

Following The Public Pound Guidance

Policy Number POL-R-0008



Following the Public Pound – Code of Practice

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1 Scope and Background

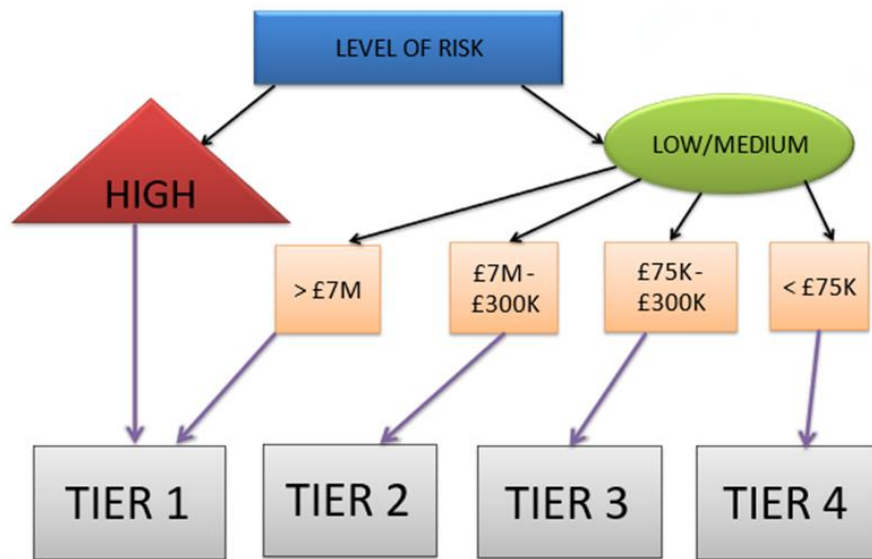
- 1.1 'Following the Public Pound' means ensuring that there is proper accountability for public funds (both revenue and capital) used in delivering services, irrespective of the means of service delivery.
- 1.2 When agreeing to transfer funds to an external body the Council must be clear about its reasons for doing so and proper consideration should always apply. The prime purpose of involvement with an external body should be the achievement of the Council's objectives in the most effective, efficient, and economic manner, not the avoidance of controls or legal restrictions, which are designed to secure probity and regularity in the use of public funds.
- 1.3 It is the responsibility of each Director to ensure there is accountability for public funds that are provided from their Function's budgets to external bodies. An individual should be identified as Lead Officer for each body in receipt of funding from the Council.
- 1.4 The concept of 'Following the Public Pound' applies when the Council decides to fund external organisations which deliver services that might otherwise be delivered by the Council itself. In these arrangements, the Council agrees to provide funds and other resources to companies and organisations for the delivery of specified services. The Council has a number of such arrangements, and these companies / charities are collectively defined as being Arm's Length External Organisations (ALEO's).
- 1.5 This policy does not apply in those instances where the Council are distributing funds from third parties, for example in the case of grants received from the Scottish Government, routed through the Council specifically for payment to third parties.
- 1.6 Governance of public funds does not end when the payment is made, it continues at a number of levels, including risks that may damage the Council's reputation, that statutory obligations are not met and that public funds are misused wasted or lost. The level of assurance that is therefore required about the organisations' ability to deliver the services the Council has funded must reflect the risks that exist. This Code follows the principle that different levels of scrutiny are required depending on the level of risk posed by each, the control exercised over the organisation by the Council and/or the level of funding given to each organisation. This approach is proportionate and will minimise the risks posed by organisations to our reputation, finances and statutory obligations and ensure that the requirements of small organisations are not too onerous. ¹For details refer to [Section 14](#).

¹ Source: Guidance for Charity Trustees, OSCR, June 2009 & Arm's-length external organisations (ALEOs): are you getting it right? Audit Scotland, June 2011

- 1.7 The [risk assessment procedures](#) detailed at [Section 14](#), will be based on the level of control the Council holds over the organisation, the funding band, and the organisation's performance arrangements.
- 1.8 The Council may provide assistance-in-kind to external bodies. The true cost of assistance in kind, net of contributions by the external body, will be considered in the allocation of funding. In determining the true cost of assistance in kind, note will be taken of the Council's policy of charging for Council services on a full cost recovery basis subject to policy exemptions and in line with statutory requirements.
- 1.9 Potential conflicts of interest that arise when Councillors or officers sit on the boards or committees of external bodies funded by the Council will be removed through the use of funding agreements. These written agreements will define roles, responsibilities and liabilities and will be used to define clear and unambiguous relationships.
- 1.10 To determine the checks required, the following will be used:

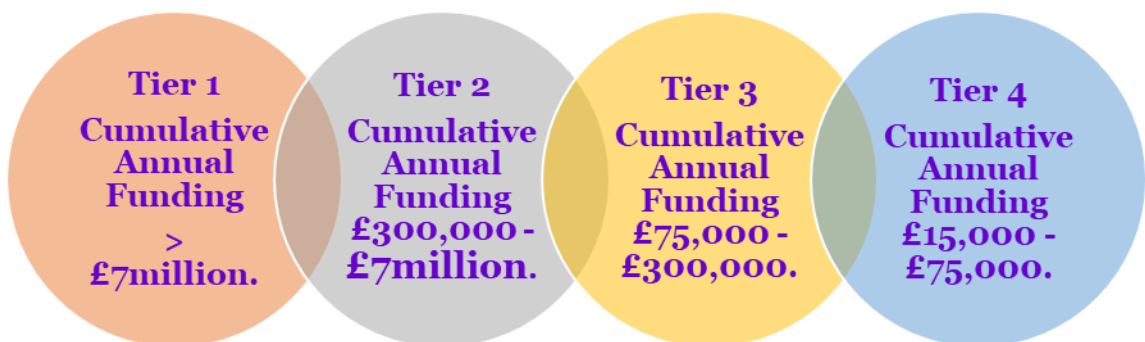
Risk/Control

- An organisation that is significant in size and over which the Council exercises substantial control i.e., those whose annual results are included in the Council's Group Accounts – Refer to [Tier 1](#)
- An organisation over which the Council exercises substantial control but is smaller in operational scale to the above i.e. those defined as part of the Council's Group but whose annual results are not included in the Group Accounts due to materiality – Refer to [Tier 2](#)
- An organisation over which the Council exercises some control but is smaller in operational scale to the above – Refer to [Tier 3](#)
- An organisation that the Council has an interest in but does not control – Refer to [Tier 4](#)



and/or Funding:

- Cumulative Annual Funding is greater than £7 million – Refer to [Tier 1](#)
- Cumulative Annual Funding is greater than £300,000 but less than £7 million – Refer to [Tier 2](#)
- Cumulative Annual Funding is between £75,000 and £300,000– Refer to [Tier 3](#)
- Cumulative Annual Funding is between £15,000 and £75,000 – Refer to [Tier 4](#)



1.11 The level of assurance to be followed will be the highest identified in assessing the above criteria. Where annual funding is less than £15,000, an officer may still choose to follow the procedures laid down for [Tier 4](#) as although the level of funding does not fall within the following the public pound guidance, the level of risk may be such that it would be prudent to follow these procedures.

For all other situations, officers should, as a minimum, obtain proof of the existence of the organisation, governance arrangements, and a breakdown of the funding. A letter of agreement should be prepared to set out the various responsibilities of both the Council and the organisation.

1.12 For all organisations who receive such funding, the Council will identify:

- The budget holder within the service provides the funding.
- The relevant accounting team contact; and
- The location of the relevant budget (financial code).

1.13 The Council will manage the risks posed through the delivery of services by external bodies by:

- Identifying and assessing risks for each [Tier 1](#) and [Tier 2](#) body.
- Grading each risk according to the Council's risk management protocols.
- Categorising each risk as red, amber or green, according to the assessed level of control assurance.
- Recording the risks in the relevant service risk register.
- Assigning a risk owner of appropriate seniority to manage their risk according to a pre-determined assessment schedule.

The level of control assurance for each risk will be informed by the documented output of the Governance Hub.

1.14 For high risks, i.e., those categorised as red, the assessment schedule will be at a greater frequency than those at amber or green, reflecting the heightened response required. The management of risk around external bodies at the operational level will inform the assessment of risk in the Strategic Risk Register (SRR), the highest level of the Council's risk management structure. The SRR is updated monthly and is a component of the Corporate Dashboard. The frequency of assessment requirements at the operational tier provides an 'early warning' communication channel so that additional risk response actions may be authorised timeously at the strategic tier.

