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MEETING	LOANS AND GRANTS SCRUTINY REVIEW TASK GROUP
DATE	20 MAY 2013
PRESENT	COUNCILLORS STEWARD (CHAIR) AND RUNCIMAN

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## 1. **DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal interests, not included on the Register of Interests, or any prejudicial or disclosable pecuniary interests they may have in respect of business on the agenda. No additional interests were declared.

## 2. **PUBLIC PARTICIPATION**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Gwen Swinburn made reference to a number of recent grants/loans made by the authority to third sector organisations. In particular that made by Cabinet in October 2012 to Science City York to develop a comprehensive package of development and support activities for innovation in the council and the city. Concern was expressed at the lack of metrics provided to support these projects with insufficient information on inputs/outputs. Only following Freedom of Information requests had some partial service level agreement information been provided. Further concern was expressed that with the large sums of money involved the authority should require key deliverables to ensure fulfilment of Council Plan goals. It was pointed out that the Task Group had an opportunity to develop protocols and format standards for the provisions of all future loans and grants.

### **3. LOANS AND GRANTS SCRUTINY REVIEW - INTERIM REPORT**

Consideration was given to an interim report of the Loans and Grants Scrutiny Review Task Group, which had been prepared following a topic put forward by Cllrs Healey and Runciman to scrutinise how loans/grants from CYC to outside organisations were being monitored.

It was confirmed that the Group had primarily selected a cross section of grants and loans for further analysis and scrutiny, with the following being chosen, further details of each being set out in the report at paragraphs 5 to 27:

- Bike Rescue
- Codebreaker Ltd
- York Homestart
- Homelessness Strategy
- Parenting Commissioning Programmes
- Warm Homes, Healthy People

An additional briefing note in respect of the Codebreaker loan was circulated at the meeting, a copy of which had been attached to the online agenda. The note provided answers to questions previously raised by the Task Group in relation to company contact and subsequent debt recovery procedures.

The Chair referred to the apparent inconsistencies found between departments in relation to the provision of loans and grants. This had highlighted the need for a common approach and standards for dealing with loans and grants which included their recording. He thanked the earlier speaker for her helpful comments and suggestions which he confirmed would be taken into account by the Group.

The Scrutiny Officer confirmed that sign off levels were already in place for Finance Managers across the Authority, as set out in the Constitution.

Members questioned the level of interest rates and review dates in place for the various grants and loans made.

A CYC Finance Manager outlined the existing criteria in place for dealing with applications for grants and loans across the Council, including how decisions were taken. He confirmed that

from a financial aspect work could be undertaken to tighten up control over these payments. Interest rates were reviewed annually and/or amended throughout the term of the loan, with there being a number of different rates which were reviewed mid term. He confirmed that there should be no inconsistencies between departments as all should be following the same process.

Following further lengthy discussion the main points raised were:

- Reference was made to some of the excellent work carried out by a number of bodies in receipt of grants and loans from the authority. However monitoring was required to ensure consistency e.g. CYC representation on the Board with a remit.
- Quality of service level agreements, consistent approach required to ensure quantitative objectives
- Questioned whether grants/loans was an area for central control.
- Responsibility for review at the end of the loan e.g. Parish Council loans require a report back in 6 months and confirmation that the body had achieved what it had set out to do.
- File note to check payments made, in order to provide accountability.
- There was no wish to complicate or require unnecessary paperwork from bodies receiving small grants/loans made by the authority.
- Standardisation of Service Level Agreements (SLA's), legal checks etc
- Reiterated unanimous agreement that further examination of the North Yorkshire Credit Union (NYCU) collapse would not assist this review.
- Confirmation that lessons had already be learnt from the NYCU with the Corporate Finance Manager now on the Board of the South Yorkshire Credit Union reporting to Cabinet.

It was subsequently agreed that further information was required on:

- The application process for grants and loans made to the authority.
- Interest rates and how these were set
- Risk Assessments and how they were made

- SLA's, standards, quality and the criteria that was applied – at what level were these prepared and any templates
- How applications for loans and grants were assessed
- Inputs/outputs, in the form of detailed proposals and proposed outcomes to enable monitoring to take place
- Debt recovery procedures, including disputes.  
Confirmation received that updated financial procedures were now in place in this area.
- Examination of good practice in departments
- If Finance were aware of good practice, standards, procedures in other authorities
- Need to ensure that any agreements which referred to other documents e.g. performance management that they were attached as an appendix to any agreement
- Default information on grants/loans generally.

In answer to a request that the Task Group should retain its existing membership, following Annual Council, the Scrutiny Officer confirmed that, if an existing Task Group member was not subsequently appointed to the Corporate and Scrutiny Management Committee, a precedent had been set that the member could remain on the Group to complete the review, if they had been one of the members who had originally registered the topic.

- RESOLVED:
- i) That the additional information set out above be requested for consideration at the next meeting to progress the work of the review.
  - ii) That the next meeting of the Loans and Grants Task Group be arranged for Tuesday 18 June 2013 at 5pm, subject to the availability of Cllr Potter.

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

Cllr C Steward, Chair  
[The meeting started at 5.00 pm and finished at 6.00 pm].