

Midlothian Council Grants – Transition Fund**Report by Eibhlin McHugh, Joint Director Heath & Social Care****1 Purpose of Report**

The purpose of this report is to provide members with information on both the decision making process and financial governance in relation to the allocation of grants under the Transition Fund.

2 Summary of the Transition Fund

Council undertook a review of its grants schemes in 2014, culminating in a report to Council in June 2014 setting up a new grants system, and a report in December 2014 accepting recommendations arising from the new system. The changes had an immediate effect on some organisations including the risk of redundancy for staff. In order to mitigate this risk, existing grant applicants were invited to apply to the Transition Fund, a short term one – off funding element of the Voluntary Sector Grants Scheme approved by Council in June and December of 2014 as part of the new grants scheme.

The simple criteria for application was that the organisations had already received or had applied for council grant support and that their funding was coming to an end and they had staff employed who would as a result be made redundant. The applicants had to demonstrate the requirement for short-term funding for essential staff costs and provide evidence both of existing staff facing redundancy and of the funding applications to other funding streams that had been submitted.

3 Assessment and Scoring

Elected members at the March Council meeting requested further details on the scoring of applications, as the last funded project score was not significantly above that of the only project refused funding.

Given the purpose of short term bridging and the requirement for evidence of alternative applications having been submitted, the unsuccessful project was not recommended for support as the timing of the end of their current grant is not until December 2015. The organisation is also commissioned by the council to provide services and receives substantial financial support through this mechanism.

The final successful project achieved lower scores than others as the judgement was that the impact on the overall organisation of loss of the single project and posts associated with this was less than the impact on other applicants where closure overall or of large parts of organisations was the consequence. Scores by the panel were comparative and did not reflect a judgement of worth of each agency, but considered the extent to which the transition fund criteria were met.

4 Resources

Elected members also raised concerns at March Council regarding the use of former Fairer Scotland funds to increase the amount available in the Transition Fund.

There was £32,000 set aside as part of the grants review process for the Transition Fund, this was only available as a one off amount for 2015/16. In addition to this budget allocation arising from the Grants Review, underspends within the 2014/15 Former Fairer Scotland Fund (FFSF) grant budget, were used to increase the Transition Fund. The total amount of £46,000 was diverted from both FFSF and staffing underspends in the Communities Team associated with staff posts unfilled during the current service review. The Councils Financial Directives provide for this, allowing Chief Officials to divert money from one operational head of their revenue budget to another with authority to approve such operational virements resting with the Head of Finance and Integrated Service Support.

The Leader of the Council was briefed on this decision.

4.3 Policy

Strategy

This report completes the process of reviewing the Council's grants system as set out in reports submitted in June and December 2014.

Consultation

The grants system review was undertaken jointly with representatives of the voluntary sector; however the voluntary sector withdrew from the process when the recommendations of the joint review were not accepted by Council in June 2014.

Equalities

The equality impact of the grants review has previously been reported, the Transition Fund was established to ensure short term assistance to mitigate the impact of reductions in funding and sustain services provided by voluntary groups to the community, including members of protected characteristics groups.

Sustainability

The intention of the Transitions Fund was to support organisations seeking alternative funding which should increase their chances of sustaining their operation, and as alternative funding is secured, re-balance their dependence on Council funding. Some organisations have already begun to establish alternative income streams from social enterprise trading.

4.4 IT Issues

There are no IT issues arising from this report

5 Summary

The use of transitions support will enable groups where closures or redundancy are imminent to seek and secure alternative funding.

6 Recommendations

Council is requested to note the explanations in respect of the scoring and the governance framework which provided for the budget transfer as set out in this report

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