

## The Highland Council

Resources Committee– 25<sup>th</sup> November 2015

Agenda Item	29
Report No	RES/124/15

### Working More Effectively with Communities- Ward Discretionary Budgets

Report by the Head of Policy and Reform and the Director of Finance

#### Summary

This report highlights the changes required to the financial management of ward discretionary budgets in order that we can support community based projects more effectively. It recommends to Members that we manage the Ward Discretionary budgets so that spend against them can bridge financial years while safeguards are put in place to ensure that the budget cannot be over-committed.

#### 1. Background

1.1 The Ward Discretionary budget (including the youth element) has been used to support a range of organisations in localities across Highland to develop projects that improve their communities. The process of application is streamlined and straightforward. The Scheme of Delegation enables awards of under £10,000 to be delegated to the Ward Manager in discussion with local Members while awards of over £10,000 require agreement at Area Committees. Most awards are for less than £10,000. The projects supported are published annually on the website.

#### 2. New Developments

2.1 The Community Empowerment (Scotland) Act 2015 places a new responsibility on the Council and its partners to involve communities in decision-making on how public resources are utilised.

2.2 Several wards have agreed to use a process called participatory budgeting to allocate a proportion of their Ward Discretionary budget to explore how we take this responsibility forward. This approach puts in place a bidding and public voting process to decide which community projects are allocated funds. This process has been used in Lochaber and is planned for Caithness, Nairn and Badenoch and Strathspey. Further information on the process will be reported to the Communities and Partnerships Committee in December 2015.

#### 3. Working more flexibly

3.1 Accounting practice requires that expenditure is recorded in the financial year in which an activity takes place. This means that community bodies are expected to spend their grant award in the financial year in which it was awarded and intended. This can have the effect of putting artificial barriers or time pressures in the way of a community group taking a planned, well thought out approach to project delivery. The new development of participatory budgeting will further compress the relevant timescales as an annual public event would normally be part of the process for public voting.

- 3.2 It is proposed instead for flexibility to be introduced so that an award made in one financial year can be spent in that year or in the following financial year. To ensure budgetary control there would be no over-committing of budgets, so only the available budget within a year can be awarded.
- 3.3 It is likely that as participatory budgeting becomes an integral part of public agencies approach to working with communities that a number of agencies jointly resource participatory budgeting grant funds. These funds, with the agreement of the funder, would be accrued between financial years if necessary.

#### **4. Implications**

- 4.1 Resource implications- the report allows managed flexibility of local ward discretionary budget. This flexibility should allow community groups to maximise match funding opportunities and facilitate the process of participatory budgeting.
- 4.2 Rural implications- this proposal will support community groups better. A robust voluntary sector is particularly important in rural settings where often it can be a more significant part of service delivery.
- 4.3 There are no other legal; equalities; climate change/carbon clever; risk or Gaelic implications.

#### **5. Recommendations**

5.1 Members are asked to agree that flexibility is introduced for Ward Discretionary Budgets so the grant awarded is spent by the recipient in the same or following financial year.

5.2 Members are asked to note that Ward Discretionary Budgets will not be over-committed in any one financial year.

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