FUNDING FOR COMMUNITY AND VOLUNTARY GROUPS

INVESTIGATION BY AUDIT AND SCRUTINY COMMITTEE

DRAFT FOR SUBMISSION TO COMMITTEE

Date: 23 December 2015

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FUNDING FOR COMMUNITY AND VOLUNTARY GROUPS

PURPOSE OF REPORT

1.   To report on the outcome of the Audit and Scrutiny Committee's investigation on funding for community and voluntary groups and make associated recommendations.

BACKGROUND, SCOPE OF WORK AND METHOD

2   In June 2014 the Chair reported he had been made aware of some voluntary groups' frustration when endeavouring to negotiate the Council's grant allocation system owing to an apparent lack of clarity. With the previous in-depth review of grants by the Policy Review Committee (PRC) dating back to 2005/06, the committee considered it timely to revisit the issue.

3.   To assist in this exercise, the committee reviewed background documents, including grant application forms and guidance; the PRC report and Cabinet response; and a more recent review report dated October 2013 through which further recommendations had been approved. The 2013 review had taken account of the Scottish Government's public sector reform agenda, including Single Outcome Agreement (SOA) requirements; and the need for robust arrangements to monitor the use and impact of grants awarded and to have an efficient grant process.

4.   In late September 2014, the committee agreed the main issues it wished to review (see Appendix 1). These included looking at changes approved before; adherence to procedures and criteria; monitoring and evaluation; the extent it is known that organisations secure funds from other sources; and a sample of applications. Other areas of focus included how widely grants are distributed; benchmarking; and quite recent work by the Chief Auditor on grants. The focus subsequently widened to consider additional funding available through the authority.

5.   Before detailed work commenced, the Convener for Community Services and Community Safety was made aware by the committee of the above work streams.

6.   Work included giving a preliminary community grants questionnaire to the Head of Democratic and Partnership Services and meeting with him when associated, completed grant application documentation was amongst issues considered. Further discussion took place with the Head of Environment (Economic Development and City Deal) and the Planning Manager (Projects) on the Whitelee Windfarm Fund (WWF) scheme; feedback was sought on Education and Tenant Association Grants; and progress implementing some actions agreed in response to an internal audit report on grants of November 2013 was reviewed together with the value of grants awarded, to whom and by which sections.

ACKNOWLEDGEMENT

7.   The Committee acknowledges the contribution various officers made to the committee's work and thanks them for the valuable information and views provided.

CONCLUSIONS AND RECOMMENDATIONS

8.   The Committee has commented, drawn conclusions and made recommendations as outlined in the remainder of this report.

BACKGROUND AND GENERAL ISSUES

9   Using a useful *one door approach*, the Council operates various grant schemes aimed at assisting community and voluntary organisations (the *Community Fund scheme; Tenants Association Grant Fund scheme; Education Grant Fund scheme; and Strategic Grant Fund scheme*), for which a single application form and guidance document *(notes for applicants)* are in place. The main focus of this work involved the first 3 of these schemes together with the *WWF scheme* with its own application form and guidance note; both application forms and their related guidance notes are accessible on the council website. Whilst the *Community Fund* has a relatively wide scope in how its funds may be used, the other schemes are more tightly defined, detail of which is summarised on the website. All applications are initially submitted through the Democratic Services section of the Corporate and Community Services Department for preliminary checks, then processed in liaison with and by officers in other departments as appropriate.

10.   To get a sense of the number of applications dealt with, it was established that (excluding the WWF grant scheme) 82 grant applications were submitted from voluntary and community organisations in 2012/13 and 2013/14; the level of success in those years for applications is listed in Table 1.

TABLE 1   **Applications from Community and Voluntary Organisations**

	Successful	*Completely Unsuccessful*	*Less than 80% Awarded*
2012/13	**26**	**2**	**14**
2013/14	**25**	**2**	**13**

11.   The *Community Fund* grants awarded between 2010/11 and 2014/15 were easily reviewed under Cost Centre LR94 (a Corporate and Community Services code), analysed by recipient. The names of a few organisations were inconsistently recorded on the ledger making it unclear just how many separate organisations had secured grants but further investigation suggested that figure to be around 90-100 organisations in the 5 years as recorded in the ledger, ranging in value from a few hundred to several thousand pounds, the former being in the vast majority. Around a third were awarded grants in more than one year with about 10 receiving grants in 4 or all 5 years. At least several hundred community and voluntary organisations are thought to operate locally.

12.   A large proportion (83%) of the same budget provides funding to less than 5 voluntary and community organisations, including Citizen's Advice Bureau and Voluntary Action (VA), offering partnership of a strategic nature in line with the Council's key objectives. In 2013 Internal Audit raised the lack of fully up to date Service Level Agreements and formal risk assessments being in place for such funding, but it was confirmed that these are now in place. In light of the importance of proper monitoring of public funds provided by the Council, this was welcomed as was clarification given that feedback is sought on such issues so as to help inform future SLA agreements.

13.   This strategic funding, coupled with a proportion of the same budget annually funding administrative grants to community councils, results in there being only a small, and now diminishing, amount of funding available from which other grants may be awarded. It is anticipated that the 2016/17 budget for this will be £18k compared to around £52k in 2011/12. In around 10 cases, some grant awarded was subsequently returned, such as because the applicant could not spend the grant awarded or the total final project expenditure was lower than that applied for. The funds concerned were not large, but this did indicate that some projects did not proceed as anticipated.

14.   The £25k Tenants Association Fund Scheme (awarded to registered tenants and residents associations) has existed for several years under Cost Centre BH40 (an Environment code), with grants falling into 2 categories; the first to meet start up and general running costs of these associations (£450 is payable to each) with the second being funding of special projects (e.g. a small gardening project at a sheltered housing complex). Regarding the latter, such grants numbered around 5 or 6 per year.

