



LOCAL COMMITTEE FUNDING

SURREY COUNTY COUNCIL'S LOCAL COMMITTEE (MOLE VALLEY)

22ND NOVEMBER 2006

KEY ISSUE

The County Council recently approved changes to the scheme of delegation that allows Local Committees to delegate power to the Area Director for approving small amounts of local committee funding.

SUMMARY

This report outlines the decision to delegate power to the Area Director for approving small amounts of local committee funding and provides an opportunity for members to discuss how the local committee in Mole Valley would like to implement the new powers.

RECOMMENDATIONS

The Local Committee is asked to agree:

- (i) An option for delegating powers to the Area Director for approval of local committee funding, as detailed in paragraph 3.2;
- (ii) That, if agreed, delegated approval of funding only be permitted between the first and last committee meetings of the council year;
- (iii) Any additional criteria for funding proposals, as it feels appropriate.

1 BACKGROUND

- 1.1 Since their inception in 2002, Local Committees have received delegated funding to allocate in their local area. The funding was allocated to promote social, environmental and community wellbeing.
- 1.2 Each Member of the County Council receives an annual revenue allocation to spend on local projects. In 2006/07 this sum is £11,000 per Member. In addition, each Local Committee receives: -
 - A capital allocation of £35,000 for voluntary & community organisations
 - A further capital allocation of £100,000, largely used for transportation purposes but which Local Committees can use for other purposes.
- 1.3 Under the original scheme of delegation, authority to approve grants from local allocations was only delegated to Local Committees.
- 1.4 Many committees were keen that there be more flexibility within the process, and in 4 areas (Mole Valley, Waverley Spelthorne and Runnymede), the committee agreed a local scheme of delegation. This allowed certain funding decisions to be taken outside of a formal committee meeting, with the agreement of the Area Director.
- 1.5 Recent advice from legal services indicated that these delegated powers were not sound. Legal Services advised that changes would be needed to the County Council's constitution, before any delegation to Area Directors could take place. This issue was recently discussed at the County Council's Executive on 12th September and at full County Council on 17th October.

2 CHANGES TO THE SCHEME OF DELEGATION

- 2.1 The meeting of the County Council on 17th October resolved that:

The scheme of delegation be amended:

- (1) To give Area Directors authority to approve grants from Members' revenue allocations, in consultation with the appropriate Local Committee Chairman, subject to agreed criteria; and
- (2) To enable Local Committees to:
 - (i) By resolution of the Committee retain the power to approve all grants from Members' revenue allocations, in which case the Area Director will have no authority to approve any such grant from an allocation of a Member of that Committee.
 - (ii) Further limit the circumstances in which the Local Director may exercise his or her delegated authority by adding to or strengthening the criteria set out in paragraph 3 of the report.

- 2.2 It also resolved that the following criteria under which grants from Members' revenue allocations can be delegated to Area Directors, in consultation with the appropriate Local Committee Chairman, be agreed:
- a. The application must have been endorsed by the appropriate local Member.
 - b. The application should be for a maximum of £1000.
 - c. Applications from private clubs or other membership organisations must clearly demonstrate the wider community benefit of the project.
 - d. Projects must not contravene any of the Council's agreed policies or priorities.
 - e. The application should be for a future project, not a retrospective request.
 - f. The application should not be to cover ongoing revenue costs.

3 NEXT STEPS

- 3.1 The Local Committee now needs to consider if and how they will use the extension to delegated powers. It should be noted that the local committees are not required to adopt any delegation of powers to the Area Director.

3.2 Possible options for delegation of powers

Option 1

Maintain the previous system whereby allocations can only be agreed by full committee, in a formal meeting.

Option 2a

Delegate authority to the Area Director to approve allocations (subject to the conditions in paragraph 2.2), in consultation with the Chairman and local members. Any funding requests will be circulated to members via e-mail for comment. If any concerns are raised the decision will be taken to a formal committee meeting for discussion. If no concerns are raised within 14 days the allocation will be approved, and noted at the next formal committee meeting.

Option 2b

Delegate authority to the Area Director to approve allocations (subject to the conditions in paragraph 2.2), in consultation with the Chairman and local members. The Chairman will, having consulted with members via e-mail or otherwise, agree to approve, or decide to wait for full committee discussion in a formal meeting. Any approved proposals will be noted at the next formal committee meeting.

3.3 Criteria for local allocations

- 3.4 The Local Committee can, if it chooses, expand the criteria for allocating funding. (for example, placing a limit on the percentage of total funding the allocation can be for, or limiting the number of allocations an organisation can receive in any one year).
- 3.5 It may also wish to take the opportunity to widen criteria to all allocations, not just those agreed by any delegated powers.
- 3.6 It is recommended that delegated approval only be permitted between the first and last committee meetings of the council year. This will ensure that all allocations are processed in good time, and that allocations can be referred to a formal committee meeting if required.
- 3.7 Members should note that all funding must meet the requirements of the county council's financial framework. This is attached as Annex A for information.
- 3.8 Proposal forms will still need to be completed for all allocations, regardless of the approval process.

4 CONCLUSION

- 4.1 Following the changes to the constitution, agreed by county council on 17th October 2006, local committee may now, if they wish, delegate authority to the Area Director to approve local committee funding allocations in certain instances.
- 4.2 Members are asked to consider the options for implementing the delegated powers outlined in paragraphs 3.2 – 3.8.
- 4.3 The decisions of the local committee, in relation to section 3 of this report, will form a local financial protocol, which will be reviewed annually.

5 RECOMMENDATIONS

The Local Committee is asked to agree:

- (i) An option for delegating powers to the Area Director for approval of local committee funding, as detailed in paragraph 3.2;
- (ii) That, if agreed, delegated approval of funding only be permitted between the first and last committee meetings of the council year;
- (iii) Any additional criteria for funding proposals, as it feels appropriate.

