

**A Report by the
Scrutiny and Audit Committee
On the
Levering Extra Funding Investigation**

March 2003

SAC Report No 1

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1. Summary

- 1.1 The purpose of this report is to set out the process, conclusions and recommendations of the first investigation by the Scrutiny and Audit Committee, "Levering Extra Funding". The report has the unanimous agreement of the Scrutiny and Audit Committee.
- 1.2 The report has been prepared after three formal Committee meetings and four informal sessions where members of the Committee heard evidence from 30 witnesses. The final conclusions and recommendations were drawn up by Committee members at a workshop in December 2002. In conducting its business, the Committee set out to operate in an open and friendly manner in accordance with a set of agreed principles (see para 2.1.2 below).
- 1.3 The report has five main sections. The national context sets out the important developments in the major funding programmes. This is followed by section including some limited benchmarking information. The three remaining sections deal with the different roles that the Committee believes the Council should undertake in levering extra funding ie as *deliverer and employer*, as *enabler* and as *partner*. Each of these three sections sets out the key issues and evidence for that role followed by the Committee's conclusions about the best way forward for fulfilling that role.
- 1.4 On the basis of the evidence which the Committee received, it believes that the current external funding activity within the Council has a number of important strengths –
- It is policy driven and Services pursue grant funding to support the achievement of council strategies, objectives and priorities.
 - There is considerable commitment within Services to seeking grant funding because employees believe that it is essential to maintain the current level of Council service delivery. The Council would be unable to meet the many needs of communities if it did not pursue grant funding.
 - There is a wealth of knowledge and expertise within Services in developing projects which meet the needs of the local community and satisfy funding agencies' criteria.
- However there is also evidence that funding applicants within Services are working in isolation, with a lack of co-ordination and information sharing both within and across services. Grant funding is also sometimes seen as a peripheral activity and its importance is not always recognised by managers.
- 1.5 One suggestion for improving performance was the establishment of a specialist central funding unit, but the Committee does not support this idea because it does not think that it would deliver the desired improvements. It believes that responsibility for developing funding applications should remain with Services where officers have the experience and knowledge to develop projects which are aligned with Council and Service strategies and priorities. Instead the Committee recommends various measures for improving the Council's capacity

for and co-ordination of applying for grant funds and managing grant aided projects. Most importantly these include the establishment of a cross service working group to support the networking of officers involved in applying for external funding and to share information on funding opportunities and best practice in applying for external funds.

- 1.7 Awareness should also be raised of the contribution made by external funding to the delivery of council services and policies. For those employees involved in making grant applications, there should be recognition of their role in their job description (and on a more day to day basis by managers). It should no longer be considered as an additional or peripheral activity.
- 1.8 The Committee heard from officers about the pressures on staff time which limited the Council's capacity to pursue grant funding. To make the best use of its resources, it was suggested that the Council should develop its role as a facilitator of projects rather than a straight deliverer of projects. The Area and Rural Partnerships, the Councils for Voluntary Services (CVS) and Enterprise North East Trust (ENET) all provide support to local community organisations seeking grant funding. The Committee was impressed with the enthusiasm which these agencies brought to this work.
- 1.9 The Committee therefore recommends that the Council should develop its role as an enabler of grant applications by community and voluntary organisations. The Council will need to adopt a strategic approach to this role and a range of measures is proposed. This development should help to lever in increased grant funding for Aberdeenshire and its communities but also involve a more cost-effective use of limited council resources.
- 1.10 On the basis of discussions with community partner representatives and funding agency representatives, the Committee is convinced that community planning has the potential to increase access to grant funding through partnership. By bringing together local public sector and community partners to devise joint strategies and priorities, community planning should help partners to devise a co-ordinated approach to –
 - Influencing funding agencies
 - Developing partnership projects
 - Preparing joint funding applications
 - Supporting local communities in accessing grant funding.The Committee identifies a number of key issues which the Council and its partners should address as part of the community planning agenda.
- 1.11 Part of the remit of the investigation was to find out if the current arrangements for leveraging in extra funding were cost effective. At one level it is possible to measure outputs ie the rate of success rate in submitting applications and the amount of external income achieved. However these are rather crude measures and do not reflect the contribution which a project makes to achieving Council priorities and meeting community needs. If it is difficult to identify meaningful output

measures, it is impossible to measure inputs. The main input is, of course, staff time. Within Services there is significant staff commitment to pursuing grant funding. In some instances leveraging in extra funding is a major component of an officer's job but in other areas it forms an intermittent or minor aspect of their work. It is impossible to quantify this in a meaningful way. It is important, however, that services monitor and assess the contribution of their externally funded projects in achieving their service objectives.

- 1.12 If the Committee's recommendations are implemented the situation regarding the measuring of performance will become even more complex. A substantial number of measures involve assisting organisations and activities which are external to the Council. Any attempt to measure the contribution of the Council to third party applications for funding will be difficult. Perhaps what we need to focus on as a measure of the Council's performance is the quality of the contribution. This can be done by seeking feedback from community and voluntary sector organisations and our community planning partners on their views of any changes in the Council's performance in leveraging extra funding for Aberdeenshire and its communities.
- 1.13 The Committee recognises that there are financial and staffing implications arising from its conclusions and recommendations. However it is convinced that the vast majority of its proposals involve a realignment of resources rather than a significant increase in resources. By improving internal networking and co-ordination, the Council's capacity for and co-ordination of applying for grant funds and managing grant aided projects should be increased ie existing resources will be used more efficiently. The proposals relating to the development of the Council's role as an enabler of grant applications by community and voluntary organisations are also intended to increase the efficiency of the use of existing resources. They should also improve links with the community and voluntary sectors at a time when they have a growing involvement in service delivery. Community planning is now a formal statutory duty for the Council. It therefore seems entirely appropriate to exploit its potential to optimise access to grant funding through partnership working.

