

To: SOCIAL WORK COMMITTEE	Subject: SECTION 10 GRANTS	
From: DIRECTOR OF SOCIAL WORK		
Date: 19 DECEMBER 2002	Ref: JD/GMcI/GF	

1. PURPOSE OF REPORT / INTRODUCTION

- 1.1. To advise Committee of the findings and recommendations of the review of Section 10 Grant processes and procedures (attached as an appendix to this report) and to seek approval for the recommendations arising from the review and other associated matters detailed within the report.

2. BACKGROUND

- 2.1. Social Work Committee agreed in February 2002 that the Department undertake a structured review of Section 10 processes to ensure:
- Value for money is being maintained
 - Service outcomes are established and measured
 - Services are not being unduly duplicated
 - Contracts or Service Level Agreements are applied where appropriate
- 2.2. To assist the review process the Department was asked, in the first instance, to consider those organisations which receive substantial levels of Section 10 funding and which provide similar services thus enabling a review of performance and value for money outcomes. A number of Section 10 funded projects were identified to be visited. The purpose of these visits was not to evaluate the projects but to offer the opportunity to explore with projects the four key areas identified by Committee as the prime focus of the review.
- 2.3. The timescale for the review exercise, which was originally intended to be carried out during May 2000 was subsequently put on hold to take account of a Council wide review instigated by the Chief Executive's Department in relation to a "value for money" (VFM) review of grant processes. The Social Work Department has been fully involved in this review. It became clear however that there were complimentary aspects of its own review that the Department was keen to proceed with in parallel to the Council wide review exercise
- 2.4. The Social Work Committee set in motion the Section 10 review in August 2002 with a timescale to complete the review by November 2002.
- 2.5. A small officer review group was established to carry out the review and as part of its work visited eight Section 10 funded projects to gather information and draw out lessons which could be applied across the board for the management of Section 10 Grants. The review exercise is now complete and the report of the officer review group and its recommendations is attached as Appendix 1.

2.6. At its meeting on the 22nd August the Social Work Committee also considered an application for funding from Craigneuk Benefits Group. Committee agreed to fund the project for a 3 month period and then examine it again in the light of the outcome of the Section 10 review exercise. The Department has also received an application for supplementary funding from the Chryston and District Carers Support Group.

3. PROPOSALS / CONSIDERATIONS

3.1. The report of the Review of Section 10 Processes and Procedures highlights that there is a wider context to the review, beyond Committee's request to examine new concepts and techniques which will assist better management of the Section 10 grant processes. This wider interest in improving grant processes is reflected in the Council VFM review and also in a Scotland wide context in relation to the Scottish Executive's current interest in looking at how Local Authorities supervise or manage grants to external organisations.

3.2. Social Work Committee had identified four key areas as the focus for the review (as listed in section 2.1). The approach taken by the review group, as well as visiting the eight projects, involved an administrative review of Section 10 grant processes and procedures from application through to assessment and evaluation. This part of the exercise identified two other areas which the review group considered essential elements of the review itself and integral to achieving improvements to the four key areas identified by Committee. The two additional areas were:

- Addressing issues of quality
- Examining the application, assessment, supervision and monitoring arrangements

3.3. In addressing the six key areas (the four identified by Committee and the two added by the review group) the review report identifies the key areas and issues examined, highlighting any issues arising from the visits to projects and the VFM review. The report proposes a number of actions to improve systems, the management of grants and ensure greater accountability. These proposals fall into three categories:

- Making improvements to the application process
- Establishing monitoring/funding agreements
- Re-examining supervisory arrangements

3.4. It has been necessary to implement some of the proposed improvements to the application process suggested in the review report as the next round of Section 10 applications and assessments for 2003/04 is now underway. These changes have also been adopted within the Council VFM exercise and have provided the basis for a new corporate grants form (incorporating Section 10 grants), which has been introduced for this round of funding. In line with the recommendations of the section 10 review exercise, the Chief Executive's Department has also introduced a separate and less complicated corporate application form for grants of less than £5,000.