1.15 The Council will maintain an up-to-date central register of all organisations that receive funding and be able to produce information from across the Council in response to queries and questions. This register can be found on the Intranet at [Central Register](#)

1.16 All supporting documentation must be held in a central file, please contact accounting@aberdeencity.gov.uk for access to this file.

1.17 The Council will maintain an up-to-date register of interests (representation on

external bodies) and periodically review the indemnity arrangements in place for directors and officers, and trustees within external bodies. The master list of appointments will be held by the Chief Officer - Governance.

- 1.18 The Office of the Scottish Charities Regulator (OSCR) undertook a detailed review into those Arm's Length External Organisations (ALEOs) registered as charities in Scotland. Their findings were published on 9th January 2015. A copy of the report can be found [here](#).
- 1.19 Under government legislation the Council must also consider whether each grant awarded is considered a subsidy, and if so, specific procedures must be followed. Full information can be found at [Section 6 Subsidy Control](#).

2 TIER 1

2.1 Information Required from the Funded Organisation

2.1.1 The following list determines the minimum information requirements of the Council for the whole organisation and the timescales in which these are required:

- **Financial Plan** - detailed one year plan and summary 3-year plan. This will apply for each period for which funding is being granted.
- **Management Accounts** - to be submitted quarterly and no later than 6 weeks after the period end to which they relate; and
- **Financial Statements** - any registered company seeking funding for the first time must provide annual accounts for the 3 preceding financial years (unless a new body or less than 3 years old), audited, or approved in line with Companies Act requirements for a registered company or guidance from the Office of the Scottish Charity Regulator (OSCR), in the case of a charity. Thereafter, an organisation in receipt of Council funding must present an annual set of accounts audited or approved (as required by the Companies Act or OSCR) within nine months of the financial year end. It is recognised that some organisations will, due to their size be exempt from the audit requirements of the Companies Act, in these circumstances accounts approved by the board / trustees / directors of the organisation and which include a statement setting out their responsibilities, including that of keeping proper books and records will suffice.
- **Objectives** - statement of organisational strategic objectives.
- **Risk Register** – corporate risk register to be supplied for each period for which funding is being granted.
- **Constitution/governance documentation should be held on file.**
- **A bank statement showing the organisation’s full name verified by an ACC official as being a copy of an original** – this will be the bank account that the grant payment is paid into and a check will need to be carried out to ensure that the bank statement account matches with the one held in the creditor’s system.
- **Fair Work First** - Evidence that the organisation is paying at least the real living wage and that the workers employed within the organisation have access to effective voice. Organisations with fewer than 21 employees do not have to evidence collective voice but must evidence it at individual level. A copy of the joint statement from the grant recipient and Trade Union/worker representative to be provided under current Fair Work First arrangements at both the grant application stage and before the final payment.

Failure to comply with the above may result in the withdrawal or suspension of Council funding.

2.1.2 In addition to the minimum requirements as set out above, the Council will have the right to ask for or inspect:

- Details of the performance of the organisation against the organisation's financial plan.
- Copies of (non-confidential) Minutes of the Board of Directors or Trustees meetings; and
- Details of the organisations financial and non-financial transactions, policies and procedures

2.2 Financial Checks to be completed by the Council

2.2.1 The following list details the financial checks that must be carried out by the Budget Holder, in conjunction with their Accounting Team contact, and the timescales for completing these checks.

2.2.2 Checks required every two years:

- Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled.

2.2.3 Annual checks:

- Check that the projections in the financial plan are realistic and achievable.
- Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months); and
- Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern.
- Check that the organisation is complying with the Council's PREVENT duty

2.2.4 Where the organisation does not meet the criteria required to demonstrate its operational or financial capability, further discussions will take place to review its financial plans. Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for which Council funding is to be provided as well as its own financial obligations.

2.2.5 The following will be completed on an ongoing basis: -

- The Budget Holder, in conjunction with their Accounting Team contact, will check the six-monthly Management Accounts to ensure there is sufficient cash to meet the organisations outgoings for the forthcoming year.

2.3 Approval, Monitoring and Reporting Process

2.3.1 Approval for funding will be given by the relevant Function, through its budget approval process and delegated authority arrangements or Service Committee or Finance & Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e., the budget set for the organisation).

2.3.2 The Monitoring Body will be the relevant Function Committee (or approving Committee if different), where an annual report will be presented by the Budget Holder, based on reports received from the organisation. The report will cover financial performance as well as the aims and objectives of the organisation and how these are being met, whether the standards set by the Council have been met, other performance measures and targets and where applicable future plans.

