



Meeting Grant Aid Ad Hoc Select Committee

Date 16<sup>th</sup> December 2003

agenda item number

## **REPORT OF THE CHIEF EXECUTIVE**

### **DRAFT FINAL REPORT AND RECOMMENDATIONS**

#### **Purpose of the Report**

1. The purpose of this report is to set out the draft recommendations of the committee for consideration.

#### **Introduction**

2. A great deal of research and discussion has taken place over the past year involving portfolio holders, other elected member, members of the corporate management board, staff, voluntary and community organisations, other local authorities and other funding bodies. Following the initial terms of reference being set and a plan of action being implemented, the committee has been able to draw up a number of recommendations which should assist the Council in improving the grant aid processes and this would contribute to its strategic aim of achieving excellence.
3. Throughout the review many examples of best practice have been found and reported to committee. A review by its nature does focus on things that could be improved and this will not be welcomed by those who are content with the status quo. Many of the staff and officers involved in the Grant Aid process have been most helpful and co-operative, and deserve our thanks.
4. This report sets out the recommendations and reasons which underpin them. A more detailed set of findings has already been presented to this committee. The report also sets out briefly the terms of reference of the review and the methodology employed.

#### **Terms of Reference**

5. The terms of reference for the review have been widely publicised, but for ease of reference, they are reproduced below.
  - 5.1. To determine the progress the authority has made towards standard procedures for grant application, assessment, decision taking and monitoring.
  - 5.2. To determine whether appropriate information is available to members, officers and funded bodies, and whether there are appropriate lines of communication between the Authority and other funding agencies

- 5.3. To consider how members are assured that grant funding is addressing policy objectives and priorities, is in accordance with the Authority's Strategic Plan and is achieving Best Value.
  - 5.4. To consider how funded bodies are assured that they are treated fairly and in a way which encourages a steady growth of and improvement to services they provide to their community.
  - 5.5. To consider the extent to which grant aid draws additional funding and benefits towards Nottinghamshire communities.
  - 5.6. To consider and report on the advantages and disadvantages of introducing a one stop shop approach to grant aid administration.
6. Each of the terms of reference was addressed according to a plan that was designed specifically to ensure that all the aspects of the review were covered.

## **Methodology**

7. The review was conducted with constant reference to the initial terms of reference and the associated plan. Initially the work conducted focussed on the internal aspects of the process and how it worked in reality. This was carried out through personal interviews with officers in each of the departments, and considerable time was spent and information amassed. This formed the basis of the first report presented to committee. An assessment was also carried out as to the standardisation in the system at present.
8. From this starting point, the other terms of reference were addressed in turn. To address the second term of reference, the information systems in use were reviewed. Project officers were interviewed and asked about how information was passed through the organisation, the regularity of that reporting and whether there were links with other departments and other funding organisations.
9. Part of the plan for this term of reference was to elicit the views and opinions of outside funding bodies. This was taken to mean benchmarking with organisations that also fund voluntary and community organisations. This work was completed towards the end of the review.
10. Term of reference three was completed by obtaining information from departments, including complete lists of grants made by each department during the financial year 2002/03 as well as information about the costs of administration of the present grant aid system. The information received on administration costs was limited and further work in this area would be useful. A review of a sample of grant aid files was undertaken along with a differentiation between Grant Aid Agreements and Service Level Agreements. There was also a good deal of work looking at benchmarking with other local authorities.
11. Terms of Reference Four, Five and Six were completed using the one-day grant aid workshop and the questionnaires sent to Voluntary and Community Organisations and Elected Members. As word spread we even received comments directly from members of the public.
12. The workshop was designed to obtain the opinion of both funded and non-funded organisations in Nottinghamshire. It was well attended and the feedback received about the event was very positive. The response rate to the questionnaires

exceeded expectations and provided very useful data from funded organisations. Most responses were positive. The perceptions of the service from attendees at the workshop were mixed as were the responses from elected members. It is clear that some improvements could be made.

## **Findings and Recommendations**

13. Three major recommendations are set out below covering a grant aid unit, policy and better systems. The recommendations are set out in bold font for ease of reference.
14. The grant aid systems and procedures need to be improved. Although change may be difficult and may take time, the benefits of refining and amending the current systems are necessary to move the Authority forward in this area.