3.5. The review clearly demonstrates the need for the Department to develop improved systems for measuring the performance of projects in receipt of Section 10 funds against the intended use of the grant, utilising identifiable, realistic and measurable indicators. The review has also highlighted that projects funded through Section 10 have the capacity to enter into more detailed monitoring arrangements should they be asked. The review proposes that for projects in receipt of funding of £10,000 and above, a funding or service level agreement should be in place. For projects over £30,000 and above a more formal contract should be put in place.

- 3.6. The review exercise has shown that the arrangements for supervising and monitoring projects are not consistent. This is an issue for the Council, not just Social Work and is being addressed within the Council's VFM review. If it is agreed that more robust systems require to be in place for performance and financial monitoring, the review proposes that the Department identifies appropriate personnel to carry out a supervising officer or link role in relation to projects in receipt of funds over £2,000.

4. SPECIFIC FUNDING REQUESTS

- 4.1. With the review exercise now completed the application for funding by Craigneuk Benefits Group requires to be reconsidered. Committee in August agreed to provide three months funding (up to the end of November 2002) for the organisation, to coincide with the period of the review exercise, given that the review would be examining issues in relation to the potential duplication of services. One of the proposed actions identified within the review is to bring forward a common monitoring framework for independent benefit advice projects and to ensure that potential duplication of services are addressed in the form of questions within the revised application and assessment process.
- 4.2. With these issues being fully addressed with each project within the next funding round, it is proposed that Committee consider extending the Craigneuk Benefit group's funding from 30th November 2002 to 31st March 2003 at a cost of £12,282. In view of the Committee date being after the end of the projects current period of funding i.e. 30th November 2002, an interim payment of £3,428 has been made to the organisation to keep it solvent until Committee takes a formal decision on the remainder of their grant.
- 4.3. An application has been received from Chryston and District Carers Support Group to meet a funding shortfall of £4,000 which the organisation has been carrying for the past two years. Without additional grant aid the financial viability of the organisation is in danger with a consequent loss of valued services to the elderly in the Chryston area.
- 4.4. The proposals outlined within the report will enable the Department to comply with Council policy and ensure proper scrutiny and accountability for public funds.

5. FINANCIAL / PERSONNEL / LEGAL / POLICY IMPLICATIONS

- 5.1. If Committee agrees to the recommendations within the Section 10 Review report more formal funding agreements such as service level agreements or contracts will require to be put in place from 1st April 2003 for projects receiving funding of £10,000 and above.
- 5.2. For projects entering more formal funding agreements in relation to their Section 10 funding Committee is asked to consider 3 year funding agreements in line with the agreed Voluntary Sector Strategy and recommendations within the VFM study. Project performance will still require to be reviewed annually.
- 5.3. The balance of Section 10 funding for this financial year currently stands at £90,614. This takes into account the 3 Women's Aid organisations core funding which is now being met from Transitional Housing Benefit rather than Section 10. Should Committee agree to fund Craigneuk Benefits Group up until the end of this financial year at a further cost of £12,282 and Chryston and District Carers Support Group with £4,000 there would remain a balance of £74,332 this financial year.

6. RECOMMENDATIONS

6.1. Committee is asked to:

- i) Agree to the recommendations and actions contained within the report on the Review of Section 10 Procedures and Processes.
- ii) Agree to provide funding of £12,282 to Craigneuk Benefits Group.
- iii) Agree to provide funding of £4,000 to Chryston and District Carers Support Group.
- iv) And to otherwise note the contents of this report.



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26 November 2002

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North Lanarkshire Council

Social Work

REVIEW OF SECTION 10 GRANT PROCESSES AND PROCEDURES

1. INTRODUCTION

This report sets out the findings and recommendations of a review of Section 10 processes and procedures which was requested by the Social Work Committee in February 2002.

2. BACKGROUND

2.1 Committee recognised that there may be scope to move some of the funding requests from the Section 10 budget to other Social Work Department budget headings. In addition, where direct services are being provided by organisations, there should be a more transparent system that measures service and service outcomes. It was therefore proposed that the Department undertake a structured review of the Section 10 process to ensure:-

- Value for money is being maintained
- Service outcomes are established and measured
- Services are not being unduly duplicated
- Contracts or Service Level Agreements are applied where appropriate

2.2 It was proposed that the review in the first instance consider those organisations which receive substantial levels of Section 10 funding and which provide similar services thus enabling a review of performance and value for money outcomes. Also where the proposed review identified issues that require consideration by Committee, a further report was to be presented.

