



**Armagh City  
Banbridge  
& Craigavon**  
Borough Council

# **FINANCIAL ASSISTANCE POLICY**

**MARCH 2020**

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# 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. The first revised policy was adopted by Council in December 2015.
- 1.1.3 Since then the Financial Assistance Programme has continued to evolve with an annual review leading to a number of changes to the delivery of the programme agreed by Council.
- 1.1.4 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. This Policy should be read in conjunction with the specific Applicant Guidance Manuals for the Financial Assistance Programme. The Applicant Guidance Manuals are the procedural outworking of the policy document.

## 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 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

There are three areas of eligibility in respect of offering financial assistance:

- The applicant must be eligible to apply
- The project being applied for must be eligible
- The costs being applied for must be eligible

The Applicant Guidance Manual details the criteria in respect of these areas of eligibility.

### 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.

#### 2.2.4. 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 Budget

Council will allocate an overall budget for financial assistance on an annual basis in discussion with officers, which must in turn be split between Revenue Grants and Capital Grants. The budget for Revenue Grants will also be further subdivided, allocating a portion of the budget to each Call for Revenue Grants. 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.

- 2.2.6 In the event of a budget being oversubscribed, funding will be awarded according to the mechanism agreed by Members in advance and detailed in the Applicant Guidance Manual.

#### 2.2.7 Calls for Applications

The application process for Revenue Grants will feature three closing dates throughout the financial year. The application process for Capital Project Grants will feature specific closing dates agreed annually. Once a closing date has passed, applications received up to the closing date will be assessed provided any essential requested supporting documentation has also been provided within the timeframe allowed.

- 2.2.8 Council will promote the availability of funding widely to ensure maximum awareness of the opportunity to apply.

- 2.2.9 Council will organise information sessions for potential applicants during calls for applications. Support will also be made available to potential applicants on a one-to-one basis upon request.

#### 2.2.10 Grant Programmes

The grant programmes are as follows:

<b>Programme</b>	<b>Sub-Programme</b>
<b>Revenue Grants</b>	
<b>Community Grants</b>	a. Seeding Grant b. Community Development Grants i. Micro Grants ii. Small Grants iii. Medium Grants
<b>Arts, Culture and Events Grants</b>	a. Community Events Fund b. Large Event Fund c. Arts Projects Fund d. International Tourism Event Fund
<b>Good Relations Grants</b>	i. Micro Grants ii. Small Grants iii. Medium Grants
<b>International Linkages Grant</b>	
<b>Commemorative Events Grant</b>	
<b>Civic Representation Grant</b>	
<b>Capital Project Grants</b>	
<b>Capital Project Grants</b>	a. Small Scale Capital Project Fund
	b. Large Capital Project Fund

There may not be a call for applications under all of the above categories each year. Opening and closing dates, indicative maximums (amounts and percentages), and any changes to application criteria will be agreed in advance through the FAP Working Group and/or Leisure and Community Services Committee.

2.2.11 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)

#### 2.2.12 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.

### **2.3 Assessment, Monitoring and Review**

2.3.1 Council will move towards an outcomes-based accountability (OBA) approach to 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