### **Recommendation 1 – A Grant Aid Unit**

15. **Initial contact with the Council and the general administration of grant aid should be placed into a single grant aid unit with a small team of administrators dealing with the expressions of interest, the sending out of application forms and receiving them prior to appraisal. Publicity and payments should also be conducted by this team. An improved website and freephone telephone number would be important elements. It is envisaged that a multi-disciplinary panel would oversee the evaluation of the forms. The portfolio holder would chair this panel and it would be organised by the grant aid central administration team.**
16. **Within a time frame of three to five years a standalone grant aid unit should be set up. Grant Aid budgets from the departments, along with essential staff, would be centralised within this unit. It is envisaged that the unit would be part of the Deputy Leader's portfolio.**
17. The Authority needs to improve access to its grant aid services, to make them clearer, more open, more consistent and more readily available. Centralisation of contact with the Authority in the short term would be a genuine step in this direction. In the medium term a central unit dealing with all aspects would allow stronger control of direction and encourage innovation and growth. Concerns about the loss of expertise caused by a central unit can be addressed during its development to ensure adequate departmental input and liaison.

## **Recommendation 2 – Clear Policy**

- 18. At the earliest possible time a clear policy on grant aid should be drawn up setting out a clear statement of what the Council will or will not fund, and for what purpose.**
19. It is clear from consultation and investigations that there is no clear policy about grant aid across the County Council. This needs to be remedied to the benefit of stakeholders, procedures and systems. Although four out of five departments use the same application form, there appeared to be little standardisation across departments in policies and procedures. The Cross-Service Working Group has made a start on this.

## **Recommendation 3 – Improved IT Systems**

- 20. The IT systems should be improved to enhance the Authority's capability to run grant aid efficiently, to give it a more effective presence and to provide better information for elected members, staff and voluntary and community organisations.**
21. The existing systems used for the collation of both financial and non-financial data are inadequate for their purpose. It was found to be difficult to access the right information quickly and easily. The systems need to be updated and a system specifically for grant aid should be considered. A better website presence is considered essential for Grant Aid. This should have as much up to date and comprehensive information as possible for the interested parties accessing it. A new system could have web based information capture and retrieval to make better information available to elected members, officers and other stakeholders.
22. A common request raised from the workshop and the questionnaires of both elected members and voluntary and community organisations was that there should be a dedicated website which would have the relevant information covering policy and access to grant aid.

## **General Recommendations**

23. Some recommendations framed by committee cover overarching issues and these are set out in this section.

#### **Recommendation 4 – Standards**

- 24. Following the Nolan Report of 1997 (Standards in Public Life) it is essential that officers of the Authority and Elected Members should be seen to be independent of the grant-aided organisations. Officers should not have seats on the Management Board as these positions may compromise their independence and ability to give impartial advice.**
25. It is recognised this is a dilemma in the relationship between the County Council and the Voluntary and Community Sector. Organisations have requested more help and support from project officers, and in order to monitor the use of resources within some of these bodies, project officers have taken positions on the management board. As a further complication some elected members have also taken trusteeships. The essential problem is one of allegiance to an organisation. As a member of a management board or one of the trustees, a conflict of interest arises between allegiance to the organisation itself and to the Council. This may not be in the best interests of the Council. Objectivity in dealings with voluntary and community organisations is an issue of concern.

#### **Recommendation 5 – Review of Agreements**

- 26. A full assessment of Grant Aid Agreements should be completed, including the nature of the organisations we fund and why. This assessment could be conducted under the auspices of a scrutiny committee. A practical approach might be to address each body as the end of their three-year grant aid agreement approaches and before another funding agreement is negotiated, with grants greater than £10,000 being of most interest. The evaluation should also assess the split of funding between the divisions in the County to ensure that funding is based on need rather than geography. Those organisations that are funded for work in the City should be evaluated to ensure that Nottinghamshire County Council's contribution is fair and equitable.**
27. A clarification of this area will allow Grant Aid to be targeted to the areas and the projects that require the Authority's assistance. It is envisaged that several of the larger contributions would benefit from being service level agreements instead, especially where large sums are being used to fund core and essential costs. Throughout the review there has been discussion of the differences and similarities between Service Level Agreements and Grant Aid Agreements. From the work conducted it appears that they are not interchangeable terms and neither does one follow from the other. An evaluation should be done to ascertain whether it would benefit both funder and funded body to have a different sort of agreement in place. Whilst this evaluation takes place it is the perfect opportunity to ensure that the funded bodies are conforming to the strategic priorities of the County Council.