15.   Education Grants are awarded from a budget under Cost Centre EA10 (an Education code), the 2015/16 budget being £8k compared to £11k in 2013/14 and 2014/15 and £23k in several years prior to that. Between 2010/11 and 2014/15, only 8 such grants were awarded in total, each to a different organisation.

16.   In contrast, the WWF has received over £857k since its launch in 2010, with around £120k to 140k per annum available for which applications are submitted. This budget, held by the Environment Department, funds the Whitelee Access project as well as grants, the main focus of the grant scheme being projects with a minimum cost of £20k. Grants fall into 2 categories; the first being from the main fund from which about 35 sizeable grants totalling over £715k and ranging from £5k to £68,250 were paid to just under 25 different groups; and the small fund being the second from which £25k has been paid to about a dozen different groups, a few of which also received grants from the main fund. In total since 2010 (excluding the current financial year), 71 grant applications have been submitted, 20 being to the small fund (all of which were approved) rather than the main one. Regarding the main fund, 17 grants approved were for a reduced sum, 13 applications were refused and 5 were withdrawn.

17.   A small number of groups have applied to both the *Community* and *WWF* funds at one time or another and a few projects for which funds are sought seem similar in nature (e.g. galas and fairs). In short, for some groups, an application to more than one funding stream can be appropriate. Furthermore applying to the *Community Fund* for more than one thing in a single financial year is also permissible. At the committee's request the Chief Auditor confirmed that some organisations recorded as have receiving *Community Fund* and other grants, have also received funds from other budgets across various departments, sometimes significant amounts, over time. A specific example was also cited to us of an organisation that had approached different parts of the authority seeking support and funding and how this was dealt with, ultimately by Cabinet. The Head of Accountancy also provided information on other grants accessible to groups, including sports one (which are now accessible through the Leisure Trust) and an organisation supported by the Health and Social Care Partnership (previously the Community Health and Care Partnership).

18.   We acknowledge that some budgets (such as those from which individual grants can be awarded) are relatively small, but as there are a range of funding sources available throughout the Council in addition to the ones we focussed on which we are not suggesting is necessarily inappropriate, it was considered important to know the total funding being awarded to a single organisation. However this information was neither easily accessible nor readily available.

19.   On a related issue, there does not appear to be a single, *one door approach*, Council webpage that comprehensively informs prospective grant and funding applicants about all of the potential funding streams open to them as well as the grants we looked at, including via such bodies as Area Forums, and how they all operate. We did not look at grants available to individuals, but arguably presenting this in a similar way or through the same place would be of considerable value. On this note, during our investigation we heard of Trust Funds maintained for specific purposes which were not necessarily being used; reference to these on such a webpage would therefore be of additional value.

20.   We acknowledge that departments hold their own various funding records, but concluded that there is no simple, quick, straightforward method to determine how much council funding, in total, is given to a single organisation (through grant or otherwise) be that in one year or over several which, given increasingly scarce resources, would be of value to know and reflect on. Furthermore, the way information on funding streams is presented on the website should be reviewed.

Recommendations

(1)   A method of determining and providing access to the total amount of council funding awarded or allocated to a single organisation should be established and would be useful to reflect on when funding issues are being considered in the context of scarce financial resources.

(2)   The way information on funding streams is presented on the website should be reviewed and, when this is completed, related publicity should be organised.

IMPLEMENTATION OF 2006 AND 2013 RECOMMENDATIONS

2006 Report and Related Recommendations

21.   The committee endeavoured to identify whether the 10 recommendations approved by the Cabinet in August 2006, in response to the Policy Review Committee's (PRC's) report on grants (see Appendix 2) were implemented. Whilst it was implied that they had, this was not fully confirmed in the written feedback. We also sought comments on implementation problems encountered through the same feedback and none were raised; the committee however makes 2 observations:

Recommendation 7

22.   When the Cabinet approved its response to this work in 2006, under Recommendation 7, it was reported that a Working Group had been *recommended to review the current arrangements for granting continued annual financial assistance to community and voluntary organisations and to bring forward a clear policy on the long-term funding of such groups.* The report clarified that the Group had already been established and suggested its work was on-going. Feedback requested and provided on the final outcome reflected rather that the Group had been formed to address administrative grant procedures; Reporting Officer's responsibilities (*those who help assess and make recommendations on applications*); and had advised that grant applications should be considered quarterly. That such action was taken is not disputed, but relative to the specific wording of the recommendation and paragraphs 3.29-3.32 of the 2006 report which talk, for example, of "*support for new organisations having to differ from that given to existing ones*" and "*new organisations having to be prioritised for seed-corn funding to enable them to develop capacity to raise funds for other sources* (other than it being clarified that some applicants now have to demonstrate links between their application and the Single Outcome Agreement which was implemented more recently in 2013), we do not feel that the feedback provided to us on this really reflected policy developments linked to the 2006 review.

Recommendation 8

23.   Recommendation 8 focussed on grant availability being more widely publicised and ongoing discussions with the then Public Relations (PR) Manager on developing an appropriate *publicity strategy*. We were advised that it had never been intended to produce a strategy document in favour of agreeing a method of disseminating information about the availability of and promotion of grants. It was clarified that the final outcome of discussions was publicising grant availability on the Council's website and providing information on grant

availability from other sources. It is not disputed that this is helpful and we have been made aware of a range of arrangements, some more recent, aimed at raising awareness of grants (paragraph 56 refers), but the 2006 report (which already mentions both of these) implied that the actions would not be limited to these (describing the discussions at that time as *initial*) and that they would be included in, not comprise, the whole new approach. In summary, it is debatable if either of the recommendations referred to above were pursued, at least fully in 2006, as intended and as the Cabinet was advised they would.

