

## **Item: 9**

**Policy and Resources Committee: 19 September 2023.**

**Following the Public Pound.**

**Report by Head of Finance.**

### **1. Purpose of Report**

To consider amendments to the Council's policy on Following the Public Pound.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That Internal Audit undertook an audit which reviewed the Council's Following the Public Pound policy and procedures.

#### **2.2.**

That recommendations arising from the internal audit, referred to above, have been incorporated within the updated policy on Following the Public Pound, attached as Appendix 1 to this report.

**It is recommended:**

#### **2.3.**

That the updated policy in respect of Funding External Bodies and Following the Public Pound, attached as Appendix 1 to this report, be approved.

#### **2.4.**

That Corporate Directors are reminded of the policy implementation, in particular the requirement to carry out an options appraisal before funding is awarded, and that Service Level Agreements are required to be in place and current for all payments above £10,000.

### **3. Background**

#### **3.1.**

In 2022/23, Internal Audit carried out an audit of the Following the Public Pound (FTP£) arrangements. The objective of the audit was to review the arrangements in place within the Council to ensure that there are suitable and proportionate governance arrangements for all FTP£ funding agreements entered into by the

Council, that public funds are awarded against set criteria and that performance for delivering objectives is suitably monitored and scrutinised.

### **3.2.**

The audit report included three recommendations:

- The Council's policy for FTP£ should be regularly reviewed. (Low priority).
- Guidance notes or a template should be developed so that a simple options appraisal may be carried out prior to making grant awards. (Low priority).
- Where an SLA has not been entered into or existing SLAs have expired, new SLAs should be put into place or existing ones formally extended. (Medium priority).

### **3.3.**

The policy on FTP£ was last reviewed in June 2009. Appendix 1 to this report includes changes recommended by the audit, highlighted in red text.

### **3.4.**

Given the range of awards within the FTP£ register it was felt that a one size fits all approach is not achievable, and that Corporate Directors would be reminded that "Services are required to carry out an options appraisal of the alternative methods of service delivery available **before** committing to funding an Arms Length External Organisation (ALEO). This options appraisal should be revisited with each renewal period" in accordance with the Council's FTP£ policy.

### **3.5.**

Similarly, Corporate Directors, as part of effective financial control, should ensure each payment – not only those over £10k – should be reviewed for relevance, and services should ensure SLAs are current, still meet the needs of the service, and provide value for money. This should be part of the service review of costs at all times, but especially so at this time when resources are limited.

## **4. Human Resource Implications**

FTP£ reporting has been required for a number of years, and no additional workload is anticipated from the minor changes to this policy.

## **5. Equalities Impact**

An Equality Impact Assessment has been undertaken and is attached as Appendix 2 to this report.

## **6. Island Communities Impact**

As the policy being reviewed in terms of this report has been assessed as being unlikely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities) in Orkney, a full Island Communities Impact Assessment has not been undertaken.

## **7. Corporate Governance**

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **8. Financial Implications**

There are no financial implications arising directly from this report.

## **9. Legal Aspects**

The Code of Guidance on Funding External Bodies and Following the Public Pound was developed jointly by COSLA and the Accounts Commission and published in 1996. It sets out the principles of best practice for Councils in establishing relationships with companies, trusts and other bodies where there is substantial local authority funding. Adopting the Policy will assist the Council in complying with such guidance on best practice.

## **10. Contact Officer**

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## **11. Appendices**

Appendix 1: Local Policy on Funding External Bodies and Following the Public Pound. (Including annexes 1-3.)

Appendix 2: Equality Impact Assessment.



# **Funding External Bodies and Following the Public Pound**

**September 2023**

## Version Control

<b>Document Reference.</b>	<b>Rev.</b>	<b>Issue date.</b>	<b>Reason for issue.</b>	<b>Reviewer.</b>
	Approved.	June 2009.	Rev2.	Head of Finance.
		Sept 2023.	Rev3.	Head of Finance.

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This document can be made available on request in a range of formats and languages.

## 1. Scope

The scope of these detailed requirements is limited to payments made to external bodies, which are not already covered by straightforward contractual relationships. Services are required to carry out an options appraisal of the alternative methods of service delivery available **before** committing to funding an Arms Length External Organisation (ALEO). This options appraisal should be revisited with each renewal period.

**Corporate** Directors are responsible for authorising staff members to process, certify and record grant payments under schemes operating under their Service umbrella. This includes ensuring comprehensive procedures are laid out, including options appraisals and checklists to track the progress of all applications. The **Corporate** Director is also responsible for ensuring that the list of authorised schemes (**annex 1**) is kept up to date and that scheme expenditure is in accordance with the Council's strategic policies or objectives - subject to compliance with the Financial Regulations and the approved Scheme of Delegation to Officers.

## 2. Code of Guidance on Funding External Bodies and Following the Public Pound

The *Code of Guidance on Funding External Bodies and Following the Public Pound* (**annex 2**) is a national guideline and the Council is obliged to fulfil its requirements, including:

- consistency with Council objectives and principles of Best Value;
- minimum standard of management arrangements in place;
- monitoring arrangements clearly stipulated.

The Following the Public Pound Risk Assessment Model (**annex 3**) should be used to carry out formal risk assessments on all services considering funding arrangements where payments are made in advance to ALEOs. Where payments of grants are made in arrears on the evidence of expenditure the risk process does not require completion. Completing the risk assessment will assist the Council in demonstrating it has assessed the ALEOs in terms of meeting the objectives of the Council and minimise the financial risk.

The Following the Public Pound Risk Assessment Model is a guide. Each ALEO funding arrangement should be scored against the model, ALEOs with a risk score of **over 44** is unacceptable and steps should be taken to lower the risk prior to funding being granted. A risk score of between **33 and 44** demonstrates that the ALEO has a significant risk to the Council, and although funding can be awarded steps should be taken to reduce risks in key categories. Officers will have to use their judgement, in light of the actions taken to reduce the risks, as to whether the funding should be provided / continued. Risk scores **under 33** are acceptable – notwithstanding the overall responsibility to reduce the level of risk under each category and in total. The Risk Assessment Model is attached at **Annex 3** to this document.

