

The Effects and Implications of External and Ring-Fenced Funding

July 2004

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Chapter 1

Introduction and Remit of the Review

Introduction

Reasons for the review

Members of the Overview and Scrutiny Management Group agreed to set up a review into the effects and implications of external grant and ring fenced funding in response to concerns raised by some elected councillors. The concerns expressed included:

- The time and resources that have to be put into applying for external funding;
- The temptation to 'chase' funding because it is available, irrespective of local priorities;
- The possibility that external grant funding can distort local priorities as that is the only money available;
- The possibility that ring fenced funding results in the council being forced to use resources to meet national government priorities when the money could potentially be used more effectively to meet local priorities;
- The council ends up doing activities that are not its highest priority;
- External grants are usually competitive, time limited, and administered by a range of government departments and other agencies – consequently it becomes impossible to manage coherent and coordinated programmes of work.
- How you get the money to the people who need it.
- Time limited funding creates constant problems with whether or not initiatives should continue and how to do this;
- Time limited funding leads to temporary posts, which in turn makes it difficult to recruit staff of the right calibre, which jeopardises the success of the initiative;
- Increasingly, external grant funding is being made available to specific partnerships, which has the potential to by-pass local democratic accountability;
- The management, administrative, accounting and auditing systems required by all the external grant and ring fenced funding regimes are costly and disproportionate.

Terms of reference

The terms of reference for the review were agreed as:

The panel will review the use of external grant and ring fenced funding in Kirklees, the benefits and drawbacks, and, in particular, will investigate:

- how external grant and ring fenced funding relates to the strategic planning of the council
- the extent to which external grant and ring fenced funding influence and affect the Council's priorities (and those of its partners);
- the difficulty of managing coherent and co-ordinated programmes of work when the resources are often short-term and have to be drawn from a range of government departments with different criteria;
- the concerns about local accountability of funding directed through partnerships;
- the difficulties caused by having a range of fragmented initiatives with different boundaries and criteria;
- the administration and bureaucracy created to manage, monitor and audit short-term initiatives;
- the problems associated with sustaining initiatives started with short term funding;

The intention was that the panel would, based on its investigations, identify issues of concern and, if appropriate, make recommendations to the Council, the Kirklees Partnership, and other regional and national bodies as appropriate.

Chapter 2

Background and Context

External and ring-fenced funding can be classified into three broad categories:

- a) **Ring-fenced** funding (where an input, output, or outcome from the grant is specified, i.e. it includes conditions about what goods or services to buy; or what new or extra services the council must provide; or specifies a particular service area in which improvements are to be made, and effectively restricts local authority expenditure to that area).
- b) **Targeted/Allocated** funding, where the Council is required to submit a programme for approval and/or meet minimum eligibility criteria – e.g. the Neighbourhood Renewal Fund.
- c) **Competitive** funding – where the Council prepares a bid on a competitive basis against published criteria.

Balance of Funding

Discussions on the impacts of external and ring-fenced funding have taken place in the context of a wider debate on the overall balance of funding. As a UK average, local councils presently raise only 25% of their own income through the council tax. The rest comes through a combination of central government grants which, at around 48%, form the majority of local government revenue, and the nationally determined business rate. Consequently, if a local authority wants to raise its spending power by 1 per cent, it must increase council tax by 4 per cent. This effect is known as 'gearing'.

15 years ago councils on average raised 50% of their own income. The Local Government Association and others have argued that the current balance of funding is incompatible with local democracy and is inefficient as a matter of economic policy. There are concerns that the current balance of funding reduces local autonomy and accountability and contributes to voter apathy.

In the December 2001 Local Government White Paper 'Strong Local Leadership – Quality Public Services', the Government committed itself to establishing a high-level steering group to consider in detail issues arising from the current balance of funding and options for change. The Balance of Funding Steering Group was established in April 2003 and its final report (presented as a report "for Government, not by the Government") was published on 20 July 2004.

