

WEST DUNBARTONSHIRE COUNCIL
Report by Chief Executive
Corporate Services Committee: 31 January 2007

**Subject : Grants to Voluntary Organisations and Community Groups
Update to current procedures**

1. Purpose

1.1 The purpose of this report is to recommend new procedures to be introduced in respect of grants to voluntary organisations and community groups.

2. Background

2.1 The current procedures and application pack were approved by Council on 31 March 2004. At that time, it was agreed to review this process after an appropriate time lapse, to ensure the benefits of the changes were as anticipated. Thus, the grants working group was set up to consider the current process.

2.2 A report was brought to the Corporate Services Committee on 28 November 2006 providing information to Members on a number of areas being reviewed by the grants working group. The report advised Members that a full report would be brought to this Committee making recommendations on:

- (a) Making the Council's grants procedures more transparent.
- (b) Setting clear criteria to assist both Members and officers in their recommendations.
- (c) Revising the application form, including a section for organisations to demonstrate how the grant would fit in with Council priorities.
- (d) Revising monitoring procedures to ensure it is adaptive and appropriate.

3. Main Issues

3.1 The main issues highlighted in November are discussed in detail below:

- (a) There are two considerations regarding the advertising of grants. That is, how the Council advertise their grants process to organisations and secondly, how organisations advertise the Council as being a sponsor.

- The Council can use a variety of methods for advertising the grants process, including timescales and deadlines. For example, the Council's own internet site, word of mouth, community day, fliers/posters in libraries and community centres. For those organisations with limited time to apply, advertising by either newspaper article or writing to annually funded larger projects. The cost of any advertising would require to be funded through the grants budget.
- The Council should take credit for grants paid to assist in the funding of voluntary organisations and community groups. Again, there are a number of methods such as the Council's own internet site, council newspaper, voluntary organisation's headed note paper/fliers/posters or a photo/press opportunity. Costs incurred by the Council or the organisation for these alternatives should be considered.

(b) Number of contact points / allocation of link officers:-

- The group felt that one point of contact for the public was more efficient. As different departments deal with grants it is difficult for a central officer to be up to date for all enquiries. However, with the use of a centrally held database which would be updated by relevant departments, a central point of contact for the public could work effectively. With the only change in practice being in the dealing with public queries, it is felt there would be minimum impact on the staffing resources throughout.
- The group felt that link officers for larger grants should be considered. There are currently a number of link officers for different organisations. However, their remit is not fully clear at present and possibly the Council and the organisations are not getting the best out of their relationship. For organisations receiving grants over £5,000, it should be mandatory for a link officer. For smaller grants £1,000 to £4,999, the offer should be optional. A grant for one-off purchase should not be considered within this category. The link officer should be service based and be available for advice and occasional monitoring visits to the organisation.

(c) Requirement for identified levels of match funding:-

- The group considered it should not be normal practice to fund 100% expenditure of a voluntary organisation/ community group and that evidence should be sought to ensure groups were seeking funding from other sources. Indeed, for a number of organisations, Council grant funding may be used as leverage to attract funding from elsewhere.
- The group considered introducing a reduction in the percentage of funding in the event of a grant application being received from an organisation on an annual basis.

- The group also considered that exceptions to this rule should be considered on an individual basis.
 - The group also highlighted that relevant support to organisations in seeking alternative funding sources would be required. The Council's External Funding Team would be available to provide this support.
- (d) Linking the application and grant award to Council priorities:-
- The group felt that the application form should ask the group to link the benefit of their organisation to a council priority and explain why they feel it meets that priority.
 - Many organisations may meet more than one priority which would allow the officer to further rank the grant.
 - If an organisation cannot link their work to a Council priority, the officer should consider the relevance of the grant application.
- (e) Identifying further criteria to be met:-
- The Council should consider any voluntary organisation or community group who is itself without prejudice and open to all.
 - Match funding or evidence of seeking alternative funding by the organisation should be considered in a positive manner by officers.
 - Categorising grants into types of funding/organisation is currently available for internal purposes. The group felt that this information should be made available to Members after the year end. Changes to the application form should allow for more detailed analysis of this. Other reporting categories would include level of grant/ priorities met/ wards affected. The report would go to the next available Committee after 31 March.
 - Further criteria, which should be considered when assessing the grant application, includes the area benefiting from the grant e.g. those within one of the Council's priority areas or a deprivation area. This should be requested on the application form.
- (f) Ensuring Members views are reflected in the grant recommendations:-
- If each grant is linked to Council priorities and reported to Members on this basis, Members views (through these priorities) should be reflected in the recommendations.

