

**OVERVIEW AND SCRUTINY
7 JUNE 2016**

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

10

TITLE OF REPORT : REVIEW OF NHDC GRANTS AND GRANT POLICY

REPORT OF THE HEAD OF POLICY AND COMMUNITY SERVICES

EXECUTIVE MEMBER: COUNCILLOR TONY HUNTER, COMMUNITY ENGAGEMENT AND RURAL AFFAIRS

1. SUMMARY

- 1.1 For Cabinet to receive and consider the outcomes of the grants audit, grants policy and financial assistance review.
- 1.2 To provide Cabinet with feedback and proposals in regard to the recommendations arising from the Overview and Scrutiny Task and Finish Group on Grants and Financial Assistance (2013).
- 1.3 To provide Cabinet with feedback and proposals in regard to the recommendations arising from the Shared Internal Audit Service (SIAS) review of the Council's Area Committee grant making process.
- 1.4 In light of the considerable funding pressures the Council will face over the next four years and the consequent need to review all areas of spend and particularly discretionary spend, to enable Cabinet to receive and consider proposals to improve the current grant award processes and criteria to meet latest requirements, including contractual, financial, equality, and transparency regulations

2. RECOMMENDATIONS

That Cabinet;

- 2.1 Discuss and comment on the proposed changes to the grants policy, criteria and processes recommended following the completion of the grants review, comprising the following proposals listed in the review document attached as **Appendix 1**:
 - Cabinet consider any redirection or focus for the corporate Grants Policy alongside review of the Corporate Plan each year to ensure it better reflects the Council's latest policy and budgetary position
 - Existing rural minor revenue/capital grants scheme to be closed and remaining revenue of £32,900 be given up as an efficiency saving from 2017/18 financial year
 - Grant awards to be awarded to any group for two consecutive years maximum (excluding those paid under the replacement to Major Memorandum of Understanding)
 - Grants awarded to be in excess of £500 only

- Grant applications should reflect any additional benefits an applicant gains from the authority such as any rate relief, accommodation at less than market rent etc
- 2.2 Agree the general grants policy for 2016 onwards as attached as **Appendix 1**
- 2.3 Note that there will be further work required of officers during 2016/17 to;
- Explore the potential of separating the receipt and process of grants from the practical work with community groups
 - Review the role of Community Officers and how they can best contribute to building capacity and sustainability in the local community
 - Review the implications of the National Cabinet Office review of local authority grant funding when published
 - Review implications of any changes to business rate relief arising from the proposal for business rate (NNDR) retention by local authorities community/voluntary
 - Incorporate any changes arising from the next SIAS audit of grants, due for completion in fourth quarter of 2016/17
- 2.4 Agree that from financial year 2017, the North Herts Citizens Advice Bureau, North Herts Centre for Voluntary Service receive a commitment to three yearly funding, at the present rate, under contract.
- 2.5 Agree that Sport North Herts funding be reviewed in late 2016 to measure any benefit or impact of public health budget changes, and that following review the decision be taken by the Head of Policy and Community Services in discussion with the Executive Member for Community and Rural Affairs grants to continue, reduce or cease funding from 2017
- 2.6 Agree that from financial year 2017, any funding for the NH Arts Council and British Schools Museum Hitchin be made by NHDC Museum and Cultural services through service budgets (using current grant budget transferred to that service).
- 2.7 Agree that from financial year 2017, annual grant funding under Major MoU to Stevenage and NH Womens Resource Centre, RELATE and the North Herts Minority Ethnic Forum cease.
- 2.8 Agree that Cabinet receive an annual update from the Executive Member for Community and Rural Affairs on the benefits and impact the Council's investment in three yearly contracts with the voluntary/community sector deliver for the district.
- 2.9 Agree any subsequent minor amendments to the Grants Policy be delegated to the Strategic Director of Finance Policy and Governance in discussion with the Executive Member for Community and Rural Affairs.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations proposed are as informed by the Overview and Scrutiny Task and Finish Group recommendations for review on grants and financial assistance, and Shared Internal Audit Service (SIAS) review of area committee grants.
- 3.2 There are other recommendations for further review and consideration of best practice identified in comparison with other Herts/local authorities and from more recent national grants/local authority funding initiatives, which members are invited to consider.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The review document attached to this report as Appendix 1 references a number of alternative options which have been reviewed and discussed with the relevant Executive Members. These have included considerations such as
- the authority making no discretionary grant awards at all – this has been discounted at this stage, but consideration of the amount of budget assigned to grants will remain subject to review at corporate business planning
 - schemes which provide only very limited sums (such as £50) to a wide range of local groups for specified events ‘in year’ – this is a resource intensive process, which may reduce Community Officers’ time working in the community still further.
 - larger payments only but completely ‘commissioned’ payment system – this could commit the authority to long term financial expenditure, at a time when its own income and expenditure is increasingly uncertain
 - establishment of a centralised grants panel – this is an area which could be reviewed as part of the Council’s Corporate Business Planning, as there are undoubtedly efficiencies which could be achieved at the same time as achieving greater consistency in regard to decision making (SIAS Recommendation).

