


REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

22 February 2018

Subject:	Update on the council's process for awarding grants to community organisations and the use of Grot Spots funding
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Contact Officer(s):	<p>Gary Bowman Service Manager - Area Working, Sandwell Partnership 0121 569 3447</p> <p>John Baker Development and Regulatory Services Manager 0121 569 4037</p>

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and comment upon the changes being made to the council's process for awarding grants to community organisations and on the implementation of internal audit recommendations made in recent audit reports on Grants and Grot Spots Funding

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1 PURPOSE OF THE REPORT

- 1.1 The report updates the committee on changes being made to the council's process for awarding grants to community organisations and on the implementation of internal audit recommendations made in recent audit reports on Grants and Grot Spots Funding.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 Ensuring the council has a fair and transparent process for awarding grants to community organisations will help contribute to an overall strong governance framework.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The council has operated a variety of grant funding streams for a number of years, this includes Grots Spots funding and Local Area Budget, Youth Offer and other small grants targeted at local groups.
- 3.2 While the use of these grants has served a very useful purpose, particularly at community level, it had become clear that the way they were administered had become fragmented and inconsistent.
- 3.3 During 2016/17 internal audit issued two fairly critical reports on both the council's Grants and Grots Spots Funding processes and these were reported to the Audit Committee in March 2017.
- 3.4 Following this Members requested that further transparency was needed when utilising such funding and that the council's overall system of funding allocation was unclear.
- 3.5 In their Review of Neighbourhood Services report presented to Cabinet in February 2017, the then Interim Director of Neighbourhood Services commented on the council's grants processes as follows:

There has been an internal audit investigation on the management of grants by the Neighbourhoods Directorate, the recommendations of the review will be appropriately implemented and there is acknowledgement that the grants process needs to be improved. Furthermore, grants need to be used to deliver outcomes that are consistent with the council's priorities and objectives. There are eight grants which are administered by staff in Neighbourhoods Directorate which are available to support local initiatives in each of the six localities. The value of these for 2016/17 totalled £1,350,000.

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In addition to the above, there is a further HRA grant which is provided to SCIP's and the Grot Spots grant, both of which are outside the scope of this report. The overall grants budget, is currently significantly underspent and is likely to remain so for the remainder of the current financial year. This raises a number of questions over the effectiveness of the allocations and publicity process and whether such amounts are needed or whether all the available resources should be combined to create a single local pot and / or better joining up of outcomes across each grant.

The application process itself needs to be reviewed to ensure there are clear criterion for processing applications and boundaries between decision makers and grant recipients or those involved in supporting or advocating for grant applicants. An officer working group has been established to produce a revised process which will aim to meet internal audit recommendations and compliance with financial regulations and grants procedures. Service managers need to also assure themselves that their staff are aware of and understand the grants procedures before they sign off reports or grant applications.

Grant applications need to be processed in a timely manner and decisions to award grants should be made transparently and recorded on the appropriate delegated decision form.

- 3.6 Following this report a number of actions and processes are being put in place including:

Grants

New procedures are being prepared in readiness for the launch of a new grants programme, Neighbourhood Grants Programme, commencing April 2018 which incorporates all the existing small grants programmes including Local Area Budget, Youth Offer and Healthy Towns Budgets.

The procedures and forms are being shared with lead and deputy lead town members and Neighbourhood Service Managers. Further briefings and training regarding the new processes will be made available prior to the launch of the new programme for officers and elected members regarding how small grant funds are utilised and the processes the council uses to maximise take up and contribution of the resources to council vision, ambitions and town plans.

Grot Spots

The main emphasis of the Audit Report was to ensure that monies were spent addressing actual grot spots. There had been on occasion a move

away from using the fund to deal with traditional grot spot issues that were having an adverse visual impact on the immediate neighbourhood such as fly tipping, untidy land and overgrown sites. Furthermore, in cases where monies were being spent to address issues on private land, owners were not always being asked to make a financial contribution.

In order to address these concerns, the grot spots application form and guidance notes have been simplified and also combined into a single document. The document also stresses the importance of completing all parts of the form; emphasises that a 'grot spot' must be addressed; seeks a contribution or 'charge' if private property is involved; emphasises that monies are not intended to replace mainstream budgets; and also includes a section for Service Manager sign off as well. In addition to the above, it is also prudent to meet with Members and officers to talk through examples of what constitutes a grot spot. This began with a presentation at the Town Chairs meeting in November 2017.

