

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 24 OCTOBER 2023

ANGUS COUNCIL GRANT GOVERNANCE PROPOSALS

**REPORT BY ALISON SMITH, DIRECTOR OF VIBRANT COMMUNITIES AND
SUSTAINABLE GROWTH**

ABSTRACT

This report updates the Committee on the proposed defining of “core” and “non-core” funding and proposed governance arrangements for applying for, accepting and deciding on the use of “non-core” external funding and seeks approval of the recommended option for elected members involvement in decision-making. This paper sets out what approvals are already in place, notes the work underway to review guidance documents and makes recommendations for future governance. It also clarifies the scrutiny role of elected members.

1. RECOMMENDATIONS

It is recommended that Committee:

- (i) notes that this paper has been prepared following approval of the motion presented by Councillor Wann and seconded by Councillor Gavin Nicol at the meeting of Angus Council of 11 May 2023;
- (ii) notes the work underway to review existing guidance documents relating to external funding;
- (iii) notes the implementation of a new corporate Grant Register;
- (iv) notes the new officer governance arrangements for external funding and projects to be led by a Strategic Funding and Projects Officer Group;
- (v) agrees that a delegation will be added to the Council’s Scheme of Delegation, delegating authority to the relevant Director (a) to determine whether or not to submit applications for non-core external funding of less than £500,000; and (b) to determine whether or not to accept offers of non-core external funding of less than £50,000;
- (vi) agrees Option 2 as outlined in this report as the model for decision-making by elected members i.e. the creation of a new Sub-Committee of the Policy & Resources Committee and agrees to sub-delegate the following powers to the Sub-Committee: - “To determine whether or not to submit applications for loans, grants, donations and subscriptions for non-core funding, in respect of services which are not linked to or associated with functions referred or delegated to any other Committee or Sub-Committee”;
- (vii) notes that regular updates on all funding secured and administered to third parties which fall within the terms of reference outlined in recommendation (vi) will be provided to this Sub-Committee once the Grant Register is in place via the regular reports on the Change Fund; and
- (viii) notes that information on the new approach and revised guidance will be cascaded to staff.

2. ALIGNMENT TO THE COUNCIL PLAN

- 2.1 Any project we are delivering or seeking funding for should align to the priorities of the Council Plan. The approach set out here in particular will ensure we are more efficient and effective in how we monitor and use external funding and also:

Caring for Our Place

maximise funding opportunities and grants to the Third Sector and communities to support their ambitions to deliver services.

3. BACKGROUND

- 3.1 At the meeting of Angus Council of 11 May 2023 the following motion, presented by Councillor Wann and seconded by Councillor Gavin Nicol, was approved: -

‘Angus Council:

(i) note the concerns raised by Audit Scotland that, at an all-Scotland level, not all of the expenditure from COVID monies can be identified;

(ii) ask officers to prepare a report setting out suitable processes which the Council will follow to: -

- (a) apply for funding from other organisations including from UK and Scottish Government; and
- (b) allocate grant funding to third parties;

(iii) agree that this report should clarify the role of elected members in those processes for approval and which aspects would be delegated to officers. The report to also set out arrangements for reporting what’s been achieved with such funding to elected members.’

Angus Council has a long history of applying for and managing external funding income which we receive, as well as distributing grant funding to third parties either from the Council’s own resources or where the Council acts as an intermediary between funders and third parties.

- 3.2 Most of the funding the Council receives from external parties comes from the Scottish and UK Governments as part of what, for the purposes of this report, is regarded as “core” revenue and capital grant funding. This would cover the main Scottish Government general revenue and capital grants and, for example, housing benefit funding from the Department for Work & Pensions (DWP). Specific grants such as the ring-fenced funding for the expansion of early years provision, as included in Government Grant Finance Circulars, would also be considered “core” funding. This “core” funding is provided to part-fund Council services and capital projects and is reviewed as part of each years’ budget setting process.

- 3.3 This report does not cover “core” funding, for which no changes to existing governance arrangements are proposed, but rather relates to “non-core” funding. For the purposes of this report and the remit of the sub-committee as referred to in Option 2 non-core funding would be external funding which is being allocated to the Council as part of a national initiative, e.g., Nature Restoration Fund, or which the Council has to specifically bid for (either itself or on behalf of a third party) such as the Levelling Up Fund.

- 3.4 “Non-Core” funding is generally received:

- As an allocation per local authority (generally from Scottish Government e.g. Nature Restoration Fund) for ringfenced purposes and how we use it is determined internally either by officers or elected members depending on agreed delegated authority.
- For onward distribution to third parties via a competitive process e.g. Place Based Investment Fund. Applications are currently assessed by officers and recommendations presented to committee for decision.

- Through a competitive bidding process for a pre-determined purpose or for a range of initiatives (eg UK Shared Prosperity Fund - UKSPF). Broad strategic plans are presented to committee for approval.
- Through a bid for external funding. In most cases of larger bids, elected members are involved in determining whether to accept the grant or not if successful and/or on whether or not they should be submitted e.g. Regeneration Capital Grant Fund (RCGF) or Levelling Up Fund (LUF).

