

17 December 2019

Agenda Item: 11

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

UPDATE ON USE OF THE COUNCILLORS' DIVISIONAL FUND

Purpose of the Report

1. To present Committee with a six monthly update on the use of the Councillor's Divisional Fund (CDF) for the period 1 April 2019 – 30 September 2019 and to share the headline findings of a recent audit undertaken by Democratic Services staff.

Information and Advice

Background

2. The CDF is a specific budget which enables each County Councillor to put forward proposals for expenditure in their electoral divisions which accord with the strategic objectives of the Council. Such payments are subject to compliance with the requirements of the CDF Policy.
3. Each Councillor receives an annual allowance of £5,000 to spend within each financial year. Any funds remaining unspent within this budget at the end of the financial year will be returned to corporate balances.
4. As part of the revised CDF Policy agreed by Policy Committee on 18 July 2018, a new requirement was introduced for reports on the use of the CDF to be brought to this Committee on a six monthly basis. This is the third such report and details of the applications received from Councillors during the period April 2019 – September 2019 are included at **Appendix A** (N.B. payments to individuals have been anonymised where relevant).

Audit of Previously Processed Applications

5. Officers from Democratic Services have recently undertaken an audit of applications from the last financial year, in line with the requirements of the CDF Policy.
6. The officers have been guided by Internal Audit on the scope of this exercise and the Chairman of the Committee has been consulted, in line with the CDF Policy.
7. The audit took a sample of eight applications (the Policy recommends a sample size of between five-ten), This included at least two from each political group and one from a non-

aligned Councillor. Headline findings of the audit, with reference to the Fund's criteria, are as follows-

- a) None of the payments within the sample were below the minimum payment threshold of £50 (a wider audit of all applications since the new higher threshold was introduced revealed that there had been a handful of payments below this threshold but only on account of these being part of a joint payment made by two or more Councillors, with the overall total exceeding the threshold).
- b) No Councillors had exceeded the total £5,000 individual amount available.
- c) All payments in the sample were supported by an application form in the agreed format and appropriate reference had been made to the relevant Council strategic objectives. No interests were declared on the forms included in the sample, although there was evidence of interests being declared by some of the same Councillors for other payments within the wider audit.
- d) The payments were made to individuals or groups that support the local community, with the projects often wider than the Councillor's own Division. They were all single, one-off payments of differing amounts (ranging from £200 to £1300) and did not equate to ongoing financial commitments or running costs. None of the payments related to planning proposals.
- e) Only three of the eight applications in the sample could evidence that the funding had been, or was planned to be, acknowledged in a notice, publication, annual report or minutes (a requirement of the Policy). In light of this finding we have amended the notification e-mails sent to recipient organisations by adding the following text:-

Please note that one of the conditions attached to this payment is that your organisation promotes it through a notice or one of your publications, annual reports or minutes of a meeting. We may require evidence as part of our auditing processes that this has been done.

All CDF payments continue to be published on the Council's own website, as well as through these update reports to Governance & Ethics Committee.

- f) Although not requirements of the Policy, six of the eight recipients were able to provide receipts for the relevant expenditure and five of the eight groups were able to provide feedback on how the funding had helped the organisation.
8. None of the applications in the sample referred to match funding. This issue is covered within the Policy as follows:-

4d) Payment can be made towards projects that are seeking match funding from more than one source. However if the project is not able to progress due to the other sources of funding not being obtained, then the payee is required to notify the relevant Councillor to arrange for the CDF payment to be reimbursed.

It is felt that the onus should remain with the recipient organisations to highlight the rare occasion where a CDF funded project has not gone ahead, although it is recognised that it

would be helpful to ensure that the next audit sample includes some applications that reference match funding, in order to gain assurances about this issue.

New Online Process

9. The Committee, at its meeting of 18 December 2018, supported the development of a new online process for the application, processing and payment of CDF awards.
10. The online process was developed by the Business Services Centre in conjunction with Democratic Services and has been live since 9 May 2019. Democratic Services Officers from within the Governance Team have been processing applications online on behalf of Councillors. Once input, applications for payment are routed directly to the Account Payable Team who then make payment directly into the recipient's nominated bank account via a BACS bank transfer. This ensures that the recipient is in receipt of their payment 3 days following processing by Accounts Payable. All Councillors receive 7 days' notice prior to a payment being made. Presentation cheques are also available to Councillors if requested.
11. As part of the new process previously agreed, Councillors are enabled to input their own applications directly, with assistance from the Group Support staff where required. It is planned to make this option fully available to Councillors during the next 6 months. This new process will deliver improved efficiency and a reduction in administrative costs.

Other Options Considered

12. None – the report provides an update on expenditure as required in the revised CDF policy.

Reason/s for Recommendation/s

13. To update the Committee in line with the requirements of the CDF Policy and to highlight ongoing issues and future developments.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

- 1) That the Committee considers the CDF expenditure for the period April 2019 – September 2019 detailed in Appendix A and highlights any actions required.
- 2) That Members consider the outcomes of the recent audit exercise and highlight any further information or actions required.
- 3) That the next steps in the agreed development of the new online process be supported.

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Constitutional Comments (HD – 20/11/19)

Governance & Ethics Committee is the appropriate body to consider the content of the report.

Financial Comments (RWK 04/12/2019)

There are no specific financial implications arising directly from this report. The total budget for the Councillors Divisional Fund is £329,000.- Any funds remaining unspent within this budget at the end of the financial year will be returned to corporate balances.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Summary of audit of CDF sample.

Electoral Division(s) and Member(s) Affected

All