2.3 The timescale for the review exercise, was subsequently altered to take account of a Council wide review instigated by the Chief Executive's Department in relation to a "value for money" review of grant processes. The Social Work Department has been fully involved in this review. It became clear however that there were complimentary aspects of its own review that the Department was keen to proceed with in parallel to the Council wide review exercise and set in motion the Section 10 review in August 2002 with a remit to report back to the December Social Work Committee.

3. THE CONTEXT FOR THE REVIEW

3.1 Internal to Social Work

The Department is increasingly aware of the need to examine new concepts and techniques which will assist the good management of grant processes and ensure that voluntary groups in receipt of Section 10 grants manage their grant in an effective way and that they are providing value for money. There is a realisation that this will only be achieved by setting out to measure the performance of the organisation against the objectives it sets for the use of the grant, being clearer about the "specifics" of the service to be provided and being concerned about quality.

3.2 Internal to the Council

Over the past two years there has been a Council wide value for money review on Grants to Community Groups and Voluntary Organisations and a Section 10 systems review carried out by Internal Audit. The Value for Money (VFM) study WAS undertaken by Internal Audit on Grants to Community Groups and Voluntary Organisations. The study formed part of the Audit Plan for 2001/2002. Following on from this Study the Chief Executive established a cross departmental VFM Working Group earlier this year, which has been remitted to progress improvements to Council Grant processes. The Working Group will be reporting to the Council's Policy and Resources Committee in November 2002. The review of Section 10 Grant processes has been running in parallel to the Council wide review and has been able to inform and be informed by its process. As part of its normal work Internal Audit carried out a "systems review" of section 10 grants in 2001 and made specific recommendations regarding the management of the grant process.

3.3 External to the Council

The Council has been asked by Audit Scotland to pilot a survey on links between Councils and externally funded organisations. The nature of the survey reflects an interest by the Scottish Executive in the supervision and management of Council grants. It is expected that once the survey is rolled out to all Scottish Local Authorities recommendations will be forthcoming to improve grant processes.

4. THE APPROACH TAKEN

4.1 The four identified by Committee were obviously the main focus of the review in relation to how these areas/issues can be addressed in the future management of Section 10 Grants.

4.2 The review itself was carried out by a small group of staff from the Departments' Strategy Section with advice and involvement from Monitoring and Standards. The approach involved an administrative review of Section 10 Grant processes from application through to assessment and evaluation. A number of Section 10 funded projects were also visited. The purpose of these visits was not to evaluate the projects (which at the time had just been evaluated in relation to their grant application), but to offer the opportunity to explore with projects the four key areas identified by Committee as the prime focus of the review. (See appendix 1 for list of projects visited and issues discussed). The information gathered was then examined to draw out lessons, which can be applied across the board to the management of Section 10 grants. A key element has also been to take on board key

improvements to grants processes suggested within the developing Council-wide review and Internal Audit's Systems Review of Section 10.

4.3 The following sections of this report cover the key areas and issues examined, outlining any issues arising from the visits to projects and proposals to improve systems and management of grants.

5. ESTABLISHING AND MEASURING SERVICE OUTCOMES

5.1 The Issues

A great deal of effort has been focussed on establishing performance measurement systems for public sector organisations and also for some of the newer external grant schemes such as the various Lottery distributors e.g. the Community Fund. The older grant schemes such as Section 10 have been developed in a culture that did not set quantifiable objectives, targets and outcomes. As a result there appears to be a lack of evidence to monitor and evaluate performance of projects. When this does take place the main emphasis still tends to be on financial monitoring. The review exercise sought to identify how we can develop improved monitoring indicators, processes and outcomes for both new and established projects which would from a funder's perspective:

- Provide realistic evidence or data by which an organisation can be judged to see if it is working in the way that it said it would and is consistently delivering the intended quantity, and quality of service.
- Set clear expectations and therefore be able to identify failings.
- Provide the basis for making comparisons between organisations carrying out the same task.

