

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE AUDIT COMMITTEE

13 DECEMBER 2018

REPORT OF THE CHIEF EXECUTIVE

COMMUNITY ACTION FUND 2018-19 UPDATE

1. Purpose of report

1.1 The purpose of this report is to provide an update in respect of the use of the Community Action Fund (CAF) approved by Cabinet on 05 September 2017.

2. Connection to corporate improvement objectives/other corporate priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
- Helping people to be more self-reliant – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background

3.1 The 2017-2021 Medium Term Financial Strategy which was approved by Council on 1st March 2017 included a new budget of £285,000 for the creation of a Community Action Fund. The broad aims of the fund were to create opportunities for localised intervention by Members within their own ward to the benefit of the community. It was hoped to broaden the impact which council funding can have on individual communities and provide a funding source which Elected Members can individually use to directly benefit their local ward.

3.2 The Community Action Fund scheme was designed with the aim of minimising administrative costs and placing responsibility for the eligibility of payments with individual Elected Members. Further assurance would then be provided through public accountability which included the reporting of payments on the Council's website and to the Audit Committee. The Council's internal audit function would undertake periodic sample based compliance testing to provide additional assurance.

- 3.3 Elected Members have significant discretion over how the money has been used with the overarching caveat that expenditure must be lawful and it must not contravene council policy. Similarly, funding should not be awarded to profit making organisations or for political purposes. It should not be used for expenditure that is recurring and would necessitate future funds.
- 3.4 Elected Members are required to attend mandatory training before they are able to submit applications for payment to ensure that the scheme operated smoothly, that administration costs and enquiries were kept to a minimum, and Members were able to comply with the conditions of the scheme and self regulate.
- 3.5 On 5 September 2017 Cabinet approved the implementation of the Community Action Fund scheme and training sessions were provided in October 2017 to ensure that all Elected Members had the necessary training before submitting funding requests. The funding of £285,000 provided for an allocation of £5,000 for each member to allocate to their ward and £15,000 towards administration costs.
- 3.6 Due to the delay in implementation of the scheme, unused funding in 2017-18 was rolled over into the 2018-19 financial year for use by the end of October 2018.
- 3.7 On 29 June 2018 a report was submitted to the Audit Committee which provided an update on fund activity to date and recommended that a full review of the Community Action Fund would be undertaken following the end of the current phase of funding.

4. Current situation/proposal

4.1 Financial

- 4.1.1 It was agreed that funding requests would be processed between 16 October 2017 - 19 October 2018. This deadline was extended to the 31st October 2018. Any unspent funding would be returned to the corporate reserve.
- 4.1.2 During the period of the scheme a total of £231,667.24 (85.8%) of the available £270,000 was provided from the Community Action Fund budget to fund 156 projects across the County Borough.
- 4.1.3 The minimum level of funding was £500. Elected Members used their allocation to fund projects of different amounts.
- 4.1.4 Elected Members used their funding for a variety of projects including:
- Christmas trees
 - Activities for young people i.e. scooter clubs,
 - Purchase of equipment for community groups,
 - Memorial garden,
 - Bus shelter

A full list of projects, Elected Members, wards and values is shown at **Appendix 1**.

- 4.1.5 At the close of the scheme 3 Members (6%) of Elected Members have

not used any of their allocated funding.

4.1.6 During the period of the scheme significant officer time has been spent on processing the applications. Business Support and Democratic Services Officers are frequently involved in reviewing the applications and collating the information required. The Monitoring Officer and the Section 151 Officer have also dealt with significant queries in relation to the appropriate use of the scheme and clarification of the financial and governance arrangements of grant applications and payment requests. This position was not envisaged when the scheme was approved.

4.2 Feedback

4.2.1 The administration team used the checklist contained within the Payment Request form to ensure that each application met the criteria for payment. Difficulties were experienced with:

- incomplete forms or forms,
- lack of payment request forms,
- bank statements not being included with submission,
- declarations of interest which needed resolution by the Monitoring Officer,
- additional confirmation of how funding would be used,

- 3 quotes not being provided when the request for funding was over £1000, and additional advice required from S151 and the Monitoring Officer and other officers before progressing a funding request ;
- Slow response from Members when queries have been raised.