2013 Report and Related Recommendations

24.   A significant development since 2006 was that in early 2013, in line with the *one door approach,* responsibility for central administration of the various grants referred to in Paragraph 9 above (e.g. central receipt and recording of grant applications, preliminary checks and some follow up work) transferred from the Registrar's Service to Democratic Services, following which some further review work was done. Arising from that, in October 2013, the Cabinet approved a report by the Deputy Chief Executive through which 4 further recommendations were to be implemented as follows:-

(1)   A revised application form and guidance notes

(2)   A financial threshold of £500 above which applicants applying to all grant funds would require to provide details of how their project linked to the Community Planning Partnership's Single Outcome Agreement (SOA) outcomes

(3)   New procedures for dealing with low-level grants (those of £500 and under)

(4)   An end of project monitoring form for projects over £500

The committee was advised that, in general, implementation was considered successful.

25.   Regarding (1) above, the form and related guidance were updated, the former to seek more detailed project and financial information to help ensure officers have all necessary information to make recommendations on initial submission of applications and reduce the need to request additional information or documentation. Although the latter was updated later than ideal in mid-November 2014, good improvements have been made to both. Regarding (2) above it was confirmed that grant applications of above £500 are now being linked to the SOA as recommended and we saw how applicants provide information on that in the documents we reviewed. An exception regarding the SOA requirement is the WWF Fund Scheme, but Condition 2 of its *Conditions of Grant* does refer to overall aims and practices of WWF projects being consistent with Council objectives.

26.   Regarding (3) above on the low-level grants procedure, we were told that delegated powers to the relevant Heads of Service had been introduced, removing the need for the Convener to be involved in determining these, but with use of this power being discretionary. It was however reported that the Convener for Community Services and Community Safety continues to be involved in determining *Community Fund* grant applications; and that consulting the Convener for Education and Equalities is a routine part of the process for determining *Education Grant Fund* applications. In contrast it was confirmed that *Tenants Association Grant Fund* applications are dealt with by officers alone.

27.   At least for some grants (e.g. *Community Fund grants),* the current Scheme of Delegated Functions (*September 2015*) makes no reference to the specific, delegated, discretionary power to officers alone we were told now exists, even if not used. Paragraph 8 of the Cabinet report of October 2013 does not match the wording of the current Scheme of Delegated Decisions either as the Scheme refers to a requirement to consult the Convener, whereas the report refers to the decision making process for grant approval remaining

unchanged, whereby an Officer's Recommendation Report is prepared and subsequently considered by the relevant Head of Service and, *where relevant*, Convener for each funding stream. The term '*where relevant*' is not defined in the report which might have been helpful.

28.   We accept a comment made to us that there was no intent to exclude a Convener who wished to be involved in determining applications, but at the very least confusion or room for it exists. For the avoidance of doubt and in the interests of transparency, further and full clarity on how issues are to be dealt with in practice, and by whom, is required and needs to be documented further such as in the Scheme of Delegated Functions. Furthermore, it is not clear why a consistent approach, which we support in the interest of transparency, has not been applied across all of the grant schemes referred to in the 2013 Cabinet report in terms of involving a Convener or not in the decision-making process.

Recommendation

(3)   That the arrangements for dealing with low level grants be clarified further in terms of the Scheme of Delegated Functions and a more consistent approach be introduced.

29.   The final 2013 recommendation ((4) above) focused on an 'end of project' monitoring form for projects over £500 which the 2013 Cabinet Report implies applicants would complete. As things stand, no such form exists. It was reported that as the new procedure was introduced the view was taken that the practice of applicants signing a declaration on the application form; providing receipts for purchases; and explaining which SOA outcomes would be met; when combined with the pre-project assessment of awards that is carried out, was sufficient and so negate what appears to have been the driving force behind this change of approach, this being the additional officer resource that would be required to monitor these projects.

30.   The aim of the 2013 review was to introduce more robust arrangements to monitor grant use and the outcomes they achieve. Whilst the value of the existing steps taken is not disputed it is the view of the committee that, notwithstanding the fact that officers should not be reporting to Cabinet their intent to do one thing and unilaterally decide not to proceed, the value of implementing a monitoring form of the type suggested remains and therefore the practice of officers sampling projects in detail (a spot check effectively, including, were appropriate, on-site monitoring) should be introduced, highlighting to applicants in advance that such a review <u>may</u> be carried out.

Recommendation

(4)   That a monitoring form be introduced as referred to above which would be in line with what the Cabinet agreed previously and introduce additional "spot check" safeguards.

31.   On a final note, arguably at least to a degree the changes were not generally 'successful', as some were not fully implemented. However, more importantly, if recommendations are agreed by Cabinet and not implemented as intended, Cabinet Members should be advised of this.

Recommendation

(5)   Recommendations approved by the Cabinet should be implemented and, if not, Cabinet Members should be advised of this and the reasons why actions could not or were not pursued.

GRANT APPLICATIONS AND RELATED ARRANGEMENTS AND PROCEDURES

<u>Written Procedures</u>

32.	Details of procedures followed for each grant were summarised and provided, but written procedural documents covering these were only provided in some cases, such as by the Democratic Services section and for the WWF fund. To reduce the risk of potential problems arising (e.g. through staff absences/changes) and in the interests of transparency, documented procedures for <u>all</u> grants covering the entire process, from application to 'end of project' monitoring, is merited. The Lagan system is used by officers to assist in recording receipt and progress of applications, which the committee considers particularly useful, with its 'traffic light' system revealing the progress or otherwise of the application process. Whilst there is some reference to Lagan in a relevant procedure note, further information on how to use the system should be included.

Recommendation

**(6)	Where not already in place, written procedures covering the entire processing of grants should be prepared and made accessible with instruction on how to use the Lagan system included.**

<u>Submission and Processing of Applications</u>

33.	It was confirmed that the application process agreed (as outlined in paragraph 35) is followed by officers. It was also clarified that the new application form is longer than before, that no comments had been received suggesting completion is any more complicated, but that some challenges completing the digital version *(the typed version still requires to be printed, signed and submitted because a wet signature is required)* had been raised. We were advised that when comments were made by applicants about the application process these were responded to, but it remains the case that some applicants do not correctly follow the Council's guidance when submitting these (e.g. some incomplete forms are submitted and supporting documentation is not always provided first time) necessitating further action. We were concerned to hear from officers that some organisations regarded the application process as "more trouble than it is worth" and agree with a further comment made to us that the application process should not be too arduous.

