



**Armagh City
Banbridge
& Craigavon**
Borough Council

FINANCIAL ASSISTANCE POLICY

DECEMBER 2015

CONTENTS

1	INTRODUCTION	2
2	PROPOSED FINANCIAL ASSISTANCE POLICY	3
	2.1 Overarching Principles and Broad Policy Framework	3
	2.2 Grant Programmes and Management	9
	2.3 Assessment, Monitoring and Review	17
	2.4 Grant Governance	24
3	APPENDICES	30
	3.1 Application and Assessment Panels and Process	30
	3.2 Detailed Monitoring and Review Mechanisms	31
	3.3 Risk Assessment and Monitoring	35
	3.4 List of Required Policies and other documents	38

1 Introduction

- 1.1.1 In 2014 an extensive consultation exercise was undertaken across the Armagh, Banbridge and Craigavon Councils to form the basis for the development of a Financial Assistance Policy for the new Armagh City, Banbridge and Craigavon Borough Council. Williamson Consulting looked at the councils' current policies, considering how these could be aligned across the three areas and also considered the policies and plans of other statutory bodies and funders. Extensive community consultation, both on a face to face basis and through an online questionnaire, was undertaken and the views of key networking and support organisations were sought. Following subsequent facilitated sessions with Members and Council Officers and taking cognisance of the views of community and voluntary sector organisations, a new Financial Assistance Policy was proposed.
- 1.1.2 Council adopted the new policy on the understanding that the first call for applications would be a 'pilot' and that the policy would be reviewed thereafter. The first call for applications for financial assistance closed in March 2015 and a review of the policy and procedures ensued, taking on board the views of elected Members and Council Officers with regard to improving on the pilot.
- 1.1.3 This revised Financial Assistance Policy retains the principles upon which the first policy was based but seeks to improve its ability to meet both Council's needs and the needs of those applying for financial assistance. It should be reviewed on a regular basis to ensure it continues to help Council deliver the priorities set out in the Corporate Plan, while recognising the ever-changing climate in which the third sector operates.

2 Proposed Financial Assistance Policy

2.1 Overarching Principles and Broad Policy Framework

2.1.1 While Council contributes substantially to the financial assistance provided to external organisations through our own resources, a significant proportion of the funding utilised in this way is provided by central government departments and is subject to varying degrees of control in terms of how it can be utilised. The Financial Assistance Policy must allow for the requirements of central government departments providing funds to Council to be fully met. If this is not the case, there is a risk that Council will fail to recoup costs which it has incurred. It is therefore important that the Financial Assistance Policy takes into consideration the key central government policy frameworks and strategies.

2.1.2 The Financial Assistance Policy embraces the following twelve principles:

- **Strategic and relevant** – any funding programmes should flow directly from an appropriate strategic basis. These should be consistent with Council's priorities and objectives set out in its Corporate Plan. The programmes should be relevant to local priorities and responsive to changing circumstances. As far as is possible they should be sufficiently flexible to accommodate changing requirements. Inherent within this requirement is a need for potential beneficiaries (i.e. the community at large) to be able to articulate its needs and to influence Council's strategic direction and priorities for financial assistance.
- **Needs focused** – any use of financial assistance should directly reflect identified need. While this will include addressing deprivation and disadvantage, needs assessment should not be limited to this. It should take into consideration inclusion and underrepresentation, varying needs across the area, and the scale of funding should reflect the extent to which a project or organisation addresses need, measured in outcomes or benefits delivered. The Financial Assistance Policy should seek to minimise funding for historical reasons and focus instead on ensuring that strategic direction and a needs focus are the key drivers.
- **Good governance** – Council's processes should be sufficient to ensure fair and robust assessment of funding applications, free of any political or partisan influence and open to appropriate challenge and sound control. The processes used for financial assistance must be compliant with wider public sector financial and audit practice and must minimise the potential for fraud or mismanagement of funds.

- **Openness and accountability** – any funding should be well publicised and presented in a way which is accessible to any potential beneficiaries. Processes should be visible and any decisions widely communicated. Feedback should be provided to organisations if they are unsuccessful.
- **Inclusive and fair** – fairness and equity should apply across all funding mechanisms. These should be checked regularly to ensure that there are no differential impacts on specific groups within society, taking into consideration the categories set out in Section 75 of the Northern Ireland Act 1998. All processes should be equality proofed and should be open to challenge. Funding should seek to include the widest possible cross section and processes must be consistent and fair in their application.
- **Supporting sustainability** – all financial assistance provided by Council should focus on sustaining community activity, meeting the needs of the greatest number of beneficiaries and maximising leverage to support events and activities. This may include longer term, perhaps tapering, support for key projects or organisations.
- **Interdependence and good relations** – Council funding will recognise the importance of a normal sustainable society where interdependence, partnerships, collaboration (across the community and between sectors) and the promotion of good relations are inherent.
- **Supporting volunteering and capacity building** – Council recognises that volunteers are the background of all community based activity and will seek to apply funds to support their development and to enhance the volunteering experience, leading to greater community capacity to meet local needs in the longer term.
- **Simple and straightforward** – all policies and processes will seek to be easy to understand and will only ask for information which is directly relevant and necessary. The overarching objective will be to minimise the administrative burden for applicants and Council officers alike while maintaining adequate accountability and control. A risk based approach will be taken to determining what is necessary.
- **Rural proofed** – Council recognises that rural communities have specific needs that need to be understood and responded to within the policy.
- **Locally relevant** – while Council would wish to have financial assistance programmes which are consistent across the larger Council area, it is recognised that specific local needs and priorities exist. The

policy will seek to respond to these opportunities and needs while at the same time providing consistency and fairness of approach.

- **Enabling** – Council funding should enable groups to achieve more than they would otherwise do and to better identify and meet needs.

2.1.3 Eligibility

Except where specifically stated for certain programmes, applications will only be accepted from formally constituted, community managed, and autonomous organisations. Such organisations should be not-for-personal profit, with wider community interests at heart, working at a local community level. The organisation's governing document must clearly state that:

- a. Membership is inclusive of the identified community and open to its full range of opinion;
- b. Each year the organisation holds an Annual General Meeting (AGM) at which each member has an equal vote;
- c. The organisation has a management committee or board of directors which is appointed at the AGM using a clear democratic process for the selection of members i.e. election;
- d. The committee/board presents the report for the year at the AGM; and
- e. An annual statement of accounts is presented at the AGM

It is important that the groups funded are inclusive of their identified community and open to its full range of opinion i.e. do not exclude any part of that community. Each member must have equal status and be entitled to vote at the AGM.

Decisions about the organisation and its activity must only be made by members and no other organisation can have the ability to impose a decision on the group i.e. they must be fully autonomous organisations. Groups must be managed by their community which means that the management committee/board has to come from the membership and be elected at the Annual General Meeting.

The management committee or board must be accountable to their membership for the work done and money spent during the year. The committee must present a report and financial accounts which are formally adopted by the membership at the Annual General Meeting.

Values inherent to community development include social justice, self-determination, working and learning together, sustainable communities, participation and reflective practice. These values are aligned to Council's statutory duties in tackling inequality and promoting good relations and the groups that Council fund must in no way contribute to inequality or poor relations.