Payment to external bodies not only includes grants or subsidies, but also low-cost or free use of Council property, equipment or staff time. Where it is proposed to provide the use of Council property at either a reduced rent or free of charge, this should be approved through the Committee process. Where it is agreed that a lesser rent is to be charged, dispensation should be sought under Section 74 (2) of the Local Government (Scotland) Act 1973, by applying to Scottish Ministers. **Each Corporate Director** should ensure that their staff are aware of the information required to support an application to the Scottish Ministers and be prepared to collate the information, notify the Estates section of the Property Division and forward the relevant information to Legal Services for the appropriate application to be made.

Awarding non-cash subsidies represents a cost which needs to be recognised, valued, and recorded. It is **important** to evaluate the cost of all non-cash subsidies to ensure full disclosure in the Following the Public Pound Register. Non-cash payments should also be included in any agreements between the Council and the ALEO.

The assessment of non-cash rewards should be evaluated in one of two ways:

1. Market Cost, officers should obtain market equivalents for the services provided to ALEOs i.e. the cost for rent on a similar property; or the cost of vehicle / equipment hire over a similar period; or the cost of consultancy services.
2. Actual cost, officers should look to calculate the unit cost for the service provision, i.e. property costs incurred – including repairs; staff costs – employee and employers costs – including apportionment for IT and accommodation; vehicle / equipment maintenance costs – including depreciation.

In general – what would the ALEO have paid had the Council not provided the low-cost or free use of Council property, equipment or staff time.

### **3. Payments Over £10,000**

For payments of £10,000 or more, a written Service Level Agreement (SLA) is required to be in place between the Council and the external body, covering the requirements stated in the Code, **prior** to the commencement of the provision of services by the external body.

#### KEY PRINCIPLES

- **Purpose** – is the council clear about its reasons for transferring funds to the ALEO;
- **Financial regime** – is there a clear and robust financial management regime in place;
- **Monitoring** – are there robust arrangements for monitoring its relationship with an ALEO;
- **Representation** – is the council clear about the purpose of any officer or member representation on ALEOs, and do representatives discharge their responsibilities with due regard to the objectives of the council;



- **Limitations** – if entering into a substantial funding commitment with an ALEO, has a timetable for the achievement of council objectives been laid down;
- **Accountability** – are there arrangements for suitable access by internal and external audit.

In all cases, the **Corporate** Director shall nominate an officer who is responsible for monitoring the relationship between the Council and the external body. The nominated officer should ensure, in conjunction with Legal Services, that an SLA is in place which clearly states the obligations placed on both parties. Reporting mechanisms should be included in the SLA with the nature and frequency of these reports being stated at the outset based on the value and risk associated with the payment. Before certifying a claim for payment, the certifying officer should have satisfied themselves that all conditions of the funding have been met and verified in line with the Financial Regulations. Where payments are made in advance, adequate controls should exist to ensure that the individual financial and monitoring requirements are followed.

Reports from the ALEOs should contain financial, qualitative and performance monitoring information including (but not limited to):

- evidence of receipt of funding, e.g. bank statements, etc.;
- evidence of payments made, e.g. accounts, receipts, payslips etc.;
- aims and objectives of the organisation and how they have been met;
- whether the standards and objectives set by Council have been met; and
- the proposed targets and future plans.

As a guide, reporting from the ALEO should be received on the following frequency:

Less than £10,000	Annual reporting
£10,000<grant<£25,000	6 monthly
£25,000 and above	Quarterly

In terms of payment, the Council recommend the first payment in April, with the second following receipt of signed agreement. The principal reason for the paying of money up front is to demonstrate goodwill to the voluntary sector. There is a risk attached to paying these amounts in advance, however, quarterly monitoring will be in place for higher grant payments.

**Corporate** Directors should ensure that procedures are in place to ensure that ALEOs are complying with the monitoring conditions included within their SLAs. Where performance measures are included in the monitoring arrangements, these should be assessed against the set targets. Non-compliance with the monitoring requirements contained in the SLA should trigger a review of the funding relationship, and **Corporate** Directors should ensure that this is standard practice.

On the evidence of the monitoring reports, the **Corporate** Director should be able to demonstrate that the ALEO is assisting the Council in the achievement of its objectives

in the most effective, efficient and economic manner. The “mini” registers submitted by services includes a column confirming the ALEO funding aids the achievement of the Council objectives.

#### **4. Payments Under £10,000**

The following rules apply key principles of the Code to funding arrangements of less than £10,000:

1. Applications should be received from external bodies prior to consideration and approval by relevant Officers;
2. All applications have to fall under established grants per the “Orkney Islands Council Grants” list (**annex 1**). Grant schemes included in this list have to achieve objectives identified in the Council’s Strategic Plan;
3. An officer group will approve or decline the application and inform the external organisation of the decision;
4. Where payments are made in advance controls included under the rules of the individual scheme are followed and an initial payment is made;
5. External organisation incurs costs in line with application submitted;
6. On conclusion of the event a claim form together with receipts (and/or any other information requirements specified under the individual scheme) should be submitted by the external organisation; and
7. On vouching of these receipts and approving the claim, payment vouchers can be certified. Before certifying a claim for payment, the certifying officer shall have satisfied himself that:
  - (a) The work, goods or services to which the claim relates have been received, carried out, examined and approved;
  - (b) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
  - (c) The expenditure has been properly incurred in line with details on the application and is within the approved provision and the relevant budget constraints;
  - (d) Appropriate entries have been made in the scheme records as required (records should be maintained for at least 3 years – including any monitoring information received);
  - (e) The payment voucher has not been previously passed for payment and is a proper liability of the Council;
  - (f) The appropriate ledger code has been entered on the payment voucher;

- (g) Expenditure agreed outwith a budget head by a Committee has the appropriate Committee reference attached to the payment request.