2.3.3 A Service Level Agreement must be put in place covering the approval period.

3 TIER 2

3.1 Information Required from the Funded Organisation

3.1.1 The following list determines the minimum information requirements of the Council and the timescales in which these are required:

- **Financial Statements** - any registered company seeking funding for the first time must provide annual accounts for the preceding financial year (unless new body or less than one year old), audited or approved in line with Companies Act requirements for a registered company or guidance from the Office of the Scottish Charity Regulator (OSCR), in the case of a charity. Thereafter, an organisation in receipt of Council funding must present an annual set of accounts audited or approved (as required by the Companies Act or OSCR) within nine months of the financial year end.
It is recognised that some organisations will, due to their size, be exempt from the audit requirements of the Companies Act, in these circumstances accounts approved by the board / trustees / directors of the organisation and which include a statement setting out their responsibilities, including that of keeping proper books and records will suffice.
- **Objectives** - statement of organisational strategic objectives.
- **Risk Register** – corporate risk register
- **Constitution/governance documentation should be held on file**
- **A bank statement showing the organisation’s full name verified by an ACC official as being a copy of an original** – this will be the bank account that the grant payment is paid into and a check will need to be carried out to ensure that the bank statement account matches with the one held in the creditor’s system.
- **Fair Work First** - Evidence that the organisation is paying at least the real living wage and that the workers employed within the organisation have access to effective voice. Organisations with fewer than 21 employees do not have to evidence collective voice but must evidence it at individual level. A copy of the joint statement from the grant recipient and Trade Union/worker representative to be provided under current Fair Work First arrangements at both the grant application stage and before the final payment.

Failure to comply with the above may result in the withdrawal or suspension of Council funding.

3.1.2 In addition to the minimum requirements as set out above, the Council will have the right to ask for or inspect:

- Copies of (non-confidential) Minutes of the Board of Directors or Trustees meetings; and

- Details of the organisation's financial and non-financial transactions, policies, and procedures

3.2 Financial Checks to be completed by the Council

3.2.1 The following list details the financial checks that must be carried out by the Budget Holder, in conjunction with their Accounting Team contact, and the timescales for completing these checks.

3.2.2 Annual checks:

- Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months); and
- Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern.
- Check that the organisation is complying with the Council's PREVENT duty by referring to [Prevent Awareness](#)

3.2.3 Where the organisation does not meet the criteria required to demonstrate its operational or financial capability, further discussions will take place to review its financial plans. Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for which Council funding is to be provided as well as its own financial obligations.

3.3 Approval, Monitoring and Reporting Process

3.3.1 Approval for funding will be given by the relevant Function, through its budget approval process and delegated authority arrangements or Function Committee or Finance and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e. the budget set for the organisation).

3.3.2 The Monitoring Body will be the relevant Council Service, to which an annual report will be supplied by the organisation for the attention of the Budget Holder. This should cover service and financial performance and any significant changes.

3.3.3 Good practice suggests that the Council Service management team should, on an annual basis, consider the objectives that are achieved through funding external bodies and reflect and/or take appropriate action on the annual reports received from the various organisations.

3.3.4 A letter of agreement must be put in place with detailed terms and conditions of funding.

4 Tier 3

4.1 Information Required from the Funded Organisation

4.1.1 The following list determines the minimum information requirements of the Council and the timescales in which these are required:

- **Financial Statements** – the organisation should provide the most recent financial statements if statements are prepared annually. If not, they must provide an annual income and expenditure account and statement of cash balance which has been approved by a person independent of the day-to-day operational running of the organisation. Such a statement needs to be provided in support of each funding claim and for each period for which Council funding is provided.
- **Constitution/governance documentation should be held on file.**
- **A bank statement showing the organisation's full name verified by an ACC official as being a copy of an original** – this will be the bank account that the grant payment is paid into and a check will need to be carried out to ensure that the bank statement account matches with the one held in the creditor's system.
- **Fair Work First** - Evidence that the organisation is paying at least the real living wage and that the workers employed within the organisation have access to effective voice. Organisations with fewer than 21 employees do not have to evidence collective voice but must evidence it at individual level. A copy of the joint statement from the grant recipient and Trade Union/worker representative to be provided under current Fair Work First arrangements at both the grant application stage and before the final payment.