Council will **not** consider applications from:

- Organisations that
 - discriminate against any particular racial group, political grouping or religious body;
 - are in poor financial health or cannot show effective financial control;
 - are not prepared to share learning from their project with Council and other relevant groups.
- Individuals (only constituted groups/organisations can apply for funding)
- Commercial organisations (except social enterprise). In exceptional circumstances, and on a case by case basis, Council may choose to support a commercial organisation where this can kick start an important project or lever substantial additional resources. In most cases such applications will be considered under Sponsorship (3d).
- Statutory organisations (except through a partnership arrangement with Council where key priority outcomes are delivered)
- Schools (Parent Teacher Associations) except where there is a clear need demonstrated that the project being funded will serve the community and this need is not being met by another organisation e.g inter-school activity.

Council will **not** consider applications for projects which:

- have no significant benefit to the Council area;
- provide no potential benefit to the public, either in the short or long term;
- could be carried out on a commercial basis;
- have already taken place or are already under way at the time of the assessment;
- duplicate what already exists;

- are fundraising events or activities;
- are of a party political nature;
- promote a particular religion; or
- are against Council policy.

Eligible costs

While it is recognised that there needs to be broad eligibility criteria built into the policy, the list below of costs that can and cannot be funded leaves room for some flexibility.

- Core running costs (this may include heat and light, insurance, rent or premises costs, office costs, etc.). The proportion of costs eligible for funding will vary with the programme applied to.
- Programme or activity costs which are directly relevant to the application and where need has been demonstrated.
- Travel and transport costs within the Council area where these can be shown to be fundamental to meeting the project objectives.
- Hire or purchase of equipment for meeting project needs (subject to individual approval). In some cases where funding tends to reoccur annually, purchase of small items may prove more cost effective than hire (see below). A maximum of £500 in total in respect of purchase of small items of equipment applies to all programmes except '2. – Capital Projects'. Where capital costs are funded Council will state a period for which the item will be retained. Any disposal within this period must be approved by Council and Council will retain the right to inspect such items at suitable intervals.
- Venue hire.
- Technical assistance.
- Training or facilitation costs.
- Festivals and events.
- Capital costs, where it can be demonstrated that this is the most cost effective means of delivering the required outcomes.
- Best practice or good relations visits.
- Inter-school activities.
- Publicity and marketing where directly relevant to the project's success.

Ineligible Costs

- Any costs or projects which are clearly another statutory agency's responsibility. In certain exceptional cases, where need can be clearly identified and there are compelling reasons why the statutory body concerned cannot fund an important project, Council may take a more flexible approach and fund in partnership with other statutory bodies.
- Projects or activities which are delivered outside the Council area except where it can be clearly demonstrated that a similar project or activity is not available within the Council area. This exception will only apply to projects being delivered within Northern Ireland. Projects or activities delivered outside Northern Ireland will not be considered. (Organisations which are located outside the Council area but provide direct benefit in line with strategic priorities and identified needs within the Council area may be considered for funding.)
- Salaries and wages.
- Activities which specifically exist to raise funding.
- Costs incurred prior to a funding offer from Council (retrospective funding).
- Overheads allocated or apportioned at rates in excess of those used for any similar work you carry out.
- Costs which are not clearly linked to the project.
- Costs that are poor value for money, or that are purchased from outside of Council procurement guidelines.
- Costs that are already covered by other funding or income sources.
- Costs that can be recovered from elsewhere, e.g. VAT.
- Payments made to any members of the applicant group or organisation.
- Gifts, donations, prizes, trophies (except in exceptional circumstances), flags, bunting, bank/loan interest, musical instruments, accountancy, legal fees (except under programme 2 Capital Projects), kits/uniforms, private or unfunded pensions, alcohol, refreshments, food (except in exceptional circumstances eg sweets/selection boxes for Christmas Tree Switch-on events, Food Festival).
- Consultants Fees where the consultant would be paid for a service already being provided by local support networks. Such services include, but are not restricted to, completing funding applications and community audits.

2.1.4 Basic Funding Requirements

The overarching principle to be applied to all financial assistance should be that of meeting local needs which have been identified and prioritised by Council or by others but acknowledged by Council. Any use of funding that cannot be shown to meet the following basic requirements should not be provided with funding:

- Have a clearly identified need.
- Can deliver outcomes which meet this need.
- Fit with a clear corporate objective or priority of Council.
- Be delivered by a credible organisation with the capacity to deliver the project as stated.

Consistent application of this principle will ensure that all funding is used in a way which maximises local benefit. It is recognised however that in some cases needs will be identified which are not currently within Council's priorities or objectives. Flexibility needs to be provided in such circumstances as there may be justification for a review of corporate policies and strategies to include needs which are within Council's statutory remit and may not have been identified at the time the corporate documents were produced.

The "General Power of Competence" enables local authorities to "*do anything that individuals generally may do*". Effectively this will allow a Council to act with similar freedom to an individual as long as they are operating within the law. Potentially this allows Councils to develop innovative approaches to addressing issues identified within the area. This would need to be borne in mind when applying the "other statutory organisation's responsibility" criterion as there may be times when wider public good and lack of alternative funding could override this principle. However Council must be careful to ensure that it does not displace other public funding.

2.2 Grant Programmes and Management

2.2.1 Council's financial assistance must play a part in delivering Council's overall objectives and meeting the needs that are prioritised by Council. In turn, the mechanism for determining the budget allocation to each area of grant programme must directly reflect Council's overall priorities and be weighed

against the other demands on Council resources. It is clear however that utilising financial assistance in line with corporate objectives is likely to produce greater outcomes in many cases than Council directly delivering services to meet these objectives, due primarily to the high level of community voluntary input.

2.2.2 The Funding Process and Community Involvement

Consideration of trends in funding arrangements in other areas and by other bodies has shown a number of significant changes in recent years in how funding is delivered:

- Increased focus on commissioning services rather than providing grants.
- A move to outcome or output measurement rather than focus on the inputs.
- A closer relationship between the funder and applicant leading to a “partnership” approach which produces greater outcomes of mutual benefit.
- A reduction in monitoring and vouching where there is low risk or where the cost of doing so would be disproportionate

The management of programmes should take into consideration these broad trends and should maximise the opportunities presented by alternative approaches. It is believed that not only can they create greater outcomes and more efficient use of grant funding but they offer flexibility for all parties and reduce the administrative burden associated with management or use of grant funding.

Of particular importance is the use of appropriate mechanisms to ensure that the views of local communities are adequately reflected in Council’s decision making processes. It would clearly be unwise from a governance perspective to abdicate responsibility for funding to the community sector; however good governance can be combined with effective targeting of resources where mechanisms exist for ensuring that those who best understand needs and priorities have a chance to input to these. Council will seek to achieve this through new or existing “arm’s length” bodies or reference groups as appropriate depending on the funding programme in question.

2.2.3 Transition Arrangements

As the legacy Councils’ funding mechanisms differed considerably across the three areas, there is a risk that a sudden change of policy could have a

major negative impact on some valuable work. To safeguard against this the following safeguards will be put in place:

- For regular events or groups which are core funded on an ongoing basis and have been for a number of years, groups who apply in 2015/16 will be awarded a minimum of 80% of the 2014/15 funding level (subject, of course, to normal application process and checks).
- In 2016/17 this will be reduced to a minimum of 40% of the 2014/15 funding level.
- This mechanism would expire after 2016/17

2.2.4. Weighting

To ensure fair allocation of funding in the longer term, appropriate mechanisms will be put in place to weight the level of funding according to key factors. These are likely to be applied more rigorously to larger projects however the same criteria could work for small projects and small organisations but applied in a more flexible manner. These include:

- **Deprivation** – This criterion will allow Council to respond to deprivation in a post Neighbourhood Renewal situation. The actual weightings may be changed over time as needs dictate. In this way Council recognises that more deprived areas require greater financial assistance, although widening this to acknowledge deprivation outside the original NRAs. To this end consideration will be given to weighting the level of funding by increasing the maximum a group can apply for in each programme in a manner such as:
 - 0 to 10% most deprived SOAs – +50%.
 - 10 to 20% most deprived SOAs - + 25%.
 - 20 to 30% most deprived SOAs – + 10%.

