



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Financial Services

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Council Grants Integration Project

Purpose of Report:

To seek the view of the Finance & Audit Scrutiny Committee, prior to consultation, on the recommendations of the CGIP Board in connection with the Service Reform Project – the Council Grants Integration Project (CGIP).

Recommendations:

Committee is asked to consider the report prior to consultation being undertaken with the relevant stakeholders.

Ward No(s) : City wide

Citywide:

Local member(s) advised: Yes No

consulted: Yes No

1. Introduction & Background

The Executive Committee of 25 September 2008 agreed that the City Council should move towards integration of the administration of all Council grants.

This decision sought to build on earlier progress in aligning funding streams within the context of Community Planning in Glasgow and took account of the following key developments -

- Firstly, the Council and its Community Planning Partnership (CPP) partners have produced a Single Outcome Agreement (SOA) setting out a shared agenda and the key targets that they wish to achieve;
- From 1st April 2010, the Fairer Scotland Fund will no longer be ring-fenced. This should permit resources to be focussed even more on the strategic issues affecting the City;
- The Council and all CPP partners require to address the serious and significant challenges of the current economic climate. Given these economic circumstances, increasingly rigorous actions are required to ensure that all public sector resources are used efficiently.

It is within this context of the shared agenda of the Single Outcome Agreement, more focussed targeting of resources and the requirement to deploy all public sector resources efficiently that the integration of grants needs to be considered.

1.1 Integration of the Social Inclusion Budget

From 1st April 2009, overall responsibility for developing policy for the use of and managing the disbursement of the Fairer Scotland Fund and the Social Inclusion Budget transferred to the Chief Executive Department - now Corporate Services Department.

This has provided an opportunity to improve the co-ordination of grants for these two funds and is the starting point for improved co-ordination across all Council Grant budgets.

2. Council Grants Integration Project (CGIP)

The integration of the Council's grants schemes has been identified as a Service Reform project.

A Project Board has been established to deliver this project, comprising representatives of all relevant Council Services and partner agencies, under the direction of the Executive Sponsor, Bailie Jean McFadden and Programme Sponsors, the Executive Director of Financial Services and the Managing Director of City Property (Glasgow) LLP.

Governance and management of the project has been in line with the wider service reform requirements with plans, reports and meetings being embedded at all levels across the project.

2.1 Vision

The vision of the CGIP is to ensure that the significant resources Glasgow City Council (GCC) provides by way of grant payments, whether individually or in conjunction with its CPP partners, to the third sector and other third parties, are used efficiently and to meet the agreed policy and service delivery priorities of the Council and its partners.

2.2 Benefits

The benefits of the integration of Council grants will be felt directly by service users. Areas of grant duplication across services and partners will be identified and eliminated; improving efficiency and ensuring the Council gets greatest value for public expenditure.

The integration of all grants will provide an opportunity to focus awards directly on meeting the Council's priorities. The process will require consideration of all current grant recipients and an evaluation of where projects fit in relation to the Council's priorities for the City. This may require difficult decisions to be taken regarding the award of grants; however the process proposed will ensure decisions are transparent and consistent.

Rationalising and simplifying the administration of grants, and the introduction of common performance standards will benefit grant recipients and identify resources which can be freed up.

A more coherent and effective approach to the award of grant funding, including monitoring, reporting and performance management, will achieve a reduction in bureaucracy, duplication and cost, while assisting the third sector by creating a single point of contact for all grant enquiries.

2.3 Objectives

The objective of the CGIP is to deliver an integrated approach to the Council's grants provision that will -

- demonstrate clear links between Council grant programmes and implementation of the Single Outcome Agreement
- match investment to Council policy and service delivery priorities
- identify opportunities for savings (target 20% efficiencies and/or redirection)
- rationalise and simplify all grant administration processes
- agree common performance standards for all grants
- improve value for money and reduce duplication
- deliver a more client focussed approach to grants provision

The project aims to provide a policy framework for grants that will –

- standardise financial and non financial monitoring of grant expenditure through operation of a Single Grants Management System and Performance Monitoring Framework
- agree a common policy on reserves
- agree criteria for funding and standard assessment tools for future awards

2.4 Scope

The scope of the project is all funds paid by the Council, generally to the third sector and other third parties as grants, including support given as concessionary rents.

For the purposes of the project, the third sector has been defined as voluntary and community organisations, charities, social enterprises, cooperatives and mutuals, both large and small, which share the following common characteristics:

- Non-governmental
- Value driven
- Principally reinvest any financial surpluses to further social, environmental or cultural objectives

2.5 Approach

The approach undertaken by the CGIP Board has involved-

- A mapping exercise to identify all grants provided by the Council
- A review of existing administrative system associated with Council grants
- Undertaking an Equality Impact Assessment
- Ensuring stakeholder engagement
- Engaging with Access on required IT developments

The findings and recommendations of the Project Board in connection with implementation of the project are set out in the paragraphs below.

3. Review & Mapping exercise

In June 2009 a review and mapping exercise was undertaken by the Project Board, enabling (a) a review of existing administrative processes associated with Council grants, and (b) a comprehensive list of all grants made by the City Council at that time, including those administered on behalf of the Community Planning Partnership.

This exercise has assisted the Project Board in identifying which grant schemes are within the scope of the CGIP and the readiness of those for integration.