5.2 Findings

All organisations visited were asked how they monitored the performance of their projects. They were also specifically asked how they ensured the quality of their service. All projects were able to demonstrate that they collected information on the usage of the service i.e. numbers and statistics. A few collected the views of service users and three had in place a quality framework which set out specific standards expected of the service. Other projects agreed that they could collect more user views and could identify the take up of training as an indicator of quality. It appears that all projects visited have the ability to provide more specific monitoring information across a range of possible indicators than is currently asked for.

5.3 Proposed Actions

We require to develop improved systems for measuring the performance of projects in receipt of Section 10 funds against the intended use of the grant utilising identifiable, realistic and measurable indicators. It is proposed that the application form for section 10 funding be amended to include specific questions to identify appropriate performance indicators for each project. Also for projects in receipt of funding of £10,000 and above a funding or service level agreement should be in place. For projects over £30,000 and above a more formal contract should be put in place.

5.4 Although not originally remitted to look at financial monitoring the review exercise has identified some improvements in processes in relation to the supervision and release of grant funds. More information is provided later in this report.

6. VALUE FOR MONEY ISSUES

6.1 The Issues

The fundamental issue about Value For Money (VFM), is how to measure it. It is generally accepted that the definition of VFM in this instance is based around examining the economy, the efficiency and the effectiveness of the organisation in question. It is only really feasible to do this when there is a comparable organisation or service to measure it against.

6.2 Findings

The current position is that there are no appropriate or agreed yardsticks for measuring “value for money”(VFM) in relation to Section 10 funded projects so we can only make loosely formed assumptions.

6.3 The only real comparable process in the public sector is a “Best Value” review, which is in fact an extremely complex and in-depth approach which would be inappropriate to apply to the type of voluntary organisation funded through Section 10. The reality is when it comes to the variety of projects funded through Section 10 there are only a few which can be considered to be offering a similar service e.g. advice projects.

6.4 The review group looked at what can be useful indicators which can be used for similar types of projects. Out of the 8 projects visited 3 were locally based advice projects operating in the field of welfare benefits. These projects are already collating statistical information about the work of each project in a common format, which has been agreed by the Lanarkshire Advice Forum. There were also similarities and a consensus about the other types of performance indicators, which could be set for these projects. It would appear from the visits that a common monitoring framework with a wider set of indicators than is currently used could be established for advice projects, which could offer more of a comparative framework than exists this now.

6.5 Proposed Actions

In terms of making more informed judgements or even assumptions regarding “value for money” the proposed improvements to project monitoring as outlined in section 5.3 should be helpful. Where projects operating similar services such as the independent advice projects offering welfare benefits advice a common monitoring framework should be established.

7. ENSURING THAT SERVICES ARE NOT BEING UNDULY DUPLICATED

7.1 The Issues

The review set out to examine some of the targeting issues relating to projects' service provision by testing out key questions regarding the need for a service in relation to other providers. These questions are being considered for inclusion in the revised application form. During the visits projects were specifically asked:

- Are there other organisations active within your particular field and operating in the same area?
- How is your activity different from these other organisations?
- How would your organisation demonstrate that there is a need for the service that could not be delivered from elsewhere?

7.2 Findings

Although the questions asked relate more to new organisations applying for funding the questions are still relevant for currently funded organisations. Most organisations visited considered the current usage of their service as the main evidence of demand and need for the service. The questions however did draw out a much clearer picture of each service in relation to statutory and any other voluntary organisation activity in that particular field. As well as addressing potential duplication of services the questions also gave an indication of where "joined-up" approaches were in place.

7.3 Whether these questions are answered as well as they can be at the application stage they can be more fully explored at the time of a grant assessment visit.

7.4 Proposed Action

It is proposed to include these questions in the amended application form and ensure the issues are fully explored as part of project assessment visits.

8. ADDRESSING THE QUALITY ISSUE

8.1 The Issues

The provision of quality services is an aim all Departments within Local Authorities aspire to. Statutory requirements and the establishment of the Care Commission and development of the Department's own Monitoring and Standards Section reflects an increased commitment to the issue of quality – that the user of a service has the right to expect services to perform to standard. These formal structures now also apply to voluntary sector organisations delivering services on behalf of the Council through a contractual relationship. These systems however do not apply to organisations who deliver services funded through Section 10 Grants where the quality of the service provided should also be an issue.