Where the beneficiaries for a project come from a mix of areas falling within categories and from areas which are not deprived, a pro rata calculation could be used. In such cases of the latter there may be an argument for considering Super Output Areas which have very poor scores under the 'employment deprivation' and 'income deprivation' domains.

- **Economic benefit** - a number of factors could be used to weight funding to encourage provision which offers direct economic benefit to the wider Council area. This will be particularly relevant in the case of events, arts and culture type activities. Care must be taken to ensure

that such criteria are scaled or varied according to the nature of the event. The factors might include:

- Visitor numbers.
 - Leverage of other funding.
 - Local PR value.
 - Bed nights
- **Participants** – funding might be weighted to reflect the benefit to local people and/or visitors to the area. Ultimately the measure of the success of an event relates to the numbers of participants **and** the quality/time of contact. Similar measures can be used to consider activities such as training, community development, and others. Individual measures might include:
 - Participant numbers.
 - Level of participant contact.
 - Quality of contact.
 - Participant benefit/outcomes.

2.2.5 Council will allocate an overall budget for financial assistance in discussion with officers, which must in turn be allocated under five individual programmes of differing sizes. In determining the appropriate budget or scale of individual grants, the intention would be to facilitate a transition from the current position to Council's preferred strategy for financial assistance. To avoid policy drift, any transition period would need to be clearly documented and time bound. The transition period is likely to take around two years to ensure that the most effective and important provision does not fail while at the same time ensuring that Council maximises the impact of its financial assistance.

The amount of funding within each programme will clearly be limited and all applications should be assessed on the basis of set criteria. This competitive process should ensure that funding goes to the projects or organisations that best meet the criteria and must, by implication, mean that projects which do not meet criteria as closely will receive less funding or not be funded at all. Subject to funders' requirements, applications to programmes capped at £1,000 will only have to demonstrate they meet all criteria to be awarded a grant. Applications to all other programmes will have to meet eligibility criteria before then being scored. The score awarded will impact on the grant offered as follows:

Application Score	Percentage of eligible costs funded
Under 50%	0%
50-69%	Percentage scored
70% and over	100%

In the event of a programme budget being oversubscribed, funding will be awarded from the highest scoring application downwards until the budget is allocated.

Amounts awarded may also be determined by other criteria determined from time to time by Council eg population sizes for Christmas Tree Switch-on events.

- 2.2.6 Exceptional capital projects which sit outside the programme budgets will be considered on their individual merits but must in all cases be subject to economic appraisal to ascertain the fit with Council strategy and policy, the level of need and appropriateness to meet this need.
- 2.2.7 The application process will move towards being open all year round but will feature three closing dates throughout the financial year. Once a closing date has passed, applications received up to the closing date will be assessed. All programmes will be open for each call with the exception of the Capital Fund which will open once a year.
- 2.2.8 The grant programmes are as follows:
1. Community Grants (open to **all eligible autonomous organisations working at a local level who have a clear community development focus to their project or activities**)
 - **1a - Seeding Grants** up to £400, for new organisations formally constituted within one year of the application closing date. Consideration may be given to a larger (up to £1,000) seeding grant for new social enterprise organisations, subject to provision of an adequate business plan.
 - **1b - Community Development Grants** – these are particularly important in facilitating small groups and enabling larger groups to attract funding from other sources. They should focus primarily on core funding but be associated with very specific outcome targets. They should operate at three levels:
 - Micro – up to £1,000 maximum

- Small – £1,001 - £2,000
- Medium – £2,001 - £10,000 (max 50% of eligible costs) – specifically aimed at: forums; organisations employing staff; or organisations which have networking or support functions that affect other organisations.

2. Capital Projects

It is unlikely that Council will ever be the primary source of capital funding for community based organisations in the area. However, there are many situations where Council may choose to bridge a modest shortfall between what other funders will provide and the total capital cost, in turn triggering major funding and the successful delivery of projects of wide benefit. Smaller amounts of capital may make an existing facility more effective, may enable groups to increase the utilisation of a facility or may attract a new or larger participant group. In some cases, where an activity requires equipment on a regular or ongoing basis, Council may conclude that it would be more cost effective to buy this rather than rent it. All these elements need to be considered in determining whether capital funding is appropriate. Capital funding may fall into three categories:

- **2a - Small Scale Capital Fund** – up to £10,000; maximum of 50% of overall project costs.
- **2b - Large Capital Funds** - up to £250,000, maximum of 25% of total project cost.
- **2c - Exceptional Capital Projects Fund** – over £250,000 (no upper limit). This would be available for exceptional projects which Council deems to have wide strategic impact and/or be of value across the Council area. It is unlikely that Council would award grants of this nature every year.

There may not be a call for applications under all of the above categories each year and there will be specific situations (eg due to budgetary constraints) where Council may agree to issue a call where the categories and indicative maximums (amounts and percentages) may be revised.

3. Arts, Culture and Events Fund

The fund has four main elements:

- **3a - Community Events Fund** – to provide up to £1,000 per event for local small scale community activity. This will include the part DCAL funded/Council matched existing CFF programme and events that fall outside the DCAL remit and are fully Council funded

- **3b – Large Event Fund** – this fund will support larger scale events (and will include some part DCAL funded/Council matched CFF programme) which have value and interest well beyond the local Council area. It is probable that this fund will be used in a different way in different parts of the Council area to reflect the specific priorities and characteristics of the area. Funding will typically range from £1,000 to £10,000 and will be dependent on the impact of the event.
- **3c – Arts Projects Fund** – this fund will support high quality projects up to a maximum of £2,500 per application, although smaller grants are likely to be more typical.

4. Good Relations

These grants are important in facilitating all organisations working at community level to deliver on-the-ground activities and actions which impact positively on Good Relations on an intra-community or cross-community basis. Council receives annual funding from OFMDFM for the delivery of an agreed Good Relations Plan for the area. Projects funded through the Good Relations fund should be used to deliver or encourage the objectives within the Good Relations Plan in line with OFMDFM's 'Together: Building A United Community' strategy. Funded projects should focus primarily on having clear Good Relations outcomes and operate at three levels:

- **4a – Micro GR Grants** – up to a maximum of £1,000
- **4b – Small GR Grants** – £1,001 - £2,000
- **4c – Medium GR Grants** – £2,001 - £10,000 (max 50% of eligible costs) for larger projects with substantially greater outcomes or which have clear outcomes which benefit the wider Council area. specifically aimed at: forums; organisations employing staff; or organisations which have networking or support functions that affect other organisations.

5. Rural Linkages Fund

It is recognised that rural areas have very specific needs which are hard to meet within a generic financial assistance policy. From consultation these seem to largely relate to venues and transport. It is difficult to run activities unless enough people are able to access and utilise these. Similarly, many people, particularly older people and young people do not have access to personal transport and may find it difficult to access the opportunities that are available in rural venues. The purpose of this fund will be to meet specific identified needs in relation to transport, access or venues so that the venues' viability and sustainability are maximised and

rural people have better access to facilities that are on offer in these. This fund is not for taking groups on outings or trips, but rather seeks to reduce barriers to people attending projects or activities in their own rural community. Initially the fund will provide small grants (£100 - £500) to address specifically identified need. Grants may be applied for on a stand-alone basis or as an additional element to any of the recurrent grants set out above. In each case the application must clearly show why the grant is needed and how it will enhance access to provision.