34.	Although we did not ask for the officer time spent addressing such issues or the number of individual problems to be quantified, further action could be taken to help determine the root cause and point to how such unnecessary waste of time might be resolved. Whilst the provision of some support to applicants is commendable, as is discussing best practice at networking events, it was confirmed that no "user feedback" is actively sought from applicants on their experience of and perspective on using the application form, the related guidance and more generally the application procedure as a whole. This practice would be useful, even periodically, to help determine what barriers exist.

Recommendation

**(7)	Feedback be proactively and periodically sought from a sample of applicants on their experience of and perspectives on using the application form, related guidance and the procedure as a whole.**

35.	We reviewed feedback on roles various officers have in processing grant applications. In summary, in line with the *one door approach* for *Community, Tenants Association, Education* and *WWF* grant applications, a support officer in Democratic Services receives, logs and carries out preliminary checks (e.g. for completeness and provision of supporting documentation (e.g. Constitution, accounts) then passes relevant

paperwork to an appropriate officer (sometimes directly to a Reporting Officer) for assessment and preparation of a report, who ultimately recommends if grant is awarded or not. As reflected in Table 1 (paragraph 10 refers) awards sought are not always provided in full based on a reporting officer's assessment of an application. With the exception of the WWF scheme, the same Democratic Services officer arranges for any grant awarded to be paid; issues the award letter confirming various issues; and pursues any remaining issues which can include the submission of required receipts if not provided timeously; and occasionally return of grant (e.g. if projects do not proceed as planned and related costs decrease) to ensure funding criteria are adhered to.

36.   With regard to the *Tenants Association grants*, few related internal procedural problems were reported to us, other than the system slowing down occasionally when a group has to wait a little for its cheque. Grant refusal was not reported to be a general issue. We welcomed hearing that the main officer dealing with these attends Association AGMs and reviews Association Minutes, helping to monitor that grants are being used as agreed.

37.   Feedback on *Education* grants suggested that the application form and related documents are not always relayed to the department electronically, occasionally causing a problem if not received in the department because officers do not know of some applications otherwise. This is a small issue which can easily be addressed. More generally, our view is that processing and internal routing of applications might be able to be done more digitally than just now, particularly the completion of application forms and in a way that prompts applicants to complete all sections; and in relation to the storage of records. It remains the case that some application forms are completed by hand and we feel more could be done to encourage these to be completed electronically, possibly even becoming a requisite part of the process.

Recommendation

(8)   That it be considered if there are any further parts of the grants process that could be improved through the application of digital technology.

Administration Costs

38.   We did not ask for the cost of administrating the grant schemes to be quantified, but it was estimated by officers that this was not particularly high. We welcomed the revised procedures, such as the application form being made available on-line and phasing consideration of some applications which has helped streamline processes and turn some around faster. These developments are helpful. It is accepted that for many organisations the grant funding they receive through the Council enables projects to proceed that otherwise would not and that there can be other benefits associated with these; the WWF grant scheme, for example, is estimated to have injected over £2m. of investment into the community.

Decisions and Associated Records

39.   We have already commented that for *Community Fund* Grants the Head of Democratic and Partnership Services, in liaison with the Convener for Community Services and Community Safety, considers applications and the associated assessment reports prepared, ultimately determining the outcome. A similar process is followed for *Education* Grants in respect of which the relevant Head of Service liaises with the Director and Convener for Education and Equalities who determine the outcome. In contrast, and although it is acknowledged that many Tenant Association grant applications are for the £450 grants to meet their general running costs which may be routine, as already mentioned, these applications are determined by officers alone. We have already argued for some further consistency of approach across these schemes.

40.   The WWF grant scheme is one in which the committee took an interest previously in 2009 when a Cabinet decision was called-in. It is accepted that the scheme differs fundamentally from the others in terms of both the scale of projects and the source of funding for grants. With a few minor exceptions which are subject to safeguards, payment is also made on completion of work rather than in advance of expenditure being incurred as is the case for the other schemes. The applications are considered and grants are awarded by an Assessment Panel. Furthermore, other than some functions carried out by the support officer in Democratic Services, much of the support is provided by the Project Manager in the Environment Department who, for example, arranges meetings of and supports the Panel; arranges payment of grants awarded when appropriate; and keeps the officer in Democratic Services apprised of this so grants paid out are recorded centrally.

41.   Following on from our comments on consistency, it is hard to argue against the need for any grant application process to be as transparent, consistent and fair as possible. The WWF grant process has a degree of transparency in-built because its specific purpose is documented well; it involves a Panel (membership of which includes an elected Member; officers; a member of the Chamber of Commerce; and a local community councillor); and discussions, decisions and recommendations to the Director of Environment are recorded in Minutes which, although not distributed widely, are available. All elected Members are also advised of the WWF grant decisions made.

42.   We have concluded though that there are some elements of grant procedures, such as the recording of some decisions and explaining why some are refused for example, that need to be strengthened further as this is not always recorded as fully as it might be. Feedback on WWF grant applications specifies why a grant has been refused which we think all applicants are entitled to know. Arguably this can help inform future applications too. However, the example of correspondence provided to us which we were advised is sent to applicants when a grant is refused in relation to the other schemes only appears to refer to the application having being discussed at a meeting and it having being decided to decline the application because it did not meet the criteria of the conditions of grant. In the interests of transparency and clarity, more detail on the specific reason(s) for refusal need to be provided.

43.   Publication of a summary of grants awarded annually on the Council's website would, in our view, also be useful. It would not only increase transparency in terms of the grants awarded, but also enable organisations which may not have considered submitting an application, or an application of a particular type, to determine if they have a proposal that could merit submission if it aligns with one which has been successful. We also feel this would go some way towards stopping misinformation from circulating.