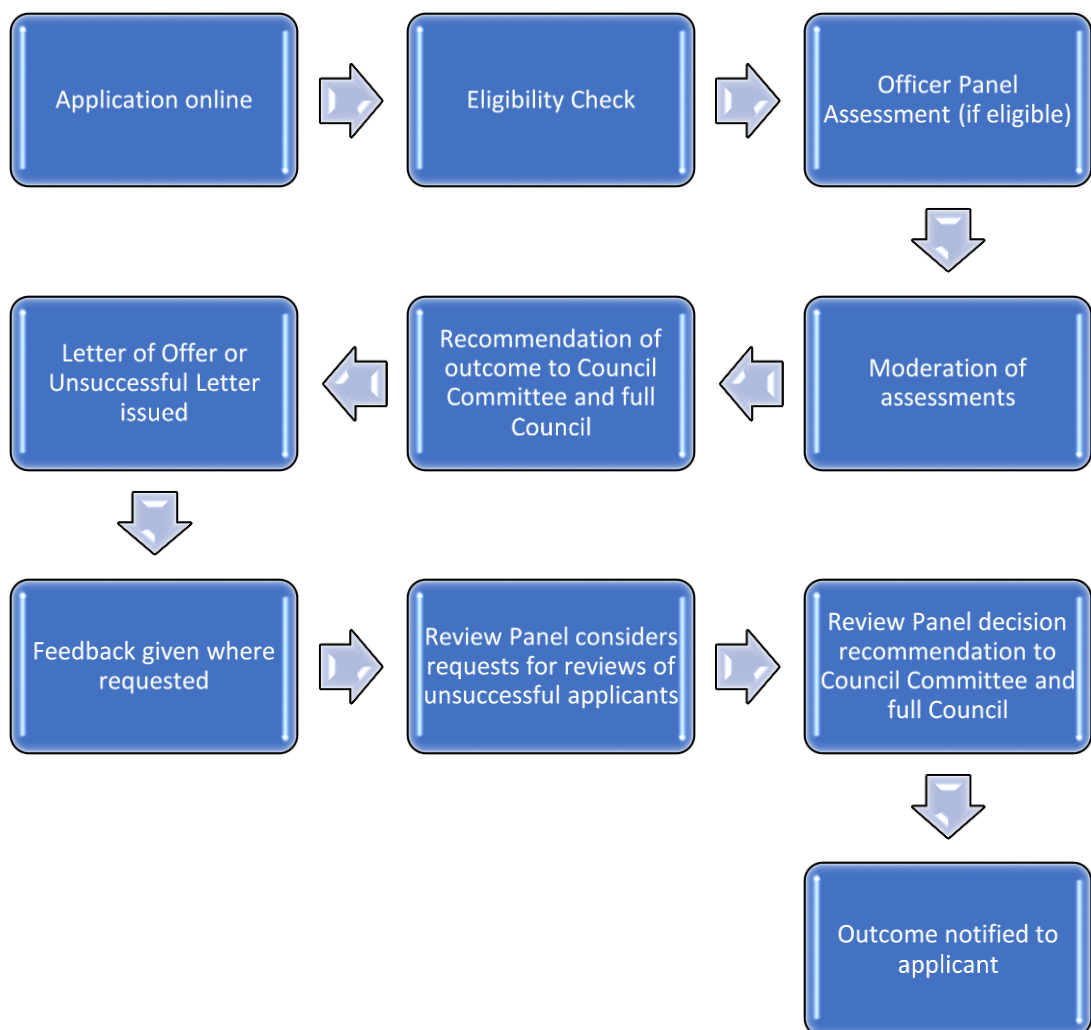
- Ensure that outcomes and outputs (if used) are based on a mutually agreed approach and are not imposed.
- Where outcomes have been agreed, effectively measured and successfully delivered, funding on this basis with reduced levels of vouching depending on the perceived risk. Where outcomes have not 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 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 the Applicant Guidance Manual. The generic process from initial contact with the programme through to decision notification can be found at Figure 1.

2.3.4 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 by reading the Applicant Guidance Manual which precludes nugatory work on an application form and saves Council having to assess applications which are ineligible.
  - Only information relevant to the project is sought. Documentation that was provided previously and remains current will continue to be used and will therefore minimise repeat provision.
  - Finally, the level of checking will depend on the level of risk.

**Fig. 1 - Generic Application and Assessment Process**



- 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 the generic elements are detailed in Figure 1.

#### 2.3.4. Application Form

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 the project relates 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.

#### 2.3.5. Assessment Process

Assessment will be carried out by officers using a standard assessment process for each programme. In broad terms the assessment will consider:

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

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

#### 2.3.6. 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.

## 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.

2.4.4 One mechanism will be the use of the Government Funding Database (GFD). Before awarding any grants Council will check the GFD to ensure:

- i. The applicant is not currently under investigation by any funder
- ii. The applicant is not already in receipt of funding for the same project from another funder

Council will also add awards to the GFD to ensure other funders and interested parties are aware of funding offered to any applicant.

2.4.5 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.

2.4.6 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.

2.4.7 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.

#### 2.4.8 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.

- 2.4.9 **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:

<i><b>Estimated Value</b></i>	<i><b>Process To Be Used</b></i>
Where estimated cost does not exceed £1,500	No quotation required but reasonable effort must be made to obtain value for money.
Where estimated cost is £1,501 - £7,500	A minimum of 3 written competitive quotations required.
Where estimated cost is £7,501 - £20,000	A minimum of 4 written competitive quotations required.

- 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:

- Revenue grants – 2 Officers
- 2a - Small Scale Capital Project Fund – 2 Officers
- 2b - Large Capital Project Fund - 4 Officers (including one senior officer)

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:

- Application form completed online
- Eligibility checks completed on application – constitution requested if not provided nor already held
- 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 proposed conditions of offer
  - 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.
- Officers inform group, set deadlines and seek documentation/other information
- 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 procurement 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 application. 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. 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	1-5		
	Experience of delivering 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. This includes for example, whether they have delivered well and met objectives, spent money appropriately, provided timely end of year returns. 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. In the same way, a group with no track record would be higher risk. 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

<b>Risk Category</b>	<b>Score Range</b>	<b>Probability Score</b>	<b>Impact Score</b>
High	>18	>12	>11
Medium	11 – 18	-	-
Low	6 – 10	-	-

- 3.3.3 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.

<b>Risk Category</b>	<b>Monitoring</b>	<b>Vouching</b>
High	3 monthly review of outcomes/progress towards outcomes End of project evaluation Officer attending event if high value	Verification of all expenditure
Medium	6 monthly review of outcomes/progress End of project evaluation	Verification of all expenditure
Low	Annual review of outcomes End of project self evaluation	Random sample of low-risk projects to have expenditure vouched