2.2.9 Sport Development Grants fall into two categories:

- **Club Development Grants** - these include junior club development, volunteer development and coach development.
- **Individual Grants** – These include **Talented Athlete Grants** and **Talented Athlete – Silver Card**

These grants do not form part of this application process but rather are administered by the Sports Advisory Councils.

Applications related to major sports events should apply under programme '3b – Large Event Fund'.

Small scale sports events can also seek funding through '3a - Community Events Fund'.

2.2.10 The scale of each of the grant programmes is for Council to determine based on the following factors:

- Council's strategic priorities
- The profile of needs across the Council area
- Areas of low capacity or low community activity
- Deprivation, its nature and how the community and voluntary sector is responding to such need
- The comparative priority across community, arts and culture, sports, etc.
- What other funders are doing
- The impact on existing funded organisations and activities (good work should not be lost)

2.2.11 Groups can hold a maximum of two successful applications per financial year. The two applications cannot be to the same programme. However, the following are the exceptions to this:

- An application to 3a for financial assistance for a Christmas Tree Switch-on event traditionally funded by Council does not count towards the two applications.
- A group's two applications can:
 - both be made to '3a – Community Events Fund', or
 - include one to '3a – Community Events Fund' and one to '3c – Arts Projects Fund'

2.2.12 Period of Funding

In most cases it is expected that financial assistance would be for a single project or for activities or costs within a single year. However, best practice (reinforced by current central Government guidance) suggests that longer term funding arrangements are appropriate for organisations, venues or projects which are likely to receive ongoing Council support. In such cases there is a strong rationale for utilising 3 year Service Level Agreements which provide for more strategic approaches by the funded organisations and will probably produce greater outcomes. A number of such agreements were already in operation across the legacy Council areas.

- 2.2.13 Council will organise information sessions and training for potential applicant groups during calls for applications.

2.3 Assessment, Monitoring and Review

- 2.3.1 The idea of moving towards an outcome based approach was discussed with all parties during the consultation. In general this received a cautious welcome, with those who had previous experience of such approaches being more enthusiastic than those who did not. Most concerns related to worries about spending money which could not be reclaimed if the project or activity did not go according to plan. It is clear therefore that any outcomes based approach can only be effectively introduced if there is a sound relationship between the funder and funded body and an understanding and flexible approach to developing and measuring outcomes. The benefits to be gained from this approach are substantial both in terms of greater value for money in use of grants and in substantially reduced administrative burden for all concerned. However, this can only be effective if appropriate outcomes frameworks are developed for each grant programme and for specific projects. This will inevitably require a greater degree of communication between the Council and the funded organisation at an early stage although over time, as this will replace administrative effort, it should

not require greater workload and should improve relationships and achieve mutual benefits. It is hoped that Council will move towards an outcomes framework for each of the programme areas.

It is noted that the procedures for managing and monitoring funding must ensure appropriate input to a sound procedure by officers who can be independent from the outcome setting process.

As Council receives funding from external bodies for redistribution, all financial assistance policies or procedures must be compatible with their requirements and should be adequate to allow Council to demonstrate effectiveness and efficiency in use of such funding.

2.3.2 A number of mechanisms can be used to achieve a smooth transition to an outcomes based approach to measurement. These should include:

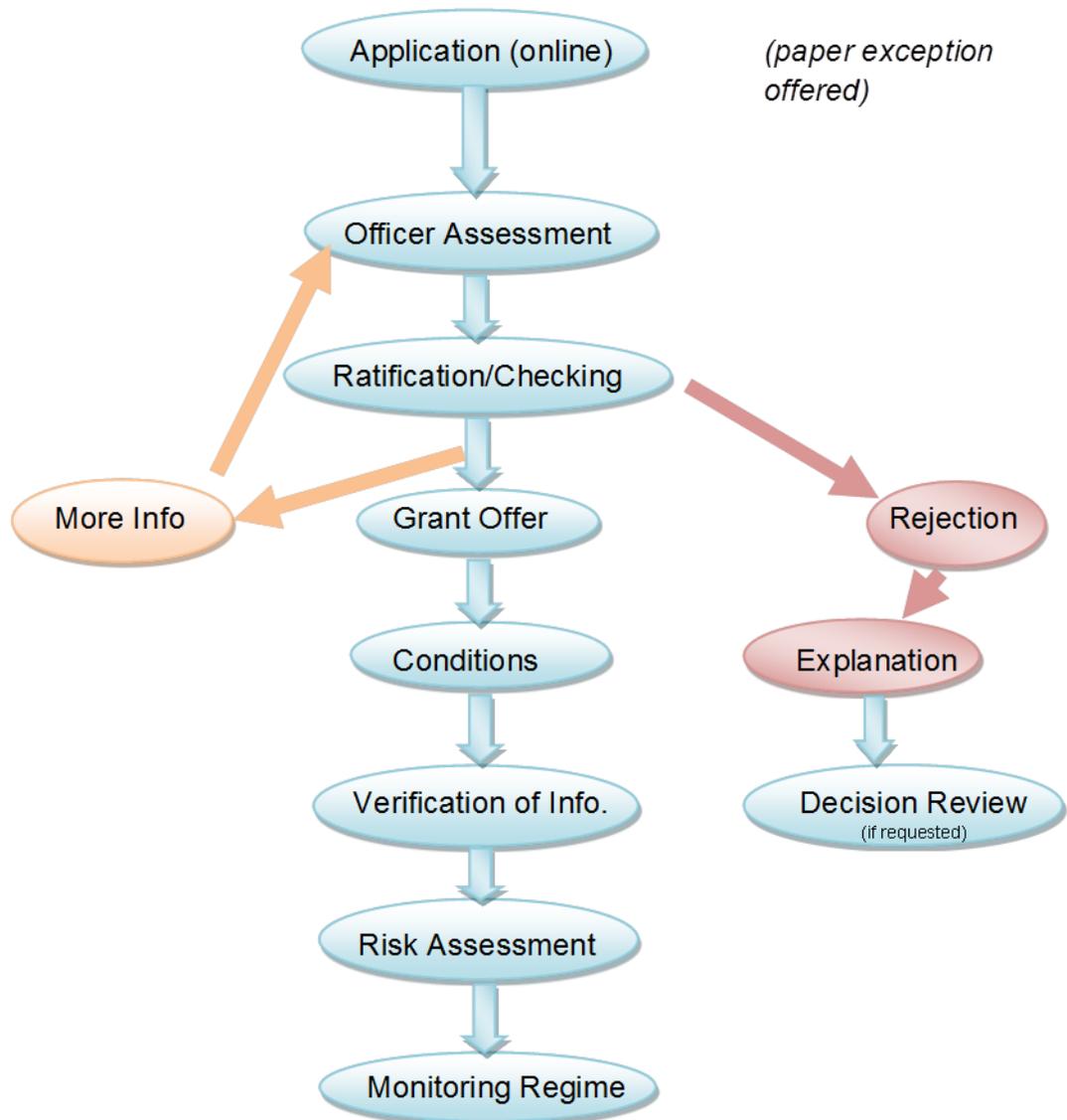
- Initially continuing to fund on the basis of inputs while introducing outcome measures in a shadow form for evaluation and review purposes.
- Linking increasing proportions of the funding to successful achievement of outcomes over a number of years.
- Sharing the risk between Council and the funded body by applying a degree of flexibility to how outcomes are measured and allowing for a range of mitigating circumstances.
- Continuing to have a core element of the funding which is guaranteed, irrespective of the outcomes. Over time the core element might reduce as both parties gain confidence in the approach.
- Developing robust procedures and controls to manage and monitor funding
- Ensure that outcomes and outputs (if used) are based on a mutually agreed approach and are not imposed.
- Where outcomes have been agreed, effectively measured and successfully delivered, funding on this basis with reduced levels of vouching depending on the perceived risk. Where outcomes have not been delivered or cannot be demonstrated, reverting to in-depth vouching prior to funding. This would provide a guarantee, yet would reward good projects in reduced administrative burden

2.3.3 Application and Assessment Process

A broad generic application and assessment process will be applied across all programmes, with detailed variations where necessary. The detail of how

these will be governed or the means by which they will be processed will depend on the scale and nature of each of the programmes. This is set out in detail for each programme in Appendix 3.1. The following diagram shows the process from initial contact with the programme through to monitoring of the project or funding stream.