The main conclusions drawn in the Balance of Funding Report are that:

- The balance of funding is a major issue as far as the local government finance system is concerned, notably because of the problem of gearing;
- There is therefore a case for shifting the balance of funding; but measures for achieving this must be looked at on their own merits;
- It is possible to shift the balance of funding towards a higher proportion of local revenue whilst still allowing the system to equalise for higher needs and resources;
- The only way in which this can happen is if a reformed council tax is supplemented by either re-localised business rates, a local income tax, or a combination of both

Government announced in July 2004 that a further independent inquiry, to be chaired by Sir Michael Lyons, will be established into local government finance in the light of the Balance of Funding Review Report and will:

- make recommendations on how best to reform council tax
- assess the case for making a significant shift in the current balance of funding
- analyse options other than council tax for local authorities to raise supplementary revenue

The Lyons inquiry is due to report by the end of 2005.

Review of Area Based Initiatives

Area based initiatives (ABIs) are Government funded programmes, located in specific areas or regions, which aim to improve the quality of life of residents. ABIs focus on tackling problems in a neighbourhood holistically rather than focussing on just one or two aspects. They cover a wide range of activities, and are generally targeted on areas of social or economic disadvantage and managed by regional or local partnerships. Examples have included Health Action Zones, and Sure Start.

A national review of ABIs was undertaken by the Regional Co-ordination Unit between October 2001 and October 2002, with the aim of improving co-ordination of initiatives and improving links to other local activity.

This was followed up by a local review of ABIs in Kirklees, led by the Kirklees Partnership and the Economic Development Service at Kirklees Council.

The national review highlighted a number of perceived problems in relation to ABIs, including:

- Complexity: over 40 different funding streams and a lack of integration in Whitehall;
- Mainstreaming: need to ensure that experience is captured and transferred to mainstream services.

- Red tape: each programme has its own rules and monitoring and evaluation requirements making it difficult for people to access funding.

There were widespread concerns about 'partnership overload', the amount of additional bureaucracy and a lack of integration between initiatives dealing with the same problem or the same client group.

At the time of the national ABI review there were several activities already in hand or planned that would impact on the delivery of such programmes:

- Local Strategic Partnerships were being set up to take an overview of an area's needs, providing an opportunity to improve coordination of initiatives.
- A pilot project was established in Bolton to look at how best to pool funding streams to better meet local needs.
- Public Service Agreements were being developed to encourage local authorities to develop targets linked to national targets as well as local priorities.
- The Comprehensive Performance Assessment process would afford high-performing authorities with as then undefined 'freedoms and flexibilities'.

Following the national ABI review, government agreed action included:

- Health action zones, which were launched in 1997 as a "trailblazer for a new approach to more integrated care for patients" to be reabsorbed into mainstream health funding through primary care trusts.
- New deal for communities launched in 1999 to "put communities in the driving seat" merged into one neighbourhood renewal unit funding system together with neighbourhood management, neighbourhood wardens, streets wardens and business brokers.
- Home zones, launched to "promote quality of life and neighbourliness" to be scrapped.
- Education action zones launched in 1999 to allow "schools, parents, the community, businesses and local authorities - to find radical and innovative solutions to their problems" to be integrated into the excellence in cities programme.
- Communities against drugs, safer communities' initiative, and small retailers in deprived areas, to be merged into a single crime reduction framework.
- Community chests to merge with the community empowerment fund.

Ring-fenced Funding

Ring-fenced grant funding has grown significantly over recent years from under 5% in 1997 to 14.6% in 2002/03.

The Local Government White Paper proposed that growth in ring-fenced funding would be restricted and that high performing authorities would be able to replace ring-fenced grant with targeted grant giving more freedom on the way in which this type of funding can be spent.