8.2 Quality in this instance tends to be defined in terms such as:

- A systematic approach to ensure that the service consistently does what it is supposed to do.
- A service being “fit for its purpose or use”.
- Effectively responding to and meeting a users needs.

8.3 The review group sought to establish how projects addressed the issue of ensuring that the quality of the service is as good as it can be and how they can be encouraged to do so where this may not be evident.

8.4 Findings

The Review Group concluded that a small number of indicators could be used as an indication of the organisations attempts to address quality. These areas were explored during the project visits.

8.5 When asked about how their organisation ensured quality in relation to the provision of their service most locally based organisations spoke of taking up training opportunities. Although the lack of appropriate training or its cost was also seen as a significant barrier to achieving this. The three organisations visited who had in place quality standards, significantly were either branches of or national organisations. The more locally based organisations had no such “quality systems” in place and found it difficult to envisage how they could.

8.6 Projects agreed that investment in training could be a useful indicator of quality. It was also recognised through discussion that users’ perceptions, expectations and experience of using a service could be taken into account as part of a monitoring framework.

8.7 Proposed Action

The application form should be amended to include a question on ensuring quality. The amount of time spent on training and the views of service users should be utilised as measures of quality.

9. APPLYING CONTRACTS OR SERVICE LEVEL AGREEMENTS WHERE APPROPRIATE

9.1 The Issues

The Social Work Committee requested that the review examined the application of contracts or “service level agreements” as a means to specifying the funding relationship between the funder and the successful grant recipient in a more defined and structured way. The perceived advantages are that the agreement specifies the expected level of service being provided including the quality of the service and how it will be measured.

9.2 It is envisaged that such agreements would only be applied to a limited number of Section 10 funded projects. An analysis of Section 10 funded organisations shows that there are

currently 59 organisations receiving Section 10 grants, of which 47 receive less than £10,000 and 34 receive £2,000 or less. This leaves 12 organisations who receive grants in excess of £10,000 (17% of Section 10 funded organisations who receive 41% of the budget).

9.3 Findings

All projects visited, particularly where Section 10 funds met the core operational costs of the project, welcomed the idea of a more formal funding agreement. Some projects felt that this would bring clarity to the relationship and the potential for greater stability in the funding arrangement, particularly if it led to a 3 year funding agreement.

9.4 A number of Service Level Agreements are already in place in relation to other Council grant sources for example Citizens Advice Bureaux through the Chief Executive's Department.

9.5 Proposed Action

To introduce a funding agreement as part of the Section 10 application process, which includes the identification of a limited number of performance measures. Also to put in place:

- A service Level Agreement for projects awarded funding of £10,000 and above or where the Director of Social Work considers such an agreement appropriate.
- And a more formal contract for projects in receipt of £30,000 and above.

(Having said this it is important to keep a perspective and balance in relation to creating additional, processes and procedures for what can be viewed as relatively modest amounts of funding)

10. APPLICATION, ASSESSMENT, SUPERVISION AND MONITORING ARRANGEMENTS

10.1 The Issues

It is clear from the above sections that there is a need to revisit the information required as part of the application process. It is also evident that there requires to be a consistency of information and approach right through from the application and assessment stage through to the monitoring and evaluation of performance. It is not only examining what information we gather but how we do it and who does it. If the outcome is that we need to do what we do better and more of it this will also require an examination of the resource implications involved.

10.2 In relation to monitoring the use of the grant itself, other than the information requested in the application form there are no processes in place to track or check expenditure prior to grant release.

10.3 Findings

Several projects suggested that the application form and guidance notes could be improved and a number of points were recorded which will be taken into account with any new form. Links between organisations and the Department were found to be varied and only occasionally does it exist on a formal basis e.g. represented on a management committee.

The overall picture is that supervisory or link officer arrangements only exist on an ad-hoc basis mostly at the request of the organisation.

10.4 The Council wide review exercise has highlighted the need for a common data base of information regarding projects seeking funding from the Council's different grant sources. Consideration is being given to providing a more uniform approach to application procedures and conditions of grant and the monitoring and supervision of projects. Acknowledgement has also been made of the need to improve monitoring and supervision arrangements.