Generic Application and Assessment Process



The basic principles underpinning this approach are in line with current Government thinking on financial assistance and are believed to be compatible with good finance and audit practice:

- Minimising the bureaucracy and administration costs for both applicants and Council. This has a number of elements. In the first instance groups can check their eligibility online using an easy checking mechanism which precludes nugatory work on an application form and saves Council having to assess applications which are ineligible. Applicants can only progress to the next stage if they pass the eligibility checks. Only information relevant to the project is sought. Information that was provided previously and remains current will continue to be used and will therefore minimise repeat provision of documentation. Finally, the level of checking will depend on the level of risk.
- A focus on outcomes and targets. It is recognised that the extent to which an outcomes based approach will be appropriate will depend on the nature of the project, group and level of funding. In the first instance this will seek to encourage groups to think about outcomes and targets and to self-set these. The extent to which they are appropriate and need to be negotiated with Council will vary and is likely to involve more communication for larger funding amounts. Ultimately Council may wish to have more comprehensive targets for particular programmes and relate these to monetary amounts however in the first instance the process of introducing a culture of outcome focus is the priority.
- Proportionality – this relates to both the level of input required in relation to the amount of money being sought and also to the assessment process and monitoring regime. These should be much more “light touch” for small scale funding or projects deemed to be low risk. The process should enshrine efficiency, accountability and good governance.
- A staged process aimed at minimising effort where this may prove to be unnecessary i.e. the application will only be completed if the organisation is eligible. Documentary evidence will only be required if the application is successful.
- Structured and quantifiable – as far as is possible applications will be checked against absolute measures which will limit the potential for poor judgement, unfairness or accusations of such. While the detailed

elements of each stage will depend on the programme and are spelled out to a greater extent in Appendix 3.1, the generic elements are as follows.

2.3.4. Eligibility Check

This should include two elements:

- Overarching eligibility criteria – aimed at ensuring that the organisation concerned is eligible to receive funding from Council sources.
- Programme eligibility – this will seek to ensure that the application broadly fits with the programme criteria. Where necessary it will also include a check to ensure that the key documents included within the proposed Funders Passport are available, up to date and can be provided or evidenced at a later stage (these include a copy of the Constitution or Memorandum of Association; list of office bearers or Board; an organisational chart; copy of audited accounts or financial statement produced within the last year; and, where necessary, a rental agreement, lease or evidence of ownership for premises included within the application). Groups will also need to check if they can produce any key policies or procedures if required at a later stage.

2.3.5. Ideally the eligibility check will be carried out online. If the group can successfully complete the eligibility check they will automatically gain access to an online application. Organisations that are unable to complete an application online will at this stage be able to print off a paper application for submission direct to Council although it may be wise to have individual officer approval for paper applications as this is probably to be discouraged unless there are genuine reasons for this approach. An alternative process must be made available for organisations that are unable to complete the eligibility check online. As the numbers are expected to be small it may be appropriate for them to come to Council offices and undertake the eligibility check with a council officer using the online process. Providing such support might also become a formal part of any future funding requirements for the network support organisations (eg ABC Community Network or TADA).

2.3.6. Application Process

The amount of information contained on the application form and required in each case must be commensurate with the nature of the funding stream but in any case should seek to only ask for information that is directly relevant to

the programme and the assessment process. In broad terms this will include:

- Group contact details and a short description of the project; how the need for the project has been identified and evidenced; the group's ability/experience in delivering such a project.
- Predicted outcomes/targets and how these will be measured; how these relate to Council and programme priorities.
- Funding required – how much funding is needed, overall project cost and what other funding is in place or being sought.
- Declaration – signed by Office-bearer and other committee/board member

For large levels of funding, such as Capital Projects, additional sections may be required.

2.3.7. Assessment Process

Assessment will be carried out by officers using a standard assessment process for each programme. The governance issues and process recommended are set out in detail in Appendix 3.1. In broad terms the assessment will consider:

- Project fit with programme criteria.
- Evidence of need.
- Scale of funding compared to anticipated outcomes.
- Whether all information has been provided.
- Group's ability to deliver – this will include the group's track record with Council and an evaluation score from any previous Council funding.

Additional assessment elements may be required where larger scale funding is involved.

2.3.8. Decision

The assessment process will produce one of three outcomes:

- An application may be rejected as it fails to meet the criteria or has been unable to demonstrate need – in this case officers will complete

a tick box form setting out the reasons for the rejection and the group will receive a rejection letter.

- A decision will be made to review the project after more information is obtained. This will be done in cases where there is insufficient evidence of need, more information is needed in relation to one element of the application form or perhaps the outcomes and targets are considered inadequate and need to be further developed (possibly in discussion with a council officer). In this case a letter will go to the group requesting additional information and setting a time limit for this process. Failure to meet the time limit will result in an automatic rejection. Assuming the information is returned within the time limit the project will be reassessed using the standard process or, in certain circumstances simply checked by an officer to make sure that any shortfalls have been addressed. By this stage the applicant would be offered a grant (as below) or rejected.
- Offer of assistance – a successful application would be given a provisional offer of assistance in writing setting out the amount of funding, the targets and outcomes associated with this, monitoring and evaluation requirements and any other conditions to be applied. Acceptance of this would trigger the need for proof of other key documentation prior to release of grant. Subject to work by central government in developing the government funders' database and any internal work by Council to maintain electronic copies of documentation, the group may simply have to sign a declaration to indicate that the Funders Passport documents are up to date, or may have to provide updated documents. At this stage groups should also be asked to sign a statement acknowledging that certain key policies are in place. A list of these is included in Appendix 3.4.

2.3.9. Request for Review of Decisions

Following the decision to reject an application, the applicant organisation will be informed in writing stating the reasons for the decision. The applicant organisation may request a review of the decision within 28 days of the date of the notification letter. The formal Review will provide an independent process through which the applicant organisation will have the opportunity to demonstrate in writing to the Review Panel that either:

- Option1 - the decision was wrong because the Council failed to take into account the information contained within the written application or took into account information that was not contained within the written application;

and/or

- Option 2 - there was a failure in adherence to procedures and guidance issued with the call for applications or systems that materially affected or could have materially affected the decision.

or

- Option 3 - that officers involved in the assessment process have had a clear Conflict of Interest and have failed to declare this in the appropriate manner.

Appeals on any other grounds will **not** be considered and any additional supporting documentation will **not** be permitted at this stage.

The Review Panel will consist of 3 Council Officers who have not been involved in the assessment process and the convening of a Review Panel will follow best practice guidelines for such a process.