(g) Frequency of grant approval:-

- The group considered the appropriateness of larger grants (over a certain threshold) being considered once per annum, with smaller grants being considered throughout the year.
- For fairness to larger groups, the Council would have to advertise and highlight to groups in a manner that all voluntary organisations and community groups likely to get this level of funding from the Council would be aware of appropriate dates far enough in advance that would allow them to comply with meeting deadlines set.
- The group considered whether certain organisations providing a 'service' on behalf of the Council should be offered medium term grant funding provisions (e.g. 3 years) to allow a level of stability for strategic planning. However, in the current financial climate, the status quo should remain and the issue should be revisited at an appropriate time.

(h) Further use of officers' delegated powers:-

- The working group agreed that it was more appropriate that decisions in respect of grants were made by Members based upon officer recommendation. However, in the event of an urgent grant request out with the normal decision cycle, that the present delegated power procedures were appropriate. The present delegated powers allow urgent grants to be approved out with Committee, with the agreement of Head of Finance, the Service Convenor and the Leader of the Council. Any grants awarded in this manner are reported as such to the next available Corporate Services Committee.

(i) Each organisation is contacted prior to the officer's recommendation being reported. However, an appeals process should be formalised and clear information of this given within the application information pack. There should be two routes for appeal:-

- Informally through the officers' process of notifying groups of likely grant recommendation prior to the Committee. After considering information through this appeal process, if the officer's original recommendation is still considered adequate and recommended, information of the informal appeal would be identified to Members within the grants report, for decision making purposes.
- However, in the event of the group wishing to appeal against an award approved at Committee, the group should write to the main officer contact detailing why the grant award is not adequate. This would then be re-assessed through the next Committee.

- (j) Ensuring grant thresholds / conditions of grant are set to best suit the Council and organisational requirements.
- Currently there are three threshold levels - <£500, £500 - £4,999 and >£5,000. Conditions of grant are different for each threshold (as summarised in Appendix 1).
 - The group considers three thresholds being beneficial, but felt that the thresholds should be amended to:
 - <£1,000
 - £1,000 - £5,000
 - >£5,000
 - These recommended thresholds (based upon historic grant award percentages in each category) would allow officers to manage the grant process more efficiently.
- (k) Ensuring appropriateness regarding mainline budgeted payments for 'services' instead of awarding of grant funding:-
- There are potentially a number of the larger grants that could fall into this category. However, with the use of link officers and monitoring of financial information, the Council and the organisation should have a sound relationship. The control of the annual grants budget also allows for financial stewardship of these funds in an appropriate manner.
- (l) Revising monitoring procedures to ensure monitoring is adaptive and appropriate for the level of grant being awarded:-
- The type of grant awarded requires to be considered. If the funding is for a one-off purchase, minimal monitoring is required. If the grant is for on-going costs throughout the year, on-going monitoring is required.
 - The level of grant awarded requires to be considered. The level of financial and control risks to the Council are linked to the funding level.
 - It is felt that organisations should be aware that Council officers could ask to visit the organisations being funded, to see first hand the community benefit of the grant – or the assets held. The organisations should be chosen assessed upon monitoring level, with an element being chosen at random.
 - Grants should only be recommended if the organisation can satisfy officers with regards to sustainable cashflows and the meeting of conditions of grant (including providing of information required to assess and monitor). These continue to be valid monitoring areas throughout the funding period.

- (m) Training and information sessions to update staff and interested parties of the main changes will be advertised and held in early April 2007.
- (n) Draft guidance has been produced by the Council's Policy Unit to support working between Funding Providers and Voluntary Organisations and Community Groups. Once this guidance is formalised, the guidance should be available to all community planning partner agencies who provide funding and to all prospective grant applicants.