Failure to comply with the above may result in the withdrawal or suspension of Council funding

4.2 Financial Checks to be completed by the Council

4.2.1 The following list details the financial checks that must be carried out by the Budget Holder, in conjunction with their Accounting Team contact, and the timescales for completing these checks.

4.2.2 Annual checks:

- Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months); and
- Consider the level of debtors, creditors and reserves, if financial statements are available.
- Check that the organisation is complying with the Council's PREVENT duty by referring to [Prevent Awareness](#)

4.2.3 Where the organisation does not meet the criteria required to demonstrate its operational or financial capability, further discussions will take place to review its financial plans. Funding will only be approved where an organisation

can demonstrate it has the ability to continue to meet the objectives for which Council funding is to be provided as well as its own financial obligations.

4.3 Approval, Monitoring and Reporting Process

Approval for funding will be given by the relevant Service, through its budget approval process and delegated authority arrangements or Service Committee or Finance and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e. the budget set for the organisation).

4.3.1 The Monitoring Body will be the relevant Council Service, to which an annual statement will be supplied by the organisation for the attention of the Budget Holder. This statement should set out how the organisation has met the objectives for which Council funding has been provided.

4.3.2 The annual statement must be reviewed and approved by the relevant Chief Officer.

4.3.3 A written funding letter must be in place which sets out clearly the amount of funding, the period for which it is applicable, as well as any conditions or objectives attached to the funding.

5 Tier 4

5.1 Information Required from the Funded Organisation

5.1.1 The following list determines the minimum information requirements of the Council and the timescales in which these are required:

- **Financial Statements** – the organisation should provide the most recent financial statements if statements are prepared annually. If not, they must provide an annual income and expenditure account and statement of cash balance which has been approved by a person independent of the day-to-day operational running of the organisation. Such a statement needs to be provided in support of each funding claim and for each period for which Council funding is provided.
- **Constitution/governance documentation should be held on file.**
- **A bank statement showing the organisations full name verified by a ACC official as being a copy of an original** – this will be the bank account that the grant payment is paid into and a check will need to be carried out to ensure that the bank statement account matches with the one held in the creditors system
- **Fair Work First** - Evidence that the organisation is paying at least the real living wage and that the workers employed within the organisation have access to effective voice. Organisations with fewer than 21 employees do not have to evidence collective voice but must evidence it at individual level. A copy of the joint statement from the grant recipient and Trade Union/worker representative to be provided under current Fair Work First arrangements at both the grant application stage and before the final payment.

Failure to comply with the above may result in the withdrawal or suspension of Council funding.

5.2 Financial Checks to be completed by the Council

5.2.1 The following list details the financial checks that must be carried out by the Budget Holder, in conjunction with their Accounting Team contact, and the timescales for completing these checks.

5.2.2 Annual checks:

- Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months); and
- Consider the level of debtors, creditors, and reserves, if financial statements are available.
- Check that the organisation is complying with the Council's PREVENT duty by referring to [Prevent Awareness](#)

5.2.3 Where the organisation does not meet the criteria required to demonstrate its operational or financial capability, further discussions will take place to review its financial plans. Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for which Council funding is to be provided as well as its own financial obligations.

5.3 Approval, Monitoring & Reporting Process

5.3.1 Approval for funding will be given by the relevant Service, through its budget approval process and delegated authority arrangements or Service Committee or Finance and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e., the budget set for the organisation).

5.3.2 The Monitoring Body will be the relevant Council Service, to which an annual statement will be supplied by the organisation for the attention of the Budget Holder. This statement should set out how the organisation has met the objectives for which Council funding has been provided.

5.3.3 The annual statement must be reviewed and approved by the relevant Chief Officer.

5.3.4 A written funding letter must be in place which sets out clearly the amount of funding, the period for which it is applicable, as well as any conditions or objectives attached to the funding.

6 Subsidy Control

6.1 Subsidy Control

6.1.1 The UK subsidy control regime began on 4 January 2023. It enables public authorities, including devolved administrations and local authorities, to give subsidies that are tailored to their local needs, and that drive economic growth while minimising distortion to UK competition and protecting our international obligations.

6.1.2 A subsidy is where a public authority provides support to a business in a way that gives them an advantage over a competitor. Without controls though, subsidies could give an unfair advantage to some businesses over their competitors.