## **5. Method of Payment**

Grant and other payments will be requested through submission of a self-generated indent form / special payment form. The normal methods of payment to the ALEO of money due shall be by direct credit.

## **6. Processing of Payment Vouchers**

Duly certified payment vouchers shall be passed without delay to the **Payments Section** who shall examine them to the extent that **they** consider necessary, for which purpose **they** shall be entitled to make such enquiries and to receive such information and explanations as they may require.

## **7. Following the Public Pound Register**

A comprehensive register of funding of external bodies is maintained **by Finance**, which will include the key information on all significant payments made. The individual **Corporate** Directors are responsible for ensuring their annual Service's "mini" registers are completed swiftly and to timescales given by the **Head** of Finance.

The completed Register should be included in an annual report to the Policy and Resources Committee during the September cycle of meetings.

## **8. Conflicts of Interest Register**

In addition to the Following the Public Pound Register, the Council also maintains a Conflicts of Interest Register. This register is required to be updated annually whereby all elected members and senior officers (on G12 and above) have to disclose their membership on any boards or committees. Conflicts of Interest can arise between ALEOs and the Council, therefore, the Council must be clear about the purpose of any officer or member representation on ALEOs, and representatives discharge their responsibilities with due regard to Council objectives.

The Employee Code of Conduct (page 4) and the Financial Regulations (para. **5.2**) also contain sections covering members and officers duties to declare interests.

# Orkney Islands Council Grants

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
Education, Leisure & Housing	<b>Talented Young Persons Fund Grant</b>	75% up to a maximum of £110 per trip with a maximum of 3 eligible trips in any one-year.	<p>The application must be in respect of courses, events, or selected squad training of a Scottish, national or international standing in recognised arts and sports.</p> <p>Participation must have been gained on the individual's level of performance resulting in selection or specific invitation to participate, evidence of which will be required with the application.</p> <p>Recipient must be 18 years or under. The eligible costs should all be travelling costs, accommodation costs and course or coaching fees.</p> <p>The applicant should travel by the most economical means but if necessary this can be by air.</p> <p>Applications from sports teams or arts groups are not eligible for assistance under the Talented Young Persons Fund.</p>	<ul style="list-style-type: none"> <li>• Applications must be made before the trip is scheduled to take place. Assistance cannot be given retrospectively.</li> <li>• Need to attach invitation from organising body to prove representation at a national/international level</li> <li>• Education Admin gets the application authorised by the appropriate person.</li> <li>• Letter or award sent to claimant confirming allocated grant.</li> <li>• Individual/group attends training/competition/event</li> <li>• Must use the claim form supplied, with copies of all relevant receipts attached. Payment is made accordingly</li> </ul>
	<b>Talented Performers Fund Grant</b>	75% up to a maximum of £110 per trip with a maximum of 3 eligible trips in any one-year.	<p>The application must be in respect of courses, events, or selected squad training of a Scottish, national or international standing in recognised arts and sports.</p> <p>Participation must have been gained on the individual's level of performance resulting in selection or specific invitation to participate, evidence of which will be required with the application.</p> <p>Recipient must be 19 years or over. The eligible costs should all be travelling costs, accommodation costs and course or coaching fees.</p> <p>The applicant should travel by the most economical means but if necessary this can be by air.</p>	<ul style="list-style-type: none"> <li>• Applications must be made before the trip is scheduled to take place. Assistance cannot be given retrospectively.</li> <li>• Need to attach invitation from organising body to prove representation at a national/international level</li> <li>• Education Admin gets the application authorised by the appropriate person.</li> <li>• Letter or award sent to claimant confirming allocated grant.</li> <li>• Individual/group attends</li> </ul>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
			Applications from sports teams or arts groups are not eligible for assistance under the Talented Performers Fund.	<p>training/competition/event</p> <ul style="list-style-type: none"> <li>• Must use the claim form supplied, with copies of all relevant receipts attached. Payment is made accordingly</li> </ul>
	<b>Education Maintenance Allowance</b>	Means tested according to the Scottish Government's regulations which are reviewed annually. Awards are £30 per week.	Allowances paid under the national scheme to encourage pupils to continue education after the statutory leaving age.	<ul style="list-style-type: none"> <li>• Pupils must be aged 16-18 and attending a full time course at school or college in Orkney.</li> <li>• Pupils must sign a Learning Agreement and adhere to this</li> <li>• Learning Centres can hold payments if attendance, behaviour or attainment do not meet the learning agreement's criteria.</li> </ul>
	<b>FE Bursaries</b>	Means tested according to regulations based on the National Policy for FE Bursaries issued by the Scottish FE Funding Council.	Grant assistance available towards course fees, maintenance, materials & travel.	<ul style="list-style-type: none"> <li>• Approved courses with a max. level of National Certificate.</li> <li>• Part-time, courses up to HNC level may be considered for fees only applications</li> </ul>
	<b>Interview Expenses for Students</b>	Up to £50 for interviews in Scotland, up to £75 for interviews outside Scotland.	16-18 year olds attending secondary school, Orkney College or NEET can claim for expenses for attending College or University Interviews outside Orkney.	<ul style="list-style-type: none"> <li>• Applications in the first instance to be made to head teacher of the pupils' school.</li> </ul>
	<b>School Clothing Grants</b>	Maximum annual grant is £150 for secondary £120 for primary	Grants are available to help purchase essential school clothing and footwear.	Applicants must be in receipt of one of the benefits in the criteria set by the Scottish Government
	<b>Kirkwood Bequest</b>	Awards are £1000 per year.	Fund used to promote agricultural and veterinary study for pupils attending Stromness Academy.	Application must be submitted while applicant is still a pupil at Stromness Academy. Application forms should be endorsed by the Head Teacher of Stromness Academy by the 5th March.

