

Meeting: COMMUNITY SELECT COMMITTEE

Portfolio Area: Neighbourhoods & Co-operative Council

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REVIEW OF THE LOCAL COMMUNITY BUDGETS

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Urgent Report - Reason for Urgency:

The Chair is asked to consider this report as an urgent item. The reason for urgency is that the reports' recommendations need to be considered by the Executive Portfolio Holder and Officers, and subsequently any agreed changes implemented, prior to the new LCB funding scheme starting on 1 July 2016.

1 PURPOSE

1.1 To consider the recommendations of the Scrutiny review into the Local Community Budgets (LCBs)

2 BACKGROUND & SCRUTINY ISSUE IDENTIFIED

2.1 The issue of scrutinising LCBs was agreed by the Select Committee as a scrutiny review item along with other scrutiny items when it met on 18 March 2015.

2.2 Scope and Focus of the review

2.2.1 The Committee met on 29 June 2015 and then again on 18 November 2015 and agreed a scope for the review of LCBs, which it agreed should consider the following areas:

- *Establish the purpose and focus of LCBs*
- *Test the level of discretion and how budgets are used*
- *Look at alignment with corporate, local and town wide priorities and needs?*
- *Provide analysis of LCB allocations by project*
- *Consider Value for Money and use of resources*

At the same meeting Members agreed that the review should address the following questions:

Establish the purpose and focus of LCBs -

- What criteria are applied to assess whether a bid is acceptable?
- What explanation and training is provided to new Members/refresher training/guidance for existing Members re LCBs?
- What level of discretion do Ward Members have in allocating LCBs?

Analysis of LCB allocations by project -

- Which groups have been helped by LCBs since the commencement of these funds?
- Is there a mechanism in place to spread around funding from the LCBs so that no particular groups or sections of the community receive disproportionately more than other areas? If not why not? How are they publicised?
- What level of monitoring is in place regarding the successful LCB bids? Look at the current analysis of random testing

Value for Money – use of resources –

- How much underspend is there each year?
- Is the LCB scheme a more cost effective way of allocating funds to community groups/projects than its predecessors Action Teams/Area Committees?
- Are some successful LCB bids more obviously benefiting the community over others? – can a value judgement be made against bids? – Clearly this is a subjective matter but all bids should stand up to public scrutiny
- What happens to partially funded bids, where the required value for the project is not met?
- How secure are LCB funds for future years? Are Community Groups dependent on receiving these grants and what would happen to these groups if less money was available in future years?

LCB spend alignment with corporate, local and town wide needs -

- Does the LCB spend align with corporate priorities?
- Is the award of LCB's making a difference to local communities?
- How proactive are ward members in looking at local needs? Should the scheme encourage Ward Members to meet and jointly agree which bids to support that address local needs?
- Town wide vs Local - Should there be a separate budget/process for town wide bids?

2.2.3 In considering the scope for the review a possible area of risk to the Council was identified regarding the 10% random checking of funding bids. LCB funding is provided to community groups where Members are concerned that potentially insufficient safeguarding risk assessments are carried out, due to only 10% random check on funding bids by officers. This leaves a risk that bids could be awarded to groups working with older people, younger

people, disabled groups and other vulnerable people were potentially insufficient safeguarding is carried out.

2.3 **Process of the review**

2.3.1 The Committee met on 5 occasions to undertake the review, on 29 June & 18 November 2015, 6 and 18 January and finally on 31 March 2016 to sign off and agree the report and recommendations of the review.

2.3.2 The Committee received written and oral evidence from the following people:

- Strategic Director, Community, Matt Partridge
- Head of Service, Chief Executive Unit, Richard Protheroe
- Fiona Rolfe, Community Development Officer
- Mandy Williams, Community Development Officer
- Alderman David Kissane
- The Leader, Cllr Sharon Taylor
- Chief Executive, Scott Crudgington
- Executive Portfolio Holder for Neighbourhoods & Co-operative Council, Cllr Simon Speller
- Executive Portfolio Holder for Community, Health and Older People, Cllr Jeanette Thomas
- Executive Portfolio Holder for Resources, Cllr Mrs Joan Lloyd
- Shared Anti-Fraud Service, Nick Jennings

2.3.3 As part of the Select Committee review Members agreed to take on specific lead roles regarding research and the questioning of witnesses these included:

Cllrs Elaine Connolly & Liz Harrington agreed to research on purpose and focus of LCBs.

Cllrs Loraine Bell and Sarah Mead agreed to research on analysis of LCB allocations by project.

