

Daventry District Council



External Funding Policy and Procedure

June 2015

1. Purpose

This Policy identifies the guiding principles and processes that must be followed within Daventry District Council (DDC) when seeking and making use of external funding. It is vitally important that the Council adopts a consistent and professional approach so that all financial and legal requirements are met and business continuity is maintained.

2. Scope

For the purpose of this policy, **external funding** is defined as:

Sources of grant income received from agencies outside the Council additional to its annual allocation from central government and the money raised from council tax, fees and charges either by itself or in partnership.

The policy covers any external funding that needs to be bid for and the authorisation for the bidding process.

External funding can be in a wide range of forms and scales, ranging from revenue funding which supports ongoing Council activity to capital funding for large construction works.

For the most part, the management controls over external funding are those which apply to other areas of the Council's business. These include: the application of the corporate Project Management Methodology, Financial Regulations and Contract and Procurement Procedure Rules. However, there are specific issues which arise in connection with external funding and this policy sets out how these are to be addressed.

3. Guiding principles and considerations

The following **principles** will guide the Council's approach to external funding:

- That external funding can add real value to the work of the Council and by implication can make a real difference to the people of the District and should be pursued, where appropriate and available.
- The pursuit of external funding will be strategy led, driven by the Council's corporate objectives, Corporate Plan and Sustainable Community Strategy rather than by opportunities for funding.
- Any externally funded projects should have overall positive impacts on the Council, its reputation, and the services it delivers.
- External funding which is secured will be integrated into the Council's budget and the Medium-Term Financial Plan.

The following **considerations** should be taken into account when seeking external funding:

- Funding applications must consider any direct or indirect impacts on the Council's budget, assets and human resources (including risk and legal implications).
- Funding applications to support revenue initiatives must allow for the cost of any overheads, management and administration. Where possible, these should be included in the funding applications. Where applicable, the project management methodology should be used which is available from davnet: (<http://davnet/office/project-management-methodology/>). Revenue projects must also have in-built exit strategies.
- Funding applications for capital projects must consider any impact on the Council's revenue budget, e.g. running/maintenance costs. Capital projects must also have in-built exit strategies that may have revenue consequences.
- It is important to establish if the grant conditions require an independent review/audit of the claim or final accounts or project and whether Internal Audit can be used for this. If so, the cost of this should be incorporated within the external funding bid and notification must be given to Internal Audit to enable this to be included in the Audit Plan and departments will be recharged for Audit's time.
- External funding initiatives must take full account of any requirements for match funding and all necessary permissions for such contributions must have been obtained prior to entering into a legal agreement with an external funder.
- There must be reasonable confidence that the assumed Council contributions are or will be available prior to a bid being submitted.
- Budget growth will not be assumed for projects coming to an end, or with tapering external funding.
- No commitment should be made to implement an initiative before formal written grant agreement has been received from the funding body.

4. **Coverage**

The Policy covers the following circumstances:

- Where the Council seeks external funding as a sole applicant.
- Where the Council seeks funding in partnership with others and is the lead accountable body.

It also covers the following, albeit to a lesser extent:

- Where the Council seeks funding in partnership with others but is not the lead accountable body.
- Where the Council seeks funding in partnership with others and a special purpose vehicle (such as a Community Interest Company) has been established to manage the funding.

The Policy does NOT cover the following circumstances:

- Where the Council assists or signposts third parties (such as local community groups) to sources of external funding.
- Sponsorship and donations – these are the subject to a separate policy document.
- Where the Council secures developer contributions under Section 106 of the Town and Country Planning Act 1990.
- Where the Council secures funds under the Community Infrastructure Levy Regulations.
- Where the Council secures funds via any other regulatory mechanism.

5. **Co-ordination and process**

Managers will play a key role in linking their service plan priorities to the mainstream budget and to external funding opportunities. However, Council Officers should be the experts in their field and as such, are best placed to identify potential external funding opportunities, e.g. through membership of professional forums and subscription to journals.