2. Introduction

2.1 *The Role of the Scrutiny and Audit Committee*

2.1.1 The Scrutiny and Audit Committee was established by Aberdeenshire Council at its meeting on 25 April 2002 (see Item 6, Page 5 of the minute) Within the Council's Scheme of Delegation, the Committee is empowered to:

- (a) to review the effectiveness of Council policy implementation and Council service delivery, and to identify potential improvements,
- (b) to undertake an annual programme of reviews,
- (c) to make recommendations regarding improvements to the performance of services.

The current investigation into leveraging extra funding was undertaken as part of the annual programme of reviews.

2.1.2 In carrying out its reviews the Committee is able to:

- to call upon any officer of the Council or Chair/Vice-Chair of the Council's committees to give evidence or provide written reports, as appropriate,
- to call upon expert witnesses or members of the public to give evidence, where necessary.

The Committee agreed at its meeting on 26 June 2002 to conduct its business using the following principles of working:

Deliberative	Outward looking
Investigative	Inclusive
Open	Influencing
Evidence based	Proactive
Transparent	Flexible
Accountable	Non-partisan
Responsive	

2.2 *Purpose of the Investigation*

2.2.1 The Scrutiny and Audit Committee decided on 26 June 2002 (Item 5, Page 547) to undertake the Levering Extra Funding Investigation. The decision to select this topic as the Committee's first review was based on:

- recognition of the increasing importance of external grant funding in supporting council activities against a changing grant funding climate
- a desire to assess Council performance in winning grant funding for Aberdeenshire and its communities and to identify any potential improvements.

2.2.2 It was therefore agreed that the purpose of the investigation should be to:

- (a) Evaluate the performance of the Council in securing funding for Aberdeenshire and its communities.
- (b) Find out if the current arrangements are cost effective; and

- (c) Identify any ways of improving performance including utilising sources of external expertise.
- (d) The detailed brief for the Committee's investigation is attached as **Appendix A.**

2.3 *Scope of the Investigation*

2.3.1 The scope of the investigation covered the following types of external funds as they all involve some form of bidding process:

- European Funding
- Lottery Funding (including New Opportunities Fund, Sports, Arts and Heritage etc)
- Other external grant bodies
- Scottish Executive competitions eg Digital Communities and Modernising Local Government.

It was also noted that the investigation outcomes would also have some relevance to ring-fenced Scottish Executive funding which the Council has access to through a bidding process.

2.4 *Independent External Expert*

2.4.1 It had been agreed that the Scrutiny and Audit Committee should appoint independent external experts to assist with their investigations. For this investigation this task was carried out jointly by Archie Fairley and Robert Stevenson. With extensive experience in local government, and community and voluntary sector development (Archie) and policy planning development (Robert) they made an invaluable contribution to the work of the Committee. They provided guidance on the areas the Committee should pursue, participated at witness sessions and formal meetings and facilitated the workshop at which the Committee drew up its final conclusions and recommendations.

3. **What the Committee Did**

The Committee carried out a range of different activities to enable it to carry out its investigation.

3.1 *Documentation*

3.1.1 Information on current external funding activity within the Council was collected via a questionnaire which all services were asked to complete. Benchmarking material was also collected through circulating a questionnaire to other Scottish Councils. A limited response was received. A questionnaire was also made available to community and voluntary organisations within Aberdeenshire asking for their views on the support from the Council for making grant applications to external bodies. Again the response was limited. Comparative information on Aberdeenshire's share of funding from the major grant agencies was also collected. Most of the information referred to above and the accounts of witness sessions (see para 3.2 below) is located in the corporate document library under Levering Extra Funding and in the Scrutiny and Audit Committee agenda papers for meetings on 10 October and 11 December 2002.

3.1.2 The Committee also looked at leaflets from the main funding bodies and their websites.

3.2 *Witnesses*

3.2.1 The Members of the Committee met a range of employees involved in applying for external grant funding across the Council to gain a deeper understanding of the Council's external grant funding activity:

- Senior Managers who have an overview of the contribution that external funding makes to his/her service's work and the effort devoted to supporting this activity.
- Officers who are suppliers of information/advice on funding opportunities, submitting applications, costing applications and monitoring projects.
- Officers who write/submit applications for funding
- Officers who manage externally funded projects and have to provide monitoring information.

3.2.2 The Chairs of the Education and Recreation Committee and Infrastructure Services Committee were also interviewed in order to explore issues relating to influencing and lobbying grant funding agencies.

3.2.3 Representatives from community and voluntary organisations including Rural/Area Partnerships, Councils for Voluntary Services and Aberdeenshire Sports Council attended to discuss issues relating to support for applying for grant funding available to local organisations.

3.2.4 Oral evidence was also taken from representatives from some of the Lottery Funding Agencies and the East of Scotland European Partnership Ltd (Programme management agency for Objective 2) about funding opportunities and the changing funding environment.