4 CURRENT POSITION

All current guidance for distributing monies by way of a grant or a procured contract to third party organisations can be found within the [Grant Guidance SharePoint page](#), which is currently being updated. This applies where we commission services from third parties and also monies received e.g. from UK or Scottish Government for onward distribution to third parties. This applies where we commission services from third parties and also monies received e.g. from UK or Scottish Government for onward distribution to third parties.

Detailed within this page is :

- [Key principles and core operational guidance](#),
- [an example Legal Agreement](#)
- [A template for monitoring the Legal Agreement](#)
- [Angus Council Financial Regulations](#)
- [Angus Council Corporate Procurement Guidance](#)

4.1 The Financial Regulations state:

Section 29.2: Council Services who manage grant funds will prepare, publish and maintain grant schemes setting out the principles and terms of the arrangements for the grant funds concerned.

Section 29.4: Grant applications will be assessed under the supervision of nominated grants officers who will be responsible for keeping adequate records demonstrating the objective assessment of applications in line with the terms of the grant scheme or fund concerned.

All grants should be administered and distributed using the [Key principles and core operational guidance](#) when distributing grants or agreeing SLAs. This is laid out within the ["Following the Public Pound"](#)

4.2 Decision making on grant spend however varies with elected members being asked to make decisions on some funds but not others. The motion raised by Councillor Wann and feedback from other members has indicated that members feel they have a lack of oversight of use of or decision making of grant funding received. Clearer guidance and governance are required. This report sets out what approvals are already in place, notes the work underway to review guidance documents and makes recommendations for future governance and the role of elected members in that.

4.3 All of the documentation listed above is under review and the update will be completed by the end of October 2023. This will guide staff on all processes relating to incoming grant awards and the governance around distribution to third parties.

4.4 In terms of scrutiny of grants, both those received by the Council and awarded by the Council, grant scrutiny is not reported to Scrutiny & Audit regularly as standard, but is reported for certain specific things. For example, the now previous EU LEADER funding progress was required to be reported annually as an Internal Audit report was part of the required annual submission to Scottish Government. Also, for Covid funding, the counter-fraud team had to become involved due to national fraud issues arising from the scheme, and they reported to Scrutiny & Audit Committee on that a couple of times. Scrutiny & Audit Committee's remit is in relation to performance and financial governance in the Committee Terms of Reference. Spending of

grant money is also reported to service committees e.g. housing funding is reported to Communities Committee. An individual Service Committee could, if it had any concerns, refer scrutiny of grant funding to Scrutiny & Audit Committee or ask Internal Audit for an audit to be undertaken in relation to a particular fund or grant.

5. New Proposals

5.1 Governance Procedures for Grants

To ensure better oversight of grant spend and how we align grant to key projects, a new Strategic Funding and Projects Officer Group is to be set up with cross service representation. This approach has been approved by Corporate Leadership Team (CLT) and will be chaired by the Director of Vibrant Communities and Sustainable Growth.

5.2 Applying for Funding

Under £500,000

Any application for non-core external funding of less than £500,000 will be reported for noting to the Strategic Funding and Projects Officer Group prior to submission and recorded on the new Grants Register. Approval is sought for a delegation to be added to the “General Delegations” in the Council’s Scheme of Delegation, delegating authority to the relevant Chief Officer/Director to submit applications for non-core external funding of less than £500,000.

Over £500,000

It is proposed that approval by the appropriate elected member decision making body subject to a decision on the preferred option (see 5.5) will be required for any applications seeking more than £500,000 of non-core external funding prior to submission. Staff applying must adhere to the Grant Guidance listed in 4 and will be required to complete a new corporate online [Corporate Grants Register](#). The grant register will cover the lifespan of a project from submission to completion/closure of the project and will provide a comprehensive register of all funding received and how it has been spent. External Funding income is an identified target in the Change Programme where funding can be used to replace core Council budget and the Register will allow for regular and accurate reporting. The register will also allow a better overview of the details of third party recipients of grant. Regular updates on all funding secured and administered to third parties will be provided to the appropriate elected member decision making body subject to a decision on the preferred option (see 5.5) once the Grant Register is in place via the regular reports on the Change Fund.

5.3 Approval of Incoming Grant Awards

Under £50,000

It is proposed that for successful non-core Grant Schemes or applications, whether monies awarded directly from the Scottish or UK Government, through a competitive bid or from external funders under £50,000, approval will be delegated to the relevant Chief Officer/Director. Approval is sought for a delegation to be added to the “General Delegations” in the Council’s Scheme of Delegation, delegating authority to the relevant Chief Officer/Director to accept offers of non-core external funding of less than £50,000.

Over £50,000

All successful non-core Grant Schemes or applications, whether monies awarded directly from the Scottish or UK Government, through a competitive bid or from external funders over £50,000 must be determined for acceptance by the appropriate elected member decision making body subject to a decision on the preferred option (see 5.5). At this time members may also be asked to agree to any specific grant criteria that is required and/or delegate decision making of spend and/or authorisation to distribute to third parties to the relevant director.

