

Final Report Of

GRANTS TASK GROUP

Lancaster City Council
May 2007

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(1) Foreword and Introduction

The development of this report has been a long and complex one. It was originally taken on by Overview and Scrutiny following of a referral from Cabinet. Several meetings took place involving a small working group – before a concept was put before Cabinet. This led to the establishment of the Grants Task Group. Voluntary groups have been invited to every meeting and have taken an active role in developing the report. The remit of the task group was to look at how non-housing Service Level Agreements work; though implications of some of its work goes much further than this.

At the heart of this report lie several principles:

- The Council should continue to give grants for services to be provided.
- These grants should be linked to the Council's corporate priorities.
- Organisations the Council gives grants to should expect no more or less than the Council provides for its own services.
- Monitoring should be proportionate to the amount of grant given.
- There should be a rolling programme of monitoring where all parties are clear about their expectations.

This report sets out proposals for the future of non-housing Service Level Agreements. May I thank all the Members, Officers and Voluntary Organisations for their hard work and effort during this piece of work.

Councillor Stuart Langhorn

Chairman of Grants Task Group
Chairman of Overview and Scrutiny

(2) Summary of Recommendations

To assist in formulating its recommendations, the Task Group has evaluated guidance from central Government policy and assessed the effectiveness of other authorities' methods in the awarding of grants. Based on the evidence received by the Task Group, this report focuses on what the Task Group believes are an acceptable means of examining the Council's role in supporting voluntary organisations with a view to clearer guidelines and rationale for this support.

Recommendation 1

- a) That the Council's Funding WebPages be revised to incorporate links to the Local Strategic Partnership, Lancashire County Council, Council for Voluntary Services, festivals grants, housing Service Level Agreements etc to provide an overview of funding within the district, along with a grants process timetable, and that the Webpage for funding be made more user friendly i.e. through the use of a friendly URL e.g. www.lancaster.gov.uk/grants.
- b) That the Council provide downloadable application forms for grants
- c) That a Corporate approach be applied to the design of grant application forms, with small variations to allow for different levels of funding and lengths of agreement.
- d) That the Customer Contact Centre be trained with regards to which Services provide which grant funding within the City Council.
- e) That the number of payments made to an organisation in a year is proportionate to the value of the grant, to ensure that administration costs are kept as low as possible.
- f) That Legal advice be sought over the legally binding status of SLAs.
- g) That Members consider addressing the funding gap between small grants at £500 and Service Level Agreements at £1000 and to consider whether a corporate approach should be introduced.

Recommendation 2

- a) That Officers draw up a criteria based application form allowing for a process that is rolling and flexible and that includes the following principles: accountability, traceability, transparency, clarity, flexibility and justification with advice from Financial Services to reflect the principles of contract procedures and financial threshold.
- b) That when new applications are received for Service Level Agreements the relevant Cabinet Member is informed.

Recommendation 3

- a) That officers commence a review of the Local Compact in consultation with the voluntary sector and LSP.
- b) That the Local Compact be adapted as Council policy for all grant giving Services.

Recommendation 4

- a) That the Budget and Performance Panel be recommended to consider appointing a panel of three members to review and monitor non-housing organisations with Service Level Agreements. Undertaking site visits to organisations with SLAs exceeding £10,000 per annum.
- b) That Officers draw up a new application form, taking into account best practice to allow clearer monitoring with outcomes clearly linked to service delivery.
- c) That the Budget and Performance Panel present their findings to the Cabinet Member with responsibility for the SLA as part of the Performance Review Team process.
- d) That, as part of the process, a Cabinet Member is appointed to have responsibility for each Service Level Agreement.
- e) That Councillors who are appointed to or are members of voluntary organisations as outside bodies have no role in the monitoring process.
- f) That Councillors be appointed on the basis of expertise, knowledge, relevance and enthusiasm rather than on a proportional basis.
- g) That, as part of the monitoring process, the original application form is updated to reflect the changes of the Council and applicant.

(3) Role of the Grants Task Group

3.1 Terms of Reference

The group worked to the following terms of reference:

1. How the City Council could work jointly with the County Council to review the support to voluntary organisations, remove duplication and agree common objectives, through the use of joint SLAs where appropriate.
2. How to make it clear that the Council would not be prepared to offer grants and SLAs to different organisations with similar objectives unless there was a geographical separation e.g. operate only in Lancaster, only in Morecambe or only in a rural area.
3. To ensure that the organisations seeking funding, contribute positively to the Council's corporate objectives and are providing value for money.
4. How the Council communicates its grants programme to voluntary organisations.
5. In what form should future SLAs be in and for what review period.
6. How the Council deals with grants applications internally.
7. Consideration of the Council's long-term objectives in providing grant funding.
8. Consideration of how the Council could use grant funding more effectively in pursuit of its corporate objectives.
9. Consideration of the role of the Local Compact plays for voluntary organisations and how it could be made more meaningful.
10. How the Council could use a proactive approach to community capacity building with regard to voluntary sector funding.
11. Alongside this, it was suggested that the Local Compact between the Council, voluntary and community sector should be reviewed and consideration of how this Compact may be used more meaningfully to assist with the pursuit of corporate objectives and the delivery of grant funding.

