



OFFICER REPORT TO LOCAL COMMITTEE (REIGATE AND BANSTEAD)

REVISIONS TO LOCAL FINANCIAL PROTOCOL

5 DECEMBER 2011

KEY ISSUE

Local Committees are able to adopt local protocols around delegated approval for funding and public engagement that must be reviewed on a regular basis. In Reigate and Banstead, the Local Committee has agreed to review its protocols annually.

SUMMARY

The Local Financial Protocol was last reviewed in 2010. Since then, there have been several changes to the Council's Constitution to reflect the new structure of the Community Partnerships Team.

With the replacement of four Area Directors with a Community Partnerships Manager and two Community Partnerships Team Leaders (one in the east of the County and another in the west), several amendments to the Local Financial Protocol are proposed to reflect the new working arrangements. The amendment to the Scheme of Delegation was agreed on the 17 August 2011 and reported at the Council meeting on 11 October 2011.

OFFICER RECOMMENDATIONS

The Local Committee (Reigate and Banstead) is asked to agree that:

- (i) The Local Financial Protocol be amended to enable the Community Partnership Manager and Community Partnership Team Leader (East Surrey) to approve delegated revenue allocations up to and including £1,000 under the revised delegated powers.

1 INTRODUCTION AND BACKGROUND

- 1.1 The procedures for the Local Committee are governed by the County Council's constitution. The constitution gives Local Committees discretion to agree certain local variations.
- 1.2 The committee agreed a local financial protocol on 20 November 2006, delegating power to the Area Director to approve funding allocations in certain circumstances. This protocol has been used effectively since that time. The amendment of the Scheme of Delegation was reported to the meeting of the County Council on 11 October 2011 and has enabled the Community Partnership Manager and Community Partnership Team Leaders to approve grants from Members' revenue allocations in consultation with the Local Committee Chairman and in accordance with any conditions or criteria imposed by the Council or the relevant Local Committee. The Local Financial Protocol allows for delegated decisions on capital and revenue funding. An amended protocol is attached as **Annex A**.
- 1.3 Local Committees are required to regularly review their local protocols. This report outlines the options available to the committee in reviewing its financial protocol.

2 LOCAL FINANCIAL PROTOCOL

- 2.1 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.
- 2.2 Funding must be agreed at a formal meeting of the committee, except when approved under the delegated powers formerly granted to the Area Director in the local financial protocol (**Annex A**). The County Council has set out certain criteria for the use of delegated powers that are included in the protocol, and cannot be changed by the local committees.
- 2.3 The County Council has amended the Scheme of Delegation to enable Local Committees to delegate decisions on capital and revenue allocations to the Community Partnerships Manager and Community

Partnerships Team Leaders. The proposed amendments to the local financial protocol reflect this change.

- 2.4 The Local Committee can, if it chooses, expand the criteria for allocating funding (for example, setting a limit on the percentage of total funding that the allocation can be for, or limiting the number of allocations an organisation can receive in any one year).
- 2.5 It may also wish to take the opportunity to widen criteria to all allocations, not just those agreed by any delegated powers.
- 2.6 All funding must meet the requirements of the county council's financial framework. This is attached as **Annex B** for information.

3 OPTIONS

- 3.1 The Local Committee can:
 - Approve the protocol without any changes;
 - Approve the protocol with the recommended amendments;
 - Approve the protocol with additional amendments, subject to the rules within the constitution;
 - Revoke the local protocols, thus removing the option to agree allocations outside of formal Local Committees and reverting to the public engagement process set out in the constitution.

4 CONSULTATIONS

- 4.1 Public feedback is captured through the Local Committee feedback forms. This information has been used in consultation with local County Councillors.

5 FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 5.1 The Local Committee must maintain robust processes for the delegated funding to ensure grants meet the financial framework and value for money requirements.

6 EQUALITIES AND DIVERSITY IMPLICATIONS

- 6.1 Local Committee funding has been established to promote social, environmental and community wellbeing of Surrey's residents. Access to this funding is available to all sections of the local community.

7 CRIME AND DISORDER IMPLICATIONS

- 7.1 There are no crime and disorder implications to consider in respect of this report.

8 CONCLUSION AND RECOMMENDATIONS

- 8.1 The local financial protocol provides the Local Committee with greater flexibility in the way it works and has made it easier for smaller grants to be approved.

The Local Committee (Reigate and Banstead) is asked to agree that:

- (i) The Local Financial Protocol be amended to enable the Community Partnerships Manager and Community Partnerships Team Leader to approve revenue and capital allocations up to and including £1,000 under delegated powers.

9 REASONS FOR RECOMMENDATIONS

- 9.1 The recommendations seek to take account of changes made to the Constitution of the Council and additionally, changes within the Community Partnership Team.

10 WHAT HAPPENS NEXT

- 10.1 The Local Committee will be asked to consider the protocols again in one year's time.

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BACKGROUND PAPERS:	Surrey County Council Constitution

**SURREY COUNTY COUNCIL'S LOCAL COMMITTEE
(REIGATE AND BANSTEAD)**

PROPOSED LOCAL FINANCIAL PROTOCOL

(Additions are in *bold italics*)

Authority is delegated to the ***Community Partnership Manager and Community Partnership Team Leaders*** to approve allocations (subject to the conditions below, and within the county council's constitution), in consultation with the Chairman and local members.

Requests to approve funding under these delegated powers will be circulated to County Councillors via e-mail for comment.

If no concerns are raised within 14 days the allocation will be approved, and noted at the next formal committee meeting. If any concerns are raised, the decision will be taken to a formal committee meeting for discussion.

All funding must meet the requirements of the County Council's financial framework. The following criteria for approving grants from Members' revenue and capital allocations under delegated powers have been set by the County Council:

- 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.

The Local Committee can, if it chooses, expand the criteria for allocating funding under delegated powers. At present it has not set any further criteria.

Delegated approval is only 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.

Proposal forms will need to be completed for all allocations, regardless of the approval process.

The Local Committee will review the Local Financial Protocol annually.

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. To support the Local Committees, the Community Partnership Manager and Community Partnership Team Leaders 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 Head of Finance.

DELEGATED FUNDING

4. Local Committees have three sources of funding for which they have delegated authority:
 - (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. Highways Group Managers, 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 Surrey Highways in consultation with the Cabinet Member for Transport for sums over £100,000.

11. Capital allocations are agreed annually in consultation with Members and approved by the Cabinet. 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 wellbeing 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. The Community Partnership Manager and Community Partnership Team Leaders will report back to the Committee on performance and progress on these.

15. Community Partnership Manager and Community Partnership Team Leaders and service managers will 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 Partnerships 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 Community Partnership Team Leader.

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 Cabinet 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 Community Partnership Manager 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.