

**CENTRAL DUDLEY AREA COMMITTEE - 13 JUNE 2006**

**PROCESS FOR AWARDING CAPITAL ALLOCATIONS**

**1.0 Applications**

- 1.1 Application forms together with an explanatory letter and a copy of the criteria are made available to applying organizations on request.
- 1.2 There are no time limits placed on these requests and applicants are informed that their completed applications will be submitted to the next available meeting of the Capital Allocations Working Group.
- 1.3 Missing or supplementary information is sought as necessary, prior to completion of the summary Report.
- 1.4 The importance of providing all the information requested is emphasized to the applying organization, especially evidence that it is properly constituted with competent financial management and that its primary purpose is assisting the community, not operating as a profit-making business enterprise.

**2.0 Summary Reports**

- 2.1 A summary Report on all current applications is prepared for the Capital Allocations Working Group with all supplementary information available if required.
- 2.2 The Working Group considers the Report and determines the appropriate recommendations to submit for approval to the next available Area Committee.
- 2.3 To protect the financial and business confidentiality of the applicant organizations, the Report is considered under the provisions of the Local Government Act 1972, specifically Paragraphs 5 & 7 of Part 1 of Schedule 12A, which thereby excludes the public from the meeting.
- 2.4 A Report summarising the recommendations of the Working Group is then submitted for the approval of the Area Committee.

- 2.5 Since the Working Group is not a Sub-Committee, it cannot make decisions on behalf of the Committee and so no capital grant can be awarded until the full Committee has approved it.

### **3.0 Composition of the Working Group**

- 3.1 It was agreed at the Area Committee of 3 October 2000, that the Capital Allocations Working Group may consist of one Member from each Ward, plus the Chair and Vice-Chair of the Committee, with additional Members as may be agreed.
- 3.2 This agreement is re-submitted to the Area Committee for approval at the beginning of each new municipal year, when this and other Working Groups are appointed.
- 3.3 The following officers will support the Working Group, as necessary: The Area Liaison Officer, an officer from Law & Property to provide legal advice, an officer from Democratic Services to provide committee support and an officer acting as grants administrator on behalf of the Area Liaison Officer, plus any other specialist officers that may be occasionally required.

### **4.0 Division of the Allocation**

- 4.1 It was agreed at the Area Committee meeting of 6 July 2000 and subsequently re-affirmed, that the normal total sum made available each year of £50,000.00 would be divided equally between the five Wards.
- 4.2 This allows each Ward to have £10,000.00 to allocate to any applicants from within its own Ward area, as its Members may see fit to recommend.
- 4.3 This agreement is re-submitted to the Area Committee for approval at the beginning of each new municipal year.

### **5.0 Amounts of individual Capital Allocations**

- 5.1 The earlier decision by the Area Committee in 6 July 2000 to restrict most capital grants to a maximum of £1,000.00 was changed on 3 July 2001 and further changed to a guideline amount of £2000 on 27 October 2003.
- 5.2 However, the Committee decided on 24 January 2006, that a guideline maximum amount need no longer apply, even though the guidance was always subject to the Committee's discretion as to the amount of any grant.
- 5.3 The current situation is that as long as a particular Ward has sufficient funds available to meet the requests, it may recommend any amount

that it feels is appropriate to the request. The figure of £2000.00 acts only as a guideline amount if the Ward has insufficient funds to meet all requests to it at a particular time.

- 5.4 The five Wards may jointly decide to fund a project /organization and thereby allocate any amount from their own budgets as they may so decide.

## **6.0 Monitoring and Control of Capital Grants**

- 6.1 The Area Committees have always had the right and the responsibility to monitor the use of their capital expenditure since these budgets were delegated to them, as outlined in the relevant Guidance and Codes of Best Practice.
- 6.2 Within Central Dudley Area Committee, it has been previous practice to make payment of the grant monies by cheque, once they had been approved by Area Committee.
- 6.3 Now, following discussions with the Head of Audit Services and other Area Liaison Officers in 2005, to ensure that CDAC was following Council policy, it has been established that the recommended practice is to require proof of the expenditure commitment before releasing the Committee's funding.
- 6.4 This is to ensure that the grant is used only for the purposes agreed by the Committee and that the procedures meet with all regulations regarding the disbursement of public monies.
- 6.5 Therefore a request will now be made to the organization for a certified invoice covering the cost of the goods or services being purchased or paid for against the capital grant being made.
- 6.6 For most applicant organizations this will pose no difficulty as they will be advised not to enter into commitments until the capital grant has been approved and then under normal commercial arrangements they will have 30 days to pay the invoice, thus providing sufficient time for the CDAC officer to examine it and release the agreed funding.
- 6.7 If an organization has different credit arrangements, then it may be possible for the Council to place the order with the supplier on behalf of the organization and to also pay the invoice directly.
- 6.8 If a capital grant is approved for works that are being carried out by another Directorate(s) of the Council, the current method of providing a budget code to them will continue, as they are subject to the same DMBC Financial Regime.
- 6.9 Where there is substantial expenditure involved, the Area Liaison Officer will instruct designated officers to examine by personal visit,

those tangible assets for which a grant has been awarded. Sometimes completion checks may be necessary or other monitoring activities.

- 6.10 To ensure that all applicant organizations understand the new requirements the covering letter that goes out with each application forms will fully explain those requirements. Also the form itself will have an additional section and the declaration altered to explain the position of the Council.
- 6.11 Notwithstanding the provision of written information, the personal assistance that is always offered to applicants by the grants administrator will continue to be readily available.