3.2 Membership of the Group

The group comprises of Councillors Stuart Langhorn (Chairman), Tina Clifford, Jean Dent, Sarah Fishwick, Emily Heath, David Kerr, Roger Mace and David Whitaker and with support from Liz Bateson and Sharon Marsh (Democratic Services).

The group gratefully acknowledges the contributions and evidence freely given by:

- Suzanne Smith (Senior Democratic Support Officer, Lancaster City Council)
- Helen McMahon (Procurement Officer, Lancaster City Council)
- Lorraine Woollard (Auditor, Financial Services, Lancaster City Council)

- Steve Hastwell (Procurement and Partnerships Manager, South Ribble Borough Council)
- Mark Waddington (Administrative Officer Voluntary Community Faith Sector, Lancashire County Council)
- Chris Mather (Principal Constitution and Standards Officer, Lancashire County Council)
- Tracey Jardine (Local Strategic Partnership, Policy Officer, Lancaster City Council)
- Sheelagh O'Brien (Neighbourhoods Task Force)
- Wendy Thompson (District Partnership Officer)
- Euan Smith (Cultural Programming Officer, Lancaster City Council)
- Councillor Ian Barker (Leader of the Council and Cabinet)

Special thanks must also be given to the Voluntary Organisations who have attended the meetings to share their knowledge:

- Lancaster and Morecambe Citizens Advice Bureau
- DISC
- Age Concern, Lancashire
- The Rainbow Centre
- Lancaster Council for Voluntary Services
- Lune Valley Transport

3.3 Timetable of Meetings

Date of Meeting	Who Gave Evidence?	Issues Scrutinised
02/11/06	Suzanne Smith Liz Bateson.	An introduction to the Grants Process at Lancaster City Council The work programme
27/11/06	Suzanne Smith	Development of a relationship with the County Council and review of information gathered from the County Council Update on the website Briefing on other grant giving services
08/01/07	Suzanne Smith Helen McMahon	Briefing on the Local Compact Briefing on tendering
23/01/07	Liz Bateson Suzanne Smith Councillor Ian Barker Austin Staunton	The role of the Budget and Performance Panel in the monitoring of organisations The responsibility of Cabinet Members with regard to relevant SLAs The role of Councillors appointed to voluntary organisations
22/02/07	Suzanne Smith	The length of small funding agreements The format, style and wording of SLAs. Financial thresholds. Publicising and promoting the re-launch of the new grants process. Draft Final Report

3.4 Documentary Evidence Considered

- Lancaster City Council, 2005, Contract Procedure Rules.
- Lancaster City Council, 2005, How to do Business with the Council, 3rd Edition.
- Lancaster City Council, 2005 – 2008, Procurement Strategy.
- Lancashire County Council, Compact on relations between Lancashire County Council and the voluntary, community and faith sectors in Lancashire.
- Wyre Borough Council and Fylde Borough Council, The Joint Compact.
- Bury Metropolitan Borough Council, Bury Compact – Partners working together for the people of Bury.
- Lancaster City Council, 2003, A Compact Between Lancaster City Council and the Voluntary Sector in the Lancaster District.
- Compact Voice, Compact Working Together, Better Together – Funding and Procurement – Compact Code of Good Practice.
- Compact Voice, Compact on Relations between Government and the Voluntary and Community Sector in England
- Local Compact Mini-guide – Compact Voice
- Extract of the Internal Audit Report 17.01.05 Grants Management
- Extract of The Scottish Compact Good Practice Guide: Best Practice in Monitoring and Evaluation
- The London Borough of Barking and Dagenham – Standard Conditions of Grant Funding to Voluntary Organisations 2007/08
- Charities Aid Foundation Grant Programme – Monitoring your Grant
- Extract from Improving Financial Relationships with the Third Sector: Guidance to Funders and Purchasers, May 2006
- Westminster City Council, Annual Revenue Grant Aid – Monitoring and Evaluation Results 2004/05
- Southampton City Council, 2005, Local Compact

Internet Sites

- Information on Local Compacts
www.thecomcompact.org.uk
- Information on the Government's Compact
www.homeoffice.gsi.gov.uk

(4) Status of Report

This report is the work of the Grants Task Group, on behalf of the Overview and Scrutiny Committee, and where opinions are expressed they are not necessarily those of the Lancaster City Council.