3.2.5 Finally external funding and partnership issues were discussed with representatives from the following community planning partners:
NHS Grampian
Scottish Enterprise Grampian (SEG)
Scottish Natural Heritage (SNH).

3.2.6 Detailed information on the people interviewed is given in **Appendix B**.

3.3 *Other Activities*

3.3.1 Members of the Committee also attended various events relevant to the investigation topic:

- Grant Funding Fayre on 13 September 2002
- Meeting with MEPs on 30 October 2002
- Briefing for Councillors on the European Union and Aberdeenshire on 29 November 2002.

Details of the events are attached as **Appendix C**.

4. Key Issues, Evidence and Conclusions

4.1 *National Context*

4.1.1 During the investigation the Committee heard about various developments which have significant implications for the availability of grant funding in the future.

4.1.2 After 8 years of the Lottery, a major review is underway. Issues which are being considered include -

- How the lottery can be made more responsive to community needs.
- Whether or not more funding should be targeted towards specific geographic areas and/or specific areas of need.
- How the lottery can be made more user friendly and effective through streamlining structures and procedures.

The latest information from government suggests that the review will result in some rationalisation of the current arrangements. In addition to these major changes, over the past 4 years lottery programmes have been more closely aligned to other public strategies and increasingly decisions are taken at a regional rather than national level where appropriate. All of the above is taking place against a background of reducing lottery income.

4.1.3 With the enlargement of the European Union, there is a general expectation that the current Objective 2 funding will cease and Objective 3 will be reduced for all Western European countries in 2006. Therefore Scottish Councils need to consider appropriate exit and continuation strategies for activities currently supported by this type of funding.

4.1.4 The *social economy* has attracted growing attention and support in policy and resource terms from the Scottish Executive, the Scottish Enterprise Network, and other public agencies including local authorities. There are different operational definitions of the social economy, but most local authorities and LECs accept a definition which includes those voluntary and community organisations which have employment potential; are service providers to communities; and have some of the characteristics of small businesses. These are precisely the kind of organisations which, with appropriate support, can access and lever in funding to Aberdeenshire communities.

4.2 *Comparative Benchmarking Information*

4.2.1 With regard to benchmarking information, only 5 responses were received to the questionnaire issued to all Scottish Councils asking for information on their arrangements for obtaining external funding. Two of the respondents have recently established central specialist posts or teams to assist with external funding activities ie Stirlingshire and West Dunbartonshire. However East Renfrewshire commented that knowledge of the funding programmes by itself was not enough. An ability to interpret these programmes and a practical ability to recognise the potential in utilising the opportunities presented and translating them into practical projects that meet service aims and objectives is vital. This

view is consistent with the Committee's conclusion that responsibility for developing funding applications in Aberdeenshire should remain with Services where officers have the experience and knowledge to develop projects which are aligned with Council and Service strategies and priorities (see para 1.4 above).

4.2.2 Comparative data on the Council's performance are only available for Lottery and European funding (see **Appendix D**). An analysis of lottery data (January 1994 to September 2002) ranks Aberdeenshire seventh in Scotland in terms of funds allocated to projects within the Council area. The total of £24.859 million however needs to be treated with caution as it includes a grant of over £10million for Marr Lodge. The Council has performed better than the majority of local authority areas in gaining funding through the European Objective 2 programme ¹ to support community economic development with four awards totalling over £800k. There has been some mixed success with European Objective 3² applications: funding totalling over £161 k was gained through 4 bids submitted in the 2000/01 and 2001/02 rounds, but there have also been a number of unsuccessful bids.

4.3 *The Council as Deliverer and Employer – Key Issues and Evidence*

4.3.1 Officers confirmed that the purpose of pursuing external grant funding was to support the achievement of Council strategies, objectives and priorities. The Committee believes that this pursuit of funding as a means to an end and not an end itself is a key strength and any developments must not jeopardise this approach. Officers also stated that the Council would be unable to maintain the current level of service delivery and meet the many needs of its communities if it did not pursue grant funding. The Council received external grant income in the region of £12.8 million in 2001/2002. This figure covers the whole Council, so it includes funds received by the General Fund and HRA, revenue and capital.

4.3.2 Significant employee resources are involved in external funding activities throughout the Council. For example in Housing and Social Work over 30 staff work on levering in funding from a variety of external public and private sources. In Education over 40 grant funding applications were submitted by Schools during the period 2000 – 2002. Typically preparing funding applications involves an intensive commitment of staff time over say a 4 to 8 week period but there are also many other ongoing activities which employees carry out eg identifying and passing on information on funding opportunities, developing projects and partnerships, identifying match funding, assisting others in preparing bids, managing projects and preparing monitoring reports for funding bodies. In addition their activities such as networking contribute to both their external funding

¹ The Objective 2 Programme is concerned with support for economic and social development type projects in defined areas only. The core eligible area in Aberdeenshire is the coastal area in the north. Transitional areas including parts of Marr, north Garioch and Buchan have more limited funding access.

² The Objective 3 Programme applies to the whole of Aberdeenshire and the rest of the EU, and is concerned with support for projects raising employability, addressing social exclusion and gender imbalance.

and other responsibilities (making it impossible to separate out, in a meaningful way, the time devoted to external funding activity). Officers felt that pursuing grant funding was often regarded as a peripheral activity and therefore there was little official recognition of the demands it makes on staff resources. The Committee recognises that in practice it is a central part of many officers' roles.

