

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE - 30 MAY 2006

REVIEW OF GRANT FUNDING TO VOLUNTARY ORGANISATIONS IN LIGHT OF THE LOCAL AUDIT REPORT ON FOLLOWING THE PUBLIC POUND

Report by the Depute Chief Executive/Executive Director of Corporate Support

1. PURPOSE OF REPORT

- 1.1 To advise the Policy and Resources Committee of the outcome of the review of the grants forms, guidance notes and assessment forms in light of the study by the Council's External Auditors, Pricewaterhouse Coopers of the Council's performance in relation to the funding of external bodies.

2. BACKGROUND

- 2.1 The Policy and Resources Committee on 8 February 2006 received a report by the Executive Head of Finance on the publication of a report by Audit Scotland on how Councils manage and account for funding provided to external bodies.

3. AUDIT OBJECTIVES

- 3.1 The audit covered the Council's compliance with the six key principles identified in the "Code of Guidance on Funding External Bodies and Following the Public Pound" namely:-

Principle 1: Purpose - the Council is clear about its reasons for transferring funds to an external organisation.

Principle 2: Financial Regime - the Council's financial commitment to and entitlement from external organisations are clear and minimum standards of financial management are specified.

Principle 3: Monitoring - the Council has robust arrangements for monitoring its relationship with an external organisation.

Principle 4: Representation - the Council is clear about the purpose of any Officer or Member representation on external organisations, and representatives discharge their responsibilities with due regard to the objectives of the Council.

Principle 5: Limitations - in entering into a substantial funding commitment with an external organisation, the Council lays down a timetable for the achievement of its objectives.

Principle 6: Accountability - the External Auditor will periodically review the arrangements which the Council has in place for funding agreements.

3.2 The audit concluded that the Council has well established systems in place to fund and monitor external organisations but it did, however, make five recommendations for improvement covering:-

- (i) the inclusion of non-financial risks in the funding application process;
- (ii) annual reporting to service committees;
- (iii) advising external organisations of the standards expected in terms of personnel, environmental and procurement policies;
- (iv) training for Elected Members involved with external organisations; and
- (v) guaranteeing access for external audit to funded organisations.

4. OFFICER REVIEW GROUP TO IMPLEMENT RECOMMENDATIONS

4.1 On receipt of the draft Action Plan was received, the Corporate Management Team, on 17 August 2005, agreed to set up an Officer Working Group to ensure that the action plan and targets were implemented and achieved.

5. WORK UNDERTAKEN BY THE GROUP

5.1 Following the work undertaken by the Group to achieve the recommendations from the Action Plan, the undernoted areas have been reviewed and recommendations are made as undernoted. Copies of the updated grant application form and guidance notes have been placed in the Members' Information Point:-

- (i) **Child Protection Issues** - additional text has been added to ensure appropriate measures of compliance and this is shown in the revised grant application (page 3)/guidance notes (page 15). It is recommended that where a Group work with children but fails despite our assistance to register with Disclosure Scotland, the application will be recommended for refusal. The risk assessment forms have also been amended.
- (ii) **Annual Reporting to Service Committees** - Executive Directors are to report to the May/June 2006 Service Committees, and annually thereafter, on funding to External Organisations, the report covering:-
 - the amount of funding, analysed by type and number of organisations, and by service area;
 - for the largest funded bodies, why the funding was provided and how this fits with the Council's corporate objectives; and
 - key risks associated with the external funding provided and how these risks are mitigated.

- (iii) **Notes for Guidance on the Application Form** - The Notes for Guidance on the application form have been updated to include guidance on the following areas:-
- Personnel Policies (application form page 8);
 - Environmental Policies (guidance notes page 8); and
 - Procurement Policies (guidance notes page 8).
- (iv) **Training for Elected Members** - Guidance notes for Elected Members involved with external organisations are being drafted and will be submitted to the next meeting of the Elected Members Training and Development Forum.
- (v) **Access by External Auditors** - An additional clause has been incorporated in the Conditions of Grant (page 11, no 15) advising that in addition to our Internal Audit Service having the ability to review the accounts of groups, this is to be extended to External Audit.

