



Minutes of the MILTON KEYNES VOLUNTARY SECTOR CONSULTATIVE ASSEMBLY held on TUESDAY 4 APRIL at 10.00 am

Present:	C Bland	-	Milton Keynes Council
	C Chapman	-	Milton Keynes Council
	M Dickson	-	Pre-School Learning Alliance
	(deputising for J Balzanella)		
	A Donovan	-	Volunteer Connections
	G Edwards (Chair)	-	Milton Keynes Council for Voluntary Organisations
	J Murray	-	Citizens' Advice Bureau
	L Ruddle	-	MK MIND
	P Scrimshaw	-	Milton Keynes Council
	F Skelton	-	Relate MK
Apologies:	T Hill	-	MK Community FoundationD
	D Savage	-	City Counselling Centre
Also Present:	D Wilkinson	-	Milton Keynes Council

1.0 MINUTES

- 1.1 The Minutes of the meeting of the Assembly held on 15 February 2000 were agreed. There were no matters arising.

2.0 NEW MEMBERS

- 2.1 Liz Ruddle, of MK Mind, was welcomed as a co-opted member covering voluntary organisations which had a partnership agreement with the Council.

3.0 WITHDRAWAL OF AGENCY FUNDING

- 3.1 Duncan Wilkinson, the Council's Audit Services Manager, attended the Assembly to advise members. It was noted that currently, all Councils had to use specified powers for all their expenditure, including grants.

- 3.2 Future legislation should provide the ability for Council's to incur expenditure under general as opposed to specific powers. This might change the Council's approach as it would no longer need to reconcile specific expenditure against specific legal powers, but the Council

would still need to ensure that monies were spent on purposes it approved.

- 3.3 Currently the Council awarded grants based on officer submitted reports which were agreed by Committee. If voluntary organisations used grants for other purposes then the Council **would have to** reclaim them. If the purpose of expenditure funded by a Council grant changed, officers of the Council should be notified in order that the Council could consider if it was able to support the changed priorities, before the money was spent. This could not be a retrospective submission.
- 3.4 It was noted that Councils were legally bound to monitor expenditure. Their remit covers European Social and Single Regeneration Funding **as well as the Council's own money**. Under the conditions of funding the Council's Audit section could look at any organisation's accounts and its primary documents. Should a voluntary organisation refuse to co-operate **the Council would need to consider suspending or cancelling funding**.
- 3.5 It was stated that the Council's Audit Service was prepared to offer advice to voluntary organisations if they were concerned about specific issues; advance notice of queries would be helpful. Duncan agreed to prepare an A4 sheet of advice for the voluntary sector, (attached as an **Annex** to the Minutes) and give an evening presentation at an Assembly meeting, particularly inviting trustees.
- Action: Duncan Wilkinson**
- 3.6 It was reported that written agreements or contracts between agencies and the voluntary sector should cover withdrawal of funding. The Charities Act was quite clear about the rules and responsibilities for its Trustees.
- 3.7 The Voluntary Sector Strategy specified a three monthly period of notice by the Council of withdrawal of funding, but should gross abuse or maladministration occur, funding could cease immediately and even be reclaimed. Such a measure would be a response to an extreme situation. Normally interim arrangements would be in place, whilst a voluntary organisation was given the time to address and overcome the problem.
- 3.8 A discussion took place about the complexity of match funding, and which elements voluntary organisations could identify to support applications. It was agreed that core funding could be used on an apportionate basis, but other funding should have direct links with the new project for which grants were being sought.
- 3.9 It was noted that VAT (at 17.5%) was another concern for voluntary organisations. A late decision about future funding by a statutory

agency could reduce the opportunities for voluntary organisations to seek European Social Fund funding.

- 3.10 There was a discussion about Charities setting up as Companies Limited by Guarantee, where their strict charitable status was questionable. Whilst such companies limited the liability to trustees, should liquidation occur Council funding could be lost.

4.0 PROPERTY STRATEGY

- 4.1 Disquiet was expressed about the Council's position and views regarding the voluntary sector's use of its properties. Views were mentioned about the Council's insularity regarding the benefits of national organisations coming to Milton Keynes, which could be inhibited by commercial rents. This was attributed to lack of awareness of a wider perspective on the voluntary sector. It was queried whether the 'commercial rent' clause could be reviewed.
- 4.2 Confirmation was required regarding 'grant aided' in the document; it was assumed that this term covered voluntary organisations which had a partnership agreement with the Council.
- 4.3 The Chair of the Assembly agreed to write to the Council's Valuer on the above issues. **Action: Gladys Edwards**

5.0 JOINT FUNDING

- 5.1 It was reported that the 'mainstream' joint funding was now absorbed into the Partnership Development Fund. There would be a Sub-Group for Buckinghamshire and one for Milton Keynes, which would allocate the funding.
- 5.2 The BCC/MKC Partnership Development Funding Group had awarded grants to MK Sun, MK Carers and MK People First for 2000/2001 for a three year period. Finance available for Citizen's Advocacy would be commissioned by the Group.
- 5.3 It was hoped that when the Milton Keynes Sub-Group was established that there would be local consultation about the criteria for awards in subsequent years. It was recognised that all criteria and applications would need to fall within the remit of the Bucks and MK HImPs.
- 5.4 It was reported that the Joint Finance Innovations fund was continuing, with the mechanism and responsibility for applications and awards resting with the MK Health for All Awards Sub-Group, facilitated by Stephanie Beech of the MK Primary Care Group.
- 5.5 It was stated that the membership of the Sub-Group comprised representatives from the MK PCG, the Voluntary Sector and MK

Council. The Group was in the process of finalising Terms of Reference and processes. Gladys was planning to publicise the Innovatory Fund in Community Link. Colleagues were also asked to inform other staff/members in the Voluntary Sector.