- 4.3.3 Evidence also suggests that in many cases grant applicants are working in isolation. Although the Committee heard about many examples of good practice and employee commitment to raising grant funding, there appears to be a lack of information sharing and networking within and across services. A cross-service officer group had been established to develop a more strategic and co-ordinated approach to European funding and improve dissemination of information. It was suggested that a similar mechanism covering all external funding activity would assist the transfer of relevant knowledge and expertise across the Council. It would also assist the development of a corporate overview.
- 4.3.4 There is a danger that Council does not achieve its full potential in gaining external grant income because of the current lack of a corporate overview. Officers were concerned that under the current fragmented arrangements, effort tended to focus on the pursuit of many small bids by services rather than large cross service or inter agency bids (which might have a greater chance of success). The absence of any central records of funding applications hampered the transfer of information and meant that different areas in the Council could develop conflicting or duplicate bids targeted at the same sponsor.
- 4.3.5 Lack of staff time was cited as a major obstacle to obtaining grant funding. It was suggested that a more co-ordinated approach would help employees to access information and expertise across the Council and therefore save time and/or increase productivity. Officers also felt that they would benefit from more technical support and/or training in business planning, budget management and researching statistical data. The Council's capacity to deliver projects was affected by the lack of staff resources too. Sometimes there was a well-established need for a project but it was impossible to identify spare capacity within the Council to manage the project. There was recognition that to make the best use of resources the Council should develop its role as a facilitator of projects rather than a straight deliverer of projects.
- 4.3.6 Grant applicants said that they experienced difficulties in overcoming the widely held perception that Aberdeenshire was an affluent area with little or no deprivation. They stressed the need for more accessible and up to date localised statistics on deprivation.
- 4.3.7 The continual updating of programmes and revision of procedures by funding bodies makes it impossible and time consuming for officers to try and keep track of changes. It was suggested that access to regularly updated databases on funding opportunities would improve information dissemination and save staff time.

4.3.8 Lack of match funding was also cited as an obstacle. When budgets were under pressure it was difficult to identify resources that could be used as match funding. Projects involving partnerships helped to overcome part of this problem but these had other implications such as increased bureaucracy and managerial and financial complexity.

4.3.9 The Committee explored how services measured performance in obtaining grant funding. Officers suggested that there were two main ways. In purely quantitative terms it was possible to measure the success rate in submitting applications and the amount of external income achieved. However these are rather crude measures. The important point is not how much money is brought in, but whether the Council's priorities and community needs are furthered ie there are both quantitative and qualitative considerations in relation to the 'value' of any funding gained. It was suggested that a more appropriate measure was the amount of extra or improved service that the Council could deliver as a result of winning grant funding.

4.4 *The Council as Deliverer and Employer – Conclusions*

4.4.1 Recognising the strengths of the Council's current performance, and the need to build on them, the Committee does not support the creation of a specialist central funding unit because it does not think that it would deliver the desired improvements. Responsibility for developing funding applications should remain with Services where officers have the experience and knowledge to develop projects which are aligned with Council and Service strategies and priorities. The Committee believes that measures should be taken to improve the Council's capacity for and co-ordination of applying for grant funds and managing grant aided projects.

4.4.2 A cross service officer group should be set up to support the networking of officers involved in applying for external funding and to share information on funding opportunities and best practice in applying for external funds. For the avoidance of doubt, this group should in no way be 'in charge' of the external funding effort and should not have any formalised decision making authority over which funding applications are made. It should operate in an advisory role providing guidance as and when required.

4.4.3 Awareness should be raised of the contribution made by external funding to the delivery of council services and policies. For those employees involved making grant applications, there should be recognition of their role in their job description (and on a more day to day basis by managers). It should no longer be considered as an additional or peripheral activity.

4.4.4 Consideration should be given to providing supporting expertise and/or training in business planning, grant application writing, and financial management for potential grant applicants/project leaders.

- 4.4.5 Consideration should be given to the purchase of a database source of information on funding opportunities eg Grantfinder, which could be used both internally and made available to voluntary and community organisations within Aberdeenshire.
- 4.4.6 A council wide register/database of external grant bids should be established, including information on proposed applications, bids submitted, application outcomes and project monitoring.
- 4.4.7 To counter perceptions of Aberdeenshire as an area suffering little or no deprivation, more up to date area/ ward profiles and statistics, which would help to highlight areas of local deprivation or social exclusion, should be produced. Detailed ward level output from the 2001 census should be available from March 2003. A new deprivation index for Scotland is also under preparation. During the consultation process in 2003 the Council hopes to overcome some of the weaknesses of the current Index. A new measure of deprivation should be in place by April 2004 and it is hoped that this will give greater recognition to factors relating to rural deprivation. This new material should be made widely available, perhaps via the web, so that it can be used in grant applications submitted by the Council and those submitted by voluntary and community organisations.
- 4.4.8 There should be a more co-ordinated approach to influencing/lobbying funding bodies (see also para 4.8.4 below). Every opportunity should be taken to build up relationships with funding body contacts and to participate in groups which lobby funders eg the Federation of Community Economic Development Organisations and the Grampian European Social Fund Network. With the review of Lottery funding currently underway and a major consultation on the future of European funding about to commence it is essential that the Council is proactive in seeking to influence the future direction and scope of these funding programmes. Consideration should be given to collaborating with other local authorities to promote the interests of the North East with the relevant funding agencies.
- 4.4.9 The Committee recognises the difficulties in identifying meaningful output and input measures to determine the cost effectiveness of external funding activity within the Council (see also paras 4.3.2 and 4.3.9 above). The Committee concludes that the most appropriate measure of performance is the amount of extra or improved service that the Council can deliver as a result of winning grant funding. It is essential therefore that services monitor and assess the contribution of their externally funded projects to achieving their service objectives.
- 4.4.10 If the Committee's recommendations are implemented the situation regarding the measuring of performance becomes even more complex. A substantial number of the report's proposals involve assisting organisations and activities which are external to the Council. Any attempt to measure the contribution of the Council to third party applications for funding will be difficult. Perhaps what we need to focus on is the quality of the contribution, by seeking feedback from community and voluntary sector organisations and our community