#### **Recommendation 6 – Protecting the Council's Interests**

- 28. Where Council funding is used to purchase a capital asset the agreement should include a clause to cover the Council's interest should that asset be later disposed or transferred to another body.**

29. There was concern that capital assets could be purchased with grant aid funds. There were queries over which organisation would hold the title to that capital asset. On researching this area it was found that a clause could be put into the relevant agreement to safeguard the Council's interests. European Funding agreements include a standard clause covering this issue. VCOs are aware that if the funds are used to obtain a capital asset, then the funding organisation has a right to that asset in proportion to the amount of money they granted. Such a clause should be inserted into the standard Grant Aid Agreement to protect the Council's interests.

### **Other Recommendations**

30. These recommendations are in order of the terms of reference set out above.

### **Recommendation 7 – Improved Application Form and Access**

31. **The application form is currently long and complicated. It needs to be simplified to meet all the major requirements. More detailed information could be requested if necessary or for larger grant requests. The application form should be available to applicants in a variety of formats, including CD, floppy disc and web based as well paper copies.**
32. In the VCO Questionnaire and at the workshop, opinion was expressed that the application form could be simplified. Benchmarking with other authorities also highlighted this.

### **Recommendation 8 – Appraisal Procedures**

33. **Appraisal procedures for grant applications should be standardised and publicised. These procedures need to be clear and well circulated within departments. They should include a clear and identifiable audit trail.**
34. Appraisal for grant aid applications is linked with monitoring processes and need to be clear to applicants and interested stakeholders. The agreed corporate appraisal process would give assurance that the grant aid provided to the voluntary and community organisations will provide the Authority with the best value for money. A clear and cogent appraisal system was requested by the voluntary and community organisations.

### **Recommendation 9 – Monitoring Procedures**

35. **Methodologies for monitoring grant aided organisations should be standardised across the authority to add consistency to the whole process. A simplified version of the risk assessment model could be used to assist this process. Organisations should receive proportional monitoring according to the size of the organisation as well as the size of the grant given to them.**
36. Internal Audit was asked to assist with the production of a workable risk assessment model to help project officers decide on a proportional monitoring system for each individual applicant organisation. What has resulted is a comprehensive document looking at all the risks the Council faces. For use as a tool to assist monitoring, the

model needs to be simplified but it is a useful starting point. Elected members and voluntary organisations mentioned this in their responses to the questionnaires and at the workshop.

### **Recommendation 10 – Communication Policy**

- 37. There needs to be a clear and consistent communication policy for voluntary and community organisations. Communication channels should be well publicised and VCOs should be encouraged to approach departments if they require any information about the application process in general or their application in particular.**
- 38.** It has been brought to our attention on a number of occasions that communication has been quite sparse at times. This was brought out at the workshop and was quite clearly noted from the voluntary and community organisation questionnaire responses.

### **Recommendation 11 – Corporate Newsletter**

- 39. There should be a corporate newsletter that provides up to date funding information on all the funders who are able to help with project and core funding. This newsletter should be updated periodically and circulated with the application forms.**
- 40.** Whilst it is recognised that several departments create and send out newsletters to their grant aided bodies, we feel that a corporate newsletter would be more appropriate to inform potential and existing applicant organisations. This would improve communication, the cohesiveness of the Authority's approach and could be utilised to sign post other funding sources.

### **Recommendation 12 – Publicity and Presence**

- 41. Publicity is considered essential to the fairness of the Grant Aid process. It should be co-ordinated to ensure that stakeholders are made aware of the developments within grant aid. Members should be made aware of what is happening in their divisions, and have access to the salient information. There should be corporate adverts in the County paper advertising support available, agreements to show the NCC logo in some form to acknowledge grant aid support, and consideration should be given to a corporate event celebrating the achievements of our partnerships with VCOs.**
- 42.** Many elected members and voluntary and community organisations felt that publicity of the process was sadly lacking at times. Some bodies invited to the grant aid workshop had been unaware of funding opportunities. Publicity would help to make this a thing of the past. Better information for elected members would be helpful to them in fulfilling their roles in the community. Possible areas for involvement include publicity once the decision has been made.