Whilst we have sought to draw on this review to make recommendations and suggestions that are helpful to the Council, our work has been designed solely for the purpose of discharging our work in accordance with the terms of reference agreed by the Overview and Scrutiny Committee. Accordingly, our work cannot be relied upon to identify every area of strength, weakness or opportunity for improvement.

This report is addressed to the Cabinet and Budget and Performance Panel of Lancaster City Council. It has been prepared for the sole use of the Council and the Task Group takes no responsibility for any Member or Officer acting in their individual capacities or to other third parties acting on it.

(5) Background and Context

Background

In February 2005, Cabinet considered the future level of funding to non-housing voluntary organisations subject to Service Level Agreements (SLAs). Cabinet recommended that the Overview and Scrutiny Committee should examine the Council's role in supporting voluntary organisations with a view to clearer guidelines and rationale for the support the Council provides and might wish to provide in the future.

The Overview and Scrutiny Committee appointed a Working Group consisting of Councillors Langhorn and Kerr to work with officers. The Group reported its findings back to Overview and Scrutiny Committee and a report was submitted to Cabinet for consideration.

It was recognised that this would be a substantial piece of work and a formal Task Group was established by the Overview and Scrutiny Committee. The Task Group has used the recommendations made by the Working Group and Cabinet's feedback as the themes for its meetings.

Context

All organisations receiving funding over £1,000 per annum have a Service Level Agreement with the Council setting out the anticipated service to be provided by the organisation and the level of funding from the Council. There are, at present, twelve non-housing voluntary organisations with Service Level Agreements with the Council for 2006/07, amounting to some £249,900 which is co-ordinated by Democratic Services.

As part of the current monitoring arrangements, organisations with SLAs are required to provide an annual report on activities to enable their performance to be monitored. In addition, these organisations are asked to complete a "monitoring questionnaire" which includes their opinion as to how their organisation contributes to the Council's objectives. The Budget and Performance Panel is responsible for monitoring the operation of SLAs.

To date there has been no process to invite new applications for SLAs. Those organisations that currently have SLAs with the Council, have historically received funding and this was formalised into a formal SLA in 2002/03 for an initial three-year period. Therefore, this has not allowed for new organisations or new services to receive funding nor ensured accountability, transparency or competition in delivering value for money or enable funding to be reviewed in light of changing Council priorities.

(6) Findings

6.1 Communication

Improvements to the Funding Web Page

The Task Group has considered what improvements could be made to the existing Funding Web Page and agreed that this should be expanded to include information on SLAs. The Task Group felt that the Web Page should be more accessible and include information on how to apply for funding and eligibility. Officers have indicated their intention to continue to develop the Web Page and make it more user friendly and use it to re-launch the new SLA funding process together with press releases.

The Task Group has also suggested that a copy of the Local Compact should also be available together with a timetable of the Small Grants and SLA process, and as an interim measure, downloadable application forms. It is hoped that in the future, organisations may be able to complete applications directly online. In addition it was suggested that the CVS could be asked to include a link to Council Funding Web Page on their website.

During the course of the Task Group, the Web Page has been continually developed and the last three years of funding allocations have been listed as well as details of SLA funding and contact details for Housing SLAs.

The Task Group recognised that little publicity had been undertaken to promote the availability of funding or to invite new applications and discussed the best way to publicise and promote the re-launch of the new funding process. It was suggested that the Web Page would be the best and most cost effective vehicle for this.

Relationship with the County Council.

In order to develop the working relationship with the County Council a meeting was held with County Council, Lancashire County Developments Limited and other City Council Services involved in the awarding of funding. In addition, the possibility of developing shared links and Web Pages was highlighted at this meeting.

The Task Group recognises that there are concerns that Lancashire County Council and Lancaster City Council could on occasions be funding the same projects, however the Task Group accepts that funding should not be refused if an organisation is in receipt of funding from elsewhere, as long as this funding is for a different purpose or match funding and creating duplication.

It is hoped that the contacts made through the meeting will aid the City Council in developing its funding process and help allay concerns of duplication of funding through improved communication.

Internal Co-ordination

In looking at the Council's internal co-ordination of grant funding, the Task Group noted that currently there is no co-ordination between the Council Services involved in the awarding of various funding. To address this Officers from Democratic Services have met separately with the Officers who co-ordinate Housing SLAs and LSP funding to ascertain the possibility of corporate approaches to funding and consider what can be done to avoid duplication.

Whilst looking at other funding within the Council, the Task Group has considered examples of application forms, funding processes and timetables from other Services involved in the awarding of funding and suggests the possibility of producing one application form for all funding where possible, to promote a corporate approach. The Task Group noted the varying levels of funding offered between Services and consideration was given as to the process for dealing with potential applications seeking funding between Small Grants (up to £500) and SLAs (from £1,000). Therefore the Task Group requests Cabinet to address this funding gap and a corporate approach across all Services involved in the awarding of funding.