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The findings and proposals within these review papers have been discussed with the relevant Memorandum of Understanding review officers, with the relevant Executive Members with representative voluntary/community and support organisations, other ‘similar’ local authorities, and Hertfordshire County Council Commissioning Officers.

6. FORWARD PLAN

- 6.1 The report contains recommendations on key decisions that were first notified to the public on the Forward Plan on 27th February 2015.

7. BACKGROUND

- 7.1 NHDC’s current grants policy document and criteria, ‘Review of Policies and Procedures for Financial Assistance to Voluntary and Community Organisations’ was originally developed and adopted in November 2002 and whilst there have been some minor amendments made in the intervening period, it is evident that the financial circumstances and general community/voluntary sector in which grants are awarded has changed significantly in the intervening 14 years. It is also evident that budget policy, reviewed annually, is not referred to (and therefore applied) in the existing grant policy documents.

One of the recommendations arising from the review is therefore not only that the grants policy itself remains as succinct and focussed as possible, but is subject to very light touch annual review (within the corporate business planning process) to ensure it is aligned as well as possible with Council policy, budget policy, partnership priorities, latest statutory duties and demographic priorities for the district.

- 7.2 The review did not only need to take account of the changed environment in which the Council and its voluntary/community sector now work, but also considered how it could best address the latest financial and procurement regulations, as well as bringing the grants process into better alignment with the other policies/strategies to which the Council is committed. These include, but are not solely confined to, the Medium Term Financial Strategy, Budget Strategy, Green Space Strategy, Economic Development Strategy, Health and Wellbeing Strategy, PREVENT agenda etc.
- 7.3 The review also considered the level of grant funding NHDC award each year, and compared this with other Herts authorities. Whilst the amount assigned to the overall budget is a matter for each authority to determine, it is useful to know how the budget is apportioned thereafter, and especially to the likes of Citizens Advice Bureaux and Centres for Voluntary Service, which work across the County.

8. ISSUES

- 8.1 The recommendations arising from both the Overview and Scrutiny Task and Finish Group and Shared Internal Audit Service (SIAS) review of area committee grants effectiveness are addressed in turn, and response provided, in the 'Grants Review' Appendix 2 attached to this report.
- 8.2 It is evident that whilst supporting the local community in general is an admirable intention, there is currently insufficient 'direction' in regard to grant expenditure and as a result the span of events, activities and projects the area committees consider are wide ranging and increasingly difficult for applicants, members and officers to align to agreed Council policy, including the adopted budget policy. The recommendation to 'review' the grant policy each year is therefore intended to ensure projects best deliver the priorities of the Council and by use of data, the district's changing needs. This will also enable officers to identify or actively pursue with relevant groups areas of work should a need be identified but where no application to grant fund has been made.
- 8.3 There have been recent changes to the Local Government Equality Duty in regard to procurement, including its decision making and thus also around grant awards which need not only to feature in the policy itself, but in the processes used to consider grants from receipt to award. The Equality Duty requires all authorities to have 'due regard' when making decisions (and in its other day-to-day activities) to consciously consider the need to: eliminate discrimination, advance equality of opportunity, and foster good relations. How much 'regard' is due will depend on the circumstances and in particular on the relevance of the decision or function in question. For example, decisions about the provision of a social or lunchtime opportunity for older people compared to those regarding the purchase of office stationery will have greater potential impact and more relevance to the aims of the duty, and so it will need a higher degree of consideration.
- 8.4 The position in regard to the award of community/voluntary sector grants is one of continuing change, which is highly likely to require further changes to the grants policy; these may arise from additional national financial governance requirements (following the collapse of Kids Company as an example), from changes to legislation such as the 'Protection of Charities and Social Investment Act 2015, the outcome of the Cabinet Office review of grants awarded by local authorities, or procurement changes.' It will therefore be necessary to complete another minor review and amendment to the Grants Policy 'in year' depending on changes which may be required of the authority, and include the additional considerations listed at recommendation 2.3 above.