5.4 Assessment of projects

For some funds, officers are required to draw up a list of proposed projects to be funded for a member decision. Given the technical and specific nature of each fund, one panel of assessors from across the council is not recommended. This would also be very resource intensive.

Therefore, it is recommended that a panel of assessors be agreed for each fund.

Where the Grant Fund exceeds £50,000, it is proposed that recommendations would be taken to the appropriate elected member decision making body subject to a decision on the preferred option (see 5.5).

Where it is less than £50,000 officers' recommendations will determine the projects to be funded and will be approved by the appropriate Director who has the delegated authority.

All decisions and/or recommendations will be reported to the new Strategic Funding and Projects Officers Group (see 5.1).

5.5 Elected Member Decision making Governance.

Determination of approval of use of funding or acceptance of funding by Elected Members which has not otherwise been delegated to Chief Officers/Directors as detailed above, could be via one of the two following options which have been considered:

Option 1

Continue as now with applications for non-core applications or schemes over £50,000 being reported for approval to the relevant committee for the service according to the Scheme of Governance, General Delegations and Financial Regulations prior to the application being submitted. Elected members to determine projects on basis of list of recommendations from officers.

Advantages

Depending on Committee, all members are involved in the decision making process.

Disadvantages

Most funding streams come with tight deadlines and the committee progress can slow down the decision making.

Option 2 - Create a grant sub-committee of Policy & Resources Committee.

Sub-Committees normally have an odd number of members, 3 or 5. Based on political balance, the membership of the Sub Committee with 5 members would have 3 Administration members and 2 Opposition members. Sub Committees function with Delegated Authority under one of the main committees, in this case it would be Policy & Resources Committee. The powers and duties would be set out in the Scheme of Governance and the proposed Terms of Reference are: –

“To determine whether or not to submit applications for loans, grants, donations and subscriptions for non-core funding, in respect of services which are not linked to or associated with functions referred or delegated to any other Committee or Sub-Committee”.

Sub Committees have the same structures as Committee and will still require administration and planning. This option will not provide any additional oversight or discussion on funding and would operate similar to the main committees and to similar timescales and require staff resource to clerk the committee.

Advantages

Sub Committees can be scheduled more regularly, meaning the deadline of funds could be met. The Sub-committee will allow time to discuss projects in detail and provide a better overview of grants and projects which is often not possible at committee, It would also ensure that the decision-making process is transparent, and an audit trail is available e.g. by the Sub-Committee papers and minutes.

Disadvantages

Additional staffing resource will be required, in terms, of governance, legal and administration. Time is required to prepare additional papers, however these would be required for a non-sub-committee arrangement too.

Information papers will still go to committee following the decision making for noting.

Preferred Option

Option 2 would allow Members to be involved in the decision-making as this can be delegated to a Sub-Committee. Option 2 (Sub-Committee) would also allow time to discuss projects in detail and provide a better overview of grants and projects which is often not possible at committee, and would also ensure that the decision-making process is transparent, and an audit trail is available e.g. by the Sub-Committee papers and minutes. Option 2 is therefore recommended.

A summary of the new grant making and acceptance process is attached at **Appendix 1**.

5.6 Scrutiny

Should other members have concerns regarding the use of grant funding which the sub-committee have determined, an individual Service Committee could, refer it to S&A or ask Internal Audit for an audit to be done.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications however staff resource will be required to support the new approach. However, this process may assist in improving the amount of external funding brought into Angus and how we distribute it and ensuring that it is spent more effectively.

7. EQUALITY IMPACT ASSESSMENT

7.1 A screening opinion has been undertaken and no Equality Impact Assessment is required.

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

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Equality Impact/Fairer Scotland Duty Assessment Form

(To be completed with reference to Guidance Notes)

Step 1

Name of Proposal (includes e. g. budget savings, committee reports, strategies, policies, procedures, service reviews, functions):

ANGUS COUNCIL GRANT GOVERNANCE PROPOSALS – proposal for revised governance and decision making relating to external funding received by Angus Council

Step 2

Is this only a **screening** Equality Impact Assessment **Yes**
(A) If Yes, please choose from the following options **all** reasons why a full EIA/FSD is not required:

- (i) It does not impact on people **Yes**
- (ii) It is a percentage increase in fees which has no differential impact on protected characteristics
Yes/**No**
- (iii) It is for information only **Yes/No**
- (iv) It is reflective e.g. of budget spend over a financial year **Yes/No**
- (v) It is technical **Yes/No**

If you have answered yes to any of points above, please go to **Step 16**, and sign off the Assessment.

Step 16: Sign off and Authorisation. Please state name, post, and date for each:

Prepared by: Audrey Michie, Service Leader, Vibrant Communities 18/9/23

Reviewed by: Jill Paterson, Service Leader, 16/10/23

Approved by: Alison Smith, Director VC &SG 2/10/23

Proposed Governance Process for Managing Non-Core Grants

