

Loans and Grants Scrutiny Review – Interim Report

Background

1. In January 2013 the Corporate & Scrutiny Management Committee Members considered a scrutiny topic submitted by Cllr Healey and Cllr Runciman on how loans/grants from CYC to outside organisations were being monitored. The topic was submitted as a result of the collapse of the North Yorkshire Credit Union, for which the Committee were informed there was an ongoing investigation.
2. The Committee agreed they would like to receive an update on the results of the investigation into the collapse of the North Yorkshire Credit Union, on its completion. However, they agreed the focus of the scrutiny review should be to look forward to provide guidance on best practice for monitoring future grants/loans provided by the Council.
3. On that basis, the Committee agreed to proceed with the review and set up a Task Group to carry out the review on their behalf.
4. An initial meeting of the Task Group held in March 2013 reviewed a list of current grants and loans made by the Council. It was established that the issuing of loans and grants was not overseen by Corporate Finance and in most cases the decision was taken at Directorate level with no central record of all the loans and grants made each year, other than the information recorded on the Financial Management System.
5. The Task Group selected a cross section of grants and loans for further analysis and scrutiny. The table below sets out the grants and loans chosen:

Description	Original value of loan or grant	Grant or Loan	Current amount of loan outstanding
Bike Rescue	30,000	loan	22,443.36
Codebreaker Ltd	2,100	loan	2,100
York Homestart	26,636.85	grant	n/a
Homelessness Strategy	325,927.78	grant	n/a

Parenting Commissioning Programmes	2,500	grant	n/a
Warm Homes, Healthy People	15,491.25	grant	n/a

Information Gathered

6. This report examines each of the individual grants and loans selected for further scrutiny, giving further details of:
 - What the grant or loan was seeking to achieve
 - Outcomes that were set when the grant or loan was agreed and whether or not they have been achieved
 - Who authorised the payment and how the Council decided whether to give a grant or a loan in each circumstance
 - The repayment terms for the loan, whether interest was charged and what happens if the organisation defaults on the loan
 - What assessment of risk was completed at the time of agreeing the grant or loan

7. Bike Rescue
This loan was provided to the Bike Rescue Project in March 2010. The full reasons for the loan are outlined in the report to Cabinet on 2nd March 2010, but in summary it was to cover a shortfall in funding to convert a former electricity sub station into a secure cycle park at Lendal Bridge. The total project cost was £300k of which £270k was funded through the Local Transport Plan.

8. The Cabinet report provided a full analysis of the potential risks and how these would be mitigated. It also sets out the reasons for offering a loan rather than a grant.

9. The loan is being repaid on a monthly basis, with interest being charged at 4.43%. It is monitored by Property Services who are in regular contact with Bike Rescue.

10. Codebreaker Ltd
The loan was originally awarded in May 2007 as part of the Council's 2006/07 support to Voluntary and Community Organisations and was approved by the service manager at that time. The loan was to help with the cost of attending a Rugby Festival in France on the basis that it provided benefit as a cultural exchange and would secure the future of French teams travelling to York in future years. The monitoring arrangements included measures to identify the number of children

participating in sport and the diversity of the teams participating in local tournaments.

11. The organisation signed a loan agreement agreeing to repay the loan in 3 instalments over a 9 month period meaning the loan should have been repaid by February 2008. However, the organisation defaulted on the loan and the Council has not been able to recover the outstanding payments. The loan was written off in November 2012.
12. York Homestart
Homestart is a family support charity which works with families and children providing preventative early intervention work to reduce the risk of children becoming looked after. This activity is an integral part of the Council's multi agency strategy of Keeping Families Together and this provider works with CYC Children's Services under a funding agreement / SLA to deliver this. All SLA's for 2013/14 are currently being reviewed by the Directorate.
13. In terms of monitoring, a CYC employee is on the governing board and all payments made are authorised by the Assistant Director.
14. Homelessness Strategy
The Homelessness Strategy grant is a national programme funded by the Department for Communities and Local Government. The funding covers a wide range of projects, some of which are Council run, or internal, services, as summarised in the following table.

Summary of Homeless Strategy Grants	£
Bond Guarantee Scheme - INTERNAL	5,000
Nightstop - SASH	15,000
Foundation - Youth HL worker	17,448
Howe Hill YP Hostel - INTERNAL	26,000
Mortgage Rescue Post - INTERNAL	15,000
Mortgage Rescue Cases	15,000
Single Access Point - INTERNAL	18,000
Yorhome - INTERNAL	20,000
CAB Housing and Debt project	35,500
Peasholme Charity (resettlement centre)	91,019
Salvation Army Early IPT	87,992
Salvation Army -travel warrants	5,000
Keyhouse - legal assistance	5,000
meeting and training	1,200
IDAS multi-agency training	500
Severe weather	700

Homeless strategy consultation	1,500
Elderly persons leaflet / road show	300
Housing Options Worker - INTERNAL	28,000
Total	388,159