4. Personnel Issues

- 4.1 These changes to the procedures will require staff to be briefed and trained to ensure the Council and organisations receive optimal benefit.

5. Financial Implications

- 5.1 There are no financial implications.

6. Risk Analysis

- 6.1 The introduction of the officer recommendations should safeguard officers and Members through the decision making process and minimise any financial issues between the organisation and the Council.

7. Conclusions

- 7.1 The working group aim to have clearer, more transparent and standard criteria and procedures for officers to follow when making grant recommendations before the start of the new financial year. If the recommendations are agreed, a full grant application pack will be brought to Committee in March 2007.
- 7.2 Following on from this, training sessions for relevant staff and information workshops for organisations will be advertised and held in early April 2007.

8. Recommendations

8.1 The Committee is invited to agree:-

- (a) **Grant application information and awards will be advertised by a variety of appropriate methods, with due consideration to cost;**
- (b) **There will be one point of contact and a central database introduced by the Council, with link officers identified where appropriate.**
- (c) **It will not be normal practice for grants to be awarded at 100% of expenditure. Evidence of seeking other funding sources will be requested;**

- (d) The application form will be amended to incorporate a request for information on Council priorities and additional criteria identified;
- (e) Additional criteria will be considered in line with 3.1(e). A report will be brought to Committee after the year end detailing the breakdown of grants by different categories.
- (f) Grants in excess of £10,000 will be considered once per annum, with the Council making every effort to advertise and inform relevant groups of deadlines within appropriate timescales;
- (g) Delegated Powers remain as they are at present;
- (h) Appropriate information will be given in the application pack to ensure applicants are aware of the appeals procedure.
- (i) The three grant thresholds be revised in line with 3.1 (j)
- (j) Monitoring procedures based upon the new thresholds will be revised to allow more ad hoc monitoring visits and checks.

8.2 The Committee is also invited to note that if the relevant points in 8.1 are approved, the new grants package will be brought to the Corporate Services Committee in March 2007.

David McMillan
Chief Executive
Date: 19 January 2007

Wards Affected: All wards

Appendix: Conditions of Grant

Background Papers: Grants Working Group Minutes
 Corporate Services Committee Report: Update from the Grants Working Group (28 November 2006)

Person to Contact: Gillian Jump, Manager of Accounting,
 Garshake Road, Dumbarton.
 Telephone (01389) 737194

Less than £500

- Payment normally made in one instalment
- Statement of expenditure must be received within 6 months of date of payment
- Organisations must ensure that all expenditure and income associated with the organisation is properly recorded and that all invoices and receipts are retained for inspection by Council Officer's and the Council's External Auditors. This should be for the period of the project or at least 3 years, or whichever is longer.

£500 - £4,999

- Payment normally made in two instalments
- Statement of expenditure must be received up to date before second instalment issued.
- An organisation is required to recruit, employ & manage staff and volunteers in accordance with the applicable law.
- An organisation must ensure that any assets or equipment purchased with a grant are fully and properly maintained and are used only for the purpose for which their purchase was intended.
- The Council will appoint a supervising officer who is the main point of contact between the Council and the organisation.
- Annual accounts must be produced by a competent independent person, preferably a qualified accountant must be submitted to the Supervising officer no later than 3 months after the end of the organisation's financial year.

£5,000 or greater

- Payments normally made in quarterly instalments
- Statement of expenditure must be received on a quarterly basis
- An organisation is required to recruit, employ & manage staff and volunteers in accordance with the applicable law.
- An organisation must ensure that any assets or equipment purchased with a grant are fully and properly maintained and are used only for the purpose for which their purchase was intended.

- An organisation shall, within 3 months of acceptance of the Conditions of Grant enter into a Service Level Agreement in writing with the Council.
- Where a grant is less than £25,000 a qualified accountant must be appointed to audit and certify the annual accounts of the project.
- Where the total offer of grant is £25,000 or more the accounts must be reported on by a qualified accountant being an independent person eligible under section 25 of the Companies Act.