2.3.10. Risk Assessment and Monitoring

The level and nature of monitoring relating to each project should be dependent on the level of risk and should be compliant with any current central Government guidelines and Council financial and audit requirements. This is dealt with in detail in Appendix 3.2. In broad terms an applicant should be rated under one of three categories:

- High risk – three monthly in depth monitoring including initial vouching work.
- Medium risk – six monthly monitoring of outcomes; vouching only if amounts are large.
- Low risk – annual monitoring return and no vouching. Sample vouching of 10% of projects to ensure broad compliance with key spend categories although some flexibility allowed.

2.4 Grant Governance

- 2.4.1 Good grant governance is ultimately about meeting the most important needs, within the constraints of Council's strategic priorities and role, in the most effective and efficient manner. While good grant governance must ensure that funds are used effectively and the risk of fraud is minimised, it is not simply about how grant is administered, how carefully it is monitored or

who is involved in the decision making process. Grant governance must be wider than this. In particular it must:

- **Have a strategic perspective** – is the funding necessary and is the need clearly identified? Does it fit with Council's objectives or perhaps does it require Council to review its objectives?
- **Be properly targeted** – grants can only be effective if they go to projects and organisations that are best placed to maximise this impact. These groups and projects may not necessarily apply to Council and some pro-activity may be required to get the best outcome.
- **Assess funding effectively** – utilising the best expertise available to Council to determine how the funds should be utilised. This inevitably means involving those who may be closer to the 'on the ground' work and care must be taken to ensure that this is done while retaining objectivity.
- **Demonstrate equity** – this is particularly important in terms of the end beneficiary. Equity in terms of the immediate funding beneficiary or group may get in the way of achieving the desired outcome and targeting those who are ultimately the purpose of the funding.
- **Be of appropriate quantity** – funding should be sufficient to achieve the desired outcome but should not exceed this. It must therefore be efficient, avoid displacement and deliver additionality.
- **Be in line with wider strategic purpose** – a cohesive financial assistance mechanism which takes into consideration the work of other public sector and funding bodies is likely to be more effective in the longer term.
- **Show balance** – organisations can only be effective if they receive funding in a timely fashion and are assisted to work well. This can at times conflict with maximising accountability. An appropriate balance must be established to achieve effectiveness.
- **Be flexible** – there may be times when a rigid grant programme fails to address clearly identified needs. The assessment process cannot be flexible or it would be open to abuse; however there must be sufficient flexibility to allow the policy to be amended to ensure greatest relevance and efficiency in the longer term, while at the same time not undermining the integrity of the process.
- **Work with other funders** – funding is likely to be more effective if there is coordination and good communication between funders.

- **Be effectively monitored** – there is little point in understanding how funding has been used if achieving outcomes is compromised in the process. The effectiveness of the funding to meet identified needs must be given priority, however accountability for use of public funds must be ensured.
- **Minimise fraud** – while relatively rare, fraud can undermine good work by others. A good risk assessment and relevant monitoring process provides the best way to balance reduction of fraud risk, minimise administration costs and maximisation of impact.

2.4.2 At the heart of good governance is the process of effectively managing risk. Eradicating risk through complex and bureaucratic systems cannot be considered good governance as it results in ineffective use of resources. Risk is a combination of probability and impact. Something which is highly unlikely but has potentially catastrophic impact may still deserve careful monitoring. At the other end of the spectrum, something that is highly likely but of low impact may also deserve careful monitoring. In practice, most risks fall between these extremes. To effectively manage risk we must:

- Determine Council's tolerance of risk and clearly define this.
- Have in place an appropriate process to assess risk in any circumstance and ensure that any monitoring or review processes accurately reflect the level of risk.
- Balance impact and probability appropriately

Further information on risk assessment processes are set out in Appendix 3.3. It is noted that a number of recommendations within the CIPFA report provided to Craigavon Borough Council in 2011 relate to minimising and managing risk. A number of these should be borne in mind in considering risk, particularly around maintenance of records and storage of data, however the development of electronic systems for grant management will probably require a re-think of the recommendations, although the principles will remain valid.

2.4.3 Two other factors that need to be considered in any good governance process are fraud and conflict of interest. Under the terms of the Fraud Act 2006, fraud occurs when a person acts dishonestly with the intent of making a gain for themselves or someone else or inflicting a loss on another. Fraud may occur through false representation, failing to disclose information or abuse of position. Good financial governance must ensure that appropriate mechanisms are in place to avoid any of these circumstances arising.

Conflict of interest is rather more difficult in that individuals' view of what this represents may differ considerably. It is therefore important that an appropriate definition of conflict of interest in any particular circumstance is established and made clear to those participating. This is particularly important in the case of grant governance. Those involved in the assessment or monitoring process must be clear about what conflict of interest is and how they should act. In some cases it is adequate for someone to declare a conflict of interest and it does not necessarily require action; however recording this and enabling colleagues to ensure that the decision making process remains fair and objective is essential. For the purposes of the Financial Assistance Policy a conflict of interest can be considered to exist in any of the following are true:

- An individual in a position of trust has a competing professional or personal interest.
- A situation where an appearance of impropriety could undermine confidence in the process due to other interests of the individual concerned.
- The situation where an individual's ability to make a decision or perform his or her duties objectively is affected because of other interests.
- Any situation in which an individual is in a position to exploit their professional capacity (or role on a selection panel) for personal or collective benefit (even if they do not do so!).
- A situation in which an individual is involved in making a decision or influencing decisions which could create benefit for a close relative or friend.

It is highly likely that conflicts of interest will exist in operating the Financial Assistance Policy. It is therefore important that appropriate mechanisms exist to declare conflict of interest, record this and where necessary take appropriate action. A declaration of Conflict of Interest should become a permanent feature of agendas for any meetings or assessment panels related to grant funding.

- 2.4.4 The Council will inevitably have to meet a range of external standards in relation to use of, and control of, finances. There will be guidance associated with management of grants which will be issued by the NI Audit Office and DFPNI (Dear Accounting Officer letter). In addition Council will have to comply with previous NIAO recommendations, Internal Audit requirements and a range of other protocols and standards including financial reporting standards. These cannot be spelled out in detail within this document; however it is acknowledged that any Financial Assistance

Policy must comply with such requirements and any changes in practice must be justified in terms of value for money, accountability and good governance.

2.4.5 Those involved in any grant assessment process must therefore ensure that a number of principles are borne in mind in their work.

- **Conflict of interest** – all conflicts of interest must be declared and anyone who has a high level conflict of interest should not be involved in the selection process.
- **Equality and diversity** – these principles should relate to all actions taken by the panel.
- **Managing risk** – this should be borne in mind in any decision making process and appropriate actions planned.
- **Skills and experience** – those involved must be adequately equipped to reach decisions.
- **Prudence** – Council's assets should be protected through any decision making process.
- **Openness** – effective communication with all stakeholders minimises risks and reduces the potential for fraud or misunderstanding.
- **Review/appraisal** – regular review of the effectiveness of the process and an honest assessment leading to regular change where required is essential.
- **Feedback** – Those involved in assessment processes should have access to previous evaluation/review information. This will enable them to make better decisions. Applicants should always be given feedback on failed applications to enable growth and learning.

2.4.6 Assessment Panel Membership

In considering who should be involved in any financial assistance assessment panel or involved in reviewing applications, we need to balance efficiency of operation and effectiveness of outcome.

In practice, a proportionate view must be taken and the assessment panel must be of an appropriate size and membership for the programme to ensure sound judgement but without a heavy bureaucratic process. In generic terms the key qualities of the assessment panel members should include:

- Impartiality and objectivity – ideally no connection to the grant applications and no conflicts of interest.
- Sound understanding of the Financial Assistance Policy and the overarching strategic objectives – the panel member should know what Council is trying to achieve, what the key needs are and how these can be met through this mechanism.
- A balanced view of risk taking
- Adequate authority – the ability to make decisions, request further action from applicants.

