
Report to Resources & Audit Committee

Date of Meeting: 20 June 2013

Subject: Finance & Corporate Services: Funding to Voluntary Organisations in 2012/13

Report by: Head of Strategy & Customer Services

1.0 Purpose

- 1.1. On the 14 March 2013, Council considered a report entitled, Internal Audit: Following the Public Pound, Review of Arms Length External Organisations (ALEOs). One of the report's recommendations was that Council 'invites all service committees to ensure that the areas identified for improvement are actioned, reported and monitored to ensure their delivery'
- 1.2. The purpose of this report therefore is to provide Committee with an overview of funding arrangements for Finance & Corporate Services.
- 1.3. Council, also on 14 March 2013, endorsed the decision of the Resources & Audit Committee to require progress reports on the implementation of the agreed improvement areas to be presented to future meetings of the Committee. This report provides an update on progress to date.

2.0 Recommendations

- 2.1. It is recommended that Resources & Audit Committee note, comment on and challenge the report.

3.0 Considerations

- 3.1. The Council is required to demonstrate best value and comply with procurement legislation when employing 3rd parties to supply the Council with goods and services. The best practice guide produced by Audit Scotland in the late 1990s, *Following the Public Pound*, set out required arrangements, including the need for Service Level Agreements.
- 3.2. An internal audit report of August 2012, *Following the Public Pound, Review of ALEO's* recommended that an annual monitoring report should be prepared for Committee.
- 3.3. At Council on 14 March 2013, all service committees were invited to ensure that the areas identified for improvement within that report were actioned, reported and

monitored to ensure their delivery'. Table 1 illustrates the position for Finance & Corporate Services.

Service	No of Orgs	Approx Value 2012/13	SLAs Reqd 2012/13	SLAs Confirmed	SLAs Likely Required 2013/14
Strategy & Customer Services	9	£159K	8	7	10
Support Services	0	£0K	0	0	0
Total	9	£159K	8	7	10

Table 1- summary of funding arrangements

- 3.4. There are no Service Level Agreements for Support Services, as all 3rd party arrangements are governed by contracts using the Procurement Journey. Strategy & Customer Services administered 9 payments to voluntary organisations during 2012/13, eight of which can evidence up to date SLAs and monitoring arrangements. The ninth organisations was provided with a draft SLA for signing, however, despite a reminder, no signed copy was returned. As a result no Purchase Order was issued for the year 2012/13. Appendix 1 provides more detail on organisations and funding provided.
- 3.5. For 2013/14, Strategy & Customer Services will oversee 10 SLAs. One organisation no longer requires funding, and an additional two SLAs has resulted from the Council's decision to provide £10,000 of funding to food banks in Clackmannanshire for the year 2013/14.
- 3.6. Following the Internal Audit report on ALEOs, Council endorsed the decision of the Resources & Audit Committee to require progress reports on the implementation of the agreed improvement areas to be presented to future meetings of the Resources and Audit Committee. Progress is as follows:
- Our Code of Practice Funding External Bodies and Following the Public Pound has been reviewed. The Code contains a revised standard SLA template that all services are required to use.
 - This Code has been circulated to appropriate officers through a Working Group chaired by the Head of Strategy & Customer Services. The Group has agreed that further training on the Code, in conjunction with procurement and audit managers, will be rolled out to monitoring officers by the end of June 2013.
 - Contained within the Code are slightly differing approaches for smaller, non-recurring funding and grants, and includes guidance on assessing the financial viability and suitability of any potential supplier as per Contract Standing Orders..
 - As recommended in the internal audit report, for the year 2013/14, all funding arrangements will have an up to date SLA in place, together with a purchase order and regular monitoring arrangements, as appropriate for the size and

nature of funding provided. It is expected that this work will be completed by the end of June 2013.

- 3.7. Whilst these measures represent an important step forward, such arrangements will be interim as further developmental work beyond that recommended in the audit report is required to ensure compliance with procurement legislation.
- 3.8. In essence, a funding arrangement with a voluntary organisation to provide goods or services to the Council is a contract, and as such Contract Standing Orders apply. In the past, in line with *Following the Public Pound*, we have required services to put in place a service level agreement (SLA), with appropriate monitoring arrangements, when procuring services from voluntary organisations. However, with changes in procurement policy and practice, we need to manage a shift towards all such arrangements being subject to the Procurement Journey as per approved Contract Standing Orders (CSOs).
- 3.9. That process is underway, however, depending on the circumstances, the preparatory work required for tendering can be resource intensive, and as such, it may realistically take some time (estimate between 1 and 2 years) to manage the transition fully. A risk-based approach will be taken, with high value funding arrangements being routed through the Procurement Journey earlier. The above-mentioned Working Group at paragraph 3.3 has initiated this work which will be progressed in consultation with the procurement manager.
- 3.10. There will be some areas of funding where the Procurement Journey indicates that competitive tendering is required. In such circumstances, a formal contract will govern the funding arrangement, not an SLA. However, given the local, and sometimes unique nature of the types of activity involved, there will likely be instances where an exceptions certificate to CSOs would be granted. In such circumstances an SLA with associated monitoring arrangements will remain a firm requirement.
- 3.11. The distinction between an SLA and a competitively tendered contract is important when considering the corporate register currently under development. For the purposes of transparency, at this point all voluntary organisations funded will be listed, however, in time this will reduce as any required to follow a competitive tendering route will shift to the contracts register..
- 3.12. The Working Group is also currently investigating 'funding in kind' arrangements with a view to ensuring that all such contributions, whether financial or in kind are maintained on a register. This work should be completed over the summer of 2013, at which point a further report will be brought back to the Committee.
- 3.13. There are no direct financial implications arising from this report.

4.0 Sustainability Implications

- 4.1. There are no direct sustainability implications arising from this report.

5.0 Resource Implications

- 5.1. *Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes
- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes
- 5.4. *Staffing - no direct implications arising from this report.*

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

- (2) **Council Policies** (Please detail)

Contract Standing Orders

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? Yes
No Not applicable

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

11.0 Background Papers

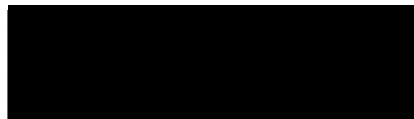

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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Appendix 1 - Breakdown of Funding Administered by Finance & Corporate Services

Organisation	Description	Budget £
Rape Crisis	Crisis Support & Youth Project	25410
Women & Girls	Support to women: health & mental health	5730
Central Scotland Race Equality	Equalities	7920
Arts Forum	Community Arts Support	3958
Hawkhill Community Association	Community centre and activities	39156
Cafe Society	Training & community facilities	22920
Sauchie Active8	Community activities centred around skills and health	36290
NHS Forth Valley	Artist in Residence Arts project: health & mental health/wellbeing	14200 (over 3 yrs)
OAP Associations	Support for older people	3480