The Task Group is aware that the Customer Control Centre will be assuming responsibility for basic funding enquiries from Democratic Services and would endorse this corporate approach throughout other Services involved in the awarding of funding.

In recognition of the variety of funding available within the Council and externally, it is suggested that the Council Officers responsible for funding should have an overview of all of this funding, so that they are able to provide assistance to organisations on where to seek alternative funding.

The Task Group considered the timetabling of the funding internally and noted that the timetable should be linked to the review of the corporate priorities and budget setting and therefore SLA reviews should be completed prior to September in order to feed into the budget process.

The Task Group noted that the funding timetable differed to that of the County Council and this could cause problems when entering into joint SLAs. However it appears that the County Council is the only grant provider that starts the funding period in July. Therefore the Task Group consider it not necessary to bring it inline with the County Council or alter the funding period, and continue with the present arrangements (April to April).

Format and payment of Service Level Agreements

The Task Group discussed funding arrangements and noted that the County Council made payments twice yearly contrasting with the City Council which can pay up to four instalments per year.

Members suggested that instalments should be in proportion to the level of funding with fewer instalments for low levels of funding to take into account the administration costs and resource and this should be negotiated with each organisation. The Task Group noted the concerns from representatives of the organisations who contributed to the work of the Task Group and recognised that the payment of four instalments could aid those organisations with cash flow problems.

Members considered the length of SLAs and thought that the current length of three years should continue but on a rolling basis. It was recognised that a rolling programme could provide the organisations with stability and security. This would be based on SLAs being renewed rather than reapplying.

However it is recognised that if organisations do not have to reapply then the terms of their SLA may be out of date if the corporate priorities change since its start. Therefore it is the view of the Task Group that as the Corporate Priorities change, this should be reflected in the SLA and service provision and this should be

addressed through rolling monitoring arrangements. For example if it becomes apparent through the monitoring during the second year, the organisation is no longer providing an appropriate service, the organisation be given the opportunity to change its service so that it continues to fit within the Council's Priorities. However, if the organisation can not or does not want to make any changes to the service it provides in order to reflect the current Corporate Priorities, the organisation will receive its final year of funding together with notice that the funding will be discontinued.

If during the monitoring there are no changes that need to be made in order to continue funding, then the funding will automatically be carried on for a further three years.

However, it was acknowledged that if the Council continued to fund the same organisations year after year without asking the organisation to reapply then there would be no opportunity for other organisations to seek this type of Council funding unless in the meantime an organisation cannot or chooses not to fulfil its SLA to reflect the current Corporate Priorities or additional funding could be found. It would be at this point that the criteria based applications forms would be put into use.

The Task Group welcomed feedback from representatives from the organisations who contributed in particular with regard to the format, style and wording of SLAs and this together with Members' suggestions should be reflected when the SLA format is revised.

Concern was expressed from the Task Group and organisations who have contributed, that SLAs were not legally binding, and it was suggested that Legal Services be requested to determine the legal status of future SLAs.

Recommendation 1

- a) That the Council's Funding WebPages be revised to incorporate links to the Local Strategic Partnership, Lancashire County Council, Council for Voluntary Services, festivals grants, housing Service Level Agreements etc to provide an overview of funding within the district, along with a grants process timetable, and that the Webpage for funding be made more user friendly i.e. through the use of a friendly URL e.g. www.lancaster.gov.uk/grants.
- b) That the Council provide downloadable application forms for grants
- c) That a Corporate approach be applied to the design of grant application forms, with small variations to allow for different levels of funding and lengths of agreement.
- d) That the Customer Contact Centre be trained with regards to which Services provide which grant funding within the City Council.
- e) That the number of payments made to an organisation in a year is proportionate to the value of the grant, to ensure that administration costs are kept as low as possible.
- f) That Legal advice be sought over the legally binding status of SLAs.

- g) That Members consider addressing the funding gap between small grants at £500 and Service Level Agreements at £1000 and to consider whether a corporate approach should be introduced.

6.2 Funding process

Three approaches to the funding process were highlighted and discussed. These were:

- Tendering – the Council could invite bids based on corporate priorities.
- A criteria based award – the Council would have a criteria (or a criteria based on corporate priorities) and application form process for determining funding.
- To continue with current arrangements – awarding grants to organisations because they have always received funding.

To assist in discussion the Task Group considered a range of Government documentation and examples of best practice concerning the awarding of funding to voluntary organisations and examples of which are detailed in Appendix 1.

