

10 March 2022

Agenda Item: 9

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

THE COUNCILLOR'S DIVISIONAL FUND – REVISED POLICY AND PROCEDURES

Purpose of the Report

1. To seek Committee approval for an updated version of the Councillor's Divisional Fund (CDF) policy and related procedures.

Information

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 agreed CDF Policy.
3. Each Councillor is allocated up to £5,000 to spend within each financial year. Any funds remaining unspent within this budget at the end of the financial year are returned to corporate balances.
4. The CDF policy was last updated by Policy Committee on 18 July 2018, following prior consideration by Governance and Ethics Committee.
5. In light of concerns which had been raised about the operation of the CDF scheme, Internal Audit undertook an audit of the scheme in 2021. Some of the issues raised by this audit reflected some issues previously shared with the Committee via the ongoing annual audit samples undertaken by Democratic Services. The overall audit opinion was that the scheme currently offers Reasonable Assurance.
6. Democratic Services Managers have responded to the findings of the audit in line with due process. These findings included a key recommendation to revise the CDF policy to address existing areas in which there is currently a lack of clarity (for Members, officers and applicants).

7. At its meeting on 16 December 2021, the Governance and Ethics Committee established a cross-party working group to draft proposed changes to the policy and procedures for agreement by the Committee at a later date.

CDF Review Cross Party Working Group

8. The working group consisting of Councillor Philip Owen, Councillor Nigel Moxon, Councillor Chris Barnfather, Councillor Errol Henry and Councillor John Wilmott met on 24 and 31 January 2022.
9. In revising the policy, the starting point involved taking a fundamental look at the aims and overall objectives of the CDF and how it operates in practice.
10. To inform the revisions, a number of key points of principle were considered and agreed by the Working Group – attached at **Appendix A**.
11. These principles seek to better reflect and achieve the overall aims and maximise the benefits to the wider community of the scheme. They also seek to address some of the concerns raised within the audit exercise, particularly around those areas where there was a lack of clarity or potential weakness.
12. The proposed revised policy (with track changes to help illustrate the changes) is attached at **Appendix B**. Any existing formatting and grammatical issues or points of clarification have also been addressed as part of the revisions. For ease of reference, a 'clean' version of the updated policy is also attached at **Appendix C**.

Electronic System

13. Governance and Ethics Committee had previously agreed that the Council should move to a self-serve electronic system to administer the CDF.
14. The new system will also help to automate some of the existing checks and balances and hopefully reduce the time that Democratic Services officers and Members have to spend dealing with applications. In time it is hoped that the new system can also provide further information to the Committee on trends and patterns in the use of this funding.
15. The initial proposed flow of steps in the new process to be incorporated into the electronic system is set out in the Points of Principle document – attached at **Appendix A**.

Other Options Considered

16. Other possible changes considered but discounted included:
 - a. Ceasing all payments to individuals – however, it was felt that that such payments should be permitted in those circumstances where a demonstrable benefit to the wider community can be evidenced and increased risk assurance measures are introduced.
 - b. Ceasing all payments to profit-making organisations, limited companies or organisations that receive statutory funding for that specific purpose – however, it was agreed that these should continue to be permitted on similar grounds to payments to individuals.

- c. Ceasing all payments to District and Borough Councils – however it was felt that on occasions these payments are an important means of enabling the Fund to be accessed by more formal community groups who may not have bank accounts.
- d. Introducing ‘funding windows’ for CDF payments - the idea of restricting applications to specific periods in a financial year was highlighted by Internal Audit as a means of achieving some potential benefits around the running of the scheme. However, it was felt that the potential benefits are outweighed by the speed and flexibility which the current arrangements offer.
- e. Ceasing all payments to Third Parties - in very limited circumstances a contractor is paid directly for undertaking work for an activity/event etc being funded by the CDF (e.g., an electrician installing a defibrillator) for reasons such as the applicant does not have an appropriate bank account. Whilst the risks of this are recognised, it is felt that such payments should continue to be permissible on an exceptional basis and with appropriate checks to ensure that the work has been undertaken.

Reason/s for Recommendation/s

- 17. To update the policy and processes around the CDF scheme to better reflect the aims and objectives of the scheme and to address concerns raised in the recent audit.

Statutory and Policy Implications

- 18. 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.

RECOMMENDATION

- 1) That the revised CDF Policy be approved for implementation in the 2022-23 financial year.
- 2) That the proposed electronic system be developed as outlined in the report, with Members of the Committee requested to pilot the test system once developed.

Marjorie Toward
Service Director, Customers, Governance and Employees

For any enquiries about this report please contact:
Keith Ford, Team Manager, Democratic Services Tel. 0115 9772590
E-mail: keith.ford@nottsc.gov.uk

Constitutional Comments (HD – 8/2/22)

- 19. The proposals within the report fall within the remit of Governance and Ethics Committee, which is responsible for policy development and approval of matters within its remit (subject

to any necessary approvals by Policy Committee or the Full Council) and are also responsible for monitoring the Councillors' Divisional Fund. This matter does not have significant policy or other impacts to require Policy Committee approval and is not otherwise reserved to Full Council, so the decision to change the Policy and procedures may be taken by the Governance and Ethics Committee.

Financial Comments (SES 08/02/2022)

20. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

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.

- Internal Audit Report – Councillor's Divisional Fund - October 2021

Electoral Division(s) and Member(s) Affected

- All