3.1 Grant schemes identified for integration

The grant schemes identified as eligible for integration and their associated 2009/2010 budgets are illustrated in the table below –

Service	Grant Programme	2009/2010 Value
Corporate Services Department	Fairer Scotland Fund	£52,669,047
	Social Inclusion Budget	£9,508,400
	Homelessness Partnership Development	£299,775
	Area Committee Area Budgets	£1,655,000
	Community Councils Resource Centre	£50,000
Chief Executive Office	Equality Grants	£150,000
Social Work Services	Section 10 – Grants to Voluntary Organisations	£1,607,446
Education Services	Childcare Strategy	£6,085,800
	Pre-5 Grants to Voluntary Organisations	£212,000
	EDIS (Education Improvement Service)	£71,355
Development & Regeneration Services	Local Regeneration Agencies	£1,141,100
	Unemployed Workers Centres	£350,000
	Supporting the disadvantaged	£594,000
	Voluntary Organisations	£250,800
	Concessionary Rents (approximate value)	£1,000,000
Glasgow Works	Employability Programme	£496,026
Land & Environmental Services	Landfill Tax Credits	£720,000
Culture Sport Glasgow	Youth Services	£719,305
	Community Facilities	£1,244,395
	Adult Literacy & Numeracy	£1,983,900
	Cultural Grants	£3,198,000
	Sports	£185,500
Total value of GCC grants		£84,191,849

A summary of the mapping exercise is attached as [Appendix 1](#).

3.1.1 Potentially restricted funds

Of the £84.1m grant fund total, £27,348,020 of this has been identified as potentially restricted funds which might be ineligible for the targeted 20% savings and/or redirection of resources on the basis of contractual obligations and Community Planning Partnership commitments.

3.1.2 External Funding

In addition to the £84.1m above, £7,800,860 of external funding is managed by the Council. Combined with the Council grants, this would provide a total of £91,992,709 for delivery through an integrated grants system.

3.1.3 Leverage Funding

An analysis of leverage funding from external sources suggests that an additional £74,646,201 is drawn in, providing leverage of £0.88 per pound of grant funding spent. This would result in a total funding package of over £158m.

The Project Board seeks to provide a uniform definition of leverage and to deliver a consistent approach to capturing and monitoring the information.

It is proposed that leverage be defined as *“non-Council funds which are used in conjunction with a Council grant to deliver specifically the service and/or activity being funded from the grant provided by the Council”*, and, that this be built into the application and monitoring process for 2010/2011.

3.2 Review of current administrative arrangements

3.2.1 The Council’s Grants Policy & Procedures

In 2006, the City Council devised a corporate grants administration framework that standardised grants policy and procedures across the Council, as outlined in the Grant Administration Policy & Procedures Manual and accompanying Standard Documentation.

The Project Board recognises this as an essential component of an integrated grants framework and seeks to build upon it by recommending appropriate enhancements and revisions.

3.2.2 Review of existing processes

A review of existing administrative processes was undertaken by the Project Board. The review looked at the key aspects of grants provision identified as –

- Management Information Systems
- Application
- Assessment
- Approval
- Award
- Payment
- Financial Monitoring & Reporting
- Performance Monitoring & Reporting
- Completion

3.2.2 Outcome of the review

While most of the grants processes currently in use draw from the corporate framework, there is no uniformity of approach to grants provision across services and partner agencies and, in some cases, within.

This inconsistent approach is inefficient and fails to provide a clear approach to grants provision that is both identifiable with the City Council and beneficial to those in receipt of grant funding.

Summary findings in connection with this exercise have been agreed with each of the services/partner agencies and this has assisted the Project Board in assessing the readiness of grants schemes for integration.

A summary statement on the readiness for integration and related observations is set out in Appendix 2.

4. The Challenge of the Grants Integration Project and the way forward

The Project Board has identified twelve key challenges associated with the integration of the Council's diverse range of grants -

Challenge 1	An integrated application and assessment process for 2010/2011 grants programmes
Challenge 2	Decision Making on the Grant & Scheme of delegation
Challenge 3	Consistent approach to grant award management
Challenge 4	Consideration of Annual Accounts
Challenge 5	Policy on Financial Reserves
Challenge 6	Single Monitoring Framework
Challenge 7	Equality Impact Assessment
Challenge 8	Environmental Impact Assessment
Challenge 9	Stakeholder Engagement
Challenge 10	Roles & Responsibilities
Challenge 11	Reporting on all eligible grants through one management system by 2009/2010
Challenge 12	Specification and development of an integrated on-line grants system for implementation in 2010/2011

Underlying each of these challenges are proposals for change that could involve significant shift in what is currently funded and how these funds are managed, and which Committee is asked to consider.

Challenge 1

5. An integrated application and assessment process for 2010/2011 grants programmes

5.1 Principles for funding

The principles underpinning the Integrated Grant Fund will be:

- to meet the agreed policy and service delivery priorities of the Council and its partners;
- a clear focus for all Council grant awards on investment to address the causes of poverty, not only its symptoms;
- a strong emphasis on early interventions for vulnerable individuals, families and disadvantaged communities, to prevent the development of more serious problems; &
- promotion of joint working between CPP partners.

5.2 Targeted direction of resources

It is proposed that there will be an application process designed to assist the Council and its CPP Partners to meet their policy and service delivery priorities. All existing awards of grant will be reviewed and grant recipients asked to outline how they can contribute to a themed programme. The process will necessarily require consideration of all current grant recipients and an evaluation of where projects fit in relation to the Council's priorities for the City. This may require difficult decisions to be taken regarding the award of grants; however the process proposed will ensure decisions are transparent and consistent.

Recipients of grant from the Fairer Scotland Fund are already accustomed to this approach. Support will be provided to organisations in submitting these proposals.

5.3 Consideration of outline funding proposals

Staff will determine whether the outline funding proposal will be developed into a detailed application. Where an existing award is not progressed to this stage, a senior officer will automatically review the decision and meet with the applicant as part of this process. In addition to strategic fit with SOA/GCC and CPP objectives, further criteria applied will include:

- **Eligibility** – e.g. does the applicant (and any consortium partners) meet eligibility criteria related to legal status, composition of board or management committee, is it registered in Scotland, etc;
- **Organisation** – e.g. does it have appropriate governance arrangements for its size, etc;
- **Financial** – has the applicant provided appropriate up-to-date accounts and/or business plan, has it demonstrated that it has match funding in place, does it have the financial management capabilities in place to manage the programme, etc;
- **Programme** – does the applicant itself and/or in partnership have the skills necessary to deliver the programme, etc;
- **Policy** – does the applicant have reserves which comply with the published Council policy, is the programme proposal additional to and does it complement existing services, etc;
- **Equalities** – does the application demonstrate an understanding of the needs of different communities, how the activity will address these and how the organisation will market its services and meet specific targets set for usage of services, etc; &
- **Funder criteria** – e.g. Criteria around leverage funding, size of grant/award, value of programme, etc.

