

<b>Title of Report:</b>	<b>Code of Practice for Reducing Bureaucracy in Grant Making</b>
<b>Committee Report Submitted To:</b>	<b>The Leisure &amp; Development Committee</b>
<b>Date of Meeting:</b>	<b>21 September 2021</b>
<b>For Decision or For Information</b>	<b>For Decision</b>

<b>Linkage to Council Strategy (2019-23)</b>	
Strategic Theme	Resilient, Healthy & Engaged Communities
Outcome	Council will work to develop and promote stable and cohesive communities across the Borough
Lead Officer	Funding Unit Manager

<b>Budgetary Considerations</b>	
Cost of Proposal	£0
Included in Current Year Estimates	n/a
Capital/Revenue	
Code	
Staffing Costs	n/a

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

## **1.0 Purpose of Report**

**The purpose of this report is to recommend to Members a Code of Practice for reducing Bureaucracy in Grant Making.**

## **2.0 Background**

On 10 November 2020 a notice of motion was agreed by the Leisure & Development Committee and approved by full Council on 1<sup>st</sup> December 2020:

“That this Council reviews the application process for Council community grant funding with a view to streamlining the process and ensuring easier access for community organisations. Community organisations across Causeway Coast and Glens report that community grant funding process is extremely demanding and time consuming for often very little sums of money. Our Community Organisations across the area are invaluable to the prosperity of Causeway Coast and Glens and its people and are run by dedicated community volunteers who already have significant demands placed upon them. Council community grants should not be a significant burden to these volunteers who give their time and energy to making this a better place to live and we as a Council should be doing all we can to support them”.

## **3.0 Central Governments Code of Practice**

The Funding Unit Manager is recommending implementing a Department of Finance approved Code of Practice for Reducing Bureaucracy in Grant Funding to Voluntary and Community Sector Organisations (**VCOs**).

The Code of Practice was developed in 2015 as a result of a cross departmental project, led by the Department for Social Development (DSD), with a Steering Committee comprising of the Permanent Secretaries of the Department of Finance and Personnel and DSD, the Comptroller and Auditor General and the Chief Executive of the Northern Ireland Council for Voluntary Action. The Committee agreed that the Code of Practice, to be used by all central government funders, was the best mechanism for addressing bureaucracy in grant funding.

All Northern Ireland departments have indicated their support for the principles contained within the Code which has also been welcomed by the Northern Ireland Audit Office.

All public sector funders outside of central government, such as local councils, are being strongly encouraged to apply the principles, with suitable adjustments for their own context and requirements.

The Code applies to revenue grant funding only. It does not apply to capital funding grants, procurement or to EU funding.

It is recognised that it may be necessary on occasion to depart from applying individual principles for sound business reasons and such departures should be documented.

## **4.0 Aims of the Code of Practice**

The aim of the Code is to assist and support those involved in the administration of grant funding.

The Code aims to embed a risk based approach to the administration of revenue grant funding to help streamline funder's procedures, achieve greater consistency and reduce duplication of effort. It is specifically aimed at areas of the process where clear potential for a reduction in bureaucracy was identified.

## **5.0 Overarching Themes**

The Code of Practice sets out the overarching themes applicable to revenue grant funding and identifies a number of principles to be applied at various stages of the grant funding process. It also sets out a number of principles when administering lower value grants i.e. small and micro grants. (Small grants are those between £1,500 and £30,000 and micro grants are those below £1,500).

Theme 1 Collaboration - There should be a collaborative approach to revenue grant funding of Voluntary and Community Organisations (VCOs) in order to minimise duplication of effort.

Theme 2 Proportionality - There should be proportionality of effort throughout the revenue grant funding process - when seeking applications for, appraising, awarding, checking, monitoring and evaluating grant funding.

Theme 3 Timeliness - The revenue grant administrative process should be completed in a timely way.

## **6.0 Principles of the Code of Practice**

The Code of Practice was developed on nineteen specific principles which are attached as a summary in **Annex A**.

