Nottinghamshire County Council

Report to Governance and Ethics Committee

26 November 2025

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

COUNCILLORS' DIVISIONAL FUND – AUDIT AND MONITORING UPDATE

Purpose of the Report

1. To share the findings of the recent audit and monitoring activity relating to the Councillors' Divisional Fund (CDF) scheme.

Information

2. The CDF is a specific budget that enables each County Councillor to put forward proposals for expenditure in their electoral division that align with the Council's strategic objectives. Any payments made through the scheme must comply with the requirements of the CDF Policy.

3. A revised CDF Policy (**see Appendix A**) was agreed by Governance and Ethics Committee on 10 March 2022. This new Policy refreshed requirements for the auditing and monitoring of the scheme.

4. The Policy requires an annual audit of a sample of applications, which will include ensuring that monies provided have been spent in line with the application that was made. The type and number of applications that are to be audited are agreed with the Chairman of the Governance and Ethics Committee, with a number of different types of applications included within the proposed sample.

5. For the 2024/25 audit, 11 applicants have been contacted and the majority of those have been able to provide the required information and assurance. However, at this stage, not all have been able to confirm that they have fully met the requirements of the CDF Policy – for example:

   a. 9 of the 11 applicants were able to provide receipts for the related expenditure – the outstanding receipts are being pursued further. It should be noted that the expenditure for which receipts have not been provided totals £1150.

   b. The receipts provided by 1 of the 9 applicants highlighted a discrepancy between the expenditure and the description contained within the application summary, albeit the equipment that had been funded was still appropriate and consistent with the CDF Policy.

c. 7 of the 11 applicants were unable to provide a record of the CDF contribution having been formally acknowledged in writing.

6. Democratic Services Officers will continue to progress any outstanding responses from the above organisations, seeking advice from the Council's internal audit team where necessary, to help give assurance that the requirements of the Policy have been fully met.

7. It would be very helpful if Councillors, in any dealings with potential CDF applicants, continue to underline the requirements of the Policy in terms of the need to keep receipts (should they be requested) and to acknowledge the Council's contributions.

Additional Monitoring

8. In preparing the updated Policy in 2022, a set of principles were established to underpin it. A number of those principles, together with the wording of the updated Policy, were designed to reduce risk to the fund by introducing audit requirements. These included:

   a. increased assurance in respect of payments made to individuals (e.g. the requirement to provide receipts)

   b. additional monitoring for any payments to an organisation that exceed £1000 in a single financial year (either because they are joint payments from a number of Councillors or repeat payments from the same Councillor)

   c. additional monitoring for any payments that help establish a new organisation.

Individuals

9. There were 23 individuals who received CDF payments in 2024-25, 18 of which were acting on behalf of community groups or events (with the remaining 5 being individuals who had received funding to help further their sporting or artistic endeavours).

10. Of those 23 individuals, 4 have been unable to provide receipts for the full amount of funding received as required. 1 of these 4 has yet to spend the money, which was intended for sporting equipment, because the related sports ground has yet to be finalised at this stage. It should be noted that the expenditure for which receipts have not been provided for this category totals £1095 (£500 of which relates to the unspent monies for sporting equipment).

11. During the refresh of the Policy in 2022, Councillors were mindful that payments to individuals carried a degree of risk, not least because such payments were inherently more difficult to publicly acknowledge in writing. The need to provide receipts in all such cases was included in the Policy as a means of providing a further check and balance.

12. During confirmation of any payments, individuals are informed of the need to provide receipts. Again, it would be very helpful if Councillors, in any dealings with potential CDF applicants, continue to underline the requirements of the Policy in terms of the need to keep receipts, especially with regard to payments to individuals.

Organisations that received more than £1000 CDF funding in the financial year

13. Of the 21 organisations that received £1000 or more funding in 2024-25, 16 have provided receipts covering at least the full amount of CDF funding received.

14. Of those that are unable to provide receipts covering the full amount:

    a. 2 have yet to spend all money received, pending related elements of the overall projects progressing;

    b. 1 had a small amount of funds remaining (£143 out of £1225) which it plans to use for the same annual event in 2025;

    c. 2 referenced some of the money received being used to fund staff / administration time. This runs contrary to the CDF Policy, which underlines that monies should not be used to pay for salaries and main office rents.

15. In relation to the Policy's requirements for public acknowledgement of the funding, 18 of the 21 organisations have undertaken this as required. Of the remaining 3, 1 concerns a project which has yet to reach its conclusion.

16. It is disappointing to note that 1 of the other projects funded (to a total of £1100 by two Councillors) has produced online and other coverage of the activity funded but seemingly without any reference to the County Council's financial contribution. Once again, it would be helpful if Councillors could remind potential CDF applicants of the requirement in this respect.

Funding towards initial establishment of new community groups

17. Of the 4 new organisations that received funding to help assist in their initial establishment, 3 were able to provide fully satisfactory responses to requests for information. The other group, which had received funding of £100 towards transport costs of service users, was unable to provide receipts but had provided sufficient detail to give necessary assurances that the expenditure had been legitimate.