In a recent ODPM statement, government committed to decrease the proportion of funding that is ring-fenced from 12.4% currently to below 10 per cent by 2005/2006. The proportion of funding paid to local authorities as ring-fenced grants will, on current plans, reduce over the three years of the Spending Review. Councils judged as "Excellent" under the CPA were promised additional freedoms from ring-fencing.

However, in the DfES five-year strategy published on 08 July 2004, the Government has proposed to ring-fence the whole of schools funding from 2006/07.

Freedoms and Flexibilities

Government has recently provided more clarification on the freedoms and flexibilities for councils following the results of the CPA. Depending on which CPA category a council is placed in, they will be given the following freedoms and flexibilities:

Excellent councils

Revenue ring fencing

- Removal of all revenue ring fencing from 2003/2004 (excluding grants which have to be passed to schools) giving councils more control over their own spending. Excellent councils will also be exempt from any new ring fencing arrangements.

Capital ring fencing

- Removal of all ring fencing for capital resources from 2003/2004 (excluding grants which have to be passed to schools). Excellent councils will also be exempt from any new ring fencing arrangements.

Plan requirements

- Removal of all current plan requirements placed directly on councils from 2003/2004 onwards (other than land use development plans and any plans required under European legislation) beyond the Best Value Performance Plan and wider community strategy. Neither of these plans will need to be submitted to Government.

Inspection

- A three-year inspection holiday from April 2003, which would include most inspection activity.

Reserve capping

- Exemption from use of reserve council tax capping powers.

Civil penalties

- Complete freedom over use of income from civil penalties, such as dog-fouling and littering penalties.

Trading powers

- Opportunity to take advantage of new powers in the Local Government Bill enabling best value authorities to enter into trading agreements or arrangements with any person for the provision of goods, materials, staff, accommodation and services.

Innovation Forum

The ODPM have convened an 'Innovation Forum' to engage with excellent authorities about the development of additional freedoms and flexibilities. Excellent councils that are currently less than three star performers on education will gain access to the full package of flexibilities as they relate to education (i.e. on ring fencing of education grants, education plans and inspection) on achieving three star status.

As an 'excellent' council these freedoms go beyond those made available to all councils. However, the Local Government Bill also contains two other relevant provisions:

Charging for Discretionary Services

A power for all authorities to charge for discretionary services, with a duty to ensure that the income from charges does not exceed the costs of provision.

Creation of Business Improvement Districts (BIDs)

In April of 2001 the government announced that it intended to introduce BIDs in England and further details were set out in both the White Paper 'Strong Local Leadership - Quality Public Services' and the draft Local Government Bill 2002.

A BID is a partnership arrangement through which local authorities and the business community can take forward schemes, which will operate for the benefit of the community. This will be subject to the agreement of business ratepayers expressed through a formal voting process. Business ratepayers will agree to contribute an additional levy on their business rate bill to finance a BID. They will decide in advance how much they will contribute and on what areas that contribution will be spent. Each ratepayer who will be asked to contribute will be able to vote on whether or not that BID goes ahead.

There is a great deal of flexibility as to where BIDS can be located and the projects that BID resources can finance. Examples quoted in the guidance include; CCTV, rapid responses to graffiti and litter, better local training, improved transport services and tourism. The critical element is that all parties agree on the necessary steps to be taken to improve an area.

Chapter 3

Methodology

Membership

The panel members were:

- Cllr Andrew Palfreeman (chair)
- Cllr Robert Iredale
- Cllr Annie Smith
- Cllr Julie Stewart Turner

How the review was conducted

The panel received evidence from senior officers of the council, partnerships and external organisations over nine public meetings and considered research provided by the overview and scrutiny office, internal audit and the Audit Commission.