It is unwise to involve elected members in the assessment of individual applications, for both cost effectiveness and good governance reasons. The scale of the panel and membership of each panel should depend on the scale of funding and the nature of the programme.

2.4.7 **Use of Grant Assistance** – While a move towards outcome based monitoring is proposed, Council is likely to retain some responsibility for how any grants are used. With the overriding intention to achieve best value, best meet priority needs and deliver the greatest outcomes, measuring outcomes through review and evaluation must be paramount, however where larger amounts of funding are involved care must be taken to ensure that grant recipients utilise funding in a way which is consistent to good Council practice. Funded organisations should be made aware of Council's Procurement Policy and instructed to operate procurement mechanisms which are consistent with this. In practice this constraint will only affect a very small proportion of financial assistance as the thresholds are higher than most expenditure of funding by recipients. In particular:

- Any purchases above £1,500 should require 4 tenders or quotations (purchases below this figure should simply “demonstrate value for money” and do not need to be monitored as closely by officers).
- More rigorous standards apply to single purchases above £10,000 but would represent good practice in any case.
- All purchases of goods or services should seek to be undertaken in line with the 12 guiding principles of public procurement

It is highly unlikely that this process will prove onerous for funded organisations and in most cases, due to the scale of funding, no specific procurement process will be necessary. However, this requirement should be noted in any provisional letters of offer.

3 Appendices

3.1 Application and Assessment Panels and Process

3.1.1 The Application and Assessment process should be broadly similar across all funding programmes, however the effort required and the level of rigour/analysis should be proportionate to the scale of funding involved. Officers involved in panels should also be aware of, and fully apply and accept the “Code of Conduct for Officers”. The number of people involved in the assessment process should vary depending on the scale of programme. The following panel numbers are suggested and should be convened in accordance with best practice:

- 1a - Seeding Grants – 2 Officers
- 1b - Community Development Grants (Micro, Small & Medium) – 2 Officers
- 2a - Small Scale Capital Fund – up to £10,000 – 2 Officers
- 2b - Large Capital Funds - up to £250,000 – 4 Officers (including one Head of Service)
- 2c - Exceptional Capital Projects Fund (over £250,000) – 4 Senior Officer assessment panel
- 3a - Community Events Fund - 2 Officers
- 3b – Large Event Fund – 3 Officers (including one senior officer and possibly including external expertise)
- 3c – Arts Projects Fund – 2 Officers
- 4a - Good Relations (Micro, Small & Medium) – 2 Officers
- 5 - Rural Linkages Fund – 2 Officers

3.1.2 The panel process may differ according to the funding programme. In the interests of simplicity and economy the following steps may be appropriate:

- Online eligibility check releases application section or rejects applicant
- Application form completed online
- Application form checked for completeness – returned to group if incomplete
- Panel established, bringing together suitable experience and expertise and ensuring there is no conflict of interest (Conflict of Interest forms completed by all panel members.)

- Panel completes a simple scoring sheet for:
 - Fit with Council strategy
 - Fit with programme criteria
 - Demonstrated need
 - Group track record and capacity to deliver
 - Cost effectiveness (grant v. anticipated outcomes)
 - Comment on any additional information needed or clarification required
 - Recommends risk category for monitoring
- Risk level assessed, agreed and monitoring regime put in place
- Sample of panel decisions reviewed by senior officer to ensure consistency across programmes
- Recommendations to fund/not fund made to Leisure and Community Services Committee and ratified by full Council.
- Officer responsible informs group, sets deadlines and seeks documentation/other information
- Provisional Letter of Offer issued, including monitoring and evaluation obligations
- Funding provided when all information in place
- Monitoring regime started

3.2 Detailed Monitoring and Review Mechanisms

3.2.1 Monitoring and review processes will be dependent on the risk category applied to each application (see Appendix 3.3). These take full consideration of the CIPFA recommendations made to Craigavon Borough Council. The two key elements are:

- **Monitoring** – this should seek to ensure that:
 - The anticipated outcomes are delivered
 - In some cases where outcomes are difficult to define or measure, that the expenditure of funding matches the agreed elements, costs and procurement practices
 - That any purchases above £1,500 are made in line with Council policy

- That value for money is achieved
- That action is taken at an early stage to address any failings
- **Review/Evaluation** – this aims to:
 - Ensure that any learning points from a project or activity are captured
 - Avoid the same mistakes being repeated
 - Inform future decision making processes
 - Enable a community group/voluntary organisation to build a ‘credibility profile’
 - Facilitate future risk assessment
 - Improve the overall outcomes from future Council funding

3.2.2 Monitoring may include any of the following elements, depending on the level of risk or nature of the project:

- Visits to the project/organisation/event by Council officers to:
 - Review progress
 - Verify activities, participant numbers or committee involvement
 - Assess the quality of activity, event or participation
- Review of documentary evidence by a Council officer including:
 - Changes to constitution/Memorandum and Articles or policies
 - Financial information
 - Evidence of appropriate procurement (for individual purchases above £1,500 each)
 - Project returns
- Checking receipts, tender/procurement information, etc.
- Checking the existence and specification of capital items/builds
- Checking the condition/maintenance of equipment/buildings

Review may include:

- Meetings with groups/organisations to set and agree outcome targets
- Meetings with groups/organisations to review projects
- Meetings with committees/boards to consider governance and management issues

- Review of evaluation information
- Scoring evaluations for future panel use

3.2.3 For evaluations to be most effective they must be used to:

- Influence future Council policy and programmes
- Assist groups to perform better
- Inform future funding decisions

In practice, officers are unlikely to have time to read evaluation reports in detail for each future application process. It is therefore recommended that all funding applications should require an evaluation of commensurate size to the funding offered. This may range from a single page tick box form to an externally conducted in-depth review. The results should be presented as a simple score which can be used by future assessment panels. The officer responsible for the project should determine this score from any evaluation returns. A moderation process involving a senior Council officer should ensure consistent marking across the Council. The scores should be as follows:

- **A – Funding under £1,000**
 - A1 – Project fully delivered as planned
 - A2 – Project largely delivered; some limitations in group's performance.
 - A3 – Project failure but strong mitigating reasons and effective engagement with Council
 - A4 – Project failure or major failures by group/organisation
- **B – Funding £1,000 - £5,000**
 - B1 – Project fully delivered as planned
 - B2 – Project largely delivered; some limitations in group's performance.
 - B3 – Project failure but strong mitigating reasons and effective engagement with Council
 - B4 – Project failure or major failures by group/organisation
- **C – Recurrent funding from £5,000 - £10,000 (or £20,000 if all capital)**
 - C1 – Project fully delivered as planned

- C2 – Project largely delivered; some limitations in group’s performance.
- C3 – Project failure but strong mitigating reasons and effective engagement with Council
- C4 – Project failure or major failures by group/organisation
- **D – Capital Funding £20,000 - £50,000**
 - D1 – Project fully delivered as planned
 - D2 – Project largely delivered; some limitations in group’s performance.
 - D3 – Project failure but strong mitigating reasons and effective engagement with Council
 - D4 – Project failure or major failures by group/organisation
- **E – Capital Funding £50,000 - £100,000**
 - E1 – Project fully delivered as planned
 - E2 – Project largely delivered; some limitations in group’s performance.
 - E3 – Project failure but strong mitigating reasons and effective engagement with Council
 - E4 – Project failure or major failures by group/organisation
- **F – Capital funding over £100,000**
 - F1 – Project fully delivered as planned
 - F2 – Project largely delivered; some limitations in group’s performance.
 - F3 – Project failure but strong mitigating reasons and effective engagement with Council
 - F4 – Project failure or major failures by group/organisation

3.2.4 Appropriate records of funding recipients and their organisations should be kept to facilitate future funding decisions and risk assessment. Key grant documentation should be kept and a ‘lead officer’ should be responsible for ensuring the completeness and accuracy of this information.