planning partners on their views of any changes in the Council's performance in leveraging extra funding for Aberdeenshire and its communities.

4.5 *The Council as Enabler – Key Issues and Evidence*

4.5.1 Officers recognised that voluntary and community organisations should be provided with more assistance in applying for grant funding. They stressed that many organisations decided not to apply for grant funding because of the widely held perception (not always justified) that the application procedures were complex and bureaucratic. The Council could increase the take up of grant funding opportunities throughout Aberdeenshire by supporting and facilitating applications by local community organisations.

4.5.2 External witnesses from Area and Rural Partnerships and the Voluntary Sector established a clear need for the Council to develop a more strategic and co-ordinated approach to assisting community organisations to access grant funding.

4.5.3 For example the Council, Area and Rural Partnerships, the Councils for Voluntary Services (CVS) and Enterprise North East Trust (ENET) all provide support to local community organisations seeking grant funding. They provide information on funding opportunities and assistance in preparing grant applications. It was suggested that the potential for these agencies to adopt a more integrated approach to community support should be explored.

4.5.3 Various obstacles which limited the capacity of local agencies (CVS and Area and Rural Partnerships) to assist community groups in seeking and obtaining grant funding were identified eg:

- Lack of core funding to cover the operational costs of the agencies
- The challenge of providing up to date information and advice on a wide range of funding opportunities
- Cash flow problems for successful grant applicants due to retrospective or delayed payments from grant awarding bodies
- Difficulties community groups experienced in identifying match funding
- Poor understanding within the Council of the role of Area and Rural Partnerships
- Poor cross-service and inter agency communication.

It was suggested that the Council should consider providing some assistance in overcoming these obstacles.

4.5.4 The community and voluntary sector witnesses all cited examples of excellent support which they received from the Council eg from officers in Economic Development, Area Managers and Sports Development Officers. However they also felt that Council efforts to support community organisations in accessing funding were at times unfocused and inconsistent. Again they stressed the need for a more proactive strategic and co-ordinated approach embracing a raft of measures such as staging workshops on applying for grants, promoting/advertising its

advisory role, providing an inventory of council facilities available for use, developing a user friendly website for Aberdeenshire organisations for sharing information and good practice, providing support in kind which could be treated as match funding, providing pump priming or basic core funding and providing localised information/statistics on deprivation etc.

4.6 *The Council as Enabler – Conclusions*

- 4.6.1 The council already has a voluntary sector policy that was reviewed and updated in 2002. A range of guidance notes setting out how the policy will work accompanies it. The policy says “The council wants to work with voluntary organisations to help maintain and improve the quality of life for everyone in Aberdeenshire. It recognises the major part played by the voluntary sector in achieving this. It is committed to improving the positive partnership it has with many voluntary organisations.” In this context it seems entirely appropriate that the council develops its role as an enabler of grant applications by community and voluntary organisations. A strategic approach to this role could include the following measures.
- 4.6.2 The Council, in collaboration with groups such as the Councils for Voluntary Services, should organise or facilitate regular funding fayres or fora. These events would market funding opportunities to community organisations eg opportunities for applying for lottery funding, provide surgeries or workshops to assist potential grant applicants and enable networking of voluntary and community groups with council officers.
- 4.6.3 There should be regular networking meetings of community capacity building organisations eg CVS, Area Partnerships, Enterprise North East Trust and the Council to develop a co-ordinated approach (avoiding duplication) and to share best practice in assisting community groups with funding applications.
- 4.6.4 Consideration should also be given to developing a user friendly website for Aberdeenshire organisations for sharing information and good practice, providing an inventory of council facilities available for use, and ways of promoting/advertising the Council’s advisory role (see also para 4.4.5 above).
- 4.6.5 Consideration should be given to how to achieve more financial assistance to support community organisations in pursuing external funding for the benefit of Aberdeenshire and its communities. For example capacity building organisations such as Area/Rural Partnerships, which have demonstrated value for money, should receive more core funding support on an ongoing basis, eg from the Scottish Executive. This would mean that they would not have to spend the major part of their time seeking funding to support their continued existence, but could focus instead on their main task of promoting local community development.