The panel would like to thank the following individuals and organisations for their contributions to this review in relation to the themes indicated:

Social Affairs / Crime

Philip Cotterill - Director of Social Affairs and Health

John Dixon - Group Finance Manager, Social Affairs and Health

Simon Massey - Community Safety Manager

Ian Donaldson - Drug/Alcohol Strategic Manager

Richard Smith - Youth Offending Team Manager

Regeneration

Ken Gillespie - Director of Regeneration

John Griffiths - Head of Economic Development

Tess Butler - Executive Director, Huddersfield Pride

Tony Hood - Director of Housing

Ann Douglas - Neighbourhood Renewal Manager

Education and Young People / Children

Tom Irwin - Assistant Director, Community Education and Regeneration

Ivan Yorke - Head of Young People's Service

Culture and Leisure / Environment

Richard Bealing - Assistant Head of Service, Culture and Leisure

Richard Brooker - Head of Leisure and Recreation

Philip Webber - Head of Environment Unit

Strategic Perspective

Carole Hardern - Accountancy Services Manager

Dick Hewitson - Director of Finance

Martin Dearnley - Senior Audit Manager

Simon Dennis - Audit Manager, Audit Commission

Tony Elson - Chief Executive, Kirklees Council

Voluntary and Community Sector

Neil Bennett - Voluntary Action Kirklees

Kirklees Partnership

Tony Elson - Chief Executive, Kirklees Council

Alan Bruce - Director of Kirklees Partnership

Chris Dicks - Deputy Chair of Kirklees Partnership

Chapter 4

The Review Findings

The evidence received and the panel's conclusions are summarised below in relation to each of the terms of reference.

How external grant and ring fenced funding relates to the strategic planning of the council.

The extent to which external and ring fenced funding influences and affects the council's priorities and those of our partners.

There are some service areas within the council for which external funding represents a significant proportion of the overall budget - for example:

- Cultural Services access c. £4m external funding to supplement a service budget of c. £11m;
- About 80% of the work that the Environment Unit supports is funded from outside mainstream budgets;
- A significant proportion of education funding is channelled directly to schools (such as the Standards Fund, which is placed with schools to buy back support from the School Effectiveness Service);
- Mainstream funding is the minority of the budget in respect of the Community Education and Regeneration budget which includes external funding streams for the 'Surestart' and 'Routeways to Success' programmes.
- Up to 20% of mainstream Social Services activity has been allocated through specific, ring-fenced grants

The position is fluid, with funding for some areas - such as the Early Years Development Childcare Partnership grant now being moved into mainstream revenue support. Some 'specific grants' are now being reverted to 'block grants' (e.g. c. £4m in relation to children's grants in Kirklees); and, as a result of Kirklees Council's 'excellent' status in the Comprehensive Performance Assessment (CPA), a significant amount of Social Services funding and some Education funding has, or shortly will be, un-ring fenced.

Given that external and ring fenced funding is still significant for some areas of council activity, the panel wanted to determine whether this funding has or could distort the councils priorities or strategic planning.

In terms of allocated or specific grant funding, one test as to whether the funding distorts the council's strategic planning is to see what difference if any the removal of ring-fencing has on what services are delivered or how they are delivered. The council has taken the opportunity provided by the removal of some ring-fencing to redesign the councils budget process, with some funding that used to be specifically targeted for social services now placed in a fund to be competed for, to ensure that the activities funded fit with the council's priorities.

In reality though there are limitations to how freely any new financial freedoms can be applied, at least in the short term:

- Reallocating funding would require some very difficult decisions that could result in no longer supplying specific services;
- In not providing services or following the government's agenda, the council could open itself up to criticism at inspection and jeopardise future freedoms.
- The council is still judged on its delivery against government expectations and performance indicators.

Furthermore, the evidence received from across the range of council services did not point to any significant mismatch between the government's objectives nationally and the strategic direction or priorities of the council and its partners. This may be indicative of the fact that the priorities as defined are relatively broad and universal.

The panel reached the conclusion that while central government has increasingly imposed direction on local government, services generally supported the direction in which central government was leading.