Discussions with regard to tendering were held with the Procurement Officer who suggested that such a process would require the same principles as used in the awarding of contracts. Members considered the benefits and disadvantages of using a tendering style process for allocating funding and decided that tendering would be inappropriate, but that it could be looked at again in the future. It was therefore thought that a criteria and application form process would be more appropriate for the Council to demonstrate accountability, transparency, clarity, traceability and value for money.

It was recognised that SLAs have been allocated on a historical basis with no clear process to offer funding to other organisations and therefore a criteria and application form process would allow new applications to be considered and at the same time require organisations in receipt of funding to demonstrate how they continue to meet the Council's priorities. It should be noted that the Council funds the service and not the organisation.

It is the view of the Task Group that Cabinet should determine the criteria based on how the funding can help deliver the Council's Corporate Priorities and as the Priorities change so should the criteria and service provision be revised. Cabinet could choose to allocate budgets to specific Corporate Priorities or themes e.g. £5,000 allocated for disability transport. This would enable identification of gaps in funding for Corporate Priorities. It is suggested that the criteria should reflect the principles of Contract Procedures and financial thresholds.

The criteria and application form process could follow best practice in all Services involved in the awarding of funding to ensure a corporate approach. It is thought that this new process could commence once the existing SLAs have ended.

Recommendation 2

- a) That Officers draw up a criteria based application form allowing for a process that is rolling and flexible and that includes the following principles: accountability, traceability, transparency, clarity, flexibility and justification with

advice from Financial Services to reflect the principles of contract procedures and financial threshold.

- b) That when new applications are received for Service Level Agreements the relevant Cabinet Member is informed.

6.3 The Local Compact

The Council has a Local Compact setting out its commitment to working more closely with voluntary groups. The Local Compact makes a commitment on both sides, clarifies what partners can expect from each other and how to work together. However this needs to be revised in order to make it a working document within the Council which can assist in the effective building and maintaining of relations with the voluntary and community sector. It should be noted that the Local Compact is far wider than the allocation of funding but can also include things like how the Council consults the voluntary sector and how the Council as a whole, can support the voluntary sector through free or subsidised car parking, rent or training etc.

A great deal of research has been undertaken in this area and best practice gathered from other local authorities, including Officers attending a Local Compact Event. It has become clear that the review of the Local Compact is a much more complicated piece of work than was previously envisaged requiring considerable consultation throughout the Council Services involved in the awarding of funding, the community and voluntary sector using the Local Strategic Partnership (LSP).

Discussions have taken place with the Council for Voluntary Service, Procurement Officer and Internal Audit in relation to the Local Compact and how it effects grant giving within the Council. These suggestions are attached at Appendix 2 together with examples of best practice.

Members noted that some Local Strategic Partnerships and Councils for Voluntary Services have been involved in producing a working Local Compact.

It is therefore suggested that any review should recognise that the Local Compact is not just about funding to organisations but includes all aspects of the relationship between the council, community and voluntary sector and therefore requires a corporate approach. Therefore the Task Group further suggests that the review of the Local Compact be delegated to Officers in consultation with the voluntary sector and the LSP.

Recommendation 3

- a) That officers commence a review of the Local Compact in consultation with the voluntary sector and LSP.
- b) That the Local Compact be adapted as Council policy for all grant giving Services.

6.4 Monitoring

The role of Budget and Performance and the revision of monitoring arrangements

The Task Group noted that the Budget and Performance Panel currently has responsibility for the monitoring of organisations with SLAs and for the last two years the responsibility for monitoring non-housing voluntary organisations has been delegated to Democratic Services in conjunction with the Chairman of Budget and Performance Panel.

Whilst recognising that annual monitoring is undertaken, the Task Group have suggested that site visits would be an effective measure to enhance monitoring and strengthen relationships and therefore recommend that site visits be undertaken to organisations with SLAs in excess of £10,000 per annum. Although this would require additional staff resources, it would be valuable in developing a close monitoring relationship.

To facilitate this and reduce the onus on the Chairman, the Task Group recommend that future monitoring should be delegated to the Principal Democratic Support Officer (Overview and Scrutiny) in consultation with three Budget and Performance Panel Members, in order to increase participation and share responsibility. This panel would report back to Budget and Performance with the findings.

In order that this does not become too burdensome for Budget and Performance Panel and the organisations concerned, it is suggested that a rolling programme of monitoring is introduced and in proportion to the amount and nature of the SLA.

It has become apparent that the organisations which attended the Task Group meetings would welcome these proposals.

The Task Group suggest that monitoring be revised to take into account best practice, with the aim to allow more effective monitoring with clearer outcomes linked to service delivery. The monitoring process needs to be clear that the Council is only interested in the services that are being funded by them and not other services the organisation provides.

Whilst reviewing the types of information supplied as part of the monitoring arrangements, the Task Group recognise the need for flexibility, that the level of paperwork be proportionate to the amount of funding and the resources organisations have to produce this paperwork. A rolling monitoring process could reduce the administrative burden.

