

Councillors' Divisional Fund – Review of Policy – Points of Principle

APPENDIX A

The following points of principle were considered and agreed by the CDF Review Working Group to inform a redraft of the CDF policy and scheme and to underpin the development of the new electronic system.

	<u>Recommended Points of Principle</u>	<u>Reasons for the change</u>
1.	Overall aim and focus of the CDF scheme to be clarified.	<ul style="list-style-type: none"> To underline to Members and applicants that the scheme is a Member-led process to fund activities that assist the delivery of the Council's priorities by actively supporting local communities on a divisional basis.
2.	<p>Current rules to be relaxed to more readily enable funding of certain running costs of not-for-profit / voluntary groups in Nottinghamshire but not including salaries or an organisation's main office rents (the cost of room and venue hire would be permitted).</p> <p>General charitable donations to no longer be permitted in light of this change in the rules about running costs.</p>	<ul style="list-style-type: none"> To enable Members to more easily support a local organisation that is helping communities within their Division without the need to ringfence it to specific events etc. This will reduce the main source of confusion, delays and Member / officer time. Salaries and main office rents will remain outside of the CDF remit as these carry the risk of an organisation becoming dependent upon this funding to survive from year to year and the Council could face criticism if that funding was not to be provided in the future. The ability to make a contribution towards running costs should effectively remove the need for general charitable donations.
3.	The CDF criteria to be aligned with other NCC funding streams to ensure the applicant is directed to the most appropriate single source of NCC funding.	<ul style="list-style-type: none"> To encourage CDF funding through Members for those applicants who would not qualify for other sources of NCC funding – e.g. Local Communities Fund, COVID Partnership Recovery Fund and Community Hub Food Plan Fund.
4.	Payments to individuals – to continue to permit payments in circumstances where a demonstrable benefit to the wider local community can be evidenced, and with increased risk assurance measures introduced.	<ul style="list-style-type: none"> Payments to individual recipients do not meet all of the requirements and aims of the CDF Policy in terms of benefitting the wider community and ensuring publicity about the payment. By their very nature, such payments are also recognised as an area of potential fraud risk. Payments to individuals are also available through the Local Community Fund (including the Talented Athletes Programme element of that). However, it is recognised that in certain circumstances Members may still feel that a CDF payment is the most appropriate means of offering support to an individual. In making such payments Members need to be able to evidence that there would be a demonstrable wider benefit to the local community from this payment. This should be coupled with increased risk assurance (e.g. a requirement to provide receipts). Individuals could also be signposted to help and advice about how to formalise community groups, set up bank accounts etc when seeking funding for activities such as community events

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5.	Payments to profit-making organisations, limited companies or organisations that receive statutory funding for that specific purpose (e.g. community schools and academies) to be permitted where a benefit to the wider local community, not just paying customers, can be evidenced or where the organisation's involvement is necessary to enable an application to be processed. As with payments to individuals increased risk assurance measures also to be introduced.	<ul style="list-style-type: none"> • To ensure that the aims of the CDF are more readily met. • Examples of appropriate types of such payments currently include payments to Via East Midlands to enable grit bins to be installed, payments to academies for activities open to pupils and/or the wider community. • Examples of applications where the benefits are less clear include funding for equipment for private day nurseries, funding of equipment or training for employees for private companies so that they can widen their offer to include specific disadvantaged groups.
6.	Payments to District and Borough Councils should only be permitted when that Council is acting as an accountable body for a community organisation or is offering its own services to enable an activity to take place (e.g. a venue hire to enable a free community event to be held).	<ul style="list-style-type: none"> • The increasing amount of payments to District and Borough Councils is not within the spirit and overall aim of the CDF scheme. • There are potential conflicts of interests for dual-hatted Members in making such payments. • The increased payments in this regard have led to a blurring of public perception about who is providing the activity/service etc, with the publicity requirements not always met within the spirit intended. • It is recognised that on occasions, payments to a District or Borough Council are a means of ensuring a community activity or event can take place and therefore it is proposed to retain the ability to make such payments on an exceptional basis.
7.	Payments to Parish Councils to continue to be permitted	<ul style="list-style-type: none"> • Parish Councils have far smaller budgets than District and Borough Councils and it feels that the existing level of payments is appropriate, proportionate and within the spirit of the CDF scheme. • There is also less potential for conflicts of interests and blurring of public perception.
8.	Payments to Third Parties to continue to be permitted but only in very limited circumstances.	<ul style="list-style-type: none"> • In very limited circumstances a contractor is paid directly for undertaking work for an activity/event etc being funded by CDF (e.g. an electrician installing a defibrillator) – for similar reasons such as the applicant does not have an appropriate bank account.
9.	<p>Minimum and Maximum thresholds to be set. Minimum amount to be increased from £50 to £100 per application (N.B. for multi-Member funded applications, Members could fund less than £100 each as long as the total application reaches the £100 threshold).</p> <p>Maximum limit of up to £1000 per application per Councillor to be introduced (N.B. for multi-</p>	<ul style="list-style-type: none"> • Increased minimum amount to ensure best value for money from the scheme and to ensure that the Council costs in arranging a payment do not equal or exceed the amount awarded. • To ensure CDF funding is as wide-reaching as possible