5.4 Supporting documentation

Supporting documentation will be required from applicants and considered along with the outline proposal. This will include submission of –

- Evidence that appropriate levels of Public Liability and Employers' Insurance are in place (if applicable)
- Appropriate Equality Policy covering both recruitment of staff and access to services for users
- Appropriate Child Protection Policy (if applicable)
- Appropriate Service User Complaints Procedure (if applicable)
- Complaints Policy (if applicable)
- Charging Policy (if applicable)
- Adult Protection Policy (if applicable)
- Care Commission inspection report (if applicable)
- HMI Inspections (if applicable)

- Evidence that the organisation has an appropriate system for self-evaluating their operations to identify when corrective action may be required
- Financial Statements or Bank Statements (as appropriate) Submission of Annual Accounts & policy on Financial Reserves
- Recruitment, Employment and Staff Development Policies
- Evidence of Board or Management Committee training programme

5.5 Application for funding

Where the pre-application process outlined in 5.2 to 5.4 above has been satisfied, the applicant will be invited to submit an application form.

It is proposed that the application form will follow a format which draws on elements of:

- the existing Fairer Scotland Fund application, thereby addressing many of the criteria outlined above and, importantly, showing a clear link to the SOA and National Outcomes and Priorities; &
- the existing City Council grant application form which requests standard information in the first sections and information specific to each funding programme in the later sections.

The application and associated guidance and help notes will be checked against industry best practice in relation to, for example, Equalities, Plain English, Data Protection, etc.

5.6 Assessment of Application

A detailed assessment will be made of each application and will include:

- agreed outputs and outcomes to be achieved (these will be in line with the Council and CPP priorities and the Single Outcome Agreement);
- a resource plan setting out the budget for the project, including detailed cost and information on leverage funding secured.

These will be provisionally agreed with the applicant prior to the submission of a report with recommendations for funding being made to the Executive Committee.

All applications will be assessed against published criteria. Each criterion will include a statement to be assessed by staff. This statement will relate to the questions in the application form – for example, “How well does the application take account of the needs of the client group?”.

Each criterion will be scored by staff with each score, say 0-5 being categorised. For example:

- 5 **Excellent** – Demonstrates high level of understanding of needs of client group with strong evidence
- 3-4 **Good** – Some level of understanding of needs of client group with supporting evidence, etc

5.7 Length of Funding

The vast majority of the grants made from the Council’s funding streams involve annual application and assessment processes.

Whilst annual processes are essential for some grant programmes and individual awards, they are resource intensive, for both the Council and for applicants.

The availability of longer term funding commitments is a way of -

- enabling grant recipients to plan and resource their services and activities more effectively;
- reducing the number of annual applications and assessments which would assist the Council to deploy and target resources more effectively; &
- enhancing the relationship between the Council and the third sector by demonstrating an understanding of some of the constraints associated with annual funding.

However, as all funding commitments are subject to available resources this may not be possible in the immediate future and it is proposed that this approach be adopted when circumstances permit.

5.8 Small Grants Programmes and grants to individuals

It is proposed that where grants programmes involve small grants awards and grants to individuals, these programme budgets will be awarded as grants to the service and/or partner agency managing the programme. Responsibility for management and development of processes associated with the disbursement of payments from these programmes would lie with the relevant service or partner agency, which would require compliance with the standard financial and performance monitoring reporting requirements of the integrated grants fund.

This would apply to the following grant funds:-

Programme Manager

Corporate Services Department

Culture Sport Glasgow

Programme

Area Grants Budget

Community Councils Resource Centre

Coach Scholarship & Grants

Talented Sports Performer awards

Sport for all international travel

5.9 Challenge One – Recommendations

It is recommended that -

- (i) the definition of leverage funding set out in 3.1.3 be applied to the integrated grants fund and that this be built into the application and monitoring process for 2010/2011;
- (ii) grant applications for 2010/2011 require to support the principles for funding, as detailed in 5.1;
- (iii) the approach to application and assessment of grants in 2010/2011 outlined in 5.2 to 5.6 be adopted for the integrated grants fund;
- (iv) applications for funding in 2010/2011 be assessed for suitability for one, two or three year funding packages;
- (v) any awards exceeding a one year commitment are made subject to available resources; &
- (vi) grants programmes involving small grants and grants to individuals as identified in 5.8 are awarded as grants to the service and partner agency managing the programmes and that responsibility for management and development of processes associated with the disbursement of payments from these programmes lies with the relevant service or partner agency.

Challenge Two

6. Decision making on the grant

The paragraphs below outline the proposed decision making process for the integrated grants fund.

6.1 Recommendation by Corporate Services Department

Recommendation based on assessment will be produced by Corporate Services Department in conjunction with relevant service or partner agency programme managing that part of the grants budget.