Whilst the Task Group suggest that monitoring should be proportionate to value and nature of the SLA, it is suggested that monitoring could follow that of the Contract Procedure Rules already used in the Council. For example different level of monitoring could be applied to organisations in receipt of funding under £10,000, between £10,001 and £49,999 and over £50,000.

Consideration was given to examples of monitoring processes and best practice and an indication of these are outlined below.

- In the interests of accountability, ensure that all grant recipients make appropriate arrangements to monitor and evaluate the quality of their grant funded work and to report at agreed intervals, while taking care that these

requirements do not become an undue burden to the organisation and tailoring these requirements to reflect the size of the grant and the resources of the organisation in receipt of funding.¹

- Ensure that grant recipients have appropriate systems in place to obtain regular feedback from users or customers on their needs and their levels of satisfaction and views of the benefits/services they receive.¹
- A lack of commonality amongst funders' monitoring requirements means that multi-funded bodies have to record their information in a variety of different ways. This can be a significant administrative burden as entirely separate accounting systems may have to be established in order to record and supply the information required by different funding bodies. It is important that funding bodies co-ordinate monitoring and inspection arrangements to try wherever possible to reduce disruption to recipients who receive monies from several sources.²
- Monitor to ensure equality outcomes for Black and minority ethnic and other diverse communities and social groups.³
- Be proportionate in monitoring requirements, focus on outcomes and avoid seeking unnecessary information.³
- That the Organisation shall provide annual financial accounts within 28 days of them being completed and a schedule of all spending and income related to the funding agreement. There will be one site visit a year.⁴
- What are the three main changes that this grant has made to your organisation? ; Has this grant affected your ability to improve your financial position? ; Please tell us how you have monitored this effectiveness and how you will continue to monitor this; What difficulties did you/your organisation face? ; What is the next stage of development for your organisation? What are your future plans?⁵
- Organisations are required to complete the monitoring and evaluation forms on either a quarterly or six-monthly basis and report on the progress of the project – whether they have achieved their outputs and outcomes as per their funding agreements, as well as reporting on the number of beneficiaries or service users.⁶

Cabinet Members

As part of its remit, the Task Group considered the role of Cabinet Members and invited the two Cabinet Members with present responsibilities for SLAs to address the meeting. Through discussions with Councillor Barker, Leader of the Council it became apparent that there are instances where it is not possible to define responsibility or links to Council Services for some of the existing SLAs.

Therefore the Task Group recommended apportioning responsibility for individual SLAs to the relevant Cabinet Members in terms of portfolio and service provision where possible. In addition, the Task Group suggested that links be established with relevant Service Heads to assist in the monitoring, reviewing and developing of SLAs.

¹ From the Scottish Compact Good Practice Guides

² From Improving Financial Relationships with the Third Sector: Guidance to Funders and Purchasers, May 2006

³ From the Southampton Compact

⁴ From Standard Conditions of Grant Funding to Voluntary Organisations – The London Borough of Barking and Dagenham

⁵ From the CAF Grant Programme

⁶ From Annual Revenue Grant Aid – Monitoring and Evaluation Results 2004/05

It is envisaged that apportioning responsibility to Cabinet Members would not duplicate the monitoring role undertaken by BPP but could provide clear accountability, communication and direct links with services. It is suggested that the Budget and Performance Panel could update Cabinet Member when monitoring has taken place to keep them informed.

Role of Councillors

In looking at the role of Councillors appointed to organisations with SLAs the Task Group considered the following options:

1. Not to appoint Councillors to organisations with SLAs; therefore avoiding conflicts of interest.
2. To appoint Councillors on the condition that they assist with monitoring. This would allow Councillors to have more responsibility and take a more active role but would mean that the Councillor could not participate as a full Board Member on that organisation.
3. To appoint Councillors on the basis of expertise, knowledge, relevance and enthusiasm rather than on a proportional basis.

Members felt that appointing Councillors on the basis of expertise, knowledge, relevance and enthusiasm would prove to be the most valuable of these options to the organisations concerned as representatives from the organisations indicated that they value the input and expertise of contributions made by Councillors. However, the representatives also expressed some concern over the low attendance by some Councillors at their Board meetings. In fairness it should be noted that Councillors may not always have been notified of the responsibility of their position. It was also suggested that Councillors should be provided with role descriptions as part of their appointment to explain the reason they are appointed and what they are there to do. It is suggested that all organisations with SLAs be offered the opportunity of a Council appointment.

Whilst appointments should continue the Task Group feels that these Councillors should have no role in the monitoring in order that they can play an active role on the organisations' Board and this should be made clear to the organisations and the Councillors concerned.

