

## **Item: 14**

**Policy and Resources Committee: 22 June 2021.**

**Third Party Funding Applications Framework.**

**Joint Report by Executive Director of Development and Infrastructure and Head of Finance.**

### **1. Purpose of Report**

To consider a draft framework that would allow the Council to submit applications on behalf of community organisations to funding schemes that are open only to local authorities.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That, on 24 November 2020, the Policy and Resources Committee recommended:

- That the Executive Director of Development and Infrastructure and the Head of Finance should develop a draft framework that would allow the Council to submit applications to funding schemes available only to local authorities on behalf of community organisations.
- That the Executive Director of Development and Infrastructure and the Head of Finance, should submit a joint report, to a meeting of the Committee no later than June 2021, presenting the draft framework referred to above.

**It is recommended:**

#### **2.2.**

That the Third Party Funding Applications Framework, attached as Appendix 1 to this report, be approved.

#### **2.3.**

That powers be delegated to the Community Development Fund Sub-committee to determine requests to the Council to submit funding applications on behalf of a third party.

## **3. Background**

### **3.1.**

There are a number of grant funds to which only local authorities or partnerships involving local authorities can apply and, conversely, there are funding streams only available to community organisations, which could potentially be accessed as match funding.

### **3.2.**

As evidenced by a number of enquiries, there is an identified opportunity to create an enabling environment that supports community organisations to develop projects which foster investment and innovation and may not otherwise be developed. Moreover, there is an opportunity to facilitate community empowerment, improving local outcomes and also building resilience as Orkney recovers from the impacts of the COVID-19 pandemic.

### **3.3.**

Other local authorities have processes in place to enable them to apply for funding on behalf of third parties.

### **3.4.**

On 24 November 2020, when considering whether to develop a framework, the Policy and Resources Committee recommended:

- That the Executive Director of Development and Infrastructure and the Head of Finance should develop a draft framework that would allow the Council to submit applications to funding schemes available only to local authorities on behalf of community organisations, and
- That the Executive Director of Development and Infrastructure and the Head of Finance, should submit a joint report, to a meeting of the Committee no later than June 2021, presenting the draft framework referred to above.

### **3.5.**

The draft framework is summarised in section 4 below and presented in full at Appendix 1.

## **4. Proposed Framework**

### **4.1. Funding Criteria**

In addition to satisfying the funder's criteria, third party applicants to any external funding scheme would be required to demonstrate alignment with Council priorities and/or objectives.

## **4.2. Funding Conditions**

In addition to the funder's conditions, third party applicants to an external funding scheme will be subject to compliance with the Council's standard grant terms and conditions, attached as Appendix 2 to this report.

## **4.3. Application Process**

The application process will be completed in six stages, as outlined below, with further detail contained in the Framework attached as Appendix 1 to this report.

- Stage 1: Assessment of eligibility.
- Stage 2: Performance of due diligence.
- Stage 3: Consideration by Sub-committee.
- Stage 4: Submission of approved application.
- Stage 5: Offer of grant.
- Stage 6: Ongoing monitoring and reporting.

## **4.4. Governance**

### **4.4.1.**

The purpose of the Framework is to increase access to grant funding for community organisations. As the Community Development Fund Sub-committee currently considers applications for funding from the Community Development Fund, it is proposed that authority be delegated to that Sub-committee to determine requests to the Council to submit expressions of interest or funding applications on behalf of community organisations.

### **4.4.2.**

Should the Council determine that powers be delegated to the Community Development Fund Sub-committee for this purpose, the Scheme of Administration will require to be amended to reflect the additional delegation.

### **4.4.3.**

As well as reporting on the outcomes of third-party funding applications submitted, the Executive Director of Development and Infrastructure will report progress on all projects that have been processed via this framework.

## **5. Corporate Governance**

This report relates to the Council complying with governance and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **6. Financial Implications**

### **6.1.**

The principal reason why the Council would wish to establish a framework to submit applications on behalf of community organisations to funding schemes that are only open to local authorities is to widen the possible funding routes for local projects and maximise external funding opportunities.

### **6.2.**

There are potential financial risks associated with accessing funding on behalf of third party organisations with the most obvious risk that of default on the grant conditions by the third party, leaving the Council liable for repayment of the grant. It is therefore very important when submitting a grant application on behalf of a third party to establish at the outset what the substance of the relationship is between grant funder, local authority and scheme beneficiary, including for example who the principal party is in the contractual arrangement with the grant funder and what the nature of the transactions between each entity are.