6.2 Consideration by Community Planning Partnership

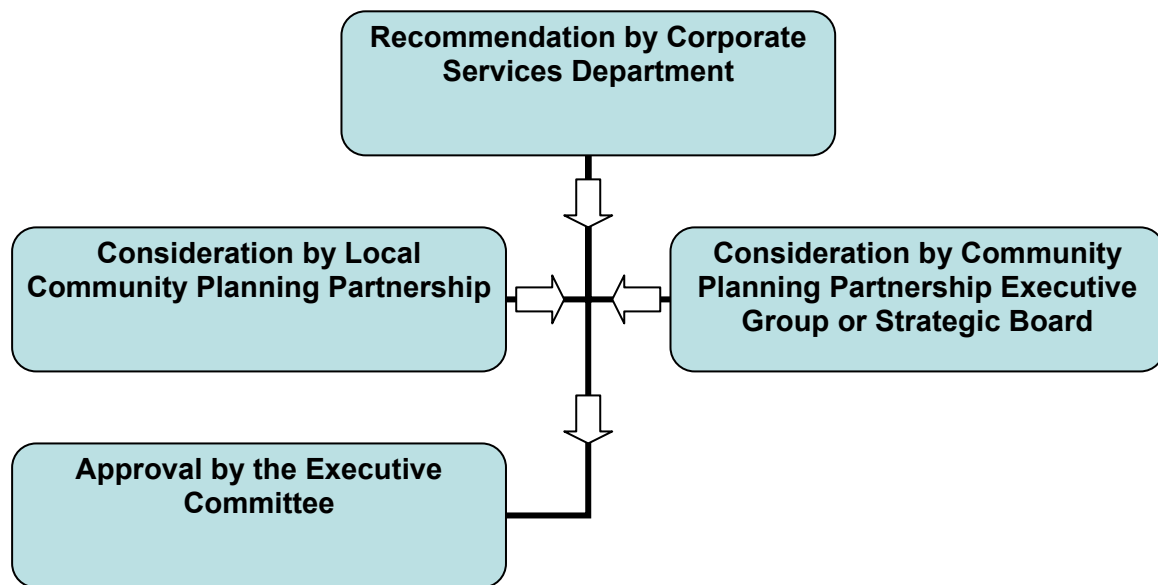
Where the application relates to participation in a Community Planning Programme, whether at a local or City wide level, the application should be considered by the local CPP Board or by the Executive Group and / or CPP Strategic Board, who should be asked to make a recommendation on the application prior to submission to the Executive Committee of Glasgow City Council.

For 2010/2011 all grants in the integrated programme will require to be approved by the Executive Committee of Glasgow City Council. In the case of the local grants scheme this will be by means of a block allocation to each Area Committee.

6.3 Approval by the Executive Committee

The overall grants programme has to be approved by the Executive Committee.

The chart below illustrates this process -



6.4 Scheme of delegation

The large volume of grants which the Council administers range in value from a few thousand pounds to over one million pounds. In order to reduce the pressure on the time of the Executive Committee, in future years, starting in 2011/2012, once the new arrangements are established, it is recommended that the Executive Committee agrees that delegated authority for renewal of existing grants of up to £50,000 be given to the Executive Director of Corporate Services. It is recommended that in the transition year of 2010/11 any exercise of delegated authority will be following consultation with the Executive member. This would only be for grants where there is no change in the amount of payment from the previous year. It will not include block allocations to Area Committees. For all grants over £50,000 and grant awards which are proposed to be altered would still need to be confirmed by the Executive Committee.

This will replace the current Social Inclusion Budget arrangement whereby all funds require Executive Committee approval and the CPP scheme which allows the CPP Executive Group to make awards.

Where a grant has previously been awarded by the CPP it is recommended that the CPP be asked to make a recommendation to the Executive Committee (or if under £50,000, the Executive Director of Corporate Services).

6.5 Challenge Two – Recommendations

It is recommended that –

- (i) the decision making process as outlined in 6.1 to 6.3 above be applied to the integrated grants fund; &
- (ii) the principle of revising the current Scheme of Delegation threshold from £20,000 to £50,000, as outlined in 6.4 be considered.

Challenge 3

7. Consistent approach to award management

7.1 Standard notification of grant award

It is proposed that successful applicants will be notified of the Council's decision to award grant funding in the form of a confirmation package involving:-

Grant Award Letter	-	providing comprehensive guidance on the process
Terms & Conditions of grant funding	-	including, where appropriate, conditions specific to the funding programme and specific to the grant award.
Grant Acceptance Form	-	must be signed by recognised authorised signatories and returned within 30 days of the grant offer
Bank Information Mandate	-	allows the Council access to the successful applicants bank account
Employee Costs Form	-	details the employee costs to be paid for from the grant
Outline of Roles & Responsibilities	-	an outline of the Council's and the successful applicant's respective roles and responsibilities.

7.2 Standard payment process

At present, most grants are paid quarterly in advance for the first period – both salary and overheads, and then by a claims process showing need thereafter. It is proposed to make this the standard procedure for all grants, with the exception of those deemed as small grants and grants to individuals as set out in 5.8.

7.3 Ring fencing payroll costs

A significant amount of grant funding provided by the Council is used to either fund or contribute to the cost of employing staff. In the majority of cases, these funds are paid directly to grant applicants who then make their own arrangements for payroll administration.

Currently in place for approximately 11% of the total grants fund is a process whereby funds are ring-fenced for salary costs and paid directly by the Council to 22 nominated payroll agents who then charge the grant recipients a fee for a payroll service. Where grant recipients operate their own payroll there will be costs incurred through employment of finance staff.

The largest of the 22 payroll providers are Glasgow Council for Voluntary Sector (GCVS) to which approximately £3m is identified for direct payment by the Council in 2009/2010 (this figure is likely to increase) and the Scottish Training Foundation, to which approximately £1.9m is identified for direct payment this year.

The practice of ring-fencing grant funds to be used for salary costs affords the Council a higher degree of control over these funds and provides a financial return on unspent payroll funds. It is proposed that the potential for financial return on unspent payroll funds would be greatly enhanced if -

- (a) ring-fencing of salary costs was a practice applied across the grants programme, with agreed exceptions; &
- (b) the contract for delivery of the payroll services is between the Council and the payroll administrator.

