

FALKIRK COUNCIL

**Subject: FOLLOWING THE PUBLIC POUND: SCRUTINY COMMITTEE
ROLE AND REPORTING SCHEDULE**
Meeting: SCRUTINY COMMITTEE
Date: 13 JUNE 2013
Author: DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES

1. INTRODUCTION AND BACKGROUND

- 1.1 Falkirk Council provides support to arms-length and external organisations (ALEOs) 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. During the period 2012-2013, the total value of support allocated to ALEOs was £5.6million.
- 1.2 ALEOs are often voluntary or charitable organisations, and generally will be able to provide a better range or quality of service, or to provide services that would not otherwise be provided. The common purpose 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 ALEO, the extent of its financial commitment and how the ALEOs 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 ALEOs. 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. THE ROLE OF ELECTED MEMBERS

- 2.1 In line with Financial Regulations, all support provided to ALEOs which 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.

2.2 A robust framework for providing support and monitoring to ALEOs is in place. Council Officers are required to undertake a financial and risk assessments, which considers the ALEO's 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.

2.3 In addition, Services are required to provide Following the Public Pound reports to Elected Members on an annual basis, which provide information about each ALEO in receipt of support. In the new governance structure these reports are presented to Scrutiny Committee. All reports should present Members with sufficient information to allow them to scrutinise:

- The level of funding /support provided to each ALEO and how this is being used;
- The reason for entering into an agreement with each ALEO;
- The extent to which the ALEO 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 ALEOs, 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.

2.4 A full list of ALEOs which currently receive support and should be subject to Member scrutiny is attached as Appendix 1. It is proposed that Following the Public Pound reports be scheduled as follows:

Scrutiny Committee Date	Service
8 August 2013	Education Services
12 September 2013	Corporate & Neighbourhood Services Development Services
10 October 2013	Social Work Services

2.5 It is proposed that all reports will be presented to Scrutiny Committee in a consistent format. This will comprise a cover report providing information about the overall Service allocation followed by a progress statement for each ALEO. Elected Members will be invited to scrutinise each and are able to select from the following options for each ALEO:

- Approve report and acknowledge progress towards meeting Council priorities;
- Request further information on specific aspects of each ALEO report;
- Request action with follow-up for subsequent Scrutiny Committee consideration.

- 2.5 It should be noted that performance monitoring reports relating to Falkirk Community Trust, Police Scotland and Scottish Fire and Rescue Service will also be presented to Scrutiny Committee. These are subject of separate reports to the Scrutiny Committee.

3. CONCLUSION

- 3.1 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 ALEOs. This would normally be done by way of an annual report to committee. 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.

4. RECOMMENDATIONS

Members are asked to:

- 4.1 **Acknowledge the role Members have to 'follow the public pound'; and**
4.2 **Consider the schedule set out within the paper with regard to reporting to Scrutiny Committee.**

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DIRECTOR OF CORPORATE & NEIGHBOURHOOD SERVICES

Date: 30 May 2013

Ref: ABC0613FC - Following the public pound

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LIST OF BACKGROUND PAPERS

'Code of Guidance on Funding External Bodies and Following the Public Pound' 1996,
COSLA/Account Commission.

Any person wishing to inspect the background papers listed above should telephone Falkirk 01324 506260 and ask for Lesley MacArthur.