It is worth noting that it is the specific intention of ring fenced funding to enable the funding provider to deliver their priorities by directing and obliging the organisation in receipt of the funding. While this can frustrate local government and does raise legitimate concerns about local governments ability to drive the local agenda (particularly if local priorities were to differ from central priorities) it is an approach which the council itself adopts in its role as funding provider to community and voluntary organisations and in its commissioning activity.

The evidence provided indicates that external funding is used primarily for additional, complementary services or to add value to what might be regarded as 'basic' service provision. However, there are some examples of reliance on external funding to provide mainstream services where there isn't capacity within existing budgets.

There is also some evidence of services struggling with basic infrastructure to support the delivery of schemes or activity funded from external sources. This is symptomatic of the fact that there are often hidden costs to the council's own resources associated with successful bids for external funds - it is not always possible, for example, to factor in the purchase of new desks, computers or other basic infrastructure because the conditions of funding do not allow for these costs to be included.

Interestingly, these difficulties are mirrored for local community and voluntary groups in their dealings with the council as grant provider - many voluntary groups struggle to access funding needed to support their core costs to enable them to deliver their principle activities.

The 'added-value' work undertaken by council services as a result of external funding brings significant benefits to communities in Kirklees, supports the council's community leadership role, and contributes to delivering against the council's and its partners' strategic agenda.

The panel received clear evidence that council services were using external grant funding to meet strategic aims. This seems to contradict the view held by some that the council bids for money simply because it is available (i.e. that the ideas come after the money). There are also some examples of the council turning down external funding - for example large capital bids - which could have distorted the council's capital and revenue programmes in the longer term.

Notwithstanding this, the panel does have some concerns and wants to stress the importance of having adequate risk assessment as part of the initial process before applying for funding, particularly in relation to short term projects. This should include clear exit strategies for time limited projects - something which has not happened in some cases in the past. The lack of a clear exit strategy creates a pressure to continue to have to fund a project. This then introduces a risk of activities continuing which may not be the highest priority for the council or our partners.

A similar logic applies in relation to the council's role as grant provider to community and voluntary organisations. In those areas traditionally considered as 'grant aid' (as distinct from services which the council commissions from others) the panel felt that the council does not always have a clear view on what it is buying with that resource. This can be because the grant support is historic and has been built up over a number of years.

The panel wish to emphasise the importance of having a clear set of detailed priorities for what needs to be done, which can then be implemented as and when opportunities for external funding arise. Having development plans with clear and focussed priorities in place should help to ensure that the council, and its partners, bid for what needs to be done rather than just because funding is available.

The panel recognise the significant efforts made by the service areas who gave evidence to this review in attracting external funding for the benefit of Kirklees residents and note examples of good practice in some service areas, e.g. the Environment Unit, in ensuring that externally funded initiatives are strategically planned and reflected in the service planning process.

However, the council needs to continue to develop its learning into practice and be clearer about how activities supported by external funding are mainstreamed or current mainstream services altered as a result of this learning. A potentially adverse effect of external funding is that it can distract attention and energy from these more substantial changes. It is not always necessary to spend more money or set up new initiatives to achieve a particular outcome or priority; you can sometimes have a far greater impact by redirecting the resources that we currently commit.

At area or ward level, the panel conclude that community driven planning to identify local needs and priorities of what should be happening at a local level is inconsistent (in part a reflection of the fact that some ward councillors are more proactive than others in supporting community organisations to access external funding and the fact that area committees are developing at different rates).

The panel conclude that the correct approach in principle is for communities to drive the process at a local level - i.e., that local needs and priorities should be community driven. However, this does not mean that activities need necessarily be delivered by the communities themselves - for example, it might be appropriate for communities to commission services from the council or other agencies. Area committees should play an important coordinating role in respect of external funding. The ideal model would be the appropriate combination of local area plans which could include analysis of what should be happening at a local level, but within a council-wide framework.