15. Overall, the purpose of this funding is to help achieve the Council's statutory duty to the homeless. The grant was originally paid as a rough sleeper grant which was subsequently merged into a homeless prevention grant. Grants are given to various internal and external organisations to provide services that will either prevent homelessness or are directly provided to those customers who are homeless. The services provided are directed through law, Department of Communities & Local Government directives and locally by the Homeless Strategy as approved by Cabinet.
16. The main emphasis of the funding has been to reduce the number of rough sleepers and reduce the numbers of homeless living in temporary accommodation. Reports are provided to Cabinet annually to report progress and recent reports show success in both these areas. In addition, homelessness statistics are provided to Government on a quarterly basis to monitor progress and services are required to submit quarterly reports setting out the numbers of people accessing services.
17. The performance of all projects is monitored regularly and in 2010/11 this process picked up some concerns regarding the vulnerability of the CAB Bond Guarantee Scheme due to reliance on 1 staff member (e.g. at times of absence) and cost saving exercise. As a result, and following discussion with CAB, the decision was made to provide service in house and the grant funding was released to support new initiatives in Young Persons accommodation.
18. Parenting Commissioning Programme
The funding concerned is given to Relate for the 'Delivering the Storm' programme for parents of teenagers. The programme covers a need identified, in partnership with community colleagues, for sex and substance misuse education for parents of teenagers. The programme is an option for faith schools as it is perceived to focus more on relationships than 'activities'. It therefore supports the equalities agenda.
19. The funding covers 2 programmes each working with up to 20 parents. It is financially bench-marked against other parent programme delivery and is verified as delivering good value.

20. The multi-agency Parenting Steering group, which comprises local partners and providers, is consulted on the funding. The delivery partner is recognised as having particular skills and experience in this particular element of support.
21. The funding is approved by the Strategic Planning and Commissioning Manager and Parenting Programme manager under CYC financial regulations. There is an SLA for the funding.
22. The programme is monitored in the following ways
 - for content initially, it is a nationally recognised programme, delivered by a nationally recognised voluntary organisation
 - for take-up through reports on attendance
 - for effectiveness through reports from the schools involved (3rd party evaluation).
23. This close monitoring minimises risk to council along with payments being made in arrears. Identification of poor delivery would lead to measures to improve or curtail future delivery.
24. Warm Homes, Healthy People
The Warm Homes, Healthy People grant is a national programme funded by the Department of Health.
25. This grant has 2 key aims;
 - Increasing the capacity of the existing First Call Age UK 50+ (FC50+) signposting and information service.
 - To build on the network of community volunteers within the city to ensure older residents stay safe, healthy and warm by signposting to the FC50+ service.
26. There were conditions attached to the funding provided, including:
 - Ensure all care agencies, statutory & voluntary partners and community networks are aware of the 'Get Ready for Winter' checklist with a specific aim to distribute 1000 check lists.
 - Minimum of 100 Free Home Energy Audits provided to older and vulnerable people.
 - Provide and publicise checklist and contact list.
 - Increase hours of FC50+ service during extreme weather.
 - The provision of:
 - A vital shopping service, prescription collection, general monitoring and support to engage services of plumbers, etc.
 - 100 emergency packs.

- 25 emergency heaters on short term loan if boiler breaks down.
- Emergency fund to provide small loans to enable boilers to be repaired quickly.

27. The delivery is monitored by regular meetings with Age UK and specific information is provided on the targets outlined above. The allocation of the funding is agreed by a panel including representatives from Public Health, Neighbourhood Management and the Yorkshire Energy Partnership.

Analysis

28. Due to the wide variety of projects and schemes that are funded by grants or loans, it has not been possible to see any common or recurring themes. However, the process of completing the analysis for this Task Group has highlighted some areas for improvement in the recording of these items. There have been some instances of incorrect coding and this has prevented a comprehensive list being readily available directly from the finance system. The finance team is reviewing this in more detail to allow any errors to be rectified and a common approach will be agreed in future to enable a clearer and more transparent picture of grants and loans issued by the council.

Implications

29. Implications associated with the recommendations arising from this review will be identified and included in the Task Group's draft final report, once the Task Group have agreed the recommendations they wish to propose to the Corporate & Scrutiny Management Committee.

Council Plan 2012-15

30. Whilst the review does not directly support any of the priorities within the Council Plan, the work of the review will help to ensure that the Council is effective in its financial monitoring of loans and grants it gives, which in turn supports the work of external businesses, community groups, charities and other organisations.

Risk Management

31. The risk to the Council of not effectively monitoring the allocation of loans and grants and their outcomes, could result in some not achieving the outcomes that were set when the grant or loan was agreed, and/or loan repayment terms not being met.

Recommendations

32. Having considered the information contained within this report, the Task Group are asked to agree:

- i) What if any additional information is required to progress the work on this review
- ii) dates for any further meetings required

Reason: To progress the work on this review in line with scrutiny procedures and protocols.

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	Report Approved	✓	Date 10 May 2013
Wards Affected: All			
For further information please contact the authors of the report			

Background information:

Lendal Bridge Cycle Hub Station Cabinet report of 2nd March 2010
Homeless Strategy 2013-18 Cabinet report of 5th March 2013