## **7.0 Financial Systems and Control Assessment (FSCA)**

The FSCA is used to assess the internal financial controls and procedures within a VCO and to determine the level of financial competence of the VCO. Once completed the assessment can be recorded and shared on the Government Funding Database so other funders can use it without having to undertake separate assessments.

While effective financial verification is essential it is important that the level of verification is proportionate to the risk presented by the VCO:

- Where VCOs are rated as “adequate” it reaffirms that the VCO is deemed fit to handle public funds and a funder’s normal verification processes should be applied.
- Where the VCO is rated as “robust” a VCO may be granted easements in terms of the level of financial verification carried out by Council.
- Where a VCO has a proven track record, they should not be routinely subject to a verification check but could form part of a pool of projects which may be chosen for checking as part of a random sample.
- Where a VCO has never received government funding, and has therefore no track record of managing a grant or delivering a project, it would be appropriate to treat them in the same way as an “adequate” rated VCO in respect of the level of financial verification to be undertaken.
- Micro grants are usually claimed by very small VCOs and are typically for equipment, utilities, insurance, venue hire or advertising. As claims are simple and amounts small the recommendation is that grant-aid should be paid in advance or where this is deemed to be particularly risky, on receipt of a claim and its associated invoices, which can be easily and speedily checked.

The FSCA rating is extant for three years after which it is formally reviewed. Should Council have a material concern about the VCO at any time the rating can be re-assessed.

## **8.0 Standard Reporting**

Standardising reporting formats or accepting a report which the VCO already prepares for their Board could potentially ease the burden on VCOs whilst still meeting the requirements of Council and external funders.

Project monitoring should be limited, for example, to a few lines on how equipment was used or what a funded event achieved.

## **9.0 Simplifying the Application Process**

At the Annual Grant Workshop held on 23 August 2021 Members indicated a desire to reduce the number of application questions in 6 grant programmes. Members further agreed to move to pass/fail criteria in 6 grant programme; detail set out below:

Grant Programme	Application Form	Scoring / Assessment
Community Development Support Grant	Reduce from 5 to 2 questions	Pass / Fail
Social Inclusion Grant	Reduce from 4 to 2 questions	Pass / Fail
Culture, Arts & Heritage Grant	Reduce from 7 to 3 questions	Scored
Creative Practitioners Bursary Scheme	N/A	Pass / Fail
Building United Community Fund	Reduce from 12 to 6 questions	Scored
Youth Creative Skills Bursary Scheme	N/A	Pass / Fail
Christmas Festive Fund	Reduced 1 x question & cost breakdown	Pass / Fail
Town Twinning Fund	Reduced 1 x question & cost breakdown	Pass / Fail

## 10.0 Recommendations

It is recommended that Elected Members consider the following:

1. Council adopts the DFP Code of Practice for Reducing Bureaucracy in Grant Making.
2. Micro grants (below £1,500) to be paid in advance.
3. Small Grants (£1,500 - £30,000) - 75% of running costs to be paid at the outset of the project with the remainder paid on successful delivery of the project.
4. Council cease carrying out 100% verification on all grant-aid and instead start using Financial Systems and Control Assessment (FSCA). The FSCA is used to assess the internal financial controls and procedures within a Voluntary Community Organisation (VCO) and to determine the level of financial competence of the VCO:
  - a. Where VCOs are rated as “adequate” it reaffirms that the VCO is deemed fit to handle public funds and a funder’s normal verification processes should be applied.
  - b. Where the VCO is rated as “robust” they may be granted easements in terms of the level of financial verification carried out.
  - c. Where a VCO has a proven track record, they should not be routinely subject to a verification check but form part of a pool of projects which may be chosen for checking as part of a random sample.
5. When a VCO is rated “robust” and has multiple grants from Council, a Lead Financial Verifier arrangement be put in place and the expenditure of only one of the projects verified.
6. It is recommended that random sampling is used for organisations with a proven track record.
7. Community Development Support Grant is for annual running costs for VCOs. It is recommended that successful applicants are awarded grant-aid for 3 years as per Principle 2 of the Code.
8. It is recommended that standardised reporting formats are used or accepting a report which the VCO already prepares for their Board.
9. It is recommended to reduce the questions in applications forms as referenced in Section 9.