Payments to District and Borough Councils

18. There were 7 payments made to District Councils in 2024-25, on the basis that it was not otherwise possible to action the proposed activity. This approach is in line with the relevant proviso in the CDF Policy.

19. Of those 7 payments, full details and invoices have been received for 5. Of the remaining 2, receipts have been received for 1 (but no details of public acknowledgment) and 1 has not responded despite repeated requests for information and invoices.

Running Costs

20. At the Governance and Ethics Committee meeting of 3rd September, at which the list of CDF payments for 2024-25 was considered, Members raised concerns that a general description of 'running costs' may not offer a sufficient level of detail as to what the funding was for.

21. The Policy states:

General running costs (except for salaries and main office rents) of not-for-profit or community organisations and local charities can be funded, Funding does not need to be earmarked for specific activities or events, as long as the Member is assured that the funding will be used for the benefit of the wider local community on activities that are in keeping with the Council's strategic objectives.

22. Since that meeting, Democratic Services officers involved in the approval process have been seeking further details for any applications relating to running costs. However, this is resulting in additional workload and not insignificant delays in payments. Whilst recognising the need to ensure the running costs are not relating to main office rents or salaries it is requested that Members consider whether, on balance, 'running costs' is felt to be a sufficient description.

23. It should also be noted that the workload involved in undertaking the audit and additional monitoring of the CDF scheme has grown. This can also impact on the wider administration of the scheme and the timeliness of payments. The workload implications of this activity will continue to be reviewed by the Team Manager, Democratic Services to ensure it remains appropriate to the overall value of the CDF funding

<u>Alternative potential Nottinghamshire County Council funding sources</u>

24. Councillors have recently been offered briefings on the latest round of the Council's Local Communities Fund (LCF) which ran from 13 October to 7 November 2025. The LCF consists of Capital, Revenue and Talented Athletes streams.

25. The most recent round of the LCF was the final funding opportunity for the applications based on the current funding arrangements. The current LCF commenced in 2022 and runs until 31 March 2026. In previous years there have been two rounds of funding available per year – with capital at £250,000 per round and revenue at £50,000 per round. This year the fund was open for a single round, which closed for applications on 7 November. The amounts were capped at £500,000 for capital and £100,000 for revenue. The Talented Athletes round of the fund opens on 17 November for applications.

26. As part of the online CDF application process, Councillors are asked to confirm whether other forms of Council funding, such as the LCF, have been considered.

27. Whilst not prohibited from funding the same project from both the LCF and CDF, if LCF funding has already been awarded it could be best for Councillors to avoid awarding CDF funding also, in order to better spread the Council's funding across a wider range of community groups in the County and to help encourage community groups to consider longer-term financial sustainability and resilience.

Other Options Considered

28. To not undertake an audit or additional monitoring for the specified categories but this would be contrary to the agreed CDF Policy.

29. To consider requesting revisions to the Policy to increase the thresholds for additional monitoring. At this stage, the Team Manager, Democratic Services plans to continue to

monitor the workload implications of this activity with a view to informing any possible recommendation to future meetings of the Committee.

Reason/s for Recommendation/s

30. To give the Committee the necessary assurances that the scheme is working within the Policy requirements.

31. To enable Councillors to help address any emerging patterns so that applicants can meet all requirements of the scheme.

Statutory and Policy Implications

32. 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.

Financial Implications

33. Each Councillor has a CDF allocation of £3,000 each financial year, resulting in a total potential cost to the Council of £198,000. The total amount of funding covered by the applications that have been included in the audit, or which have been subject to additional monitoring, equals approximately £51,000.

Legal Implications

34. The audit and monitoring of CDF expenditure are important parts of the checks and balances in place to enable the requirements of the Policy to be met and to prevent any inappropriate or fraudulent activity.

Local Government Reorganisation Implications

35. There are no Local Government Reorganisation implications arising from this report.

Data Protection and Information Governance

36. Updated summaries of all CDF expenditure are published on a monthly basis.

RECOMMENDATION/S

1) That the outcomes of the audit and additional monitoring activity be noted.

2) That all County Councillors be sent a further copy of the CDF Policy, reinforcing the need for applicants to meet the relevant requirements including the provision of receipts where requested, the public acknowledgement of the Council’s contributions and the prohibition on funding salaries and main office rents.

3) That the Committee considers the issue of running costs and agrees the level of detail required in application summaries.

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Legal Comments (SSR 29/10/2025)

37. These recommendations fall within the scope of matters that may be determined by Governance & Ethics Committee.

Financial Comments (PAA 28/10/2025)

38. The financial implications are set out in paragraph 32 of the report. Allocations for the Councillors Divisional Fund are made each year as part of the budget setting process. The amount spent by each Councillor is actively monitored with regular communication between individual Councillors and Democratic Services

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.

- Summary of 2024-25 CDF Audit responses
- Summary of 2024-25 CDF Additional Monitoring

Electoral Division(s) and Member(s) Affected

- All