7.4 Challenge 3 – Recommendations

It is recommended that –

- (i) standard notification of grant and standard payment processes as detailed in 7.1 & 7.2 respectively be implemented for the integrated grants fund;
- (ii) for all Council grant funded organisations whose Council grant funding equates to 75% or above of their total income (excluding income generated as a result of the grant funding), that the salary costs to be paid for from the grant be fixed and ring-fenced and that the payment of these funds be delivered by the Shared Service Centre;
- (iii) for all other Council grants used to pay for salary costs and which do not fit into the category above, the ring-fencing of salary costs is removed (where applicable) and payment of the entire grant, in line with the payment process set out in 7.1, is made directly to the successful applicant; &
- (iv) for Council grants which do not pay for or contribute to salary costs, payment will be made in line with the process set out in 7.1

Challenge 4

8. Consideration of annual accounts

At present, the annual or certified accounts of grant recipients must be submitted to the Council no later than two weeks after the completion of the audit/certification or three months after the grant recipient's year end, whichever is sooner. It is proposed that where an organisation has a financial year end beyond 30th June, a final time limit for submission should be set. It is not possible to be entirely prescriptive, but only by general exception will accounts be accepted beyond 31 August.

Where an organisation (without such agreement) fails to provide accounts by that date consideration should be given to notifying the organisations of the intention to suspend grant.

If accounts are not submitted on time, the existing terms and conditions of grant allow suspension of payment of grant. It is recommended that this sanction be re-introduced for non-salary costs with a one-month period being allowed for compliance prior to suspension of salary payments.

If an award which has been made prior to 1st April requires to be amended due to information contained in the accounts, this will allow adjustments to be made in the third quarter payment.

8.1 Challenge 4 – Recommendation

It is recommended that should organisations fail to submit their annual accounts 5 months after their year end the non-salary element of their grant be suspended for one month, after which time, all grant payments will be suspended if no accounts have been submitted.

Challenge 5

9. Level of Financial Reserves held by Grant Recipients

The current economic climate has created additional pressure on the Council and its partners to continue to invest in the priorities identified in the Community Plan and SOA. The current economic downturn puts Glasgow City Council in a similar position to other local authorities, businesses and organisations in requiring to make necessary efficiencies. The economic climate requires all sectors to take similar steps. This will mean that organisations which receive grant funding must ensure that they deliver services as efficiently as possible and, if required, make use of unrestricted financial reserves. This section sets out a proposed approach to addressing this issue in a fair and balanced way.

The significant investment which Glasgow City Council and Community Planning partners commit to third party organisations entitle the Council to enquire into the level of financial reserves held by some of these organisations with a view of ascertaining whether any hold more than are actually required for risk management purposes.

There is no single, legally recognised level of financial reserves which a charitable organisation is required to hold. Scottish charities are required to annually submit their accounts to the Office of the Scottish Charity Regulator (OSCR). These accounts must include a description of the policy the charity trustees have adopted to determine the level of reserves to be held by the charity. This should include:

- the level of reserves held
- why they are held
- the amount and purpose of any designated fund, and the likely timing of any expenditure that has been set aside for the future

OSCR do not set or recommend a specific level or formula to determine a desired level of reserves that should be held by an individual charity. The Scottish Council for Voluntary Organisations (SCVO) does suggest a standard level for financial reserves of “a target of, say, 3 months operating costs” to be held in reserve.

Some progress has already been made on the issue of reserves with both the Council and the CPP making some reductions in funding where it appeared that specific organisations had accumulated reserves in excess of what was required for risk management purposes. It is now proposed to standardise the approach across all grants administered by the Council. It is clear that many of the organisations have different levels of reserves policy in place. Some do not appear to have any reserves policy. In order to make this exercise fair to all funded projects, it is recommended that the Council agrees that a uniform approach to dealing with reserves should be adopted.

The financial reserves discussed in this paper should be divided into restricted and unrestricted reserves held by organisations. **Restricted** reserves are those which are held as result of a legal obligation or commitment in relation to how they must be spent. The remainder of reserves are **unrestricted** i.e. not subject to any external legal requirement as to how they may be spent.

It is recognised that an organisation may possess unrestricted reserves which have been properly and responsibly **designated** by the organisation for future spending. However, in relation to reserves which may have been allocated by the organisation for potential future expenditure but no legal obligation exists or is likely to come into existence during the next financial year, these sums will be regarded as part of the organisation's **undesignated unrestricted reserves**. The level of these undesignated unrestricted financial reserves, which could be taken into account during decisions to allocate grants, will be decided by the Council following discussions with the organisation.

In the above, it is proposed that organisations should require to identify resources which are held to meet their legal responsibilities including potential redundancy payments to staff employed on Council and CPP funded activities. These should be clearly differentiated and it is recommended that these funds be treated as designated reserves.

In calculating the operating costs of funded activities of an organisation, these should be determined based on the amounts of the previous year. If an organisation is aware that its operating costs for the coming year are projected to be significantly different then the organisation will be required to provide appropriate information to explain this difference. If agreed this may be taken into account in agreeing an acceptable level of unrestricted reserves.

Organisations may be unlikely to know the final level of their financial reserves until after the 31st March, i.e. after they have been in discussions regarding funding for the coming year. In these circumstances, the level of financial reserves used to calculate an organisation's grant allocation should be based upon the best available estimates provided by the organisation. If an organisation's final level of financial reserve differs significantly from the amount used to estimate the grant allocation then the Council reserves the right to amend the level of this grant at a later date.

It is not proposed to introduce this measure in a form which would adversely impact upon the work of smaller, community based voluntary organisations. Therefore, it is proposed that this policy applies to organisations which have annual operating costs in the previous financial year in excess of £100,000 or if the organisation is allocated a Council administered grant of more than £25,000 per annum.

If a grant recipient is part of a wider, umbrella organisation which, on account of its size has a significantly higher level of financial reserves, then this must be taken into account at the discretion of the Council as appropriate. Discussions should take place as to what level of reserves could be attributed to the needs of the Glasgow element of their operations.

9.1 Challenge 5 – Recommendations

It is recommended that all organisations in receipt of funding in 2010/2011 be required to provide full details of their current level of financial reserves and reserves policy prior to allocation of grant.

Where an organisation has a turnover of more than £100,000 per annum and receives more than £25,000 in grant income from the Council, consideration will require to be given to treatment of undesignated unrestricted financial reserve in excess of 3 months of the cost of operating the activities funded by Glasgow City Council. This will result in this excess amount being taken into account in assessing funding and will be reflected in a reduction in grant allocation.