44.   We agree with comments made that a Convener and/or other elected Members can add a new or different perspective and valuable insight on an application. It was confirmed that Ward Councillors have been approached by officers periodically for this purpose. That said, pursuing input from Members on all applications, particularly smaller ones, seems unnecessary, not least it being time-consuming for all concerned. However, we do not disagree with the approach in principle and consider there to be a need for consistency of approach. For example, there could be merit in setting a financial threshold (possibly £500 other than in respect of the WWF grant scheme where the threshold would need to be much higher) for applications above which comments must be requested from the Ward Councillors in which the applicant organisation is based and setting a deadline by which these must be submitted to the Reporting Officer for inclusion in the assessment report, failing which it should be assumed no comments are being offered.

45.   We discussed a few issues regarding the independence of decision making. We heard, for example, that it is not uncommon for officers involved in the WWF Panel to

declare an interest in an application because of other activities they are involved in and the fact that elected Members are bound by their Code of Conduct to consider such issues. Our one comment on this issue is that, without exception, all those involved in decision making on grants of any kind, and appointed to any body involved in decision making about this, have a responsibility to declare an interest in and exclude themselves from decisions where there is a risk of their independence being questioned. It follows therefore regarding the composition of any such decision making body, that full consideration must be given to ensuring that it is as independent as possible and that its members understand the importance of declaring an interest whenever appropriate.

Recommendations

(9)   The reasons why decisions are made, particularly when applications are being refused, should be specified and recorded fully and always provided to applicants.

(10)   A summary of grants awarded should be published annually on the Council website.

(11)   A financial threshold or thresholds should be considered for applications above which comments should be requested from Ward Councillors in which the organisation is based and setting a deadline by which such comments must be submitted.

(12)   Every effort should be made to ensure that the composition of any grant decision making body is as independent as possible.

Adherence to Timescales

46.   The *note to applicants* refers to various timescales, such as for acknowledging applications, considering these and sending out decisions. Given these and reference to considering many applications on a 'rolling' basis, it was welcomed that cover is arranged when the person who normally deals with their initial processing is not present. It was confirmed that applications are acknowledged immediately on receipt (within the target of 5 days therefore); that approximate 15 and 33 day timescales specified refer to those for decisions being made; and that notification of the decision to the applicant is normally issued the same day as the decision is made (although we would be surprised if that is the case). These targets seem reasonable, but from applicants' perspective, a more important one may be when any funding awarded will actually be in their hands. It would be useful to explore if a timescale for this could be set.

47.   We were told that a facility exists via the Lagan system to check that applications are being processed within the timescales set, but that monitoring of this type does not actually take place. When timescales are set, applicants will have related expectations, so it is important to check that these are being met. We are not suggesting that every application is checked, but rather that random samples are. This is not considered unmanageable to identify any potential problems; would allow any identified to be discussed and resolved; and will help determine if the timescales set are realistic or need to be reconsidered.

Recommendations

(13)   Consideration should be given to introducing a timescale for the issue of grant funds.

(14)   Checks should be considered to ascertain if timescales are being adhered to and, if this is not the case, this should be addressed.

Costs of Projects

48. Although the WWF grant application form differs a little from that for the other grants we looked at, both contain sections where applicants record items of proposed expenditure and costs, complementing other information provided. The WWF form has been used since June 2010, but the other has evolved becoming far superior to earlier versions and helping to reduce the risk of sections being missed. We welcomed that officer help is available to complete forms if required; and the way the *notes to applicants* for non-WWF grants were updated in November 2014 to heighten awareness on how the grants process works, particularly circumstances when funds must be reimbursed if a project ultimately costs less than estimated. A worked example included in this and the grant award letter, prepared to respond to feedback received that this was unclear, was particularly helpful.

49. We were advised that reporting officers, when assessing applications, should be satisfied about the accuracy of costs provided. We accept from statistics we reviewed that seeking return of grant is not that common, but it does happen as reported in paragraph 13 and can create unnecessary and protracted discussions with applicants when it does. On a related issue, for the WWF Grants, a quote is often requested for work as opposed to an estimate. For some other grants, we were advised that applicants are sometimes contacted if costs do not appear 'quite right', concluding from our review of a sample of application forms and other feedback that on occasion at least cost information provided is accepted at face value. Setting aside that the estimated cost of a few items seemed particularly high, (e.g. for the production of a newsletter), in some cases costs were very rounded, appearing 'rough estimates' rather than accurately researched.

50. Applicants require to submit 3 quotes for the purchase of some equipment. We were advised that quotes are now always provided with applications treated incomplete if otherwise; the feedback having implied that this provision had not always been strictly applied. Even if that is the case, as for other conditions applied, we would expect this to be strictly and consistently enforced.

51. One form we reviewed had not specified the total cost of the project correctly, but when we requested further clarification, this was provided and we were ultimately satisfied that overall the form reflected what the project was expected to deliver and what the applicant was seeking grant for, even if it could have been completed better.

52. Our main conclusion is that applicants need to be encouraged more strongly, if not required, to submit accurate and researched estimates of expenditure and to complete all related sections of the application form accurately which should, amongst other things, reduce the need for grant to be reimbursed having been paid out.

Recommendation

(15) Applicants should be encouraged more strongly, if not required, to submit accurate and researched estimates of expenditure.

Access to Other Funding and Related Issues

53. Similar to the WWF grant form, sections 25 to 27 of the main application form seek feedback from applicants on previous support from the Council (for a limited time period) and, regarding the application in question, funds applied to or received from any other body including the Council. We were advised that the internal funding position is checked, but not the external funding one which we accept is problematic but does create a risk that this has been secured but not declared.