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	Member applications, each Councillor could choose to fund up to £1,000 each).	
10.	Any total payments over £1,000 to an organisation in a single financial year, or any payments to help establish a new organisation, will trigger enhanced monitoring and auditing, to be automated via the electronic system if possible (N.B. may need to be a later development to the system)	<ul style="list-style-type: none"> • If this can be automated it may give further reassurance to Members that CDF funding is being used appropriately without impacting greatly on officer time, especially if the rules around more general donations and running cost are relaxed as proposed. • Funding towards the establishment of a new organisation is recognised as a potential risk area as it will not be possible for a Member to assess the background of that organisation, with no web presence etc (see point 12 below).
11.	Applications that have ongoing maintenance and /or cost implications for current and future years should not be funded unless agreement has been reached with a third party to take on responsibility for such maintenance and/ or any other costs or the relevant Member agrees to pick up the ongoing costs in future financial years through their CDF allocation.	<ul style="list-style-type: none"> • To ensure that funding of capital applications such as defibrillators, decorative planters, Christmas lights, grit bins does not leave the County Council open to criticism or liable for ongoing maintenance, costs or potential claims. • To ensure that Members are mindful of ongoing costs and maintenance when submitting relevant applications.
12.	Prior to submitting an application, Members undertake their own assurance checks, to consider an organisation's background and whether the CDF is the most appropriate source of NCC funding available.	<ul style="list-style-type: none"> • To ensure that any applications put forward are appropriate and that the CDF is the most relevant NCC funding stream.
13.	No funding to politically-affiliated activities, pressure groups or groups related to regulatory processes.	<ul style="list-style-type: none"> • This is to strengthen the existing restrictions that prevent funding being given to support any matter which is contrary to NCC policy or to oppose/support any proposal (including planning) which NCC has a legal obligation to determine.
14.	The notion of 'funding windows' to limit applications to specific periods in the year should not be pursued.	<ul style="list-style-type: none"> • Although there are potential benefits to such an approach to help spread the payments and resulting work more evenly through the financial year, it will reduce the current flexibility and speed to respond to changing circumstances which the current approach offers
15.	New Member-led, self-serve electronic system - order of the steps in the approval process (with initial test electronic form and system to be piloted by the members of the CDF Review Working Group)	<ul style="list-style-type: none"> • The proposed steps are as follows: <ul style="list-style-type: none"> i) Member holds initial discussions with applicant organisation (Members should be encouraged to underline that the application is not guaranteed to go ahead at that stage and will need to satisfy the requirements of the scheme). ii) Member makes application online – for joint applications there will need to be a lead Member making the application. As part of the electronic process Members will be asked to clarify how they have been made aware of the organisation / individual and the funding need and to confirm that they have undertaken their own initial assurance checks.

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		<ul style="list-style-type: none"> iii) System ensures basic requirements of scheme are met and all relevant fields are completed iv) If a joint application, the other Members are automatically contacted to confirm their agreement v) The electronic form comes to Democratic Services to undertake a validity check, to include consideration of the background to the organisation and whether other, more appropriate sources of NCC funding are available. Meetings to undertake these checks will be arranged on a weekly basis, to maximise efficiency, utilising the electronic system and with resilience built into the process to ensure delays due to staff absence are avoided. vi) If, following further discussions with the relevant Member, the application is found to be outside of the remit of the CDF scheme, then the Member is informed and given reasons vii) If valid, the application is processed as currently with electronic confirmations and updates sent to the Member and applicant.
16.	<p>The monitoring of CDF payments by Governance and Ethics Committee to move from a six monthly to an annual cycle, with interim reports submitted in exceptional circumstances if issues come to light through the enhanced monitoring and risk assurance measures.</p>	<ul style="list-style-type: none"> • To enable better alignment with the annual audit undertaken by Democratic Services officers and to ensure that those officers have additional time to widen the scope of these audits to include trend information etc.