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Parental Involvement</b>	Budget £8,900	All Parent Councils in Orkney are awarded a grant of £325 annually for their administration and clerical costs.	The grant must be paid into the Parent Council's own separate bank account and must not be mixed with OIC funds. Parent Councils should have a constitution.
	<b>Orkney Educational Trust</b>	The amount of grant is generally between £0 - £200.	Applications to promote general educational projects and support students through bursaries and educational travel.	The OIC General Charitable Trust considers applications that are within the criteria, with a focus on applications that promote the common good of the people of Orkney.
	<b>The Culture Fund</b>	Budget £176,600 (2023/24)	<p>Grants to key cultural organisations – grants are provided to 5 organisations which are agreed by the Council and which are reviewed every 3 years. The current beneficiaries are:</p> <p>St Magnus International Festival</p> <p>Pier Arts Centre</p> <p>Orkney Folk Festival</p> <p>Stromness Museum</p> <p>Birsay Heritage Trust (for running Barony Mills)</p> <p>The second is the Open pot of £23,000 which is available through an open annual application from organisations who wish to deliver cultural activities. Culture in this circumstance is defined as Arts, Heritage or Language (e.g. Orcadian dialect)</p>	<ul style="list-style-type: none"> <li>Funding as a key cultural organisation must sign grant funding conditions if their grant is over £10,000, or general terms and conditions of grant if under £10,000.</li> <li>Applications to the Open Pot must be from organisations deemed eligible in the guidance for applicants and must fulfil the criteria of the fund, also explained in detail in the guidance for applicants. These can be provided on request.</li> <li>An assessment panel for the Open Fund includes OIC Cllrs, and Officers as well as external representatives of Creative Scotland, galleries museums Scotland and Voluntary Action Orkney makes recommendations for awards and the Executive Director of</li> </ul>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
				<p>Education, Leisure and Housing has delegated authority to approve awards.</p> <ul style="list-style-type: none"> <li>The full grant is awarded up front.</li> </ul>
	<b>Visual Artist and Craft Maker Awards</b>	<p>Total budget of £8,000</p> <p>Bursary levels of £750 for experienced artists, £500 for new and emerging artists.</p>	<p>The devolved Visual Artist and Craft Maker Awards scheme has operated since 2014. The fund is a national one, run by Creative Scotland, and managed on a local basis by the Council's Arts Development Service. The Scheme is funded by Creative Scotland (£5,000), Highlands and Islands Enterprise (£1,500) and Orkney Islands Council £1500.</p>	<ul style="list-style-type: none"> <li>Awards are allocated competitively via application with a deadline in February.</li> <li>An assessment panel including local art and craft, Creative Scotland, HIE and OIC representatives determine the award.</li> <li>The full grant is awarded up front.</li> </ul>
	<b>Decoration Grant for New and Transfer Tenants</b>	<p>Each application will be considered on an individual basis.</p>	<p>Tenants may be able to get a decoration grant, on the recommendation of the Building Inspector, if they are:</p> <ul style="list-style-type: none"> <li>a new tenant or</li> <li>a transfer tenant from either our secure stock or emergency stock.</li> </ul> <p>Grant is dependent on the condition of the property you are leaving and the one you are going on to and is only available to tenants with a clear rent account. Please contact the Housing Management Section for more information.</p>	<ul style="list-style-type: none"> <li>New Council Tenants and Transfer Tenants Only.</li> <li>The property will be assessed by the building inspectors on the condition of its décor.</li> <li>On their recommendation, tenants are provided with an order to the recommended value.</li> <li>The Council will be invoiced directly by the supplier and invoices checked against orders.</li> <li>Any additional amounts must be funded by the Tenant.</li> </ul>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Decoration Grants following Planned Maintenance Works, e.g. Kitchen Upgrade</b>	£60.00	<p>Tenants may be able to get a decoration grant, on the recommendation of the Building Inspector, if their kitchen has recently been upgraded.</p> <p>In some instances, tenants can choose to have their kitchen painted in White or Magnolia, at no expense to them;</p> <p>OR</p> <p>Tenants can provide their own paint or wallpaper, for the contractor to apply. The tenant pays for the materials only.</p>	<ul style="list-style-type: none"> <li>• Council Tenants with a Clear Rent Account Only</li> </ul>
	<b>Removal Grant</b>	Up to a maximum of £1310 (sum is determined by reduction in no of bedrooms within properties ie maximum sum would require downsizing from a 4 bedroom to a one bedroom property)	<p>Available to Council tenants where their home is bigger than they now need, i.e. where children have grown up and left the family home, we may offer some financial assistance to help you to move to a smaller property when one becomes available.</p> <p>Removal costs covers: Removal company costs; carpets, curtains, re-connecting telephone.</p> <p>In some cases this service may be available to tenants with rent arrears but any costs incurred during the removal may be set against the rent account.</p>	<ul style="list-style-type: none"> <li>• Transfer Council Tenants /OHAL</li> <li>• Usually only Council Tenants with a Clear Rent Account Only</li> <li>• Payment made on submission of receipts.</li> </ul>
	<b>Start-up grants for Residents' and Tenant Associations</b>	Each application will be assessed individually, up to the maximum of £515	Newly constituted Resident/Tenant Associations. Financial assistance will be considered towards start-up costs for setting up a group, i.e. training, surveys.	<ul style="list-style-type: none"> <li>• All applications must be accompanied by a proper constitution.</li> <li>• Detailed account of expenditure must be provided.</li> </ul>



DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Annual Grant for Tenants' and Residents' Associations</b>	£23.24 per Council dwelling per annum, for the first 100 properties and, thereafter, £11.62 per annum for each additional Council dwelling.	Constituted Residents'/Tenants' Associations	Groups must: <ul style="list-style-type: none"> <li>• Have a proper Constitution.</li> <li>• Hold a public AGM to which all residents living in the area are invited, as well as a Council official from the Housing Division.</li> <li>• Have an adequate representation of tenants of Orkney Islands Council as members of the association and its governing committee.</li> <li>• Follow the principles of the Code of Practice for Tenant Participation.</li> <li>• Have an annual audit of accounts, proper accounting procedures and regular, written financial reports.</li> </ul>
	<b>One-off grants for Tenant/Residents' Associations</b>	Each application will be considered on an individual basis.	Constituted Resident/Tenant Associations	<ul style="list-style-type: none"> <li>• This is a top-up grant in to addition to the Tenants/Residents' Associations' Annual Grant.</li> <li>• Grants are awarded in respect of carrying out research, surveys, questionnaires or training.</li> <li>• The applicant must be attending training relevant to Tenant Participation.</li> <li>• Detailed account of expenditure must be provided.</li> <li>• Reimbursement for training and travel expenses, expenditure receipts must be provided.</li> </ul>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Small Repairs Grant</b>	Maximum award of £1,000, or £2,000 if disabled	<p>Financial Criteria:</p> <p>The applicant/household should be in receipt of any of the following benefits:</p> <ul style="list-style-type: none"> <li>- Employment Support Allowance</li> <li>- Income Support</li> <li>- Universal Credit</li> <li>- Job Seeker's Allowance</li> <li>- Pension Credit</li> <li>- Attendance Allowance</li> <li>- Disability Living Allowance</li> <li>- Personal Independence Payment.</li> </ul> <p>The applicant/household should have less than £16,000 in savings.</p> <p>The applicant/household should have monthly take home pay not exceeding £435 or £935 if they are responsible for at least one child.</p> <p>Non-dependents within the household are to be disregarded for the purposes of the calculation.</p>	<p>The applicant/household's principal or sole residence should be in Orkney.</p> <ul style="list-style-type: none"> <li>• Written approval of grant is required prior to commencement of works</li> <li>• No grant applications for retrospective works</li> <li>• One grant application per household per two years</li> <li>• Payment on submission of invoices for works</li> </ul>
<b>Enterprise and Sustainable Regeneration</b>	<b>Economic Development Grant</b>	30% grant up to a maximum of £55,000, based on project costs between minimum of £5,000	<p>The Council's Economic Development Grant Scheme is targeted towards supporting:</p> <ul style="list-style-type: none"> <li>• Projects which encourage economic diversification.</li> <li>• Activities which raise the average wage rate.</li> <li>• Efforts to overcome barriers to export.</li> <li>• Projects which demonstrate additional benefits to the Orkney economy.</li> <li>• The Council's Economic Development Grant Scheme is targeted towards the following key industry sectors: <ul style="list-style-type: none"> <li>• Food and drink production, where the products are primarily intended for export outwith Orkney.</li> <li>• Creative industries and manufacturing, where the outputs are primarily intended for export outwith Orkney.</li> <li>• High-end niche products which are only</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Applications outwith policy may be considered by the D&amp;I Committee</li> <li>• Applications must be made before work on the project has commenced. Assistance cannot be given retrospectively.</li> <li>• If offered assistance, a legal agreement specifying the form of assistance and the conditions which apply to it.</li> <li>• Payment will only be made when evidence of expenditure is submitted.</li> <li>• The project must commence within one year of the offer letter being</li> </ul>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
			<p>available in Orkney.</p> <ul style="list-style-type: none"> <li>• Knowledge and technology, where projects can demonstrate a benefit to the Orkney economy.</li> <li>• Renewable energy (but not energy production) and its supply chain</li> <li>• Service sector where the service is not currently provided in Orkney and a viable demand for that service can be demonstrated (provided it is not just a marginal modification of an existing service already available locally).</li> </ul> <p>Service sector where a viable external demand can be demonstrated.</p>	<p>received</p> <ul style="list-style-type: none"> <li>• All claims must be submitted within one year of the project commencing. Interim payments are allowed</li> </ul>
	<b>Graduate Placement Scheme</b>	Grants of up to 25% towards the salary of graduate recruitment for one year.	The graduate should be involved in a development role within the business; the business should be form existing eligible sectors of the economy. Maximum eligible salary is £20,000.	The graduate should be qualified to HND level or above. The placement should commence within two years of graduation and the job should be the first at graduate level for the prospective employee.
	<b>New Business Start Up Grant</b>	Up to 100% up to £1,500	<p>Eligible if business is:</p> <ul style="list-style-type: none"> <li>- located in Orkney</li> <li>- a new start up business that has been trading for less than 6 months</li> <li>- operated by the business owner</li> <li>- employing less than 50 people</li> <li>- not part of a management buy-in or buy-out</li> <li>- not the recipient of a previous start up grant</li> </ul> <p>Franchise businesses are also eligible to apply for the start-up grant. They must be ethical franchises accredited by the British Franchise Association (BFA).</p>	Equipment purchased and awarded grant funding may not be sold or disposed of within 12 months of receiving the grant, unless a replacement item or upgrade is being purchased. Written dispensation should be requested in advance
	<b>Small Business Training Grant</b>	Up to 90% up to £1,000	To upgrade skills within the business and develop the workforce towards training they have identified that: <ul style="list-style-type: none"> <li>• Helps the owner, manager or employees gain skills that directly result in benefit for the business, for example it will improve products, processes or services in the business.</li> <li>• Does not attract financial support from any other source</li> </ul>	All applicants (but not all trainees) must be 18 years of age or over. The business must remain based in the Orkney Islands Council area for at least twelve months