- 4.6.6 There should also be support available to help community organisations take the lead in major externally funded projects by for example providing facilities to help with cash flow and payment in arrears, a particular area of difficulty in European funded projects. More thought should also be given how the Council could provide match funding through support in kind to community projects.
- 4.6.7 As part of its community leadership role, the Council should lobby the funding bodies on behalf of community organisations. In particular it should encourage funding bodies to refocus some of their funding from projects to ongoing revenue support.
- 4.6.8 To improve and strengthen links between the Council and community and voluntary organisations consideration should be given to providing opportunities for officers to be seconded to community and voluntary organisations. This would allow for a transfer of knowledge and expertise. It would also aid improved collaboration, at a time when there is growing community and voluntary sector involvement in service delivery.
- 4.6.9 The council should consult representatives of the community and voluntary sector on these proposals and then issue additional guidance as part of its voluntary sector policy confirming how it will enable grant applications by community and voluntary organisations.

4.7 *The Council as Partner - Key Issues and Evidence*

- 4.7.1 Committee members discussed the potential for increasing access to grant funding through partnership working with representatives from NHS Grampian, Scottish Enterprise Grampian and Scottish Natural Heritage. The witnesses believed that community planning would provide a valuable mechanism for the development of a much stronger co-ordinated approach to the leveraging and pooling of additional sources of funds for the benefit of Aberdeenshire and its communities. The Council, exercising its leadership role in community planning by bringing together local public sector and community partners to devise joint strategies and priorities, should help partners to devise a co-ordinated approach to –
- Influencing funding agencies
 - Developing partnership projects
 - Preparing joint funding applications
 - Supporting local communities in accessing grant funding.
- 4.7.2 With major reviews of Lottery and European funding taking place over the next 12 months, there are excellent opportunities to influence the direction, scope and operation of these programmes. Lottery funding agencies are also increasingly making indicative allocations of funding available to local authorities and their partners rather than using a system of open bidding. By agreeing on priorities and presenting a united front, the Committee believes that the Council and its partners are likely to be much more successful in influencing the funding agencies than they would be as individual organisations.

4.7.3 The chances of success for major funding bids are usually considerably improved if they are put forward by strong inter-agency partnerships. There is good evidence of successful existing collaborative partnerships involving the Council and its community planning partners:

- Joint Future for Community Care – Council and NHS Grampian
- Many joint environmental projects – Council (Natural Heritage Unit) and SNH and SEG
- Local Economic Forum – Council and SEG
- Aberdeenshire Towns Partnership – Council, SEG and Communities Scotland

Further experience of partnership working through community planning should help the partners in developing major projects and accessing external grant income.

4.7.4 When the members of the Committee met the representative of the East of Scotland European Partnership they were made aware of various opportunities within the Objective 2 and 3 Programmes. It could be beneficial to target areas where take up in the North East had been poor eg Objective 2, priorities 1 and 2 and Objective 3, priorities 1,4 and 5. It was suggested that the Council, as well as taking action itself, should encourage its partners to pursue these European funding opportunities to promote enterprise and the social economy within communities in Aberdeenshire.

4.7.5 Committee members also heard about the importance of developing exit and continuation strategies for externally funded projects. European structural funds are likely to be much reduced for western European countries in 2006. Therefore strategies have to be devised as soon as possible to enable projects to continue beyond 2006. For example the creation of revolving loan funds to help SMEs, where businesses that had borrowed funding could repay these loans in 2006 and beyond, would provide a form of legacy funding to enable the project to continue, or to fund new activities.

4.7.6 There is evidence that the community planning partners' approach to facilitating a community based social economy is somewhat fragmented and leaves considerable room for improvement. A reduction in one partner's contribution to the core funding of a voluntary organisation may have implications for other partners who also sponsor the organisation. Partners also appear to differ over the level of priority to be given to the development of the social economy and the significance of its contribution to the prosperity of local communities. Decisions taken in isolation by different bodies are precisely the type of problem the community planning process is supposed to address. Therefore the development of a co-ordinated strategy for the support of voluntary and community organisations should be promoted as part of the Community Planning initiative. By empowering communities to identify their needs and priorities, to develop local projects and to target possible funding sources, community planning would inevitably lever in additional funding for Aberdeenshire and its communities.

4.8 *The Council as Partner – Conclusions*

- 4.8.1 The Committee agrees that community planning has the potential to optimise the support available from community planning partners to promote the interests of the North East and to assist local communities in Aberdeenshire to meet their particular priorities and needs. There are a number of ways this could be done.
- 4.8.2 Levering extra funding for the north east should be made part of the community planning agenda. The partners need to consider how they can collaborate to exploit new funding opportunities to support both major partnership projects and local community projects. The Council needs to share knowledge with its partners about developing strategies which take advantage of EC and other funding opportunities to promote enterprise and the social economy within communities in Aberdeenshire.
- 4.8.3 Community planning partners need to address issues relating to exit and continuation strategies for external funding jointly. For example in 2006 mainstream funding European funding will be greatly reduced for western European countries as a result of enlargement. Partners need to plan ahead for this. Thought should be given to how the current funding can be used in such a way that it would continue to be available beyond 2006.
- 4.8.4 The community planning partnership also has great potential to be a powerful promoter of the interests of Aberdeenshire with funding agencies. By developing a unified campaign based on agreed priorities and objectives, the partnership can exert considerably more influence over funding agencies than they currently do as individual organisations. The development of this influencing or lobbying role is particularly important at a time when major funding programmes are under review.
- 4.8.5 Consideration should be given to the development of a pooled budget for voluntary and community organisations across the community planning partnership. This would ensure a co-ordinated approach to addressing community priorities and needs by providing appropriate funding, particularly core funding, to community and voluntary organisations that have demonstrated value for money.