Recommendation 4

- a) That the Budget and Performance Panel be recommended to consider appointing a panel of three members to review and monitor non-housing organisations with Service Level Agreements. Undertaking site visits to organisations with SLAs exceeding £10,000 per annum.
- b) That Officers draw up a new application form, taking into account best practice to allow clearer monitoring with outcomes clearly linked to service delivery.
- c) That the Budget and Performance Panel present their findings to the Cabinet Member with responsibility for the SLA as part of the Performance Review Team process.
- d) That, as part of the process, a Cabinet Member is appointed to have responsibility for each Service Level Agreement.

- e) That Councillors who are appointed to or are members of voluntary organisations as outside bodies have no role in the monitoring process.
- f) That Councillors be appointed on the basis of expertise, knowledge, relevance and enthusiasm rather than on a proportional basis.
- g) That, as part of the monitoring process, the original application form is updated to reflect the changes of the Council and applicant.

(7) Conclusion

The aim of the Task Group was to ensure that there is a clear process for the awarding of grants. Cabinet will set the process for awarding grants and determine what organisations the application form process will fund. The Budget and Performance Panel will be responsible for monitoring the organisations and reporting the information gathered back to Cabinet. The Budget and Performance Panel will inform Cabinet as to whether the organisation is meeting the standards as set out in the agreement, and at the end of two years whether the organisation is still providing the services the Council is funding and whether these services still fall within the Council's priorities. It is hoped that this process will provide stability and security for the organisations, flexibility and choice for the Council and opportunity for organisations that are not funding by the Council at the moment. It will also ensure that the awarding of grants is not political but driven by Corporate Priorities.

(8) Appendices

Appendix 1: The Awarding of Funding

BEST PRACTICE

The Government has produced a lot of documentation to guide Local Councils towards what is considered to be 'best practice' when awarding funding to voluntary organisations.

“Government procurement policy requires that all procurement must be based on *value for money* (VFM) – that is the optimum combination of whole life costs and quality to meet the user’s requirement. However, VFM and supplier diversity are not in opposition to each other. Public procurement is generally more effective if it is open to ideas and tenders from all potential supply markers”.

From Think Smart...Think Voluntary Sector 1.1.3

Value for money is not the lowest price - it is defined as the optimum combination of whole life costs and quality to meet the users' requirements.

Funding and procurement code of good practice summary of undertakings. Government undertakes to:

- Provide whenever possible an opportunity for the voluntary and community sector to contribute to programme design
- Ask for information on application forms which is relevant to deciding who will receive funding or be awarded the contract
- Discuss risks up-front and place responsibility with the public sector body or voluntary and community organisation best able to manage them
- Respect the independence of the sector
- Recognise it is legitimate for voluntary and community organisations to include the relevant element of overhead costs in their estimates for providing a particular service
- With public procurement, avoid seeking information about management fees and overheads
- Make payments in advance of expenditure (where appropriate and necessary) in order to achieve better value for money;
- Implement longer term funding arrangements where these represent good value for money
- Be proportionate in monitoring requirements and focus on outcomes
- Consider joining-up or standardising monitoring requirements
- Give enough notice of the end of grants or contracts.

Appendix 2: The Local Compact – Best Practice

The Council's Procurement Officer and Audit have been consulted and have provided the following list of what the Local Compact should include: -

- The Local Compact is to be effectively communicated and regularly reviewed in conjunction with the voluntary/community sector, and a mechanism for measuring its impact developed.
- Consideration is to be given to how opportunities for voluntary/community organisations to gain equal access to grant funding can be improved through the promotion of grants available, and the publication of grants awarded by the Council in support of these organisations and their activities.
- As part of a review of Service Level Agreements the efficiency and effectiveness of performance monitoring arrangements is to be assessed.
- It is essential that the Compact is effectively communicated and regularly reviewed in conjunction with the voluntary/community sector to establish its effectiveness and to consider how current arrangements assist its implementation.
- A mechanism is required to demonstrate the effectiveness of the Local Compact in terms of successes or gains for both the Authority and the Voluntary/Community Sector.
- Benefits in terms of outputs for some organisations is difficult to quantify and measurable outputs need to be defined.
- Procedures are to be developed to ensure that all grant funding is appropriately aligned with corporate priorities rather than being historically funded.

Good Practice Examples:

Plymouth exemplifies a strong and practical Compact/LSP link. Its Compact underpins how Plymouth 2020 Partnership works and links with the community network and the community.

Tamworth Compact underpins the LSP's relationships and mechanisms, and provides the guiding principles by which it operates.

According to the Local Compact Miniguide your LSP should ensure:

- A Compact way of working across all partnerships.
- That the Local Compact is being used in key policy processes.

