

FALKIRK COUNCIL

**Subject: FOLLOWING THE PUBLIC POUND – REPORTING
ARRANGEMENTS**
Meeting: SCRUTINY COMMITTEE
Date: 10 APRIL 2014
Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES

1. INTRODUCTION

- 1.1 This report sets out for the Scrutiny Committee options for scrutinising the Following the Public Pound organisations. This is the first year of the new process of scrutiny and as agreed in June 2014, Members agreed that this should be reviewed once the first cycle of reporting was complete.
- 1.2 As Members will recall Following the Public Pound arrangements relate to arms-length and external organisation who are often voluntary or charitable organisations. The common purpose of the Council supporting such organisations is usually to offer a wider range of services, often in conjunction with other public organisations, and to provide joined-up services.
- 1.3 To ensure that public money is used properly and achieves value for money, it must be possible to trace funds from the Council to where they are ultimately spent – in other words, to “follow the public pound” across organisational boundaries. This means there is proper accountability for public funds used to deliver services, irrespective of the means of service delivery.
- 1.4 At the outset, the Council must be clear about its reasons for its involvement with any external organisation, the extent of its financial commitment and how external organisation performance will be monitored, both financially and on service. In addition, Council should also be aware of the level of financial and reputation risk associated with providing support. The risk rating should be factored into the monitoring and reporting of the service to be provided.
- 1.5 Falkirk Council developed procedures to enable Services to assess and monitor support to external organisation. The procedures were developed in line with ‘The Code of Guidance on Funding External Bodies and Following the Public Pound’, which was published by COSLA and the Accounts Commission in 1996, and became a mandatory requirement in 2005.

2. BACKGROUND

- 2.1 Falkirk Council provides support to arms-length and external organisation to provide important services to the public, or to provide wider social benefits such as employment opportunities, which are related to the Council’s Corporate priorities. Support can be

financial but can also take the form of non-cash support for example, premises, equipment and Council employees' time. Annually, the Council allocated approximately £5.5m to such organisations.

- 2.2 In the last number of months the Scrutiny Committee has reviewed the spend on all organisations that fall under the Following the Public Pound regime following agreement at its meeting in June 2013 on the structure, format and reporting schedule for the organisations. This meant that a report on each organisation was presented by the service that provides their funding with the monitoring officer providing the information and answering questions.
- 2.3 The Committee was asked in each occasion to consider three recommendations:
 - A. Approve report and acknowledge progress by the external organisation in meeting Council priorities;
 - B. Request further information on specific aspects of the service provided; or
 - C. Request action with follow-up for subsequent Scrutiny Committee consideration.
- 2.4 Most reports have been noted but a couple have had follow up actions and others are required to report back to the Committee within a certain period. In addition questions were asked about the duplication of services and a review of services provided to people who are subject to abuse was commissioned.

3. THE ROLE OF ELECTED MEMBERS

- 3.1 In line with Financial Regulations, all support provided to an external organisation that has a total value of over £20,000, or has a value of between £10,000 and £20,000, but is assessed as being high risk to the Council, must be approved by Members on an annual basis. This is generally done within the Council's budget setting process.
- 3.2 A robust framework for providing support and monitoring to external organisation is in place. Council Officers are required to undertake a financial and risk assessment that considers the external organisation governance structure, financial management and ability to deliver outcomes. A risk rating of high, medium or low is derived from this assessment. Officers are required to develop a monitoring framework to reflect the rating and a Joint Working Agreement is then put in place to govern the agreement.
- 3.3 In addition, Services are required to provide Following the Public Pound reports to Elected Members on an annual basis, which provide information about each external organisation in receipt of support. All reports are presented Members with sufficient information to allow them to scrutinise:
 - The level of funding /support provided to each external organisation and how this is being used;
 - The funding in context i.e. what other funding does the organisation have / receive;
 - The reason for entering into an agreement with each external organisation;
 - The extent to which the external organisation is delivering services or projects which help us achieve Council priorities;

- The extent to which performance standards are being met and outcomes achieved;
- Whether the service should continue to be provided by an external body or whether better value for money could be achieved via in-house delivery;
- The risk arising from working with individual external organisations, in terms of governance,
- finance and performance and the measures that we have in place to mitigate these risks; and
- Any potential landscape changes that could affect the need for the service or the method of service delivery in the future.

3.4 It is proposed that rather than present reports by service that reports and organisations be grouped under themes. That there then be a context report prepared to provide a background context to each theme by a strategic lead service or group. This would give Members further context by which to scrutinise what each external organisation is delivering in furtherance of the Council's expectations. A suggested schedule of each theme is attached to this report in appendix one.

3.5 As all reports will be provided in a consistent format, Members are asked to consider if there is any additional information that should be presented to help Members undertake their scrutiny role.

4. CONCLUSION

4.1 In order for Falkirk Council to comply with guidance set out by COSLA and the Accounts Commission's 'Code of Guidance on Funding External Bodies and Following the Public Pound', Elected Members must ensure that appropriate arrangements are in place for monitoring the financial and service performance of external organisations. The proposed process set out within this paper, allows full compliance and also ensures that Members are able to ensure value for money in line with Council priorities.

5. RECOMMENDATIONS

5.1 **Members are asked consider the contents of the report and determine the scheduling of 2014 /2015 following the public pound reports with reference to the proposal in appendix one.**

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DIRECTOR OF CORPORATE & NEIGHBOURHOOD

Date: 25 March 2014
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LIST OF BACKGROUND PAPERS

1. Following the Public Pound – Audit Scotland report 2004.

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506004 and ask for Fiona Campbell.