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Flexible Business Development Grant</b>	Up to 50% up to £5,000	Applications from SMEs in the following sectors are strongly encouraged, Tourism, Food and drink, Low carbon and renewable energy technology. Manufacturing, Creative industries, Community based social enterprise companies.	Equipment purchased with grant support may not be sold or disposed of within two years of receipt of grant, unless a replacement item is being purchased. In any event the Council's written permission should be sought in advance
	<b>Tourism Grant Scheme</b>	<p>Upgrading of accommodation up to 30% of eligible costs up to £55,000.</p> <p>New facilities at Existing Accommodation Up to 30% up to £20,000.</p> <p>Provision of new or upgraded Visitor Attractions/Facilities Up to 30% up to £55,000.</p>	<p>Projects which will improve existing accommodation to achieve a VisitScotland 3 star grading or above: for example this could be from ungraded to 3 star, or from 3 star to 4 or 5 star.</p> <p>Projects which will provide new facilities (but not bars) at existing accommodation, which is already part of the VisitScotland QA system, but which will not in itself result in an increased VisitScotland QA grading.</p> <p>Projects developing new or upgraded attractions or other facilities</p>	<p>A requirement to maintain the target VisitScotland QA grading for the duration of the grant obligation period; to become and remain a member of Orkney Tourism Group; to commit to a programme of staff development; to demonstrate a commitment to responding to customer feedback; and to participate in industry-wide initiatives such as levels of occupancy surveys</p> <p>A requirement to maintain at least the current VisitScotland QA grading for the duration of the grant obligation period; to become and remain a member of Orkney Tourism Group; to commit to a programme of staff development; to demonstrate a commitment to responding to customer feedback; and to participate in industry-wide initiatives such as occupancy surveys.</p> <p>The Council's policy is that assistance cannot be given retrospectively.</p>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Island Hauliers Replacement Scheme</b>	50% grant on expenditure up to £5,000 per vehicle, and £10,000 per haulier over the 4 year and 2 month cycle of the scheme.	Island hauliers who operate a regular (2 days per week) year round island-mainland service may be eligible for grant assistance. The vehicle must be available at all times to operate an island mainland service and must earn at least 75% of its revenue from island-mainland traffic.	<ul style="list-style-type: none"> <li>• Applications will be considered under delegated authority.</li> <li>• Applications must be made before purchase of a replacement vehicle. Assistance cannot be given retrospectively.</li> <li>• If offered assistance, a legal agreement specifying the form of assistance and the conditions which apply to it.</li> <li>• Payment will only be made when evidence of expenditure is submitted.</li> </ul>
	<b>Rural Shop Improvement Scheme</b>	<p>Island Shops were that shop provides the only such service on the island: a 75% grant to up to 75% of eligible costs up to a maximum of £10,000 ceiling over the duration of the scheme</p> <p>Other island shops and mainland shops outwith Kirkwall, Stromness, St Margaret's Hope and Finstown: a 50% grant up to the ceiling of £10,000</p> <p>Shops located in St Margaret's Hope, Finstown and Stromness which qualified at 1<sup>st</sup> April 2005 for mandatory and/or discretionary rates relief (under the Small Business Rate Relief Scheme)</p>	<p>Grants are available towards a range of improvements in island and rural shops outwith the main population centres of Kirkwall, Stromness, Finstown, St Margaret's Hope and Dounby.</p> <p>Replacement of existing petrol pumps at island shops is eligible under this scheme.</p>	<ul style="list-style-type: none"> <li>• Applications will be considered under delegated authority Applications must be made before work on the project has commenced. Assistance cannot be given retrospectively.</li> <li>• If offered assistance, a legal agreement specifying the form of assistance and the conditions which apply to it.</li> <li>• Payment will only be made when evidence of expenditure is submitted. Interim payments are allowed.</li> </ul>

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
	<b>Archaeology Fund Grant</b>	Total budget available is £40,000 in any one year.	Assistance is available towards the cost of archaeological excavation and post-excavation projects within Orkney. Council policy states that half of the fund annually should be allocated to work in the Outer Isles.	<ul style="list-style-type: none"> <li>• Application deadline of end of November for next financial year. Applications will be considered by the D&amp;I Committee prior to Council ratification.</li> <li>• Must use the claim form supplied, with copies of all relevant receipts attached.</li> <li>• Important that the money is spent on the items identified in your original application.</li> <li>• The Council grant has to be acknowledged in all literature, displays and press releases pertaining to your project.</li> <li>• Projects should commence within one year of the award.</li> </ul>
<b>Orkney Health and Care</b>	<b>Grants to Voluntary Organisations</b>	Each application will be considered on an individual basis.	<p>Financial assistance will be considered towards start up costs, ongoing running costs or in relation to specific items of equipment.</p> <p>Priority is given to organisations working in support of Social Work services where the local community can be seen to substantially benefit from the work of the organisation.</p>	<ul style="list-style-type: none"> <li>• All applications forms must be accompanied by an up to date copy of the organisation's constitution and the most recent audited accounts/financial statement.</li> <li>• If awards above £5,000 are made, organisations are expected to enter into a formal Service Level Agreement.</li> <li>• Political organisations are not eligible.</li> </ul>
	<b>Local Action Fund</b>	Each application will be considered on an individual basis.	<p>Local Action Fund objectives targeted:</p> <ul style="list-style-type: none"> <li>• Increasing the number of services and facilities available which provide constructive and relevant activities for young people.</li> </ul>	Funding made in arrears on receipt of monitoring which details how the funding award has been spent, and how the project is achieving its

DEPARTMENT	TYPE	RATE	CRITERIA	CONDITIONS
			<ul style="list-style-type: none"> <li>An increase in the number of young people accessing these facilities.</li> <li>Young people to have sustained interest and involvement in the activities provided.</li> <li>A reduction in youth related calls to the police in areas where new facilities are located.</li> <li>A reduction in community perceptions/concerns about youth crime.</li> </ul>	objectives.
	<b>Supporting People</b>	The programme assists people to live more independently. Variable grants are payable to range of service providers.	<p>The supporting people grant can be used across all tenures to provide various types of care. These include:</p> <ul style="list-style-type: none"> <li>General counselling; and</li> <li>Advising and assisting services users on issues such as maintenance, security, finances, etc.</li> </ul>	The Scottish Executive requires all services providers to enter into a formal SLA. The format is prescribed by the Executive.
	<b>Childcare Partnership</b>	<p>Financial assistance will be considered towards start up costs, ongoing running costs or in relation to specific items of equipment.</p> <p>Each application will be considered on an individual basis</p>	<p>Applications must be in accordance with the purpose of the Partnership and meet the Partnership objectives:</p> <ul style="list-style-type: none"> <li>To develop and support flexible childcare facilities, which meet the needs of working parents.</li> <li>To promote developments to meet the needs of parents in employment, education or training.</li> <li>To address issues of equality in all aspects of the work of the Partnership.</li> <li>To develop the functioning of the Partnership to maximise participation and consultation with relevant service providers and users.</li> <li>To provide advise, guidance and support to parents seeking to enter the job market.</li> </ul>	<p>Applications are assessed against the aims, objectives and priorities of the Partnership.</p> <p>All organisations receiving funding will be expected to acknowledge receipt of the grant ant to complete a monitoring form after 6 months which details how the funding has been spent, and how the project is achieving its objectives.</p> <p>An SLA is required for payments above £5,000.</p>