Challenge 6

10. Single Performance Monitoring Framework

The Community Planning Partnership's Single Monitoring Framework (SMF) was established in 2006. The SMF monitors the priorities, actions, outcomes, indicators and targets identified in Glasgow's Community Plan and the Single Outcome Agreement and involves -

- Six Monthly reports
- Annual Reports
- Board Reports
- Project Assessment Reports
- Monitoring/Inspection visits
- Feedback

A summary of the Single Monitoring Framework is outlined in [Appendix 3](#).

10.1 Challenge 6 – Recommendation

It is recommended that the Community Planning Partnership's Single Monitoring Framework be adopted as the monitoring framework for the integrated grants fund.

Challenge 7

11. Equality Impact Assessment

This is a method for assessing the impact which a proposal, policy or initiative will have on removing barriers to equality.

The new integrated approach to grants is intended to create a level playing field for applicants who can meet the stated criteria and can contribute to the implementation of the Council and CPP objectives.

The process of more closely aligning the grants budget to Council and CPP priorities will help to ensure that this resource will more effectively address the needs of sections of the community e.g. BME and other disadvantaged groups.

A move away from funding activities which do not address the above priorities will not be detrimental or discriminatory as all applications will be assessed in a fair and transparent manner, including how they will meet the needs of all communities recognising the diversity of the city.

In order to undertake such an assessment of the Grants Integration Project, an assessment team has been set up. A review of existing statistical information relating to each of the above has been carried out.

This will form the basis of the equalities monitoring which will be an integral part of the new grant process. Monitoring of equalities will look at all stages of the grant process from pre-application through to monitoring of performance of funded activities.

For example, all applicants will require to state not only their commitment to equalities but also how they will ensure compliance. All outputs and outcomes will take into account equalities. Where it is possible, specific targets will be set e.g. where a project operates in an area with 20% BME population, it will be asked to attempt to reach a target of at least 20% BME users. Where there are specific reasons why specialised provision is required, e.g. for a project targeted as assisting disabled people, targets set will reflect this.

It is proposed that consultation on the assessment and monitoring process will be undertaken through the Equality Networks Forum and through a series of Stakeholder Engagement events.

11.1 Challenge 7 – Recommendation

It is recommended that an Equality Impact Assessment as outlined in 11. above be undertaken.

Challenge 8

12. Environmental Impact Assessment

A framework for an environmental impact assessment is being developed and will be available for consideration in December 2009.

Challenge 9

13. Stakeholder Engagement

It is essential that Community Planning partners are consulted regarding the implications of the Grants Integration Project. This is particularly important where grants have been made through CPP structures and where these activities form part of agreed local Action Plans.

The grants integration process will be discussed by the Community Planning Partnership and the 10 local CPPs and the 21 Area Committees will also be consulted.

It is proposed that all organisations currently receiving funding will be invited to attend a series of consultative events which will be organised from October 2009. These will cover the proposed changes in the application, assessment and monitoring procedures. They will also inform organisations about the proposed changes in the financial administration of grants.

A stakeholder impact assessment will be produced after the engagement process. The outcome of this assessment and general feedback from these events will be given to the Executive Committee in December 2009 who will take it into account prior to final sign off of the systems and procedures.

13.1 Challenge 9 – Recommendations

It is recommended that –

- (i) consultation with CPP partners and local structures and a series of consultative events involving all grant funded organisations be undertaken in October 2009; &
- (ii) feedback from this consultation process and the consultative events and the outcome of a stakeholder impact assessment be taken account of in the integrated grants system.

Challenge 10

14. Roles and Responsibilities

The respective roles and responsibilities of the Council and of the organisations in receipt of grant funding from the Council are outlined below.

14.1 The Council

The role of Council staff through programme management and monitoring is to –

- Design an application process
- Manage the application process
- Support applicants through the application process
- Make recommendations on applications for funding
- Make payments to successful applicants
- Report on financial and other performance of the projects or programmes being funded
- Monitor all awards made and ensure funds are used for the purposes given
- Ensure and report on compliance with conditions of grant
- Measure and report on impact of the integrated grants system on the Single Outcome Agreement

14.2 The successful applicant

The role of the organisation in receipt of grant funding is to –

- Ensure delivery of project as per application and offer of award unless agreed variation
- Ensure that it complies with all terms and conditions of grant applied to the funding award
- Provide monitoring or other information as requested by the Council
- Inform the Council of any of proposed alterations to the delivery of the grants programme
- Develop an exit strategy for when the grant funding ends
- Keep the Council informed of any delays or problems in implementation
- Conform to all statutory requirements relating to the operation of its activities , including all employment, health and safety, taxation, equalities, charity and other areas
- Follow its own internal procedures, financial and otherwise

14.3 Challenge 10 – Recommendations

It is recommended that –

- (i) the roles and responsibilities of the Council and of the organisations in receipt of grant funding are as outlined in 14.1 and 14.2; &
- (ii) that these roles be conveyed to all successful applicants as part of the grant award package

Challenge 11

15. Reporting on all eligible grants through one management system in 2009/2010

At present, 75% of the Council's grants are managed by and reported on through a web based Grants Management System (GMS) which was introduced in 2006. The GMS is owned by the Council and is supported by Access Glasgow. Its key features include -

- providing support to all aspects of the grants cycle (with the exception of application & assessment & elements of performance monitoring)
- an interface with the Council's financial systems
- flexibility and capability of expansion to cater for future requirements

In order to achieve an integrated approach to grants provision in 2009/2010, it is necessary that all of the grants programmes eligible for integration are reported on through a single financial monitoring and reporting mechanism.

15.1 Challenge 11 – Recommendation

It is recommended that each of grant programmes identified as eligible for integration in this report are reported on through the existing GMS in 2009/2010.