10.5 The Council wide review also examined the need to streamline grant processes and recognised the value of more simplified processes for organisations seeking smaller amounts of funding. Currently in relation to Section 10 it is the same application process and documentation whether a group receives £50 or £70,000.

10.6 Proposed Action

As proposed previously, the application form should be re-drafted to incorporate the issues identified in the previous sections and also that the information is collected will be compatible with the proposed Council Grants Database.

The Department should consider a less complex application and assessment process for organisations in receipt of or seeking funding below £2,000

If it is agreed that more robust systems require to be in place for performance and financial monitoring the Department requires to identify appropriate personnel to carry out a supervising officer or link role in relation to projects in receipt of funds over £2,000. A proposed role for a link officer and a supervising officer is outlined in Appendix?

11. CONCLUSION

11.1 The review exercise sought to examine how the Department can better measure the performance of organisations who receive Section 10 funds against set objectives for the use of the grant, being clearer about the "specifics" of the service to be provided and being concerned about quality and value for money. The review has shown that projects funded through Section 10 have the capacity to enter into more detailed monitoring arrangements should they be asked. The development and application of even a limited number of performance indicators in agreement with projects should provide a much sounder and transparent basis for making informed decisions about the funding of projects in the future.

11.2 The review group has identified a number of areas for improvement and these are outlined below.

12. RECOMMENDATIONS

12.1 Application Process

- That the Section 10 application form and guidelines be quickly revised to take account of changes outlined in the proposed action sections of this report to enable the revised form to be used for applications for funding during 2003/04.

- That the Department consider introducing a less complex application and assessment process for organisations in receipt of or seeking funding below £2,000.

12.2 Monitoring / Funding Agreements

- That appropriate performance measures or indicators are identified and agreed with projects as part of the application and assessment process for 2003/04 applications.
- That more formal funding agreements whether a service level agreement or contract be put in place for projects receiving £10,000 and above or where deemed appropriate by the Director of Social Work.
- That the Department explore the development of 3 year funding agreements for projects with service level agreements or contracts in line with the Council's Voluntary Sector Strategy and Internal Audits Value For Money Study.

12.3 Supervision and Monitoring of projects

- That the role of supervising or link officers be established for projects receiving Section 10 grants of £2,000 and above.
- That improved procedures be put in place to oversee and authorise the release of grant instalments to organisations.

13. LIST OF APPENDICES

- **List of projects visited**
- **Issues covered with projects**
- **New Corporate application form for grants above £5,000**
- **Guidelines for Completion**
- **New Assessment Format**
- **Proposed remit of supervising and link officers**

PROJECTS INVOLVED IN REVIEW VISITS

Newmains Community Advice

Cumbernauld and Kilsyth Addiction Service

Cumbernauld and Kilsyth Unemployed Workers Centre

Victim Support Scotland (National Office West)

The Spark Initiative

Victim Support North Lanarkshire

Lanarkshire Couple Counselling

T.I.A.C. Tannochside Information and Advice Centre

AREAS COVERED IN SECTION 10 PROJECT VISITS

- 1. Introduction and Background for Visit**
- 2. Organisational Information**
 - What the organisation is about
- 3. Funding Information**
 - Is Section 10 the sole source of funds or part of a package?
- 4. Services Provided**
 - What services are delivered that can be directly related to Section 10 funding received?
 - Operating times – how much of that service is actual delivery time e.g. face to face?
- 5. Measuring the performance**
 - How does the organisation monitor the performance of the service?
 - Does it use any indicators or measures?
 - What do they actually record?
 - How do they collect the information – as they go or retrospectively – are systems in place?
- 6. Addressing the Quality Issue**
 - How does the organisation ensure that the quality of its service is as good as it can be?
- 7. Communication**
 - How do you communicate the activities and effectiveness of your organisation to others – funders, members, service users etc.
- 8. Determining need**
 - Are there other organisations active within your particular field and operating in the same area?
 - How is your activity different from these other organisations?
 - How would your organisation demonstrate that there is a need for the service that could not be delivered from elsewhere?
- 9. Links with the Council**
 - What links if any do you have with the Council or any other funding body?
 - Are these links formal or informal?
 - What links do you think there should be?
 - What would the nature of these links be?
- 10. Thanks for the time and any questions they want to ask us**