### **6.3.**

An administrative burden will be established with each successful grant application made on behalf of a third party. The Council will require to effectively manage the project and deal with grant funders over the life of the project as if it were a Council project until the grant conditions are fully discharged. The grant conditions may persist for a number of years.

## **7. Legal Aspects**

### **7.1.**

The grant conditions for each funding scheme will require to be checked prior to making an application, to ensure that there is no prohibition on passing the funds to a third party.

### **7.2.**

To claim grant monies, whether or not on behalf of a third party, the Council will be required to adhere to the funder's grant conditions.

### **7.3.**

The Council's position will require to be protected by the third party entering into an agreement on terms satisfactory to the Council before the Council enters into any agreement with a funder in respect of grant monies.

## **8. Contact Officers**

Gavin Barr, Executive Director of Development and Infrastructure, Email [gavin.barr@orkney.gov.uk](mailto:gavin.barr@orkney.gov.uk)

Gareth Waterson, Head of Finance, Email [gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk).

Roddy MacKay, Head of Planning, Development and Regulatory Services,  
Email [rodny.mackay@orkney.gov.uk](mailto:rodny.mackay@orkney.gov.uk).

Jackie Thomson, Development and Regeneration Manager, Email  
[jackie.thomson@orkney.gov.uk](mailto:jackie.thomson@orkney.gov.uk).

Christie Hartley, Volume Tourism Development and Management Officer, Email  
[christie.hartley@orkney.gov.uk](mailto:christie.hartley@orkney.gov.uk).

## **9. Appendices**

Appendix 1 – Proposed Third Party Funding Applications Framework.

Appendix 2 – Grant Funding Conditions.

## Appendix 1.

# Third Party Funding Applications Framework

## 1. Purpose

This third party funding scheme enables legally constituted community organisations to seek access to grant funds to which only local authorities or partnerships involving local authorities can apply. In doing so, the scheme harnesses the opportunity to create an enabling environment that supports community organisations to develop projects which foster investment and innovation and may not otherwise be developed. Moreover, it aims to facilitate community empowerment, improving local outcomes and building resilience.

## 2. Funding Criteria

In addition to satisfying the Grant Funder's criteria, third party applicants to any external funding scheme must demonstrate alignment with Council priorities and/or objectives. The Council will support third party applications for grants up to a maximum of £1,000,000 for a single project.

## 3. Funding Conditions

In addition to the Grant Funder's conditions, third party applicants to an external funding scheme are subject to the Council's own standard grant terms and conditions.

## 4. Application Process

### 4.1. Stage 1: Assessment of eligibility

Details of the third party funding scheme are set out on the Council's website, including (but not limited to) the Council's standard grant conditions, application process and requirements, and interested community organisations are advised to contact the Council to discuss their prospective application and determine eligibility for the scheme.

The responsible Council Officer will check the grant conditions of the relevant funding scheme to ensure that there is no prohibition on passing on the funds to a third party. They will also assess the proposed project against the funding scheme's criteria as well as conduct initial due diligence checks on the applicant's legal and financial status.

### 4.2. Stage 2: Performance of due diligence

Eligible applicants are provided with a timetable for the third party funding scheme's application process in alignment with the relevant fund's submission deadline(s), and asked to complete a checklist of tasks such as completing a draft application for the relevant fund, evidencing match funding, detailing project management and obtaining pre-planning advice (if applicable), for example.

The responsible Council Officer will liaise with the Grant Funder who will forward a draft application for feedback. Once the funding application is finalised and the checklist tasks completed, the Council Officer will prepare a report for the Sub-committee (detailed in section 5 below) via the prescribed committee reporting process.

### **4.3. Stage 3: Consideration by Sub-committee**

The Sub-committee will consider the third-party application and determine whether it meets the criteria and conditions for the Council's support.

In the case of a negative outcome, applicants will be provided with the rationale for the decision in writing.

### **4.4. Stage 4: Submission of approved application**

The responsible Council Officer will submit the approved application and liaise with the Grant Funder and the Applicant should there be any queries.

The decision of the Grant Funder when received will be notified to the Applicant.

In the event of a two-stage application process or pre-submission of an expression of interest, and subsequent approval by the Grant Funder to proceed to the next stage in the application process, Stages 2, 3 and 4 above are repeated.

### **4.5. Stage 5: Offer of grant**

Upon a successful outcome to the application, the responsible Council Officer will inform the third-party organisation as well as relevant officers in the Council's Finance and Legal services.

To claim grant monies, the Council will be required to adhere to the Grant Funder's grant conditions and the third party is, in turn, required to comply with the Council's conditions. The third party must enter into an agreement on terms satisfactory to the Council before the Council enters into any agreement with a funder in respect of grant monies.