The panel expressed concerns that there is an over-dependence on community volunteers to deliver services which are beyond the council's capacity to deliver. Expectations of community groups can be too high and there is a need for more effective community development and support. This could include better access for the community to professional support and guidance within the council. There is also a tendency for some groups who have been able to gather the necessary skills and resources to become disproportionately successful at the expense of others, which might be addressed by infrastructure to support community development and reduce the impacts of differing levels of political engagement with community support activities. It was felt that better support to communities could increase the ability to draw in external funding to meet community needs.

There was evidence to suggest that in some instances the requirements imposed on community groups as a condition of funding (from either the council or externally) can steer groups away from what they initially set out to be. Funding is often not available to support day-to-day activities and there is also insufficient support to voluntary groups to assist in the process of

sourcing or applying for external funds. The panel feel that more could be done to provide appropriate support for volunteers, reduce the administrative burden placed on them, and provide access to council and partnership expertise in applying for external funding.

Concerns about local accountability of funding directed through partnerships

The panel have concerns over the large number of strategic partnerships, their accountability and the ability of representatives of partner organisations to influence mainstream service delivery within their respective organisations.

The panel have also considered the regional and sub regional dimension to external and ring fenced funding. A significant amount of funding is beginning to be steered through regional and sub regional routes, which has most of the characteristics of external funding. For example, Yorkshire Forward has a regional economic strategy and there is a West Yorkshire response to the regional economic strategy and a West Yorkshire Board, chaired by the Leader of Leeds Council, with leaders and various other non elected members, that effectively decides how resources in West Yorkshire for economic development should be allocated. Similarly, the Connexions Board for West Yorkshire decides how resources should be allocated and some health funding is available through the West Yorkshire Strategic Health Authority.

The panel considers that this could become more important if there is to be a regional assembly, in which case the relationship between region and local authority will become even stronger. A lot of resources, many of which might have come direct to us from Government in the past, could in future come via the regional assembly.

Difficulties caused by having a range of fragmented initiatives with different boundaries and criteria

Externally funded area based initiatives by their nature are restricted to those geographical areas which meet the criteria set by the funding provider - in the past this has centred largely on the socio-economics characteristics of an area, with more prosperous neighbourhoods being ineligible for investment.

As a result of this, some geographical areas have received a disproportionate level of external funding (although recently there has been a shift in emphasis

away from geographically targeted support and towards identifying communities of need).

Many services and partners were of the view that some of these funding gaps have resulted not necessarily because areas don't have any level of need, but because they don't meet the parameters of government external funding.

One example provided to the panel of where interventions are not provided in some areas where they are needed because of geographical constraints attached to external funding is the Toslon Museum. This falls just outside the boundaries of the DRAM area, but plays host to a number of activities that directly benefit residents of the DRAM area. (DRAM was a regeneration programme which ran from 1997-2004 in Dalton, Rawthorpe and Moldgreen, to the East of central Huddersfield).

The problems associated with sustaining initiatives started with short term funding

Some significant examples of activity currently supported by time-limited, external funding include:

- Youth offending and drugs action work, guaranteed until 2006 with future funding subject to the governments annual spending review
- Neighbourhood renewal funding continues until 2006
- Community Education and Regeneration is reliant on a number of short-term funding streams

The panel heard evidence that short-term funding brings with it a number of difficulties and concerns.

- Community expectations can be raised by delivering short-term, unsustainable initiatives
- It can be difficult to recruit and retain personnel for short-term projects

The panel also heard that external funding regimes can, in some circumstances, create community tensions with different groups bidding against each other for the same resources. There is a balance to be struck between the benefits of delivering a project for a short period of time and not running the project at all to avoid the disappointment of the project becoming no longer available.

The panel wishes to stress the importance of having a clear vision and good risk management in place in order to effectively manage the short term nature of external funding. They conclude that core investment needs to be put in place to ensure that external funding is accessed appropriately and is well managed - a vicious circle can be created if this resource is in itself funded from short term external monies. It is also considered that because such a

significant amount of external regeneration funding is due to end in 2006, efforts need to be put in place to manage the potential impacts.