Challenge 12

16. Specification and development of an integrated on-line grants system for implementation in 2010/2011

Preliminary engagement has been made with Access Glasgow on the specification and development of an integrated on-line grants system, with the aim of delivering the following outcomes -

- Effective sharing of information between services and partner agencies
- Engagement with grant recipients electronically, providing a choice of access, self-service and extended hours of availability
- Improved accountability and transparency throughout the grants provision process
- Standardised processes which are more client focussed
- Improved and single point of access for all information on grants provided by the Council
- Enhanced partnership working with other funding providers
- Reduction in the potential for duplication of funding with other funding providers
- Improved management information and reporting
- Improved and more informed decision making process
- Reduced form filling for both the Council and grant recipients
- Improved performance and financial monitoring
- More efficient back-office processing

16.1 Challenge 12 – Recommendations

It is recommended that –

- (i) the principle of management and delivery of the integrated grants fund in 2010/2011 by a system involving the on-line submission of financial and performance monitoring information by grant funded organisations be considered;
- (ii) engagement with Access Glasgow commence on the specification, development and cost of an on-line grants management system and ; &
- (iii) a report on progress with the specification and development of an on-line grants management system be brought back to Committee in January 2010.

Service Implications

Financial

The project aims to deliver 20% efficiency savings and / or redirection of resources.

There will be a cost involved in the development and implementation of an on-line grants management system in 2010/2011 but this will likely be met through redirection of resources.

There will be costs associated with the delivery of grant funded payroll costs through the Shared Service Centre and an analysis of costs vs benefits will require to be undertaken.

Personnel

There will potentially be Personnel issues arising from the integration and delivery of the grants administration functions and the staff who currently undertake these functions in all services and partner agencies. Advice will be sought from Corporate Human Resources on any issues arising.

Legal

There are no Legal issues.

Service Plan

Integration and delivery of the grant funds through the corporate centre may require amendment to service plans from 2010/2011.

Environmental

An environmental impact assessment will be undertaken and reported on in December 2009.

Mapping of Grants

Appendix 1

Service	Name of Programme	Value of GCC's grants	Estimated eligible for Integrated Grants System	Estimated potentially restricted funds	Other funding to be delivered through the CGIP	Funding Leverage in 2008/2009	Comments
Corporate Services Department	FSF	£ 52,669,047	£ 52,669,047	£ 24,335,933		£ 44,642,701	Ring-fencing to be removed in 2010/2011
	SIB	£ 9,508,400	£ 9,508,400	£ 2,119,248			
	Homelessness Partnership	£ 299,775	£ 299,775	£ 299,775			
Area Development Community Councils Resource Centre	Area Development Budgets	£ 1,655,000	£ 1,655,000				
	Administration & Discretionary Grants	£ 50,000	£ 50,000				
Chief Executive's Office	Equality Grants	£ 150,000	£ 150,000			£ 610,000	
Social Work Services	Section 10 - GTVO	£ 1,607,446	£ 1,607,446	£ 593,064			£593,064 ineligible as service contracts
Education Services	Childcare Strategy	£ 6,085,800	£ 6,085,800				
	Pre-5 GTVO	£ 212,000	£ 212,000				
	EDIS (Education Improvement Service)	£ 71,355	£ 71,355				No EDIS info submitted for 09/10. Estimated £71,355 is based on 08/09 allocation.
Development & Regeneration Services	LRAs	£ 1,141,100	£ 1,141,100				
	UWCs	£ 350,000	£ 350,000				
	Supporting the disadvantaged	£ 594,000	£ 594,000				
	Voluntary Organisations	£ 250,800	£ 250,800				

Mapping of Grants

Appendix 1

Service	Name of Programme	Value of GCC's grants	Estimated eligible for Integrated Grants System	Estimated potentially restricted funds	Other funding to be delivered through the CGIP	Funding Leverage in 2008/2009	Comments
Concessionary Rents (approximate value)	3rd Sector & charitable organisations	£ 1,000,000	£ 1,000,000				Awaiting further detail on this
Glasgow Works	Glasgow Works Employer Engagement - DWP				£ 1,700,000		
	Employability Programme	£ 496,026	£ 496,026				
	Employability Programme - DWP				£ 1,410,175		
	Employability Programme - ESF				£ 4,667,685		
Land & Environmental Services	Landfill Tax Credits	£ 720,000	£ 720,000				Estimated £720,000 is based on 08/09 programme
Culture Sport Glasgow	Youth Services	£ 719,305	£ 719,305				
	Community Facilities	£ 1,244,395	£ 1,244,395				
	Adult Literacy & Numeracy	£ 1,983,900	£ 1,983,900			£ 600,000	
	Cultural Grants	£ 3,198,000	£ 3,198,000			£ 28,786,000	
	Visual Arts Grant - Scottish Arts Council				£ 23,000		
	Sports	£ 185,500	£ 185,500			£ 7,500	
	Totals	£ 84,191,849	£ 84,191,849	£ 27,348,020	£ 7,800,860	£ 74,646,201	
Total of GCC grants			£ 84,191,849				
Combined total of GCC grants & external funding			£ 91,992,709				
Combined total of GCC grants & leverage funding			£ 158,838,050				
Combined total of GCC grants & external funding & leverage			£ 166,638,910				

Summary Statement on readiness for integration

Review of the existing administrative processes has involved consideration of the key features of the grant provision process. Summary findings have been produced for each service and partner agency and a Red, Amber or Green indicator has been used to suggest the readiness of the grant programmes for integration, on the basis of -

Green	Appears to be suitable for integration in 2009/2010
Amber	Further assessment of readiness is required/being undertaken
Red	Not ready for integration in 2009/2010

Service	Grant Programme	General Observations	Readiness for Integration
Corporate Services Department	Fairer Scotland Fund	<ul style="list-style-type: none"> All funds managed via web-based grants management system (GMS) which has an interface with the Council financial systems. 	Green
	Social Inclusion Budget		Green
	Homelessness Partnership Development		<ul style="list-style-type: none"> Performance monitoring undertaken through a Single Monitoring Framework (SMF).
	Area Committee Area Budgets	<ul style="list-style-type: none"> Small grants programme - of the 746 grants made in 2008/2009, 743 of these were under £20k 	Green
	Community Councils Resource Centre	<ul style="list-style-type: none"> Small grants programme - 89 awards were made in 2008/2009 and all were under £650. 	Green
Chief Executive Office	Equality Grants	<ul style="list-style-type: none"> No electronic grants system in place. 	Green
Social Work	Section 10 – Grants to	<ul style="list-style-type: none"> No electronic grants system in place. 	Green