5. Financial and Staffing Implications


- 5.1 The Committee recognises that there are financial and staffing implications arising from its conclusions and recommendations. However it is convinced that the vast majority of its proposals involve a realignment of resources rather than a significant increase in resources. By improving internal networking and co-ordination, the Council's capacity for and co-ordination of applying for grant funds and managing grant aided projects should be increased ie existing resources will be used more efficiently. The proposals relating to the development of the Council's role as an enabler of grant applications by community and voluntary organisations are also intended to increase the efficiency of the use of existing resources. They should also improve links with the community and voluntary sectors at a time when they have a growing

involvement in service delivery. Community planning is now a formal statutory duty for the Council. It therefore seems entirely appropriate to exploit its potential to optimise access to grant funding through partnership working.

6. Thanks and Invitation for Feedback

6.1 The Scrutiny and Audit Committee would like to record its appreciation of the co-operation and assistance it received from the internal and external witnesses, the contribution made by the independent external experts and the support provided by Anne Murray and David Hughes and other officers in undertaking the investigation.

6.2 This first investigation is part of a learning experience for the Committee and it would welcome any feedback or comments from participants or interested individuals on the investigation process and this report.



**Cllr Martin Ford
Chair,
Scrutiny and Audit Committee**



**Cllr Bruce Luffman
Vice-Chair,
Scrutiny and Audit Committee**

Scrutiny and Audit Committee – Investigation Brief		
Subject to be reviewed	Investigation No	1
Levering Extra Funding		
Purpose and objectives of investigation		
<ul style="list-style-type: none"> • To evaluate the performance of the Council in securing funding for Aberdeenshire and its communities. • To find out if the current arrangements are cost effective; and • To identify any ways of improving performance including utilising sources of external expertise. 		
Investigation methodology		
Background documents/ evidence/ research	<ol style="list-style-type: none"> 1. Collect information on current external funding activity within the Council. See attached questionnaire (a) which has been sent to all services for completion. 2. Collect some benchmarking material from other councils (see questionnaire (b)) and investigate examples of good practice. 3. Contact main external grant providers to obtain information on Aberdeenshire’s share of Scottish funding. 4. Look at relevant funding web sites for additional information. 5. Brochures should also be looked at for information and the understanding of their forms and processes for claiming grants. 	
Witnesses to be invited to provide evidence	<ol style="list-style-type: none"> 1. Once internal information (see 1 above) is available, Committee will decide on employees to be interviewed. For example: <ul style="list-style-type: none"> • Representatives from services with major involvement in external grant funding. • Officers who are suppliers of information/advice on funding opportunities and applications. • Officers who write applications • Officers who manage projects • A senior manager who has an overview of the funding contribution to his/her service’s work. • An individual who lobbies on behalf of the council – might be a councillor. 2. Identify a range of external witnesses eg <ul style="list-style-type: none"> • Officer and/or member from a similar council with track record in gaining external funding. • Representatives from key grant bodies. • Other external experts eg consultants / service providers/academics. 	

Site Visits	<p>Members attend grant funding fayre on 13 September 2002 to build up knowledge of funding available and meet representatives of community groups interested in applying for external funding.</p> <p>Briefing for Councillors on European Union and Aberdeenshire on 29 November 2002 in Committee Room 5.</p> <p>Take advantage of other events as and when.</p>
Consultation process with users	<ol style="list-style-type: none"> 1. Distribute questionnaire (see attached (c)) to community group representatives at funding fayre. 2. Committee invites representatives of community groups to speak to Committee. 3. Committee to identify members of the public in the community who have been successful or unsuccessful in submitting grant applications and invite them to speak to the Committee. 4. Invite some users/clients of externally funded projects to speak to Committee.
Resources	
Project Team (detail of officers involved)	<p>Anne Murray, David Hughes – Project managers</p> <p>Service Co-ordinators : Kate Gibson (PICT), Charles Armstrong (Finance), Debbie McGilvray (L&A), Paul Douglas(H&SW), Rod Stone (E&R), Raymond Reid (PES) and Roddy Matheson (T&I).</p>
Other estimated costs	Travel expenses etc- £300-500
External expert	<p>To be discussed at the Committee meeting on 10 October 2002.</p> <p>Archie Fairley and Robert Stevenson appointed.</p>
Investigation Timetable	
<p>September 2002</p> <p>Questionnaire (a) on current council funding activity to be completed by all services.</p> <p>Questionnaire (b) circulated to other councils with request for any other relevant information.</p> <p>Other relevant material also collected from councils and grant bodies etc.</p> <p>Members of Committee attend funding fayre.</p> <p>October 2002</p> <p>Committee considers services' returns of questionnaire (a) and decides which officers they would like to interview – Meeting 10 October 2002.</p> <p>An additional Committee meeting arranged for late October or early November for interviews of officers.</p> <p>Also look at material returned from other councils and grant bodies. Committee decides on external witnesses and community group representatives it wishes to interview.</p>	

Investigation Timetable contd**November 2002-**

Interviewing of internal witnesses completed – summary of evidence produced and circulated.
Arrangements made for interviewing external witnesses and community group representatives.