Council Officers pursuing external funding opportunities must refer to the following process when making a bid for such funding. Please note that where the funding will result in a project as defined in the corporate Project Management Methodology, they must also have received corporate project management training:

1. **Innovate** – A Council Officer has an idea for a project that would meet Council priorities and identifies a suitable funding opportunity. The Council Officer seeks agreement from their Manager to proceed. If given, the Council Officer (or another suitable officer) is appointed project leader and undertakes feasibility work to test if the project/funding bid are viable. If the initial idea is generated out of a partnership arrangement, the Manager's agreement is still required for DDC's continued engagement with the project/funding bid.
2. **Inform** – The Council Officer completes part one of the External Funding Data Collection Sheet (see appendix) and hands it over to the Community Development Co-ordinator, who records the details onto the External Funding Register. The Community Development Co-ordinator provides periodic reports to the Resources Working Group about any new or potential bids for external funding.
3. **Plan** – The Council Officer develops more detailed project plan, liaising with all internal and external stakeholders as necessary and securing buy-in. All funding to support the project is identified and all management arrangements are developed and agreed, (see the considerations outlined in section 3 above). Relevant portfolio holders are informed and the Council Officer completes final draft of external funding application.
4. **Submit** – Finalised application form is given to the Manager for consideration. Funding bids under £5,000 can be approved by the Manager who then informs the Chief Finance Officer. Funding bids over £5,000 need to be approved by the Chief

Executive via a report to Senior Management Team. If approval is given to make the bid, the Council Officer submits the application form to the external funding body. Community Development Co-ordinator is informed.

5. **Agree** – If the application is successful, the grant offer is examined by the Council Officer and Manager, using legal advice if necessary. If the Manager is satisfied that the grant offer is acceptable and all terms can reasonably be met, the Council Officer/Manager can sign the grant agreement. If the terms are unacceptable the Council Officer must negotiate with the funding body to achieve more acceptable terms. If this cannot be achieved, the grant offer must be declined.

There is a presumption that terms will have been examined in steps 1 to 3 above. Also note that if the grant offer relates to a partnership bid and the Manager finds the terms unacceptable, DDC will discontinue its engagement with the project unless the terms can be improved to DDC's satisfaction.

The Council Officer completes part two of the External Funding Data Collection Sheet (see appendix) and hands it over to the Community Development Co-ordinator who updates the External Funding Register and informs the Finance Officer in order to set up budget codes to receive the external funding.

6. **Deliver** – Project is delivered as per the funding application and financial claims are submitted in a timely manner. Council Officer liaises with Finance Officer in order to draw down grant. Council Officer is also responsible for keeping records, monitoring results, and informing all stakeholders of progress and performance as necessary.
7. **Complete** – When the project is complete and/or obligations under the external funding agreement fulfilled, the Council Officer notifies the Community Development Co-ordinator who makes final entry onto the External Funding Register. Any exit strategy or other close-down requirements (e.g. lessons learned reports) shall be carried out.

6. **Responsibility/Ownership**

Whilst the Council Officer leads the project and assumes responsibility for the development and successful delivery of their initiative, all external funding bids should be viewed as a joint initiative involving the Council Officer, the Manager, the Chief Finance Officer, and any other Officers/Managers whose service is impacted by the project. The Chief Finance Officer also retains responsibility for ensuring sound financial systems are in place and followed as appropriate.

Appendix

External Funding Data Collection Sheet

This form is divided into two parts. Part One is to provide initial information (a.k.a. the heads up) and is to be completed when a Council Officer is still working up a bid. Part Two is to be completed when a bid for funding has been determined by the funding body and more details are known. Please submit this form to the Community Development Co-ordinator.

Part One

Purpose of funding									
Corporate objective links:	Improve our business economy, learning and skills								
	Protect and enhance our environment								
	Promote healthy, safe and strong communities and individuals								
	Be an efficient and effective council								
Project officer									
Finance officer									
Name of funder									
Address of funder									
Amount of funding bid	£								
To be approved by whom?									

Part Two

Was the bid successful?									
Amount awarded	£								
Amount to be claimed	£								
Percentage split to capital									
Percentage split to revenue									
Cost centre (Finance officer to advise)									
Date of award									
Expiry of award									
Do the funds need to be audited?									
If 'yes', is it internal or external audit?									
If internal, have they been advised?									
Grant conditions									
V4 July 2015									