose of regenerating communities; tackling poverty and helping more people overcome barriers to work.

“Intellectual Property Rights” means all rights of ownership, including all copyrights and other intellectual property rights in books, leaflets and other printed

and published materials in whatever form produced as part of the Project by or on behalf of the Grantee including all reports and any such published materials stored in or made available by means of an information technology system and the computer software relating thereto and all patents, trademarks, registered designs and other rights in the nature of intellectual property.

“Project” means the purpose for which the Grant has been awarded as described in the Offer of Grant.