3.3 Risk Assessment and Monitoring

- 3.3.1 Review of grant mechanisms across a range of public and voluntary sector bodies has shown that the majority of grant beneficiaries and those delivering commissioned contracts behave honourably, seek to do what is required and manage funding in a sound and accountable manner. In practice, much of funders' time spent on vouching involves chasing information that is of relatively little importance or pursuing evidence of spend which plays little part in the successful delivery of a project or the extent to which it provides benefit in line with Council's strategy. A better approach would be to consider the risk associated with individual organisations or projects and to then determine the most appropriate monitoring, review and vouching processes to safeguard public funds. Recent work done by the National Audit Office and by government departments in Northern Ireland has shown that the costs of monitoring and vouching often far exceed the value of the grant and do not reflect the risk involved. The greatest risk might be indeed wasting public time and resources rather than loss of grant funds. To this end we have set out below a set of criteria to be used for assessing groups and projects to determine the level of risk associated with each. Based on this table, groups and projects can be combined and placed into a risk category which should determine how the project is monitored and vouched (if necessary). Underpinning this should be a requirement to seek to achieve positive outcomes in line with clearly identified need rather than to see funds spent in a slavish fashion reflecting an initial assessment which proves to be inappropriate over time.
- 3.3.2 The following tables set out suggested criteria for assessing groups and projects. The total score determines the risk category. Higher scores indicate higher risk.

Risk Assessment Table

		Score Range	Total	Combined
Probability	Group track record	As below		
	Duration of event/activity	1 – 3		
	Nature of project	1 – 5		
	Capital or recurrent	1 or 4		
Impact	Scale of funding	1 – 10		
	Reputational risk	1 – 5		
Total Score				

Group Track Record

Any group's track record must take consideration of what they have done in the past. Clearly the risk involved in providing large scale funding to a group which has only had small scale funding to date is likely to be greater. The following table sets out the factor to be used in each case.

Evaluation Grade	Score	Evaluation Grade	Score
A1	4	D1	15
A2	3	D2	10
A3	2	D3	4
A4	1	D4	1
B1	5	E1	25
B2	4	E2	15
B3	2	E3	6
B4	1	E4	1
C1	10	F1	30
C2	7	F2	20
C3	3	F3	8
C4	1	F4	1
No track record <£1,000	3	No track record £10 - 20,000	15
No track record £1 - 5,000	5	No track record £20 - 50,000	25
No track record £5 - 10,000	10	No track record >£50,000	30
If funding is in a higher category than at evaluation the risk factor should be increased by:			
1 group higher	1.5 times	4 groups higher	6 times
2 groups higher	2 times	5 groups higher	8 times
3 groups higher	4 times		

For example a group which has largely achieved the project objectives in the previous year and was funded at £3,500, a score of B2 is indicated. For the current year they apply for £8,000. Their Track Record score is therefore 4 (B2) x 1.5 (one funding group higher) = 6.

- 3.3.3 More detailed descriptions for each of the risk elements will need to be drawn up to facilitate consistent scoring. For instance, if a group has been funded in the past, ideally this should have been evaluated (see note in Appendix 3.2 on evaluation). This information should facilitate the panel or officer in determining the appropriate track record score. In all cases where

there is any doubt, the more conservative score should be given. The risk associated with a particular piece of funding can therefore be given a total score and two 'combined scores', the latter reflect the score given to 'probability' and 'impact', the two core elements of risk assessment. Both are important in categorising the risk and associated monitoring regime. The risk category will therefore depend on:

- The total risk score
- The scores for probability and impact (if either of these is very high, irrespective of the total score, a 'high risk' category is indicated).

This is set out in the following table.

Categorising Projects by Risk

Risk Category	Score Range	Probability Score	Impact Score
High	>40	>18	>11
Medium	16 – 39	-	-
Low	6 – 15	-	-

3.3.4 Based on the above analysis, the following monitoring and/or vouching process is indicated. This should be varied depending on progress during the monitoring period, or where recommended procedures are likely to be disproportionate.

Risk Category	Monitoring	Vouching
High	3 monthly review of outcomes/progress towards outcomes End of project evaluation Officer attending event if high value	Verification of most expenditure Some flexibility on small items by discretion
Medium	6 monthly review of outcomes/progress End of project evaluation	Statement on expenditure signed by 2 office bearers 10% sampling by Council
Low	Annual review of outcomes End of project self evaluation	No verification of expenditure

3.4 List of Required Policies and other documents

3.4.1 DSD, working with other government departments and the voluntary sector has developed a draft code of practice on minimising bureaucracy. While this has not yet been implemented, in time it is expected that this will include a standard set of policy/procedures which funded organisations could be expected to have in place. When this is available it is important that the Council aligns with this mechanism as it will be used across other funders and central government bodies.

3.4.2 In the interim, the following process is recommended. The level of documentation and the extent and quality of policies will vary according to the project and organisation. For instance, it would be wholly unreasonable to expect a newly established older person's group or emerging sports association to have a comprehensive set of policies covering every eventuality. However, it is quite reasonable to expect a large voluntary sector organisation which is applying for funding to deliver a project in the Council area to have in place much more comprehensive policies. For this reason, in an initial list, we have included policies and documents which are considered essential for **any** organisation funded by the Council. Following lists apply to larger organisations or more complex projects. In practice Council may choose to include some or all of these latter documents within the expectations associated with any particular funding programme.

3.4.3 Essential Policies and Documents

Any organisation receiving funding from Council should be expected to have the following as a minimum (this is in addition to the Funders Passport documents). Discretion will be used to determine how necessary each of these depending on the size of the organisation and the nature of their work.

- Appropriate insurance cover. This may include:
 - Employer's liability insurance (if staff are employed).
 - Public liability insurance (including cover for volunteers).
 - Specific event insurance if an event is being organised.
 - Directors and Officers liability insurance if the organisation is a limited company.
- A basic Child Protection Policy and Vulnerable Adults policy (In certain circumstances Council may judge this to be unnecessary. A more comprehensive policy should be expected if the organisation is working specifically with children or vulnerable adults.).
- A basic volunteering policy.
- A basic equal opportunities policy.
- A basic disability and age discrimination policy.

- Simple financial procedures policy.

3.4.4 Additional Policies Required if Staff are Employed

The following policies must be in place if the organisation employs staff:

- Fair employment policy.
- More comprehensive health and safety policy.
- Recruitment policy.
- Staff induction policy (this may be rudimentary if there is only one member of staff).
- Staff appraisal system (ideally).

3.4.5 Other Policies

Ideally an organisation will have many of the following. These may be considered essential for larger organisations and would represent best practice for small organisations. In order of importance these are likely to include:

- A strategic or operational plan.
- Data protection policy (particularly if the organisation is managing and maintaining data about individuals, members, staff or the public).
- Conflict of interest register/policy.
- A financial reserves policy.
- More comprehensive financial management policies.
- An assets register or inventory.
- Fraud policy.
- Document retention policy.
- Travel policy.
- Internet policy.
- Information asset policy.
- Procurement or tendering procedure policies.