54.   With the exception of the WWF, those applying for the grants we reviewed do not require to provide a proportion of match funding for a project, although many effectively do. Whether grants should always complement other funding is an issue that may be worth considering at some point. Applicants though are encouraged in the application form to demonstrate that they have explored other funding sources and to specify the position on this. In a sample of 14 applications we reviewed, covering various years (not all were in the current format), a large majority provided such information, suggesting options are quite well known at least amongst those applying for grants. A minority referred to *in kind* support provided (e.g. free lets) which clearly has a value to the applicant because associated costs would otherwise require to be incurred; and a cost to the provider, such as loss of this income in the example cited.

55.   On a further funding issue, it was confirmed that the Community Fund is not used to fund any group for the same items or purpose more than once is a single year and that groups are discouraged from concluding that they can apply annually for grants, exceptions being the administrative grants for community councils and galas which we were told were supported historically. We noted and accept that groups applying for grants are often fledgling ones and that grants awarded to them can help during their early life. There are however some organisations, not necessarily fledgling ones, which have been supported more frequently than others possibly because they have knowledge about or are more adept at preparing applications. Co-locating a range of grant information on the website may assist with this over time.

56.   The committee welcomed that both potential applicants, and ones refused grant, are actively encouraged to seek other funding using a variety of avenues, including through the biennial fundraising event organised in liaison with VA. A letter issued by the Convener for Community Services and Community Safety to various parties accompanied by a booklet on funding options and opportunities, copies of which were provided, and the promotion of grants at meetings with community council members are also clearly useful. It was also welcome to learn that, through a SLA between the Council and VA, VA also help signpost groups to various funding sources, an initiative also being delivered by the Community Learning and Development (CLD) Team. All of this is clearly helpful, but would suggest a degree of duplication of effort which could be mitigated by use of a comprehensive webpage (as per Recommendation 2 above).

57.   We heard that at one stage, until a few years ago, the total *Community Fund* budget was less than the total applied for and was exhausted before the year end. More recently, this budget has been underspent, possibly suggesting that groups are finding funds elsewhere. Whether an underspend will continue remains to be seen, but as the budget decreases, we anticipate more difficult grant decisions having to be made where demand once again outstrips budget, underlining the need for decisions to be transparent as already mentioned.

58.   Whilst reflecting on this further and following on from comments made in the Internal Audit report on grants of November 2013, we considered whether criteria should be introduced in circumstances where other funds are seen to be available to or held by an organisation seeking a grant. Whilst information is asked for on the application form about other funding applied for, it is clearly stated that this has no adverse, and therefore material, bearing on deciding if grants are awarded or not. At present applicants also indicate if any monies held are committed to other projects, but we found it surprising that there did not appear to be a reserve level held by an organisation, above which officers could rule out a grant being awarded at all. We accept that there may be a variety of reasons why an organisation holds reserves and that reporting officers consider what funding is committed to, but are of the opinion that there is merit in introducing a threshold which, in turn, could help in prioritising applications.

59.   On a final issue, little liaison takes place with other organisations providing funding to confirm the support they provide and no umbrella organisation or forum exists, or is likely to be permissible, through which related information about organisations could be shared regarding applications. The possibility may exist therefore that an applicant has acted inappropriately in terms of funding provided by another body and this being unknown. Our concern is about the potential to put at risk the Council's reputation. Whilst possibly useful, it is accepted fully however that any formal liaison of this type is unlikely to be legally permissible.

Recommendation

(16)   Consideration should be given to establishing some financial criteria for awarding grants.

Other Criteria

60.   More generally, for some grants, there does not appear to be objective criteria against which an application is judged. When we asked about this, it was reported that applicants require to adhere to the terms and conditions of grant; applications are assessed against this adherence as too is the financial position of the applicant (although we have just commented on some lack of clarity on this issue); and when appropriate whether the purpose of grant links to the SOA outcomes. All these factors are accepted, but without the type of criteria we are referring to, a subjective approach has to be applied which may be inconsistent and lack transparency. A way of addressing that should be explored.

61.   We asked if, since January 2010, benchmarking had been carried out against community and voluntary grant schemes in other authorities to ascertain if any lessons could be learned and it was clarified that it had not. Pursuing this could shed light on which, if any, other local authorities, have in place the type of objective criteria we are referring to.

Recommendation

(17)   The introduction of more objective criteria against which the strength or otherwise of the applications we have focused on (non-WWF) can be judged should be explored.

Adherence to Condition of Grants and Related Issues

62.   As commented previously, monitoring is important to ensure funds are used as specified and to assess outcomes. However some general and specific conditions of grants have also been compiled, for good reason, which applicants securing grants are accepting and must abide by (see Appendix 3). For some grants, it was confirmed that monitoring to ensure these are fully adhered to has never taken place although some "communication" with officers by applicants themselves was reported, such as on what funds had been spent on. Essentially for some grants the declaration signed is regarded as sufficient for seeking reimbursement if it comes to light that conditions have been breached.

63.   For a limited period of time we asked about (2 financial years), we were advised that no non-compliance issues had been identified as requiring to be dealt with. That is accepted, but without adequate monitoring, in at least a sample of cases, that all appropriate conditions have been adhered to which we support, non-compliance may simply remain unknown. Just as an example, regarding condition A7 if appropriate, copies of publicity material could be requested to ascertain if the Council's contribution has been acknowledged.

64. As receipts must be submitted when projects are complete (WWF scheme grants are paid <u>after</u> expenditure is incurred), it was confirmed that if not forthcoming, the applicant is reminded to provide these together with a detailed breakdown of actual expenditure against the application form estimate. The Council's contribution is thereafter recalculated if required, which can, and has in the past, resulted in some grant having to be returned. It was confirmed that there had been instances of grant applications not proceeding where receipts linked to a previous grant application had not been provided. We were told that a *fairly consistent* approach is being taken on this. To safeguard public funds, our strong view is that a more consistent and firm approach is always necessary.