4.2.2 During the scheme period Elected Members have provided feedback on the following issues:

- Remit of scheme doesn't cover what they would like to fund
- Doesn't allow Members the freedom to spend as they'd like
- Difficult process
- Difficult to get voluntary organisations to apply for the fund

4.3 Audit Review

4.3.1 In October 2018, Internal Audit undertook an audit review of the Community Action Fund to ensure that the financial controls in place were efficient and effective and that decisions made were in accordance with published guidance. During the Audit a number of strengths and good practice were identified as follows:

- All Members had attended the Community Action Fund training.
- The monitoring of Members' spend by Business Support was accurate when compared to the Council's ledger.
- That all applications requested by the Auditor had been retained by Business Support.

4.3.2 The following key issues were identified during the audit which needed to be addressed:

- A breakdown of the expenditure incurred from the fund was not available on the Council's external website although it is stated as a requirement within the Community Action Fund guidance notes.
- The administration of the grant has involved the time of a number of officers in different departments

4.3.3 During the audit it emerged that a Councillor who had completed the training had not followed the application process. The Councillor's request had gone directly to a department and this resulted in the department authorising the work out of their own budget. Democratic Services and Business Support had no knowledge of this request and therefore no official confirmation that the cost of the works would be reimbursed to the department had been obtained. Rectifying this involved the time of the Section 151 Officer as well as other Officers in the Council.

4.3.4 The Auditor also observed during testing that a number of applications had been queried by Business Support with the Section 151 Officer and the previous Corporate Director – Operational and Partnership Services, therefore utilising staff time of other departments for a scheme that was set up to be as low cost on administration and as self-regulating as possible.

4.3.5 Out of the 20 applications sampled during the audit, 14 were for funding over £1,000 and it was identified that 4 of these applications did not have 3 quotes as required in the guidance notes due to the nature of the service/item purchased. The Auditor recommended that consideration should be given to updating the application forms to allow Members to get approval from the Head of Democratic Services for any variation prior to submission.

4.3.6 The auditors recommended that the whole process is reviewed to ensure that it is efficient and effective whilst also being economical. The amount of Officer time involved should be considered alongside the controls required and the value of the funding being requested by each Member to ensure that this scheme is providing value for money.

4.3.7 Based on the assessment of strengths and weakness of the areas examined the Audit Opinion was that of 'reasonable assurance' of the effectiveness of the internal control environment.

4.4 Administrative support

4.4.1 Although designed to be a low cost scheme, in reality the administrative burden has been substantial and has involved officer time across the authority including officers providing financial advice and guidance as previously referred to in paragraph 4.2.1.

4.4.2 During operation of the scheme, officers identified that in one instance grant funding had been provided retrospectively which was in breach of the terms and conditions of the scheme. In the instance identified, the funding related to internal works undertaken by the Council before funding had been approved.

4.4.3 When the scheme was introduced it was anticipated that should Members want to use their allocation to fund works or services which the Council would itself carry out, incremental to existing provision, Members would be encouraged to discuss proposals at an early stage with officers in order to best accommodate requests in an efficient manner. However it was also recognised that it may not be possible to practically or economically accommodate all requests and that the relevant Corporate Director would retain the right to refuse such work. A number of schemes involving work undertaken by the Council have diverted much needed community services resources by undertaking these schemes as other planned works have needed to be rescheduled. In addition funding inwards has resulted in additional on-going cleaning and maintenance costs of street furniture which will need to be resourced.

4.5 Effective Use of Resources

4.5.1 There has been mixed reviews by Members on their experience of the scheme, with some positive outcomes on the community benefit of the scheme and some negative outcomes in respect of the process, scheme criteria and limited interest in the scheme from eligible organisations in the area.

4.5.2 Given the level of budget reductions the Council needs to make over the medium term, and pressures the authority is facing, consideration needs to be given as to whether this funding could be used more strategically as part of a larger budget benefiting all residents of the borough. This would involve discontinuation of the scheme and rechanneling the £285,000 into the medium term financial strategy to alleviate other reductions in services. The funding could either be used towards meeting the cost of identified budget pressures or to mitigate shortfalls in budget reduction proposals.

5. Effect upon Policy Framework and Procedure Rules

5.1 There is no effect on the policy framework and procedures rules

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications associated with this report.

9. Recommendation

9.1 The Audit Committee is recommended to:

a) Note the content of the report and

- b) Make a recommendation to Cabinet the cessation of the Community Action Fund and the transfer of the £285,000 funding back into the Medium Term Financial Strategy for consideration when setting the budget for 2019-20 to 2022-23.

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6 December 2018

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Background documents: Report to Audit Committee 28 June 2018 -Community Action Fund 2017-18 Update