3.7 With regards to the implementation of recommendations from the internal audit review of Grants, the following actions have taken place:

Recommendation	Update
The programme of small grants should be re-launched with clearly-stated aims and objectives to improve awareness and transparency.	A full review of the Local Area Budget, the Youth Offer and other small grants has been undertaken, and a revised programme called Neighbourhood Grants is being devised. This revised programme will be launched from April 2018 that will also be consistent with local town plans and the Sandwell 20130 vision.
There should be a clear understanding between what constitutes a grant and what should form the basis of a contract.	There is already a clear understanding of the distinctions between grants and contracts laid out in the conditions of voluntary sector grant aid and procurement processes. It is explicit in the new guidance the Neighbourhood grants are grants and will be treated as grants. However, monitoring arrangements have now been strengthened to ensure the grant is applied for the purposes agreed by signature of both parties.
Standard paperwork/documentation should be introduced for all of the grant streams.	The previously different grant regimes have been included in a single grants pot, Neighbourhood Grants and there is a single process and one set of documentation that applies.

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A central register of all grants should be maintained.	All grants are now registered by a single administrator who is responsible for maintaining records and ensuring monitoring is undertaken.
Monitoring arrangements must be included in the proposal and carried out as specified.	Monitoring requirements and arrangements are now detailed clearly in the proposal form and in the agreement signed by the council and the grant recipient.
Members should be involved in the setting of aims and objectives.	Members are being consulted and will be involved in the setting of aims and objectives.
Members, in their community development role, should be involved in developing applications with local community and voluntary groups. However, where they have an interest this must be declared and the member should make sure they are not part of the approval process.	There is provision for elected members as well as local officers to engage with community groups in a development and support role. However, any support made available or other interest of members and officers must be declared by the applicant on the application form. Members and officers who do have an interest will not be part of the approval process.
There should be a clear mechanism for the approval of grant awards.	The mechanism for approval has been clarified in the applications process and forms. The decision to approve grant awards via the Neighbourhoods Grants programme is delegated to the Director of Housing and Communities.

3.8 With regards to the implementation of recommendations from the internal audit review of Grot Spots Funding the following actions have taken place:

Recommendation	Update
The council should consider if the use of a dedicated Grot Spots funding pot, and of what size, is the most appropriate manner in which to distribute funds for work of this nature. If it is to continue then a clear and updated “Process for Allocation of Funds and Tracking of Progress” should be prepared and approved. This should include:	

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<p>A clear definition of the funding criteria, making it explicit what it can and shouldn't be used for, and that it is not to be used as an alternative to the normal budget setting process.</p>	<p>Guidance notes on what constitutes a 'Grot Spot' have been made integral to the application form and the circumstances outlined when such bids are acceptable.</p>
<p>A review and refresh of the documentation used to apply and approve the funds, and version control introduced should any future changes be made.</p>	<p>A new version controlled document has been produced which now combines a refreshed application form with accompanying guidance notes.</p>
<p>A requirement that all application forms are fully completed before approval is given.</p>	<p>The requirement to fully complete the application form, and provide supporting information as required, has been emphasised within the new documentation.</p>
<p>That approval is clearly evidenced by signing off each approved application form.</p>	<p>Officer and member approval, as well as reasons for refusal, will be clearly documented as part of each application.</p>
<p>That post-approval monitoring and reporting takes place.</p>	<p>Emphasis has been made within the application form that applicants will be required to report on the project and provide photographic evidence for example of the completed scheme.</p>

3.9 Internal audit will review and comment upon these actions as part of their 2018/19 Internal Audit Plan. Once completed, the outcome of these reviews will be reported back to the committee

4 THE CURRENT POSITION

4.1 The report does not require a decision and therefore, no position analysis is necessary.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 The outcomes of the individual audit and other related reports have been discussed with the relevant stakeholders and reported to the respective Director.

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6 ALTERNATIVE OPTIONS

- 6.1 The report does not require a decision and therefore, alternative options do not need to be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 There are no direct financial and resource implications arising from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 A strong governance framework will allow the council's process for awarding grants to community organisations to operate in a fair and transparent manner.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 It was not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 It was not necessary to undertake a Data Protection Impact Assessment.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no direct risk implications arising from this report.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The purpose of the report is to inform the Audit and Risk Assurance Committee of changes being made to the council's process for awarding grants to community organisations and on the implementation of Internal Audit recommendations made in recent audit reports on Grants and Grot's Spots Funding. As such, no decision is required.

16 BACKGROUND PAPERS

16.1 None.

17 APPENDICES:

17.1 None

Darren Carter
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