Cllrs Pam Stuart and Chris Saunders agreed to research on value for money and use of resources.

Cllr Sarah Mead agreed to research on LCB spend alignment with corporate, local and town wide needs.

Cllr John Mead agreed to research on Equalities & Diversity Issues and comparisons with other Council's community grant schemes.

Cllr Margaret Notley agreed to research on examples of good use of the LCB Scheme and celebrate its successes.

3 **REVIEW FINDINGS**

3.1 **Conclusions of the Community Select Committee**

- 3.1.1 Based on the input provided to Members conducting the review by Officers supporting the review the Committee have made the following conclusions.
- 3.1.2 In conducting this review Members have reinforced the vital importance of the LCB fund to tailor the Council's support for local needs. The overall budget to administrate and fund awards for LCBs is fairly modest set against the overall budget of the Council or even against the Council's wider support for the voluntary sector in Stevenage. However, it plays a significant role in supporting small community based projects that make a valuable and in some cases vital contribution to local residents. The review is therefore supportive of the present LCB fund and the administrative scheme and values the role officers play in administering the Scheme. The review has seen a numerous examples of excellent projects that would not have been funded without the support of an LCB award. The review has made a number of recommendations regarding some improvements that could be made to the Scheme.
- 3.1.3 LCBs offer a vital tool for Members to provide funding to empower local people to help shape their local communities. Local Ward Members know their areas needs well, based on the knowledge they have from ward work and living in and meeting with local residents. They are therefore best placed to decide which projects to support when they receive LCB bids.
- 3.1.4 Overall Members are happy with the way that LCB funding has developed and the review offers a number of small changes that, in the view of the Members who undertook the review, could help improve the scheme.

3.2 The review set out to establish the purpose and focus of LCBs

- 3.2.1 Local Community Budgets were introduced in May 2011. Prior to this grant funding for local community group projects were allocated via Area Action Teams for areas of the town and these were predated by Area Committees. At these meetings community groups were encouraged to attend these meetings and outline the funding that they were seeking with an outline of the project.
- 3.2.2 In part, the Council moved away from the Area Committee/Area Action Team model of local meetings due to the large cost of their administration. It was decided that it would be far more efficient to provide Members with their own individual budgets of £2,500 which they can allocate to local projects which benefit the communities they represent through the promotion or improvement of the economic, social or environmental wellbeing of people in their wards.
- 3.2.3 Local Members have total discretion to fund whatever projects come forward from their areas, subject to the agreed Local Community Budget scheme rules, such as grants can't be awarded to an individual, can't commit to ongoing funding and must be in accordance with the Council's standards

regarding Equality and Diversity, Safeguarding, Health and Safety and Financial regulations.

3.3 Analysis of LCB allocations by project

3.3.1 Figures for 2014/15 reveal that 48% of LCBs fund Community based projects; 31% projects for Children and Young People; 6% Disabled groups; 6% Older People 5% Faith groups; 2% Black & Minority Ethnic Groups and 2% Vulnerable Adults (homeless, drug & alcohol organisations).

3.3.2 The review set out to provide comment and some analysis on the types of groups who have been supported by LCB funds. It is clear that there are a number of groups that have repeatedly bid for funding since their inception in 2011. However it is a subjective judgement as to whether these funds are effectively spread across the local community. LCB bids are dependent on community groups identifying projects and making bids. The judgement as to whether to fund a bid or not, sits with the Members who have been invited to fund the bid. If the Member feels that it is not a project they wish to fund, or that one particular group has received enough support then they decline the bid. It is worth noting that other schemes (specifically Colchester District Council) operate a ban on repeat applications to the same bidding group from one year to the next.

3.3.3 The scoping document identified the aspirations of Members that there be a mechanism in place to spread around funding from the LCBs so that no particular groups or sections of the community receive disproportionately more than other areas. However, as outlined above it is not possible for the funding to be equally apportioned in this way as it is dependent on community groups coming forward with bids.

3.3.4 Monitoring of LCB bids that are awarded funding by Members are monitored on a random 10% sample selection. Members agree that the current regime for monitoring LCBs is the most practical, as any further monitoring of awards would not be possible within the current resources. This view is supported by the Shared Anti-Fraud Service as well the Shared Internal Audit Service audit that was carried out in April 2015, which concluded that the scheme warranted an overall score of Substantial Assurance.

3.4 The review considered Value for Money – use of resources

3.4.1 Members are confident that the LCB scheme is a far more efficient model of distributing £100,800 of funding to local projects than the Area Action Teams/Area Committees that it replaced. The previous regime cost more to administrate than the funds that were awarded to community groups.