8.5 This review has in part considered how the changes to 'community wellbeing commissioning' at Herts County Council may impact, either positively or negatively, the proposals made by NHDC in regard to their own grants. Following a conference and launch in February/March 2016, nine overarching themes have been agreed, which are;

- promoting mental health and wellbeing
- supporting carers
- information and advice
- staying active and physically well
- living well with long term conditions
- reducing social isolation and maintaining independent living
- keeping people out of hospital
- connecting and developing individuals and communities
- reducing substance misuse and promoting safer communities

Tenders have been received and accepted for a number of these services, but others are subject to re-tender, so it will be important for NHDC and others to take account of any changes the award of these contracts may make to individual districts in the longer term, particularly around information and advice in regard to the likes of the CAB.

9. LEGAL IMPLICATIONS

9.1 The Terms of Reference in relation to Area Committees confirm that they may establish and maintain relationships with outside bodies/voluntary organisations which include discretionary grant support. However, this does not include grants for district wide activities, which are delegated to the Head of Policy and Community Services under the Council's scheme of delegation.

9.2 Section 1 of the Localism Act 2011 provides a General Power of Competence which gives local authorities the power to do anything that individuals generally may do for the benefit of the authority, its area or persons resident in its area, with the exception of powers which are afforded by implementation of or compliance with alternative legislation.

10. FINANCIAL IMPLICATIONS

10.1 Section 137 Local Government Finance Act 1972 provides specific authority for the Council to incur expenditure on anything which in their opinion is in the interests of and will bring direct benefit to their area or any part of it or all or some of its inhabitants. This includes a charity or other body operating for public service.

10.2 NHDC's Budget Policy determines that the authority will not invest in schemes which have been, are, or would generally be provided by another statutory authority or by an authority which is precepting i.e. a town, community or parish council.

10.3 Ceasing to fund a number of Major MoUs from 2017 will release £20,040 revenue. It will be necessary to review again the impact of Public Health, HCC funding etc in the longer term, in order to determine how this may best be used corporately from 2017/18

10.4 The former rural grants (revenue) scheme has ceased in 2016, and it is proposed that the funding remaining £32,900, be put up as a revenue saving in the 2017/18 corporate business planning process.

11. RISK IMPLICATIONS

- 11.1 The Council could face risk of legal challenge in regard to its grant making decisions were it to continue to award different amounts, or at times none, to similar or identical organisations throughout the district. It will be important to conduct some revised training with officers and members to ensure that recommendations to fund (or not) made by officers are based on sound evidence, risk/opportunity etc in order to achieve greater consistency of decision making across the district.
- 11.2 There are also financial risks which apply were the Council not to monitor expenditure of grants made to local community and voluntary groups. Any monitoring should, however, be commensurate to the level of funding awarded. Part of the review and audit scope have looked at the processes which support grant payment and administration to reduce this risk, and improvements identified will be adopted or as recommendation 2.3 above, further changes proposed in due course..

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The proposals made within the review paperwork attached takes account of these equalities obligations and seeks to establish a more sound, evidence base, on which grants will be awarded. The intention is also to focus expenditure more on areas of greater need in the district, including addressing rising demands in regard to housing, homelessness and debt advice from a number of our communities. Retaining a greater focus on key areas of need should also ensure that a reduced budget can be used as effectively as possible, especially given the risks of cuts to local government funding announced recently.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 The proposals made within this report and amended policy document can be delivered within existing officer resource and indeed some of the improvements proposed to the administration of grants may release a greater degree of Community Officer time which can be prioritised towards community based activities and development.
- 14.2 The review proposes consideration of changes to the process by which grants are received and administered in future, including through other NHDC services, and how this may impact the role and focus of Community Officers, increasing capacity building in the local community. Any proposals will be subject to relevant consultation in due course.

15. APPENDICES

- 15.1 Appendix 1 - Grants Policy
15.2 Appendix 2 - Grants review considerations and findings

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Overview and Scrutiny Task and Finish Review of the Councils grants and financial assistance 2013
- 17.2 SIAS Audit report on effectiveness of Area Committee Grants 2014
- 17.3 Review of Policies and Procedures for Financial Assistance to Voluntary and Community Organisations, November 2002.