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FINANCIAL FRAMEWORK FOR LOCAL COMMITTEES

FRAMEWORK PRINCIPLES

1. To give Local Committees maximum flexibility, the key underlying principle is that Local Committees are at liberty to spend on locally determined purposes that meet local social, economic or environmental well-being.
2. As with all expenditure by the Council, spending by Local Committees should:
 - Be directed to activities for which the County Council has legal powers;
 - Meet demonstrable local needs;
 - Deliver value for money, so that there is evidence of the outcomes achieved;
 - Be consistent with County Council policies;
 - Be approved through a process that is open and transparent, consultative, accountable, and auditable; and
 - Where appropriate, allow opportunities to be taken to pool funds with partner organisations.
3. The Financial Framework for the County Council is being updated to support the values of People First. To support the Local Committees, Area Directors will develop local financial management arrangements to control and monitor expenditure against budgets decided by the Committees. These will accord with best practice principles and will demonstrate proper stewardship and accountability for all resources applied, and be agreed with the Executive Director of Resources.

DELEGATED FUNDING

4. Local Committees have three sources of funding for which they have delegated authority. For 2005/06 these are:
 - (a) An annually agreed revenue budget per Member of the Committee; and
 - (b) An annually agreed budget for capital funding for each Committee; and
 - (c) An annually agreed budget allocation for each Committee for capital grants to voluntary organisations.
5. The revenue funding allocated per Member of the Committee can be used to promote the community well-being of the locality covered by the Committee. Individual Members may bring forward proposals for approval by the Committee and may choose to combine the sums. The Committee may not apply any individual Member's allocation against his or her wishes.
6. The County Council will agree each year the actual amount of revenue funding available to each Member and the capital funding available to the Committee.
7. The annually agreed budget allocations for capital funding for locally determined schemes can be used only on capital projects, and may not be used to support revenue expenditure, such as staffing. This funding can be used only in the process of creating or extending the useful life of an asset and be consistent with the County Council's accounting policies in line with the requirements of the statutory accounting framework. Although primarily allocated for transportation purposes, this funding may be used for other functions. This annual allocation is subject to the carry-forward of any underspend or overspend from the previous year.

8. The budget allocation for capital grants to voluntary organisations must meet the following criteria:

- (a) It must be applied to physical assets with a life of more than one year;
- (b) Such assets include land, buildings, property refurbishments, vehicles, plant, major items of equipment etc; and
- (c) This funding must not be applied to meet staffing costs or other routine running costs.

Although primarily allocated for the purpose of support to the voluntary sector, this funding may be used for other functions.

DEVOLVED FUNDING

9. Each Local Committee will also receive devolved capital and revenue funding for transportation purposes. The Committee may not vire this funding to other areas or delegated responsibilities.

10. In determining the use for the revenue funding the Local Committees will take account of LTP objectives, and any objectives set in the local community plan and make decisions on how much to allocate to a broad range of functional activities. Local Transportation Directors, in consultation with their Local Committees, can vire up to 100% of the revenue maintenance budget allocated to a functional heading, subject to the approval of the Head of Transportation in consultation with the Executive Member for Transportation for sums over £100,000.

11. Capital allocations are agreed annually in consultation with Members and approved by the Executive. A programme of works for this funding will be submitted to the Local Committee for its approval.

BUDGET SETTING AND PLANNING

12. Within the Framework Principles above the Local Committees may determine to use their budgets to meet the aims of improving well-being in their locality. However, it would assist service managers in their business planning if Local Committees could identify and agree priorities in consultation with partners and service managers and take steps to avoid duplication, particularly where commissioning voluntary sector service provision. The aims and objectives of the proposed expenditure should be based on the evidence of need.

13. Local Committees may choose to allocate resources at any time and to this end may hold back funds to respond to local needs throughout the year. However, it would be best practice to identify priorities and allocate resources as part of the budget setting cycle of the County Council.

14. Local Committees may choose to give grants, purchase equipment, enhance current services or promote new initiatives in the pursuance of local well-being. In accordance with new Council practice, when commissioning such services and projects funding agreements or contracts will be used and include appropriate volume and quality standards. Area Directors will report back to the Committee on performance and progress on these.

15. Area Directors and service managers need to advise on any on-going revenue consequences of revenue and capital decisions agreed by Local Committees. In addition, when commissioning capital projects appropriate legal and financial advice will need to be sought

BUDGET MONITORING AND MANAGEMENT

16. Where the Local Committee commissions a Surrey County Council service, expenditure will be incurred by the service. There will be a budget transfer from the Local Committee to fund this expenditure.

17. Where the Local Committee commissions an external organisation, the normal financial regulations and contract standing orders for the County Council will apply. Where commissioning voluntary sector services, the requirements of the Surrey Compact and associated Codes of Practice should be met. The local community support team will administer payments and fully record transactions in accordance with agreed local financial management arrangements.

18. The Local Committee will monitor performance and the budget on a regular basis and receive reports from the Area Director.

19. In order to allow greater flexibility between financial years, underspendings may be carried forward from one year to permit expenditure in the following year. Proposals to carry underspendings forward will be subject to Executive approval as part of the County Council budget monitoring and outturn reporting processes. The underspendings will result from planned spending decisions and must not be simply a means of utilising fortuitous savings.

20. It is expected that overspendings at the year-end will be carried forward and offset against the approved budget for the new financial year.

21. The budget to provide support to the Local Committees is fixed and covers the Area Director and support. Local Committees should bear this in mind when commissioning expenditure on projects. However, the Local Committee may supplement the support budget from within its own delegated resources.