# Code of guidance on funding external bodies and following the public pound

The Code was published jointly by the Accounts Commission and the Convention of Scottish Local Authorities, in 1996.

## Objective of the Code

It is important to ensure clear public accountability for public funds at the same time as supporting initiatives for securing quality local authority services in the most effective, efficient and economic manner.

The principles of openness, integrity and accountability apply to councils in their decisions on spending public money which are subject to public record and external audit. These principles should also apply to funds or other resources which are transferred by councils to arms-length bodies such as companies, trusts and voluntary bodies.

This guidance is intended to ensure proper accountability for such funds and that the principles of regularity and probity are not circumvented. It has the support of the Convention of Scottish Local Authorities.

## Scope

The guidance which follows sets out a framework for councils' relationships with bodies through which they seek to carry out some of their functions other than on a straightforward contractual basis.

The principles of the guidance apply to companies and other bodies such as trusts or grant-aided voluntary organisations, both where such bodies are subject to local authority control or influence and where they operate at arm's length.

Councils will wish to have their own rules setting out procedures appropriate to their local circumstances and internal processes, and those rules should be based on this guidance.

The guidance should apply to any new substantial funding relationships entered into by councils and to existing substantial funding relationships at the earliest possible review date.

What is 'substantial' will vary according to circumstances. When interpreting 'substantial' councils should have regard to the significance of the funding in relation to their own budgets and its significance in relation to the budget of the external body. We do not, for example, intend this guidance to apply to the many small revenue grants which councils make to community groups annually. 'Funding' is intended to include all resources which councils may transfer.

## Purposes

When agreeing to transfer funds to an external body a council must be clear about its reasons for doing so. Proper considerations should always apply and the prime purpose of involvement with external bodies should be the achievement of the council's objectives in the most effective, efficient and economic manner and not the avoidance of controls or legal restrictions which are designed to secure probity and regularity in the use of public funds. The reasons should be related to a strategy or policy of the council and that link should be demonstrable. An overall statement of purpose should be contained in any council decision

to establish the funding relationship and should be expressed in any establishing documents or written agreements or understandings between the council and the body.

The council should set out its expectation of the use of the funding. This should contain a broad and general statement of aims or goals and should also contain clear targets with timescales and methods of measurement whenever possible, as well as any conditions and reporting requirements.

## Financial regime

The council should spell out clearly the extent of its financial commitment to the external body and the nature of the financial relationship eg, shareholding, grant, loan, contractual payments.

Criteria for making and receiving payments should be specified. The transfer of any assets should be clearly regulated in a written agreement and the end destination of any such assets should be specified.

The council's entitlements to any financial return should be stipulated and commitments to financial contributions by councils should not be open-ended in duration or amount.

The written agreement should refer to the minimum standard of management arrangements which need to be in place and any specific or additional responsibility and accountability which is being vested in a board or management committee. The minimum accounting and audit requirements should also be included.



## Monitoring arrangements

The council should make clear any requirements which it has of external bodies to operate in a particular way. This might include proper employment practices, recruitment and selection processes, equal opportunities requirements, wages and conditions of service of employees and purchasing policies.

The council should also stipulate how it intends to monitor the relationship between itself and the external body. For example, the council may wish to stipulate that it will have appropriate access to records held by the body. The council may require the body to take appropriate advice on its actions and to make frequent monitoring reports to the council on such matters as:

- income, expenditure, profitability, liquidity and other financial matters
- achievement of targets
- future plans.

Regardless of representation on committees or boards, the council should insist on regular monitoring and reporting back by such bodies. Where the council designates a member of staff in a supervisory officer or equivalent capacity it should ensure that such officers are clearly aware of their responsibilities and of the relevant monitoring procedure.

It is not the intention of this guidance to try to put the external auditors of the council in the place of the auditors of external bodies. However, the council must ensure that its external auditors are given a right

of access to such records, and, if appropriate, accounts and financial arrangements of the external body so that they may follow the trail of public money from the council through the body. They should be able to seek, through the council, any explanations which they consider necessary from representatives of the body. The external auditors of the council should also have access, through the council, to the external auditors of the body.

## Representation

The council should consider very carefully the question of representation on the boards of companies which are subject to its control and, to an even greater extent, on bodies which are not subject to its control. For example, members or officers who become directors will assume personal responsibilities under the Companies Act.

It is possible that conflicts of interest can arise for such members and officers as between the company and the council. The council must ensure that members and officers are properly advised of their responsibilities to the council and to the company. This should include questions of declarations of interest.

## Limitations

In entering into a substantial funding commitment with an external body the council should lay down a timetable for the achievement of the objectives. If the purpose is a continuing one, then provision should be made for regular review of achievements and of the relationship between the body and the council.

Arrangements should include regular reporting to an appropriate council committee, if necessary in private if issues of commercial confidentiality arise. Clear limits should be set on the extent to which the council will become involved financially with the body and its affairs.

Clear rules should be laid down at the outset for terminating the funding agreement and separation of the council's interest from that of the body. Councils should consider whether particular events should trigger a review eg, a change of leading personnel in the external body.