### **Recommendation 13 – Strategic Vision Awareness**

- 43. Voluntary and Community Organisations need to be made more aware of the strategic priorities of the Authority and how this correlates with the work they are doing. The increased publicity for the process will also help to make it clear that the Strategic Plan is central to the focus of funding.**
44. It is important that the strategic vision of the Authority informs the whole grant aid process. The strategic plan and links between it and the grant aid process were clearly drawn out from the presentations and reports provided by the Chief Officers to the committee. It was felt that congruence between the applications and the strategic plan would contribute to the delivery of services in communities throughout the County.

### **Recommendation 14 – Performance Indicators**

- 45. The Authority should specify performance indicators to be provided by VCOs which would assist the monitoring of them against strategic and service priorities.**
46. The Cross-Service Working Group has been working on this area for some time. This initiative should be encouraged.

### **Recommendation 15 – Equal Access**

- 47. Every Voluntary and community organisation in the County, regardless of the section of the community it represents, should have equal access to Grant Aid**
48. Whilst it is recognised that there is an element of competition within the funding process, any barriers to certain sections of the population benefiting from Grant Aid should be eliminated. Through increased publicity more groups will be aware of the Grant Aid available, but further access should also be encouraged through the provision of applications and information in different languages and in different formats. It has been suggested by an umbrella group that many groups representing minority interests had no access to or knowledge of the County funds available for them.

### **Recommendation 16 – Complaints Process**

- 49. There is no requirement for a specific complaints procedure set up for the Voluntary and Community Organisations who are unhappy with decisions made.**
50. At present there is no formal complaints procedure and we do not feel it necessary to implement one. If the groups have a complaint about the process, they should approach their elected member who should be in a position to investigate the grievance and hopefully resolve the problems. In exceptional circumstances where this does not address the problems, a panel of members could be convened to objectively review the appraisal decisions.



## **Recommendation 17 – Sustainability**

- 51. The Authority should take steps to encourage the sustainability of the organisations currently being grant aided by the County Council. Tapered funding should be considered for all organisations when their present agreement is in the process of being renewed. The role of Development Workers should be highlighted to the Voluntary and Community Organisations. Development Workers should be empowered to assist with the search for alternative funding.**
- 52. Sustainability needs to be addressed if the Authority is to be enabled to fund more new projects whilst maintaining its existing base. The County Council may be able to assist this in a number of ways. For example by publicising alternative funding opportunities as widely as possible. Another idea to encourage this broader search for resources is to move to tapered funding of VCOs. All new funding would be considered for funding on the basis of a reducing balance for three to five years. This may not be suitable in all cases but should be considered. It is hoped the organisation could obtain alternative funding from another body with the assistance of the Development Workers. At the grant aid workshop there was interest in the suggestion that the County should assist organisations to become self-sustaining. We thought this was an excellent suggestion. Empowerment of the voluntary and community sector is something that will be coming to the forefront of the agenda in the next few years and anything the County can do to help this should be encouraged.**

## **Recommendation 18 – New Initiatives Funding**

- 53. There should be a ring-fenced pot of money to be used exclusively for the encouragement of new initiatives and innovations in the voluntary and community sector.**
- 54. This suggestion came from a number of quarters, including Corporate Management Board. Voluntary and Community Organisations are also keen for innovative and new programmes to be supported more readily. The size of this resource, and where the money would come from, would require some debate within the Authority.**

## **Recommendation 19 – Member Involvement**

- 55. We feel it is important that Members should be given more information about the grant aid activity in their areas and may wish to be more involved. However, the influence should not be such as to be lobbying or giving patronage. It is not necessary for there to be any lead members for voluntary sector innovation, but rather a recognition that the County Council Grant Aid should sit within one portfolio, for example under the Deputy Leader. This will ensure the appropriate processes are in place and held accountable to Cabinet.**

## **Considerations**

56. That members consider the recommendations and supporting narrative set out in this report.