3.4.2 Figures for 2014/15 LCB spends reveals that 80% of LCB spends go towards the voluntary sector community focused outcomes, with 18% going towards Council environmental schemes, with only 2% unallocated.

3.4.3 In evaluating whether the overall scheme is delivering value for money is difficult to assess as this is a subjective judgement. It can be seen that the majority of the funding goes to local community groups and projects which meet the needs of local people which was the intention when the LCBs were first launched.

3.4.4 Most LCB awards are for small amounts with the majority being between £100 and £500 in value. Although relatively small in value these awards make a significant difference to the groups who receive them and to the local residents that they are working with.

3.5 The review asked if LCB spend aligns with corporate, local and town wide needs

3.5.1 In undertaking the review Members have established that there is no deliberate correlation between the LCB funding and corporate, local and town wide needs. This is entirely correct as LCBs are determined purely by local needs which are raised by the Community, there may be overlap with the Council's plans and aspirations, but they should be driven by local need.

3.5.2 Whilst conducting the review it became evident to the Committee that the people best placed to judge whether LCB's were being awarded to the people and groups who most need it where the local ward Members. Members have a unique role and insight into their wards and are therefore best placed to judge whether the current provision of LCBs aligns to the local need.

3.6 Training and sharing of best practise

3.6.1 In undertaking the review Members have recommended improvements around the sharing of best practice which are addressed in the review 4.2. This specifically recommends that there be an annual seminar to remind Members of the scheme rules and to share best practice.

3.7 Changes to the administrative process - Pre-bid and during the bidding process

3.7.1 Through investigating the current bidding process for LCBs the review has identified a number of improvements to the current practices that could be made. These improvements include the following suggestions:

- a minimum bid amount
- mandatory contact with the Member prior to bidding
- more detailed questions on the application form
- recording of interests by applicants on the application form
- reasons for not supporting a bid
- improved liaison between ward Members
- a mechanism to prevent overbidding and under provision
- in the event of underfunding an alternative scaled down project be proposed and a revised bid submitted

- due diligence be carried out by officers in advance, prior to Members agreeing the bid to avoid occasions when a bid is rejected by officers at the end of the bid process
- successful bid outcomes be monitored more effectively by Members
- copies of the six monthly monitoring forms be sent to Members

3.8 Publicity

3.8.1 Members are of the view that the communications leaflet that is provided to respective applicants could be updated. Members also suggested that perhaps young people were not as aware of the availability of LCBs as perhaps other demographics so promotion amongst young people would be welcomed. Members also suggested that some publicity about LCB spends and on the scheme in general could be publicised again in the Chronicle at least on an annual basis to raise awareness.

3.9 General changes to the system

3.9.1 In interviewing Member witnesses it was suggested that at particular times of the year, specifically during holiday periods in August and December Members do not always see funding opportunities, so allowing extra time to approve bids in this period, or temporarily suspending bids, would mean that these bids would receive the full appraisal by Members.

3.9.2 Some Members wish to fund larger projects which may require funding from one year to be combined with a future year's funding. As such, Members were keen to explore if it could be possible for funding to be carried over from one financial year to another as an accrual for committed LCB spend, as Member research had shown that other local authorities appear to do so.

3.10 Comparison with other local authority schemes

3.10.1 The review looked at similar schemes in operation at three different authorities, these included Oxford City Council, Suffolk Coastal District Council, East Lindsey and Colchester District Council. This was a useful exercise as there were many parallels with the SBC scheme which were pleasing for Members to see. However, there are issues which appeared to be more restrictive in regards to what Members from those districts were allowed to fund compared to the SBC scheme.

3.11 Equalities & Diversity issues

3.11.1 Each applicant is asked to adhere to the Council's policy on Equalities and Diversity when they complete an application and that they have an active Equalities and Diversity policy in place. However, no proof of the organisation having an Equalities and Diversity policy is asked for. Members note that this issue has been picked up in the recent Shared Internal Audit Service audit completed in March 2015, who have recommended consideration be given to the introduction of a process that ensures that such an Equalities and Diversity Policy exists.

3.11.2 The spread of funding amongst Characteristic Groups for LCBs is not currently equal to their proportion in the local population, as detailed at item 3.3.1. For instance in 2015 6% Disabled groups received funding from a 14.7% of the local population; 6% Older People received funding from a 17.06% of the local population; 5% Faith groups received funding from a 11.49% of the local population; 2% Black & Minority Ethnic Groups received funding from a 16.9% of the local population. However, there is no mechanism to align the amount of LCB spends against specific characteristic groups, so the above results would not be unexpected. It is hoped by the Committee that a good spread of funding would continue to be provided by Members to the characteristic groups.