### **4.6. Stage 6: Ongoing monitoring and reporting.**

As prescribed by the grant funding agreement, the third party will complete claim forms, project update reports and any other paperwork required by the Grant Funder and the Council. The responsible Council Officer will coordinate submission of relevant documentation to the Grant Funder and the Council's Finance service as required.

## **5. Governance**

In accordance with the Council's Scheme of Administration and subject to the limitations and conditions stated therein, the Community Development Fund Sub-committee has delegated authority to determine requests to the Council; to submit expressions of interest; or funding applications on behalf of a third party.

The Sub-committee will meet as required to consider third-party funding applications, allowing submissions to be determined within the, often tight timelines set by funders.

At each meeting of the Sub-committee, a monitoring report will be submitted to advise of the outcomes of third-party funding applications submitted and to report progress on all projects that have been processed via this framework.

**Conditions Incorporated into the  
Attached Application for Grant Funding  
from Orkney Islands Council**

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| <p><b>1. INTRODUCTION</b></p> <p>1.1 The Council is the grantor, the applicant is the grantee.</p> <p>1.2 If successful the grantor will pay to the grantee the grant in pounds sterling as detailed in the letter of award .</p> <p>1.3 The funding will be used for that purpose and for no other purpose whatsoever.</p> <p>1.4 These conditions must be complied with.</p> <p>1.5 In the event that the conditions are not complied with the grantor will be entitled to cease payment and recover the grant paid, in whole or in part, the option to be exercised at the sole discretion of the grantor.</p> <p><b>2. PERIOD OF GRANT FUNDING CONDITIONS</b></p> <p>2.1 The grant funding will be for the period detailed, unless terminated earlier in accordance with the provisions of Condition 5 below.</p> <p><b>3. GRANTEE'S OBLIGATIONS</b></p> <p>3.1 The grantee shall retain accurate and detailed records of the use made of the grant to demonstrate how it has been expended in accordance with the grant conditions.</p> <p>3.2 The grantee will ensure that adequate employers liability insurance is held by them and personal accident insurance for their staff and/or any volunteers. Any buildings, contents or vehicles used in connection with the delivery and implementation of the subject matter of this application will be fully insured and the grantee will, on request, provide evidence of such insurances demonstrating that all such cover has been effected and all due premiums have been paid.</p> <p>3.3 The grantee will maintain an adequate and robust complaints procedure which details the procedure for receipt of, and investigation of complaints; the number of complaints received, how they are progressed and the outcome of said complaints.</p> <p>3.4 The grantee will adhere to the principles of the equal opportunities, equalities and anti discrimination legislation and, if applicable, have the relevant policies in place.</p> <p>3.5 All staff are to be suitably trained, qualified and experienced to provide, deliver and implement this grant application competently and effectively. The provision, delivery and implementation will be undertaken in a timely and efficient manner.</p> <p>3.6 At no time will the grantee's employees/volunteers be deemed to be employees or agents of the grantor nor will they so hold themselves out to be. The grantee will at all times be responsible for and liable for the actions of their staff and/or volunteers and shall indemnify the grantor in respect of any claims arising from the actions of the grantee's staff and/or volunteers.</p> | <p>3.7 All documentation and information received by the grantee during and in connection with the delivery, implementation and performance of this Agreement from the grantor shall be held in confidence. Such documents and information shall not be disclosed by the grantee or the grantee's agent(s) to any other person without the prior written consent of the grantor unless the grantee is under a duty in law, by order of court or a statute to disclose. If that situation arises the grantee will advise the grantor within twenty four hours of the request to disclose having been received by the grantee. The provisions of this Clause will survive termination of this Agreement.</p> <p>3.8 The grantee will not assign or sub-contract the delivery, implementation and performance of this application or any part of their obligations without the prior written approval of the grantor.</p> <p>3.9 The grantee will comply and co-operate with any inspection, monitoring or evaluation process required by the grantor to allow the grantor to effectively monitor and evaluate the grantee's performance and compliance with the letter of award.</p> <p><b>4. RESOLUTION OF DISPUTES</b></p> <p>4.1 If any dispute arises between the parties in respect of the award and the conditions thereunder that will be referred to the Council's Director of Finance and Housing to resolve and his decision shall be final.</p> <p><b>5. TERMINATION</b></p> <p>5.1 The grantor may terminate the grant funding herein provided for if the grantee:-</p> <p>5.1.1 Becomes apparently insolvent or goes into liquidation, whether voluntary or otherwise (other than a voluntary liquidation for the purposes of amalgamation or reconstitution provided that the Council have consented in writing to the amalgamation or reconstitution);</p> <p>5.1.2 Commits a serious breach of its obligations in terms of the conditions of grant funding;</p> <p>5.1.3 Persistently fails, after a reasonable period of notice has been given, to operate, deliver and implement the conditions of grant funding in accordance with the terms hereof;</p> <p>5.1.4 Passes a resolution for voluntary dissolution including where wind up due to the failure of its objects;</p> <p><b>6. MONITORING AND REVIEW ARRANGEMENTS</b></p> <p>6.1 The grantee will adhere to and follow the principles detailed in the joint Code of Guidance on Funding External Bodies "Following the Public Pound" issued by CoSLA and the Accounts Commission for Scotland on 24 May 1996 together with any revisions thereof or updates thereto.</p> <p>6.2 The monitoring and review arrangements includes the right of the grantor to attend at the premises of the grantee, or place with the grantee books, records,</p> |
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receipts, reports and related financial accounting and monitoring information. They would be entitled to:-

