



Department for Communities and Local Government

ADVICE TO PORTAS PILOTS, TOWN TEAM PARTNERS AND LOCAL AUTHORITIES REGARDING THE ROLE OF ACCOUNTABLE BODIES

Background

The funding identified by DCLG to support Portas Pilots (and Town Team Partners) is s31 unringfenced revenue grant. As such it can only be paid to local authorities listed in section 33 of the Local Government Act 2003. Town and parish councils are not local authorities for the purposes of the Act. Therefore in cases where local partnerships, such as Town Teams, have been formed, the funding is paid to the relevant local authority who will act as Accountable Body.

Local authorities are required to be transparent in their use of public money. Greater transparency of public bodies is at the heart of enabling the public to hold politicians and public bodies to account. Where public money is involved there is a fundamental public interest in being able to see how it is being spent, to demonstrate how value for money has been achieved or to highlight inefficiency.

The Transparency Code says that, as a minimum, the public data that should be released are:

- Expenditure over £500, (including costs, supplier and transaction information). Any sole trader or body acting in a business capacity in receipt of payments of at least £500 of public money should expect such payments to be transparent.
- Copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector.
- Grants to the voluntary, community and social enterprise sector should be clearly itemised and listed.

A number of local authorities, Portas pilots and Town Team Partners (“town teams”) have asked for some advice on the requirements on each of them to account for this funding. This note suggests some issues that both parties might consider when reaching agreement about how the funding can be made available to town teams.

Ultimately this is a matter on which agreement needs to be reached between the town team and the local authority. DCLG will not comment on individual arrangements or act as arbiter.

Basic principles

Local authorities have a responsibility as public bodies to satisfy themselves, their electorate and their auditors that any funds they are responsible for are spent legitimately.

Local authorities have considerable experience in allocating funds to third-party organisations, such as charities and voluntary groups, and will have well-established procedures for doing so.

Local authorities might consider following the same basic principles and procedures they would apply when awarding grants to local voluntary groups when agreeing arrangements with town teams.

Financial management arrangements would normally reflect the nature and size of the fund being administered, and systems put in place *should make efficient any bureaucracy, not increase it*, and be **proportionate, light-touch and timely**.

Some things to consider

It is the Accountable Body's role to ensure that proper and effective governance is in place. There are three broad areas where the Accountable Body is likely to require assurance that the funding is being managed correctly, as follows

- decision-making
- financial management
- performance management

These are also important aspects of managing any project.

Decision-making - Decision-making, involving the spending of public money, should be open, transparent and effective. Town teams may find it useful to have some form of written constitution or terms of reference that sets out how the partnership will operate. This could include a set of basic instructions as to how they will conduct business (voting arrangements, if any, etc), and a code of conduct for members which sets out the obligations individuals must comply with when considering how funding should be spent. It may be appropriate for members to declare any outside interests to guard against any accusation of impropriety, particularly where contracts or employment are being offered.

With agreed procedures in place it will make it quicker and easier for money to be spent that will deliver local projects.

Financial management - The Accountable Body will want some evidence of how decisions have been made and a clear audit trail from a decision, to the award of a contract (for example) and payment being made. This could take the form of minutes of meetings, written quotes from contractors, and assessment of tenders by members.

A proportionate approach might suggest the need to establish a de minimis level below which monitoring arrangements were not required, ie travel and subsistence claims, purchase of train tickets, office expenditure such as printing.

Some town teams are also being match-funded by other parties, including the local authority. The local authority will want to follow its own procedures for managing the match-funding, but could seek to follow the basic principles of “light-touch” management when dealing with the funding provided by government.

Performance management - It is good practice for an Accountable Body to ensure that the funds they have distributed have been used for the purposes for which the money had been allocated, and is related to the project plan set out by the town team in their application, or any other agreed plans that have been developed since the application was made. They may want to see some evidence that there are clear reporting and monitoring procedures for both spend and project outcomes.

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