

## **Committee: Overview and Scrutiny Commission**

**Date: 23 March 2016**

Wards: All

## **Subject: Grant Funding and Commissioning to the Voluntary Sector**

Lead officer: Simon Williams, Director of Community and Housing

Lead member: Councillor Edith Macauley, Cabinet Member for Community Safety, Engagement and Equalities

Contact officer: John Dimmer, Head of Policy, Strategy and Partnerships

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**Recommendations:** That the Overview and Scrutiny Commission discuss and comment on:

- A. The responses and updates to the Internal Audit report on Grants to the Voluntary Sector
  - B. The current funding provided to voluntary sector organisations for 2015/16
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### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. An Internal Audit review was carried out examining Grant Funding and Commissioning to Voluntary Organisations as part of the 2014/15 audit plan. The report included a review of the Council's payment of grants and connected decisions as well as the processes and practices for entering into contracts and to seek compliance with their obligations.
- 1.2. This report provides an update on the Council's progress against the recommendations made by Internal Audit.
- 1.3. This report also provides an overview of the 2015/16 Voluntary Sector Funding Database which provides a breakdown of all voluntary organisations funded by Merton Council by department as well as a comparison with funding in the previous financial year.

### **2 DETAIL**

#### **Internal audit of Grant Funding and Commissioning to the Voluntary Sector**

- 2.1. Merton Internal Audit undertook an audit of Grant Funding and Commissioning to the Voluntary Sector in July 2015. The scope and objective of the audit was:
  - To review the adequacy of the overall approach and consistency of current arrangements for commissioning services from the voluntary sector through grant funding.

- To ensure where applicable, compliance with both Council Standing Orders and EU Public procurement requirements, grant funding criteria and the Merton Compact Agreement with the voluntary sector.
- To ensure that there are monitoring systems in place which ensure funding support to the voluntary sector achieves value for money, as well as the desired outcomes for beneficiaries and service users.
- To ensure that there are financial systems in place which minimise the risk of fraud, duplication of payments and financial management, or non-compliance by voluntary organisations.
- To review the funding application process across departments to ensure a consistency of approach.
- To review payroll processes for payments made through Merton's financial systems.
- To review notional funding arrangements relating to a range of areas including transport and rent.

2.2 Internal Audit published their findings in July 2015. Overall they found that all key controls were in place, but there was some evidence of minor controls not operating or documentation missing. They made a number of recommendations and the Policy, Strategy and Partnerships team have co-ordinated an action plan to address these.

2.3 This report provides an update as to the current position for each<sup>1</sup> detailed recommendation. The majority of recommendations have been actioned and we plan that the remainder will have been resolved by the end of March 2016. The Policy, Strategy and Partnerships team regularly update the action plan responding to the Audit including reporting to Merton's Compact Board on a six monthly basis. In addition, the Funding Officers Group has been re-established and meets quarterly. The appendix provides an update on each recommendation.

### **Merton Council funding to the Voluntary Sector**

2.4 In 2011, it was agreed by Cabinet that the voluntary sector funding database would be published annually. This decision was welcomed by the local voluntary and community sector as it ensured the council met its commitment to transparency. The Department for Communities and Local Government (DCLG) subsequently published the Local Government Transparency Code, which lists the data that councils are required to publish which includes all funding to the voluntary and community sector, including cash grants, commissioned services, contracted services and notional/ in-kind funding.

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<sup>1</sup> Where an individual organisation has been named this action has not been listed in the Appendix.

2.5 The breakdown of funding by department for 2015/16 is set out in the table below.

Department	Cash grants/ commissioned services	Notional funding	Discretionary rate relief	Total
Environment & Regeneration	£452,589	£149,130	N/A	£601,719
Children, Schools & Families	£1,524,800	N/A	N/A	£1,524,800
Community & Housing	£10,685,912	£20,749	N/A	£10,706,661
Corporate Services	£921,456	£102,925	£153,957	£1,178,339
<b>All departments</b>	<b>£13,584,757</b>	<b>£272,804</b>	<b>£153,957</b>	<b>£14,011,518</b>

2.6 Data collected shows that £13,584.757 was awarded to the voluntary sector in cash grants/ commissioned services, with a further £272,804 awarded as notional funding and £153,957 as Discretionary Rate Relief (DRR). Therefore, the total amount funded in 2015/16 is £14,011,518. Excluding DRR, this represents a 5.5% decrease in overall funding to the voluntary sector in 2015/16, compared to 2014/15.

2.7 It should be noted that initial indications for 2016/17 suggest that voluntary sector funding could reduce by £1.5 - £2 million. The impact and approach to funding the Voluntary Sector will be considered as part of a wider review of the Voluntary Sector Strategy planned for 2016. The Compact Board and Merton Partnership will be actively involved in developing the updated Strategy.

### **3 ALTERNATIVE OPTIONS**

3.1. None for the purpose of this report

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

4.1. The audit was discussed by the Compact Board and at the Funding Officers Group.

### **5 TIMETABLE**

5.1. See Appendix 1: Audit Report Response

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

6.1. None for the purpose of this report

### **7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. None

- 8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**
- 8.1. None for the purpose of this report
- 9 CRIME AND DISORDER IMPLICATIONS**
- 9.1. None for the purpose of this report
- 10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**
- 10.1. The audit response forms part of the Council's wider approach to risk management.
- 11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**
- Appendix 1 Response to Audit recommendations
- 12 BACKGROUND PAPERS**
- Grant Funding and Commissioning to the Voluntary Sectors, Final Report, Merton Internal Audit
  - Voluntary Sector Funding Database 2015/16