The Government has agreed a resourcing formula in the national funding and procurement code:

The Local Strategic Partnership To ensure that the Local Compact resourcing formula happens		
Local Public Bodies To share the cost of Local Compact development and partnership building.	Partnership Boards To include contributions in spending plans and government funding programme bids.	The Sector To provide a package of support in kind, e.g. time, expertise, use of networks and community links.

CABINET RESPONSE TO RECOMMENDATIONS OF THE GRANTS TASK GROUP

Cabinet considered a report upon with the findings of the Grants Task Group and to seek the agreement of Cabinet to the recommendations as set out in the report.

The report made clear that if Cabinet approved the recommendations each recommendation would be scoped and developed further with all relevant Services committed to what can be realistically achieved within available time.

The Officer comments on the Task Group recommendations were set out in a covering report.

It was moved by Councillor Roger Mace and seconded by Councillor Eileen Blamire:-

“That the recommendations, as set out in the report, be approved, subject to consideration of growth items as part of the budget process for 2008-09 where resources for implementation and a report when the CVS commissioned exercise has been completed on possible similar arrangements of small grants and LSP grants in order to co-ordinate the two.”

Members then voted as follows.

Resolved unanimously:

- (1)(a) That the Council's Funding WebPages be revised to incorporate links to the Local Strategic Partnership, Lancashire County Council, Council for Voluntary Services, festivals grants, housing Service Level Agreements etc to provide an overview of funding within the district, along with a grants process timetable, and that the Webpage for funding be made more user friendly i.e. through the use of a friendly URL e.g. www.lancaster.gov.uk/grants.
- (1) (b) That the Council provide downloadable application forms for grants.
- (1) (c) That a Corporate approach be applied to the design of grant application forms, with small variations to allow for different levels of funding and lengths of agreement.
- (1) (d) That the Customer Contact Centre be trained with regards to which Services provide which grant funding within the City Council.
- (1) (e) That the number of payments made to an organisation in a year is proportionate to the value of the grant, to ensure that administration costs are kept as low as possible.
- (1) (f) That Legal advice be sought over the legally binding status of SLAs.
- (1) (g) That Members consider addressing the funding gap between small grants at £500 and Service Level Agreements at £1000 and to consider whether a corporate approach should be introduced.
- (2)(a) That Officers draw up a criteria based application form allowing for a process that is rolling and flexible and that includes the following principles: accountability, traceability, transparency, clarity, flexibility and justification

with advice from Financial Services to reflect the principles of contract procedures and financial threshold.

- (2) (b) That when new applications are received for Service Level Agreements the relevant Cabinet Member is informed.
- (3)(a) That officers commence a review of the Local Compact in consultation with the voluntary sector and LSP.
- (3)(b) That the Local Compact be adapted as Council policy for all grant giving Services.
- (4)(a) That the Budget and Performance Panel be recommended to consider appointing a panel of three members to review and monitor non-housing organisations with Service Level Agreements. Undertaking site visits to organisations with SLAs exceeding £10,000 per annum.
- (4)(b) That Officers draw up a new application form, taking into account best practice to allow clearer monitoring with outcomes clearly linked to service delivery.
- (4)(c) That the Budget and Performance Panel present their findings to the Cabinet Member with responsibility for the SLA as part of the Performance Review Team process.
- (4)(d) That, as part of the process, a Cabinet Member is appointed to have responsibility for each Service Level Agreement.
- (4)(e) That Councillors who are appointed to or are members of voluntary organisations as outside bodies have no role in the monitoring process.
- (4)(f) That Councillors be appointed on the basis of expertise, knowledge, relevance and enthusiasm rather than on a proportional basis.
- (4)(g) That, as part of the monitoring process, the original application form be updated to reflect the changes of the Council and applicant.
- (5) That consideration be given to growth items as part of the budget process for 2008-09 where the Head of Democratic Services does not currently have resources for implementation.
- (6) That a report be submitted to Cabinet on possible similar arrangements of small grants and LSP grants in order to co-ordinate the two.

Officers responsible for effecting the decision:

Chief Executive.
Head of Democratic Services.

Reasons for making the decision:

To enable the Task Group to scope and develop further what can be achieved with the resources available.

The decision is in accordance with the recommendations of the Grants Task Group. It is noted that those resolutions that impact on Council Policy will require Council approval in due course, in particular resolution 3 (b) and 4 (f). The decision enables consideration to be given to growth items as part of the budget process for 2008-09 where resources for implementation are not available and for a report to be submitted to Cabinet on possible similar arrangements of small grants and LSP grants in order to co-ordinate the two.

The content of the report shows that the Task Group has thoroughly researched available guidance on the administration of grants to voluntary organisations and assessed the effectiveness of how this role is carried out by other local authorities. The involvement of local voluntary organisations who currently receive funding from the Council is also helpful.