Services	Voluntary Organisations	<ul style="list-style-type: none"> Monitoring information relating to specific client groups requires to be built into SMF. 	Green
Education Services	Childcare Strategy	<ul style="list-style-type: none"> No electronic grants system in place. Approach to financial and performance monitoring not entirely uniform. Monitoring information relating to specific client groups requires to be built into SMF. 	Green
	Pre-5 Grants to Voluntary Organisations		Green
	EDIS (Education Improvement Service)		Green
Development & Regeneration Services	Local Regeneration Agencies	<ul style="list-style-type: none"> No electronic grants system in place. Further dialogue with Service required. 	Green
	Unemployed Workers Centres		Green
	Supporting the disadvantaged		Green
	Voluntary Organisations		Green
	Concessionary Rents (approximate value)	Further dialogue with Service required.	Amber
Glasgow Works	Employability Programme	<ul style="list-style-type: none"> Funds now being managed through Corporate Services's GMS. 	Green
Land & Environmental Services	Landfill Tax Credits	Further dialogue with Service required.	Amber
Culture & Sport Glasgow	Youth Services	<ul style="list-style-type: none"> The electronic grants system in place is not web-based and does not have an interface with the Council's financial systems Approach to financial and performance monitoring not entirely uniform. 	Green
	Community Facilities		Green
	Adult Literacy & Numeracy		Green
	Cultural Grants		Green
	Sports		Green

Single Monitoring Framework

Background

The Single Monitoring Framework (SMF) was formally established in 2006 to monitor progress of the then Community Regeneration Fund against National, Citywide and local priorities. The Local Government in Scotland Act 2003 requires local authorities to report on the implementation of Community Planning and further advice from the then Scottish Executive advocated the establishment of a monitoring framework in order to identify what partners would achieve together as part of Community Planning, how these priorities would be achieved and how progress would be tracked.

Context

Glasgow's Community Plan and the Single Outcome Agreement identify the priorities, actions, outcomes, indicators and targets that are monitored through the SMF. All grant funded projects and programmes currently under the auspices of Community Planning adhere to the SMF and regularly submit information for this purpose.

Performance Monitoring

Monitoring the performance of grant funded projects and programmes across the City is an essential component in project/service planning and the continuous improvement of this. Two main elements of the SMF have been identified – accountability and service development. It is vital that the projects and agencies recognise that they are accountable to service users, funders and tax payers and this can be demonstrated through the SMF. The SMF also plays a pivotal role in service development - identifying what works and why, how to make improvements, demonstrating effectiveness of service and developing ideas for the future.

More specifically, the SMF allows Glasgow Community Planning Partnership to analyse performance, measure progress against aims and objectives and feed into project/service evaluation. It also goes some way to influencing future activity via the identification of strengths and weaknesses of the service.

Goals of the SMF

In developing the SMF, a number of goals were identified:

- Value for Money – SMF should capture which initiatives have been allocated funding and how that funding has been spent. The proportion of spend against outcomes and priorities can also be ascertained.
- Shared Resources & Partnership Working – SMF will determine whether or not projects are successfully working together and detail how their partnership came about.
- Consistency – use of the SMF means a consistent approach across the city which allows for smoother aggregation of local and city-wide information therefore providing an overall picture of progress.
- Continuous Improvement – SMF facilitates continuous improvement by identifying areas of success and helping projects avoid complacency. It can reveal when targets are ahead of schedule, therefore presenting the opportunity to revise targets and increase progress.
- Early Identification of Problems – SMF also aids in identifying projects who are struggling to meet their chosen outputs or progress is behind schedule which will allow projects to identify actions to correct this.

- Informing Future Decision-making – SMF is utilised as a management tool that can help facilitate future decision making related to setting targets and identifying outputs.

Elements of the Framework

Six Monthly Reports

Each initiative is required to submit either a six monthly monitoring report which focuses on project spend during the reporting period and progress being made against stated outputs. These reports provide the opportunity for successes to be highlighted but also can provide an early indication of problems or issues that may have arisen.

Annual Reports

Every initiative is required to submit an annual monitoring report which requests information on aims & objectives, themes and strategic objectives, geographical coverage, finance and project spend, resources, project activities, services users, target groups, community engagement, partnership working, equality and diversity, and progress towards SOA Outputs. The completion and submission of this information allows the SMF to be utilised to perform analysis of all funded activities across the city over the year.

Board Reports

Information gathered through the SMF can be used to prepare reports for the CPP Strategic Board/Executive Group and LCPP Boards. These could provide details on performance against the SOA Outcomes and Outputs and the associated expenditure across the city. There is no requirement to report on individual initiatives, however reports may wish to highlight certain issues or particular progress.

Project Assessment Reports

Community Planning staff are required to complete a project assessment report for every six monthly and annual report submitted. This is a basic summary report which details whether or not the monitoring reports have been completed satisfactorily, financial spend and achievement of targets and progress against outputs.

Monitoring/Inspection Visits

These visits constitute an additional element of the SMF which provides an opportunity for Community Planning staff to gain first hand knowledge and experience of the delivery of a project/service. The visits focus on financial systems, governance arrangements, identification of possible problems not picked up in the monitoring reports, staffing issues and progress against targets. The visits also encourage a greater understanding between the organisation and funders on the nature of each others' work.

Feedback

SMF also provides the opportunity for feedback arrangements to be put in place to support the continuous improvement and progress towards outputs. The absence of feedback will have a de-motivating impact on projects involvement in the framework, therefore resulting in less effective project monitoring.