10. It is recommended to replace the scoring of 6 x grant programmes outlined in Section 9 with pass/fail criteria.

## **Summary of Principles of the Code of Practice for reducing Bureaucracy in Grant Making**

### **BEST PRACTICE PRINCIPLE 1**

When developing revenue grant funding programmes funders should seek to join up their programmes where the objectives align with, or are complementary to, those of other funding programmes.

### **BEST PRACTICE PRINCIPLE 2**

If a project is for a defined period, for example three years, the grant offer should cover the full period and not be funded annually.

### **BEST PRACTICE PRINCIPLE 3**

The Funders' Passport should be adopted by all funders and shared via the Government Funding Database (GFD).

### **BEST PRACTICE PRINCIPLE 4**

The Funders' Passport Declaration and the Policies and Procedures Declaration should be used in all subsequent applications for funding.

### **BEST PRACTICE PRINCIPLE 5**

Decisions on continuation funding should be approved and communicated to VCOs at least three months before the expiry of the existing project funding to avoid the need for placing staff on protective notice.

### **BEST PRACTICE PRINCIPLE 6**

The Financial Systems and Control Assessment (FSCA) of Voluntary and Community Organisations should be operated by all funders.

### **BEST PRACTICE PRINCIPLE 7**

Where a VCO is rated "robust" under the FSCA process and has multiple grants from the same funding body a Lead Financial Verifier arrangement should be put in place and the expenditure of only one of the projects verified.

### **BEST PRACTICE PRINCIPLE 8**

Where a VCO is rated "robust" under the FSCA process and has multiple grants from different funding bodies a Lead Financial Verifier arrangement should be explored and put in place where possible.

### **BEST PRACTICE PRINCIPLE 9**

Funders should allow "robust" rated VCOs the discretion to manage their grant in year.

### **BEST PRACTICE PRINCIPLE 10**

Funders should routinely pay three months salaries for funded staff at the outset of a project and three months in advance thereafter. For "robust" rated VCOs six monthly advances of salaries should be applied.

### **BEST PRACTICE PRINCIPLE 11**

Funders should be flexible when dealing with running costs and pay them in advance where a particular need has been identified.

#### BEST PRACTICE PRINCIPLE 12

Where only an element of a claim is in dispute a funder should make part payments for the remainder of the claim.

#### BEST PRACTICE PRINCIPLE 13

Funders should either accept the project information provided by a VCO to its Board or adopt a Standard Reporting Template to evidence project delivery.

#### BEST PRACTICE PRINCIPLE 14

Six monthly project reporting should be the agreed normal reporting period for VCOs, however, annual reporting should be considered for “robust” rated VCOs who are in a long term funding relationship and have a good track record of project delivery.

### **Small Grants (£1,500 - £30,000)**

#### BEST PRACTICE PRINCIPLE 15

For small grants, salaries should be paid six months in advance, on receipt of the first claim form which should be completed and returned with the signed Letter of Offer.

#### BEST PRACTICE PRINCIPLE 16

For small grants, up to 75% of running costs should be paid at the outset of the project with the remainder paid on successful delivery of the project.

#### BEST PRACTICE PRINCIPLE 17

For small grants, financial verification should be based on the VCO's previous track record. Those having successfully delivered previously should be part of a pool of projects which may be chosen for checking as part of a random sample.

### **Micro Grants (below £1,500)**

#### BEST PRACTICE PRINCIPLE 18

Micro grants should be paid in advance, however, where a funder deems this inappropriate they should make payment as soon as valid receipts are received and checked.

#### BEST PRACTICE PRINCIPLE 19

The minimum amount of information should be collected to evidence the successful completion of a micro grant project.