65. Such issues were reported to be linked to larger grants rather than smaller ones. Regarding such a grant, we raised a specific query about receipts that had not been returned for a specific application linked to an event and a subsequent award having been made for the same event, but to a different organisation. We accept that the event took place, the explanation provided on the chain of events that occurred and that lessons had been learned, but query the particular approach adopted in that case. We welcomed clarification that, in such instances, either sanction or additional conditions are established, the latter requiring written commitment by an applicant prior to a further application to the Community Fund. In the circumstances we reviewed, an appropriate sanction could have been placing an interim sanction against future grant funding for what the previous grant had funded, if not at least to focus applicants' minds on the implications of not providing the required proof of expenditure.

66. For one WWF application we reviewed, a required child protection document had not been provided which, it is acknowledged, was an oversight. The project also significantly overran, which necessitated the carry forward of funding over three financial periods contrary to the conditions of the grant. It is accepted that some unforeseen issues emerged beyond the applicant's direct control, but the default position is that conditions of grant should be applied.

67. On a related issue, it is concerning when projects with which the authority may have had some involvement do not progress and/or lead to a departure from that originally intended, potentially damaging the reputation of the Council in the process, particularly as misinformation can be circulated which may not be necessarily warranted. To this end, whilst grants may be ambitious and match the Councils SOA, officers must satisfy themselves that those who are responsible for carrying out such projects have the wherewithal to see the project through to a satisfactory conclusion within the given timescale and in a manner that befits the reputation of the Council.

Recommendation

(18)   That it be reinforced to applicants and in associated guidance, that conditions of grant must be strictly applied.

(19)   That there is closer scrutiny of project plans and the integrity and ability of applicants to carry them successfully through to completion.

In-Kind Provision

68. We asked about the most problematic applications over a 2-year period and if there were any that had prompted the applicant to challenge the approach adopted on the processing of their application and/or the decision reached. As well as there being some problems with receipts as referred to above, some organisations were reported to have been unhappy with the way in-kind support provision was dealt with. For example, one organisation felt it had been penalised for getting in-kind work and that this had been taken into account inappropriately in terms of their total grant resulting in funds having to be

returned to the Council. We heard that for community activity, it was expected that volunteers in playing their various roles were expected to give their time freely rather than funds being provided for this, beyond being reimbursed for minor 'out of pocket' expenses. We agree this is an appropriate approach and with a further comment made to us that it is not unreasonable to expect in-kind support from an organisation (which may have little funds) as a contribution to its objectives.

69.   Given, as referred to above, some applicants were reported to be unhappy with how in-kind provision is dealt with, there may be a need for further clarity on this issue in guidance offered. The committee has concluded that the position on how in-kind provision is dealt with may be unclear and need to be specified more fully.

Recommendation

(20)   That, in consultation with some applicants, the clarity of the guidance provided on how any element of in-kind support is dealt with is reviewed and clarified further if considered appropriate.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

70.   Finally, progress with implementation of the Action Plan prepared in response to the Internal Audit report on grants of November 2013 was reviewed. We did not ask to see evidence that the recommendations which had been accepted had been implemented, but did ask for confirmation that they had. It was confirmed that three which were to have been completed in 2014 have not been fully completed but are in hand.

Recommendation

(21)   It is reinforced to departments that every effort should be made to implement internal audit recommendations that have been accepted within the specified timescale for doing so.

CONCLUSION

71.   In summary the committee has identified a range of issues that would merit being reviewed and addressed regarding issues which include monitoring arrangements for grants, the preparation of procedure notes, seeking comments on how the grants procedure operates from the perspective of applicants, and the recording of decisions amongst others. In total 21 recommendations have been made as specified throughout this report.

72.   It is recommended that the Cabinet consider the Audit and Scrutiny Committee's report on its investigation and the associated Executive Summary *(to be prepared)* and agree that a response be prepared by appropriate officers and submitted to a further meeting of the Cabinet.

APPENDIX 1

SCOPE OF COMMITTEE'S WORK

- By way of background and to help avoid unnecessary duplication of effort, the extent to which the previous recommendations made by the Policy Review Committee had been implemented;

- The impact of the further changes approved in October 2013;

- Adherence to the administrative arrangements and procedures for processing grant applications from community organisations, including the extent to which criteria were adhered to; arrangements were effective and robust; and applicants complied with requirements, such as on providing receipts;

- Monitoring and evaluation processes, including the level of certainty that exists that grants awarded are used for their intended, agreed purpose and what happens to recover funds should a project not proceed as planned;

- To what extent is it known that organisations applying to the Council for a grant have been successful in applying to another organisation for funds for the same purpose and related issues, including the extent to which grants are being allocated on the basis of securing match funding from elsewhere and related policy and procedures;

- A sample of grant applications and related circumstances, including some where a problem arose from the perspective of either the applicant or the Council; how the problems were identified and addressed; and, more generally, the extent to which applications are unsuccessful;

- The extent to which advice and/or assistance on potential alternative sources of funding is provided, if at all, if an organisation does not meet the criteria for a community grant;

- In the context of the total funding available, how widely grants are distributed amongst organisations over time and related issues, such as potential barriers to applying (e.g. lack of awareness; or lack of expertise on the application procedure);

- The extent to which the views of grant applicants are canvassed to ascertain what these are on the application procedure and clarity of guidance; and on a related issue, to what extent benchmarking is carried out against schemes elsewhere;

- Any conflict, or potential conflict, between alternative sources of funding (e.g. Whitelee Windfarm Fund grants and the community grant scheme);

- The outcome of any recent work by the Chief Auditor on grants.

POLICY REVIEW COMMITTEE'S RECOMMENDATIONS

1.   That Departments be instructed to review their current procedures to ensure that they comply with the agreed arrangements and advise the Registrar's Service of the outcome of all applications for financial assistance, successful or otherwise.

2.   That the Subscriptions Fund be deleted and it be for Departments themselves to determine whether to subscribe to groups or organisations.

3.   That a review of the existing funding categories takes place.

4.   That a new Strategic Funding to the Voluntary Sector budget be established for the purposes of funding those organisations, such as the Citizen's Advice Bureau, that are providing services on behalf of the Council.