Action: Gladys Edwards/All

6.0 FUNDING AND PROCESSES

- 6.1 It was reported that queries remained about the funding of some voluntary organisations 'straddling' more than one of the Council directorates, and whether it was possible to 'streamline' processes further.
- 6.2 It was unclear how some groups would seek continuation of funding in the new democratic structures.
- 6.3 It was agreed that both these issues needed to remain on the agenda.

7.0 PENSIONS IN THE VOLUNTARY SECTOR

- 7.1 It was reported that two years previously the Grant Aid Sub-Committee agreed that voluntary organisations could include employee contributions for pensions in their funding applications. An extra 6% was added to the overall Grant Aid budget. Generally, it was felt, that voluntary organisations in partnership agreements with the Council do not have similar opportunities.
- 7.2 It was agreed that this issue should remain an agenda item, for discussion with the Executive Member to be 'allocated' to the Consultative Assembly.

8.0 CORPORATE VIEW ON RESERVES

- 8.1 It was reported that the conditions under which grant aid was awarded by the Council specified that funded groups' reserves should not exceed three months (quarter of annual turnover). Discussion focused on two areas:
 - (a) the needs of smaller groups, where twelve months' resources would enable them to remain sustainable; and
 - (b) organisations which were required, by their national parent bodies, to have other reserve amounts.
- 8.2 It was agreed to continue this discussion when the Executive Member allocated had joined the Assembly.

9.0 COMPLAINTS ABOUT STATUTORY AGENCIES BY THE VOLUNTARY SECTOR

- 9.1 It was agreed to delay this agenda item, until a later date, when the Executive Member has joined the Assembly.

10.0 ANY OTHER BUSINESS

10.1 Best Value

Pat Scrimshaw put forward a suggestion that the Consultative Assembly might wish to organise an evening event for the voluntary sector, to receive a presentation from the Council on Best Value.

It was agreed to do so, and combine it with the presentation by the Audit Section (see above 5.5).

Gladys drew colleagues' attention to the Council's recently published Best Value Performance Plan 2000 - 2001.

11.0 RESIGNATION FROM THE CONSULTATIVE ASSEMBLY

- 11.1 Juliet mentioned that she was retiring from the CAB in May, and queried whether she should resign from the Assembly. She would continue membership of the Community Foundation. Members urged her to remain until the next elections, to which she agreed.

12.0 DATE OF NEXT MEETING

- 12.1 It was agreed that the next meeting should be held on Tuesday 6 June 2000 at 1.00 pm in Room 3 of the Civic Offices.

MKC
VOLUNTARY FUNDING

1. Introduction

- 1.1 This is general advice to voluntary organisations who receive support from MKC (MKC) including MKC's grant processes. It does not replace or amend the formal grant funding advice nor does it replace or amend any other conditions specified at the time funding is approved.
- 1.2 MKC is required to ensure that all funds expended are spent on activities for which it has legislative powers to do so. MKC is required to account for all such funds and be able to demonstrate that funds have not been spent for purposes outside the power of MKC.
- 1.3 MKC provides funds to the voluntary sector usually via a grant process, but whatever process is used the funding arrangements are always subject to formal approval processes that must specify the purpose that expenditure is being incurred. Usually this involves a Committee of Councillors approving such funding individually.
- 1.4 In order for MKC to meet its statutory obligations it must be able to demonstrate that funds provided to voluntary sector have been spent on the purposes for which they were provided. This may involve verification of information maintained by the voluntary group.

2. Routine Control

- 2.1 A condition of funding by MKC requires organisations to provide periodic information showing their activities, expenditure and other sources of income. The standard of such information is usually specified when funding is agreed but may also be varied within reason by MKC officer responsible for that area.
- 2.2 Specifically audited accounts must be submitted on an annual basis in order for MKC to consider financial risks such as cashflows, reserves and the viability of the organisation itself.
- 2.3 Periodic information is not restricted to financial reports but may also include customer nos, volunteer details, management committee minutes etc.

3. Adhoc Control

- 3.1 As part of general routine controls but also as part of MKC's review of its own control processes specific areas for further analysis may be identified. These do not indicate that any problem exists but may be needed to obtain further assurance that MKC is able to satisfy its statutory obligations.
- 3.2 This may involve a voluntary organisation allowing Council officers (probably from Internal Audit) access to primary documentation, eg wage slips, cheque books, bank accounts etc.
- 3.3 It may be necessary to access client details which could present confidentiality issues. In such cases this work will usually be undertaken by Internal Audit, will not be communicated to other Council officers and will not be retained on file following the completion of the audit work. Written assurances can be provided similar to those applied to the organisations own auditors.

4. Possible Consequences

- 4.1 As stated above MKC must ensure funds are properly administered. Difficulties sometimes arise in this area and MKC must take action in such cases. As with all Council expenditure it is possible for Councillors to be personally surcharged. Where an organisation is not able to satisfy MKC's requirements future and past funding could be put at risk.
- 4.2 In most cases action will be highlighted ie control improvements recommended that should be implemented otherwise MKC may be unable to provide future funding.
- 4.3 In some cases MKC may require repayment of past funding. This will usually be in cases of Gross Mal-administration or Fraud but may arise where MKC funds have been spent on activities for which MKC has no powers to support.