6. FURTHER ISSUES CONSIDERED BY THE WORKING GROUP

6.1 Public Liability Insurance

- 6.1.1** The Corporate Management Team at their meeting on 31 August 2005 considered a report on the review of grants available to the Council to voluntary organisations/external agencies and at that time it was agreed that further investigation into the way in which the Council deals with public liability issues be explored, especially in relation to smaller, locally based voluntary groups.
- 6.1.2** Normal practice had been to recommend that groups take public liability insurance for projects/events where there is a clear risk to the public (Gala Days etc). However, as litigation is increasing in the United Kingdom and there are fewer activities that can now be undertaken without “risk” attached, the advice now being given by our Insurers is that all projects/events funded by the Council have an associated public risk.
- 6.1.3** Therefore, in order to take both a pragmatic approach to protecting the Council and providing advice to community organisations to continue to facilitate such events, it is recommended that groups who are applying to the Council for grants must sign the declaration within the grant application (page 6). The declaration states “We have identified and considered the risks associated with the planned activity and believe that these are within tolerable limits and have arranged adequate insurance”. This should ensure that groups have considered, and are satisfied that they have considered the risks associated with the activity/activities and have arranged the appropriate level of insurance protection.

6.2 Groups Providing Services which can be accessed by a wide number of individuals

- 6.2.1** At the Northern Area Local Committee held on 12 January 2006, consideration was given to a grant from East Ayrshire Access Panel. This grant application was also considered by the Kilmarnock North, Kilmarnock South, Kilmarnock Central and Irvine Valley Local Committees.
- 6.2.2** The views of the Northern Area Local Committee meeting was that applications from Groups who provide services which can be accessed by individuals who are not necessarily members of that Group and which, therefore, provide information/advice services across a large area within East Ayrshire, should be referred to Service Committees rather than be dealt with at Local Committee.
- 6.2.3** It has always been Council policy that grants covering five Local Committees and under be referred to Local Committee for consideration. It is recommended that this practice continues and that the Northern Area Local Committee be advised accordingly, ie that grant applications covering five Local Committees and under be referred to Local Committees for consideration. Grant applications covering more than five Local Committees be referred to Service Committees for determination.

6.3 Chairs' Cross Boundary Meeting

- 6.3.1** For a number of years now, the Council has held meetings of the Chairs' Cross Boundary Group on Grants. This was initially set up to ensure that all Chairs receiving cross boundary grants to their Local Committees could ensure that any concerns they might have with the split in membership would be addressed before being submitted to Local Committees for consideration. The Group was set up with no powers.
- 6.3.2** After the few years in operation, and following discussion with the Leader of the Council who chairs these meetings, it is felt that this Group has served the purpose for which it was set up and that the Group should now be disbanded.

7. CONCLUSIONS

- 7.1** The Working Group met on seven separate occasions and considers that the recommendations contained within this report will primarily meet the issues raised in the Action Plan and will also address a number of operational issues of an outstanding nature.
- 7.2** The changes being recommended in this report will impact directly on the assessment process. Assessment forms will require to be amended and appropriate training carried out for Assessing Officers within all Service Departments.
- 7.3** It is also proposed that training for assessing officers be arranged on a corporate level to ensure that all the issues contained in this paper and all

relevant matters in relation to the assessment of grant applications are applied consistently and that the importance of doing so is emphasised.

7.4 The Corporate Management Team have considered and are supportive of the contents of this report.

8. COMMUNITY PLANNING ISSUES

8.1 The support given by way of grants to local voluntary organisations support the main themes of the Community Plan.

9. RECOMMENDATIONS

9.1 It is recommended that the Committee consider and agree:-

- (i) the recommendations within this report;
- (ii) that a report be submitted to the following round of Local Committees, for their interest;
- (iii) that necessary training for Assessing Officers be developed and carried out by Corporate Support Department's Training and Development Section; and
- (iv) that 1 September 2006 be the implementation date for the new forms etc to come into use.

Elizabeth Morton
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Executive Director of Corporate Support

27 March 2006

JMcG/SR

BACKGROUND PAPERS

- 1.** Local Audit Report by Pricewaterhouse Coopers on East Ayrshire Council - Following the Public Pound dated August 2005.
- 2.** Audit Scotland Report on Following the Public Pound dated December 2005.

Any person wishing to inspect the background papers relative to this report should contact Julie McGarry, Assistant Administration Manager, on Telephone Number (01563) 576147. Any person wishing further information on this report should contact Bill Walkinshaw, Administration Manager on Telephone Number (01563) 576135.

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