5.   That in respect of those organisations referred to in (4) above, the possibility of reintroducing longer-term funding periods should be explored. Irrespective of the funding period, one of the conditions of funding should be that they enter into a service level agreement with the Council to ensure that the Council is obtaining value for the level of assistance given.

6.   That officers undertake a review of current procedures and investigate the desirability of moving to the consideration of applications for financial assistance on a quarterly basis

7.   That a working group be established to review the current arrangements for granting continued annual financial assistance to community and voluntary organisations, and to bring forward a clear policy on the long-term funding of such groups.

8.   That the availability of grants from the Council be more widely publicised, and that discussions take place with the Council's Public Relations Manager to develop an appropriate publicity strategy.

9.   That the Registrar's Service assume responsibility for the issuing of all cheques for financial assistance.

10.   That there be no pooling of grant funding and that Departments continue to make their own assessments and awards.

Grant schemes – conditions of grant

Applicants must read and agree to abide by these conditions of grant

A. General

1. As the amount of any grant funding awarded is a proportion of the estimated total project cost, all receipts, <u>**not just the portion of grant given for the project, and a detailed breakdown of expenditure must be submitted,**</u> e.g. if the total project costs £200.00 and a grant is given from the Council for £100.00, receipts and detailed breakdown must be for £200.00. In the case of purchasing equipment, receipts should be submitted on completion of the project, or within 6 months of the decision, whichever comes first.

2. **As the amount of grant funding awarded is a proportion of the estimated total project cost, in the event the final total project cost is less than the originally estimated project cost on which the grant award was based, you will be required to repay the difference.**

 For example:-

 Estimated Project Cost - £10,000

 Grant Awarded - £2,000 (20%)

 Final Project Cost - £8,000

 Amended Grant Award - £1,600 (20% of final cost)

 Repayment requirement £2,000 - £1,600 = £400

3. The grant is allocated for and must be spent on the purpose for which it is granted. No guarantee can be given that further funds will be made available.

4. The applicant must not treat any members or potential members less favourably on any grounds which could be deemed discriminatory including but not exclusively, race, ethnicity, disability, gender or faith.

5. East Renfrewshire Council's liability shall be to make payment of the grant to the organisation. All other liabilities or claims are the responsibility of the organisation.

The organisation will, at any time, if requested:

 a. Provide information or copies of financial records, as may be required by an authorised officer of East Renfrewshire Council; and
 b. Make items purchased or projects developed available for inspection if required.

6. Any grant awarded must be spent within the financial year in which it is approved. Any anticipated variation must be made known to the Council at the earliest opportunity.

7. Any organisation receiving grant aid should acknowledge the support of the Council in all publicity materials.

8. The grant should not be used for political campaigning purposes.

9. All organisations dealing with young people under the age of 18 years must have a child protection policy.

10. All organisations must have complied with the conditions attached to previous grant awards (e.g. submission of receipts). Where this condition is not complied with, subsequent applications will not be processed.

11. Additional conditions may be set by East Renfrewshire Council at its discretion.

Equipment

1. Community Organisations awarded grant funding for the purchase of equipment will ensure that:

2. The equipment will be owned and controlled by the organisation.

3. The Council bears no responsibility for insurance of equipment.

4. The organisation will undertake to ensure that the equipment is fully and properly maintained;

5. Equipment under 3 years old purchased with a grant will not be disposed of without prior consultation with the Council.

6. If the community group or voluntary organisation is disbanded, any equipment purchased through an East Renfrewshire Council grant will revert to the Council.

7. If equipment purchased with a grant has been lost, stolen or damaged and not replaced, any monies obtained from insurance will revert to the Council.

8. Equipment of a specialist nature will only be used under supervision of a qualified person when appropriate Health and Safety conditions have been met.

Please return completed form to:

East Renfrewshire Council
Democratic Services
Council Headquarters
Rouken Glen Road
East Renfrewshire
G46 6UG

For further information on grants contact:
Linda McLaughlan 0141 577 3033
linda.mclaughlan@eastrenfrewshire.gov.uk

如果您想得到该资料所含信息的译文，请联系：

اگر آپ اس لیفلیٹ میں درج معلومات کا ترجمہ اپنی زبان میں چاہتے ہیں تو ہم سے رابطہ کریں

इस सूचना-पत्र में उल्लेखित सूचना यदि आप हिन्दी अनुवाद में चाहे तो कृपया सम्पर्क करे ।

ਜੇ ਤੁਸੀਂ ਇਸ ਲੀਫਲੈਟ ਵਿਚ ਦਿੱਤੀ ਜਾਣਕਾਰੀ ਦਾ ਅਨੁਵਾਦ ਚਾਹੁੰਦੇ ਹੋ ਇਥੇ ਸੰਪਰਕ ਕਰੋ।

If you would like the information contained in this leaflet translated, please contact: 0141 577 3001

APPENDIX 2

GENERAL EQUALITY DUTY

The Equality Act 2010 places a duty on the Council, in the exercise of its functions, to have due regard to the need to:-

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

The protected characteristics are:-

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

If you need advice on how your project contributes to the Council's requirement to fulfil the 3 needs of the general equality duty, please contact the Equalities Team on 0141 577 3344/8454 and a member of the team will be able to assist you.

SINGLE OUTCOME AGREEMENT OUTCOMES

SOA outcome 1	All children in East Renfrewshire experience a stable and secure start to their lives and are supported to succeed.
SOA Outcome 2	East Renfrewshire residents are fit and active and have the skills for learning, life and work.
SOA Outcome 3	East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses to grow.
SOA outcome 4	East Renfrewshire residents are safe and supported in their communities and homes.
SOA Outcome 5	Older people in East Renfrewshire are valued; their voices are heard and they are supported to enjoy full and positive lives for longer.

If you need advice on how your project links with the SOA outcomes, please contact the Community Planning Team on 0141 577 4011 and a member of the team will be able to assist you.