December 2002

External witnesses and community group representatives interviewed.

Extended meeting held to review evidence to date and prepare initial conclusions – late Dec or early Jan?

January 2003

Draft report prepared and discussed by Committee.

February 2003

At meeting on 5 February final report and recommendations agreed.

Agreed by Committee

Date 10 October 2002

WITNESSES

INTERNAL WITNESSES WHO ATTENDED EVIDENCE GATHERING SESSIONS ON 31 OCTOBER /7 NOVEMBER AND 20 NOVEMBER 2002

Meeting with Senior Managers who have an overview of the contribution that external funding makes to his/her service's work and the effort devoted to supporting this activity.

1. Jim Knowles, Head of Economic Development, T&I
2. Colin Mackenzie, Director of Housing and Social Work
3. Rod Stone, Head of Lifelong Learning and Recreation, E&R
4. Chris White, Area Manager, Buchan.

Meeting with Officers who are suppliers of information/advice on funding opportunities, submitting applications, costing applications and monitoring projects.

5. Fiona Bell, European Programme Executive, T&I
6. Carol Gibbs, Day Service Manager, H&SW
7. David Wright, Recreation Manager, E&R

Meeting with Officers who write/submit applications for funding

8. Gaye Morrison, Senior Planning Officer, H&SW
9. Emma Parkes, Environment Planner (Ecologist), PES

Meeting with Officers who manage externally funded projects and have to provide monitoring information

10. Bill Emslie, Treasurer of the Fly Cup Catering Board
11. Lorraine Grant, Visual Arts Development Officer, E&R
12. Anne Harrison, Central Support Services Manager – Library Service, E&R
13. Keith Leslie, Senior Sports Development Officer, E&R
14. Gordon Mackie, Environment Manager, PES

Meeting with Members who Lobby External Funding Sources on Behalf of the Council

15. Cllr Alan Findlay, Chair of Education and Recreation Committee
16. Cllr Alison McInnes, Chair of Infrastructure Services Committee

REPRESENTATIVES FROM AREA PARTNERSHIPS AND VOLUNTARY AND COMMUNITY ORGANISATIONS WHO ATTENDED EVIDENCE GATHERING SESSIONS ON WEDNESDAY 20 NOVEMBER 2002

Meeting with Representatives of Area Partnerships

1. Judy Aylett, Marr Area Partnership
2. Dawn Brodie, Buchan Area Partnership
3. Tamsin Morris, formerly of Formartine Area Partnership, now with Ythan Project
4. Alison Simpson, Banffshire Partnership Ltd

Meeting with Representatives of Community Organisations

5. Jim Conn, Chair of Aberdeenshire Sports Council
6. Maureen Stephen, Development Officer, Bridge CVS
7. James Petrie, Trustee – Clatt Old Kirk Ltd, Huntly

REPRESENTATIVES OF EUROPEAN AND LOTTERY FUNDING AGENCIES AND COMMUNITY PLANNING PARTNERS WHO ATTENDED EVIDENCE GATHERING SESSIONS ON WEDNESDAY 11 DECEMBER 2002

Meeting with Representative of Scottish ESF Objective 3 Partnership and ESEP Ltd (Objective 2)

1. Gordon McLaren, Chief Executive, ESEP Ltd (Objective 2)

Meeting with Representatives of Lottery Funding Agencies

2. Caroline Docherty, Head of Area Development, Scottish Arts Council and Maggie Maxwell, Scottish Arts Council – Aberdeenshire contact
3. Beverley Francis, Director, New Opportunities Fund Scotland

Meeting with Community Planning Partners

4. Alex Smith, Deputy Chief Executive, NHS Grampian
5. Stephen Hill, Strategy and Planning Manager, Scottish Enterprise Grampian
6. Alison Spearman, Partnership Executive, Scottish Enterprise Grampian
7. David Bale, Area Manager, Scottish Natural Heritage

PROGRAMMES FOR THE FOLLOWING EVENTS ARE ATTACHED:

- Grant Funding Fayre on 13 September 2002
- Meeting with MEPs on 30 October 2002
- Briefing for Councillors on the European Union and Aberdeenshire on 29 November 2002.

**EUROPEAN CONSULTATIVE GROUP;
VISIT OF MEPs TO ABERDEENSHIRE
DATE; 30 OCTOBER 2002**

Venue: Council Chamber, Gordon House, Blackhall Road, Inverurie

BUSINESS

10.15; Arrival and coffee

1. Welcome, introduction and an outline of Aberdeenshire and its corporate European framework for European matters - Councillor Alison McInnes, Chair of Infrastructure Services Committee.
2. Aberdeenshire's Economic Development Strategy, alignment to EU policies and strategies - James Knowles, Head of Economic Development
3. North Sea Commission Update
4. Discussion Session on Specific Topics;
 - (i) Role of Regional Government.
 - (ii) CAP Reform and Rural Development
 - (iii) Implementation of Directives
 - (iv) Rural Services
5. Future Dialogue

12.30 Lunch

Councillors Raymond Bisset, Audrey Findlay, Alison McInnes, Jenny Watson, Sydney Mair, Denis McHugh, Paul Johnston, William Anderson, Ian Frain, Martin Ford, Marcus Humphrey.

PK/FB 4.10.02