- 6.2.1 inspect, copy, extract, record and retain in such manner as deemed necessary by them;
- 6.2.2 to allow effective monitoring and review of the operation; to assess the implementation and delivery of the grant funding; and
- 6.2.3 to ensure the conditions attached to the grant funding have been undertaken.

6.3 Except in the case of emergency the grantor will provide the grantee with not less than forty eight hours notice of such an inspection upon the grantee's premises and/or where the records are stored.

6.4 The grantee will, without being further requested to do so, submit a financial and quality monitoring report in accordance with the letter of award.

6.5 The grantee will be responsible for the overall monitoring of the operation of, delivery of and implementation of the grant.

6.6 The grantee will continuously monitor, review and assess the nature and quality of the work performed, identify and address as soon as practicable any shortcomings identified.

6.7 The grantee will actively involve staff, volunteers and users in the monitoring and evaluation exercises including recording and acting upon the reviews where appropriate. Complaints and the manner in which they are responded to and resolved will form part of the monitoring process. The grantors and/or its auditors will have the same access and rights to those records as those specified in Clause 6.2 above.

## **7. DEFINITIONS AND INTERPRETATION**

7.1 In this Agreement personnel of the grantee means employees, agents, representatives and volunteers of the grantee.

## **8. NOTICES**

8.1 Any notice from either party to the other party will be in writing and delivered to the addresses detailed in the application including email.

8.2 Any notice to which either party is required to give or make to the other party shall be given made either by post in a prepaid letter or by email or by facsimile transmission.

8.3 That letter will be deemed to be delivered two days after the date of posting, or four hours, after receipt of a successful send receipt for an email or facsimile transmission.

## **9. DATA PROTECTION**

9.1 Both parties understand that the grantor and the grantee are subject to the Data Protection 1998 ("the DPA") and each party agrees to abide by their obligations thereunder.

9.2 The obligations incumbent upon the grantor and grantee shall remain in force notwithstanding that either party

shall have waived or released temporarily any such obligation.

9.3 The parties hereby consent to information sharing to facilitate the delivery and implementation of the grant and the grantee has or will obtain the necessary consent from its users insofar as it is required to do so to ensure compliance with the provisions of the Data Protection Act 1998.

## **10. FREEDOM OF INFORMATION**

10.1 Both parties understand that grantor is subject to the Freedom of Information (Scotland) Act 2002 and therefore may be required to make information relating to this grant publicly available.

## **11. DISCLOSURE**

11.1 If applicable, in terms of the Rehabilitation of Offenders Act 1974 and the Rehabilitation of Offenders Act 1973 (Exclusions and Exemptions) (Scotland) Order 2003 (the "ROA Legislation"), the grantee shall obtain appropriate Disclosure Scotland checks in respect of any staff and volunteers engaged in such applicable activities.

11.2 The grantee shall take account of the results of Disclosure Scotland checks when making recruitment decisions and shall conduct a risk assessment to assist in making such decisions.

11.2.1 To ensure compliance with the above the grantee shall record the following information and shall disclose this information to the Council on request:-

- 1 the numbers of disclosures undertaken in relation to staff and/or volunteers in any particular time period;
- 2 the type of disclosure;
- 3 the recruitment decisions taken; and

11.2.2 The grantee shall record the fact that a risk assessment has been undertaken and shall on request from the grantor disclose that record to it.

## **12. JURISDICTION**

12.1 This Agreement shall be governed by and construed in accordance with the Law of Scotland the parties hereby prorogate the exclusive jurisdiction of the Courts in Scotland.

12.2 The parties hereto consent to registration of this Agreement and of any certificate issued thereunder for preservation and execution.