The difficulty of managing coherent and coordinated programmes of work when resources are often short term and have to be drawn from a range of government departments with different criteria.

There are many areas of activity, across a number of council services, which are supported by a patchwork of external funding pots. Some examples include:

- Crime and disorder, youth offending and drugs action - these are partnership activities that rely on funding from a wide variety of sources, including mainstream budgets, specific allocated grant and bidding into pots across a variety of government departments
- Neighbourhood wardens - are supported by patching bids for funding together to provide a common service solution

One head of service noted that he has to separately monitor 26 cost centres because of external funding.

The Drugs Action Team used to source funding from 17 separate government funding streams (however, this has recently been rationalised to three, with the discontinuance of some streams and the merging of others).

The panel acknowledge that the direction of travel in central government is towards more streamlining and better coordination between different sources of funding, but note that there are still conflicting priorities, and differences in approach and processes at central government level.

The panel feel that the impact of this fragmented approach can be reduced if robust local plans are in place. However, better coordination at government level would help the council and local communities to be more coordinated in turn.

The administration and bureaucracy created to manage, monitor and audit short term initiatives.

In addition to issues of sustainability and managing expectation, concerns were expressed to the panel about the levels of bureaucracy attached to some external funding.

Last year 200 days of internal audit time (a cost of c. £40k) was spent on pre grant form evaluation prior to submission to the Audit Commission.

There has been a growth in external monies available to support economic development, including European Union funding. Some of the monitoring requirements attached to this funding are considered to be overly bureaucratic and represent a hidden cost in time being spent auditing, collecting additional information and record keeping.

It should be noted, however, that there can be benefits associated with the monitoring and evaluation of externally funded initiatives. For example, programmes on early year's education included bureaucratic regimes which required teachers to fill in performance predictions forms of education performance on a half-termly basis for individual children. While at the time, this was considered to be hugely bureaucratic, it has led to benefits in terms of predicting GCSE outcomes.

There has been a marked rise in the number of specific grants in recent years, and panel members are concerned about the impact of this on the audit regime and the effect on local government finance. In 1991/92 there were 40 government grant schemes audited by the Audit Commission; by 2002/03 this had escalated to 120 schemes.

The panel concludes that there is a need to simplify systems of validation in relation to external funding - (this applies equally to the council's role as funding provider to community organisations). There is also a need to ensure that partnerships do not result in unnecessary additional bureaucracy.

The panel supports recent moves to simplify audit regimes in respect of smaller grant claims and would like to see a continuing shift in emphasis towards auditing practical outcomes and results rather than detailed financial monitoring.

Other issues

As well as being the recipient of external funding, Kirklees Council also has a role as grant provider to local community and voluntary organisations - there are over 30 separate funding pots within the council. In addition, there has been an increasing emphasis on the council's role as commissioner of services rather than direct service provider.

The panel received evidence from voluntary sector representatives that many voluntary groups do not know how or where to contact to apply for funding.

The panel felt that council processes could be improved to reduce the bureaucracy associated with application and monitoring requirements. Kirklees as funding provider should have a single point of contact for all funding pots - the contact point would provide funding advice and support as well as a signposting service. Community Support Services could be an appropriate location for this.

Chapter 5

Next Steps

This ad hoc scrutiny review differs in nature from the majority of scrutiny investigations. Much of the work has been discursive and exploratory and panel members are grateful for the open, honest and informative contributions made by witnesses.

Because of the nature of the subject area the panel have resisted making direct recommendations to cabinet, or named individuals or organisations, preferring instead to highlight broad conclusions and learning points which will be of relevance to a range of individuals and organisations at local, regional and national level.

The report will be circulated with this aim in mind to, amongst others:

- Council
- Executive Management Group and council services
- Kirklees Cabinet
- Kirklees Partnership
- Local Government Association
- The Centre for Public Scrutiny
- The Office of the Deputy Prime Minister