4 RECOMMENDATIONS

4.1 That the Community Select Committee considers the findings of the review, contained within this report and the recommendations below be presented to the Neighbourhoods and Co-operative Council Portfolio Holder and the Strategic Director (Community) and that a response be provided from these and any other named officers and partners within two months of the publishing of this report.

Training and sharing of best practise

4.2 That following Members acknowledgement that there is presently a lack of clarity with regards the scheme rules, it is recommended that Members be reminded annually of the rules and responsibilities of both Members and Officers and that there also be an annual seminar for Members to share best practice and ideas for Members to work together with their LCB funding. At this seminar, Officers should issue updated guidelines as to how LCB monies could be spent.

4.3 That in line with the offer from the Head of Service (Chief Executive Unit), a 'dummy run' of the IT system as a training session be offered to all Members.

Changes to the administrative process - Pre-bid and during the bidding process

4.4 That consideration be given to a minimum level of bid to reduce scheme overheads.

4.5 That communications between the applicant and Members be reinforced prior to any bid being made, and that consideration be given to making this a mandatory requirement.

4.6 That more detailed questions should be included in the application process as this would assist Councillors in deciding whether to fund a project especially when applicants fail to contact the Member before bidding to provide some information about their bid. Members should therefore in these

circumstances be given an opportunity (with a free text box) to state a reason for not supporting a bid.

- 4.7 That applicants are required to declare their own interests in the bid to promote transparency.
- 4.8 That a mechanism for improved liaison between Members (including HCC Members) to determine whether bids should be supported at a ward / area level be investigated by officers.
- 4.9 That Officers assess the practicality of officers undertaking 'due diligence' checks on bids before passing to Members for authorisation.
- 4.10 That consideration be given to the establishment of a method of determining whether organisations were potentially overbidding for funds in the expectation of receiving a reduced amount that would actually meet their requirements.
- 4.11 That a process be documented detailing the steps to be taken in the event of a bid being undersubscribed. Particularly when the amount of funding awarded would not support the scheme's full requirements
- 4.12 That organisations be required as part of their bid to outline how the bid could be scaled down with a 'plan B' in the event of their bid not being met in full, so that Members can better determine if they wish to support the bid whether it receives the full funding requested or part funded.

Changes to the administrative process – post successful bid

- 4.13 That improved feedback be garnered from recipients of LCB awards either as a condition of the award or by Members actively seeking their own feedback. That in the audit process all successful bids are required to submit receipts and evidence of the event either in written or photographic form. The council officers can audit a required sample but will archive the evidence for future scrutiny by members and photographs may be used in council publications and training purposes.
- 4.14 Currently six months after the completion of a project, all applicants are sent a feedback monitoring form which is published online. Members request that a notification link of the six month monitoring form be sent to the relevant member(s) that funded the bid to keep those Members aware of the outcomes.
- 4.15 That more flexibility be designed into the system as it was considered inappropriate that an organisation receiving only a small percentage of the funding that had been bid for should receive an email that read 'Your application for funding has been successful'. In this instance the applicant be invited to submit Plan B.
- 4.16 That repeat and high bidders should be targeted in the audit process.

Publicity

- 4.17 That the communications leaflet should be updated. To include best example schemes and ideas to encourage minority groups/group that currently do not access the scheme.
- 4.18 That consideration be given to new and innovative methods of promoting LCB awareness to Young People.
- 4.19 That a summary of LCB spends be published in the Chronicle (or other SBC publications) on a quarterly / yearly basis to celebrate successes of LCB funding.

General changes to the system

- 4.22 That consideration to be given to the timescales for LCB approvals being made more flexible, especially around the summer and Christmas holiday periods.
- 4.21 That Officers consider the possibility of allowing LCB funds to be carried over from one financial year to another as an accrual for committed LCB spend, as Member research had shown that other local authorities appear to do so.

5 IMPLICATIONS

5.1 Financial Implications

The are no direct financial implications for this report.

5.2 Legal Implications

There are no direct legal implications for this report.

5.3 Equalities Implications

The Equalities implications have been addressed within the report at paragraph 3.15. There are no further equalities implications for this report.

BACKGROUND DOCUMENTS

Notes of the Committee meetings held on 29 June & 18 November 2015, 6 and 18 January and 31 March 2016.

APPENDICES Appendix A – Scrutiny Scoping Proforma