## Accountability

The external auditors appointed by the Accounts Commission will be required to review as part of the annual audit the arrangements which councils have made for such substantial funding agreements and will measure councils' compliance with this guidance. In cases where they have concerns over issues of probity and regularity they will make these known to the council and the Controller of Audit.

Following the Public Pound - Risk Assessment Criteria						
		1	2	3	4	5
Risk		Insignificant	Minor	Significant	Major	Catastrophic
1	<b>Service Infrastructure</b>	Local service provider, well established and known to the Council	National organisation with experience in the field	Local service provider, not well established or not well known to the Council	National organisation with no experience in the field	Service not established and known to be a cause for concern to other authorities
2	<b>Service Provider Management and Staffing</b>	Competent management and well trained staff	Competent management but largely untrained staff	Weaknesses in local management or staffing identified	Resolved complaints about management and staffing	Unresolved complaints about management and staffing
3	<b>Service Provider Financial Assessment</b>	Operates within the financial framework set by Council.	Difficulty in achieving the conditions of the financial framework set by the Council	Repeated difficulties in operating within the financial framework set by the Council	Cash flow is uneven causing cyclical difficulties for the organisation	Financial Integrity and viability of the organisation exist
4	<b>Contract Value</b>	<£5k	£5k to £50k	£50k to £300k	£300k to £1m	>£1m
5	<b>Service Level Agreement</b>	SLA in place which outlines service requirements and obligations of provider to review, self-evaluate and report	SLA in place but specification requires updating	No SLA in place, but positive service history evident	No SLA in place and no substantial service history evident	No SLA in place and negative service history evident
6	<b>Quality Monitoring</b>	Monitoring reports received on time in accordance with the quality framework set by the Council	Monitoring reports received on time with evidence that issues within the quality framework are being resolved	Formal monitoring arrangements still to be established, but positive service history evident	Monitoring reports not received on time or in accordance to the quality framework set by the Council	Formal monitoring arrangements still to be established and negative service history evident
7	<b>Service User Risk</b>	Service offers support and advice only	Low levels of personal care and/or clients able to self-advocate	High levels of personal care provided in group living setting and/or clients have difficulty self-advocating	High levels of personal care provided in the client's home and/or clients are not able to self-advocate	High levels of personal care provided in the client's home and client in a vulnerable client group
8	<b>Strategic Fit</b>	Service clearly fits with Council strategies	Service fits with Council strategies and service in process of modernising	Service fit satisfactory, but service type is outdated	Service type outdated and provider is reluctant to change or modernise	Service no longer fits with Council's aims or strategies
9	<b>Embarrassment</b>	Contained within Service unit	Contained within Department	Local public or press interest	National public or press interest	Officer and/or members forced to resign
10	<b>Damage to Council Property</b>	Negligible damage to property or equipment	Minor damage to one property or equipment damage <£50k	Significant damage to property or equipment £50k to £250k	major damage property or equipment £250k to £1m	Total loss property or equipment or cost >£1m
11	<b>Removing funding causes the Council to fail to provide a Statutory Service and/or a breach of Legal requirements</b>	Litigation claim or fine <£2k	Litigation claim or fine £2k to £50k	Litigation claim or fine £50k to £250k	Litigation claim or fine £250k to £1m or custodial sentence imposed	Multiple civil or criminal actions; litigation, claim or fine >£1m



## Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a function, policy or plan by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

<b>1. Identification of Function, Policy or Plan</b>	
Name of function / policy / plan to be assessed.	Funding External Bodies and Following the Public Pound.
Service / service area responsible.	Finance
Name of person carrying out the assessment and contact details.	Erik Knight
Date of assessment.	4 May 2023
Is the function / policy / plan new or existing? (Please indicate also if the service is to be deleted, reduced or changed significantly).	Existing – minor changes only

<b>2. Initial Screening</b>	
What are the intended outcomes of the function / policy / plan?	Update for officer job titles that have changed over time
Is the function / policy / plan strategically important?	Yes
State who is, or may be affected by this function / policy / plan, and how.	ALEOs contracting / delivering services to OIC
How have stakeholders been involved in the development of this function / policy / plan?	Policy is based on Code of Practice on Following the Public Pound – the application of which would help demonstrate OIC is following Best Value.

<p>Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise.</p> <p>E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking (see equalities resources on OIC information portal).</p>	No
<p>Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise.</p> <p>E.g. For people living in poverty or for people of low income. See <a href="#">The Fairer Scotland Duty Guidance for Public Bodies</a> for further information.</p>	No
<p>Could the function / policy have a differential impact on any of the following equality areas?</p>	(Please provide any evidence – positive impacts / benefits, negative impacts and reasons).
<p>1. Race: this includes ethnic or national groups, colour and nationality.</p>	No
<p>2. Sex: a man or a woman.</p>	No
<p>3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.</p>	No
<p>4. Gender Reassignment: the process of transitioning from one gender to another.</p>	No
<p>5. Pregnancy and maternity.</p>	No
<p>6. Age: people of different ages.</p>	No
<p>7. Religion or beliefs or none (atheists).</p>	No
<p>8. Caring responsibilities.</p>	No
<p>9. Care experienced.</p>	No

10. Marriage and Civil Partnerships.	No
11. Disability: people with disabilities (whether registered or not).	No
12. Socio-economic disadvantage.	No

### 3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	No
How could you minimise or remove any potential negative impacts?	N/A
Do you have enough information to make a judgement? If no, what information do you require?	Yes

### 4. Conclusions and Planned Action

Is further work required?	Yes/No.
What action is to be taken?	n/a
Who will undertake it?	n/a
When will it be done?	n/a
How will it be monitored? (e.g. through service plans).	n/a

Signature:



Date: 4 MAY 2023

Name: ERIK KNIGHT

(BLOCK CAPITALS).

Please sign and date this form, keep one copy and send a copy to HR and Performance. A Word version should also be emailed to HR and Performance at [hrsupport@orkney.gov.uk](mailto:hrsupport@orkney.gov.uk)