6.1.3 All grants paid to external organisations must be the subject of a [Subsidy Control Assessment](#), firstly to define if the award is a subsidy. If it is considered a subsidy, then a further assessment against the Subsidy Control Principles must be completed to decide if the subsidy is compliant with UK government regulations.

6.1.4 If the subsidy is being awarded to an organisation who has received less than £315,000 of public money in the last 3 years then the award can be made under MFA (Minimal Financial Assistance), and this should be indicated on the assessment sheet.

6.1.5 Depending on the nature of the grant and whether other similar grants are being provided, for example through a challenge fund, a Subsidy Scheme may be set up. Subsidies provided through schemes still need to be assessed.'

6.1.6 To calculate how much the external organisation has received in funding over the last 3-year period a review of the Central Register must be undertaken. The Central register has 3 pages, for the current and last two financial years. A filter can be applied on the column that shows the organisation receiving the funding and this will show all amounts for the year being examined.

6.1.7 Please complete the [forms](#) and send to subsidycontrol@aberdeencity.gov.uk. A response will be provided to advise if they are in agreement with your assessment and what course of action should be taken.

6.1.8 Further information on subsidy control can be found at [UK Subsidy Control Regime: statutory guidance \(publishing.service.gov.uk\)](#)

6.2 Minimal Financial Assistance (MFA)

6.2.1 MFA can be used by a public authority when it is awarding a low value subsidy and the recipient has not reached the allowance threshold of £315,000 from subsidies received from all public bodies, within the applicable period and will not breach this threshold on receipt of this subsidy. When providing a subsidy under MFA the public authority needs to follow certain procedural requirements.

6.2.2 If you are awarding a subsidy as MFA then before awarding the subsidy you need to provide the intended recipient enterprise with an “MFA notification”. An MFA notification is a written statement that includes all of the following:

- An explanation that the authority is proposing to give the enterprise a subsidy by way of MFA;
- Specifies the gross value amount of the assistance;
- A request for written confirmation from the enterprise that the MFA threshold specified in section 36(1) of the Act will not be exceeded by the enterprise receiving the proposed assistance.

6.2.3 The subsidy can only be awarded when you have received confirmation from the recipient enterprise that the MFA threshold will not be exceeded by the enterprise receiving the proposed assistance.

6.2.4 When awarding the subsidy, you must provide the intended recipient enterprise with an “MFA confirmation”. An MFA confirmation is a written statement confirming:

- That the subsidy is given as MFA;
- The date on which it is given
- The gross value amount of the assistance.

The recipient enterprise must keep a record of this information for at least three years beginning on the date on which the subsidy was given.

6.2.5 Examples of a MFA notification and confirmation statement can be found at [APPENDIX A](#)

7 Prevent Statutory Duty

- 7.1 Section 26 of the Counter-Terrorism and Security Act 2015 requires the Council to have due regard to the need to prevent people from being drawn into terrorism. The revised Prevent duty statutory guidance for Scotland states:

“A range of private and voluntary agencies and organisations are involved in the delivery of council services. Local authorities should ensure that the Prevent duty is covered in contracts and grants they make with and to any organisation performing a relevant function.”

- 7.2 In the absence of contractual terms specifically covering Prevent and where applicable, of performance monitoring arrangements, there is a greater risk organisations delivering services funded by the Council will do so without adequate consideration of the Council’s Prevent duty.
- 7.3 The Council should explicitly impose the Prevent duty on the funded organisations when awarding relevant grants if it perceives that the grant concerns individuals at risk of being drawn into terrorism, relates to school pupils or to young people, or the organisation makes premises available to speakers engaging the public.
- 7.4 Service Level and funding agreements will need to set out the obligations on funded organisations in relation to the Council’s Prevent duty. The wording below must be inserted into all award letters and Service Level Agreements.

Prevent Duty:

The grantee/organisation acknowledges that the Council is subject to the Prevent Duty

Where the Council has any concerns about a person, or becomes aware of any other matters, which may require it to take action in accordance with the Prevent Duty, the grantee/organisation shall at the request of the Council provide the Council with any relevant information which is available to it in the form the Council requires and shall provide all necessary assistance requested by the Council in order to report and/or take such action.

The Council shall be responsible for determining in its absolute discretion what action it needs to take to comply with its Prevent Duty and the grantee/organisation acknowledges that the Council may for the purpose of complying with the Prevent Duty disclose to an appropriate person any information supplied by the Supplier.

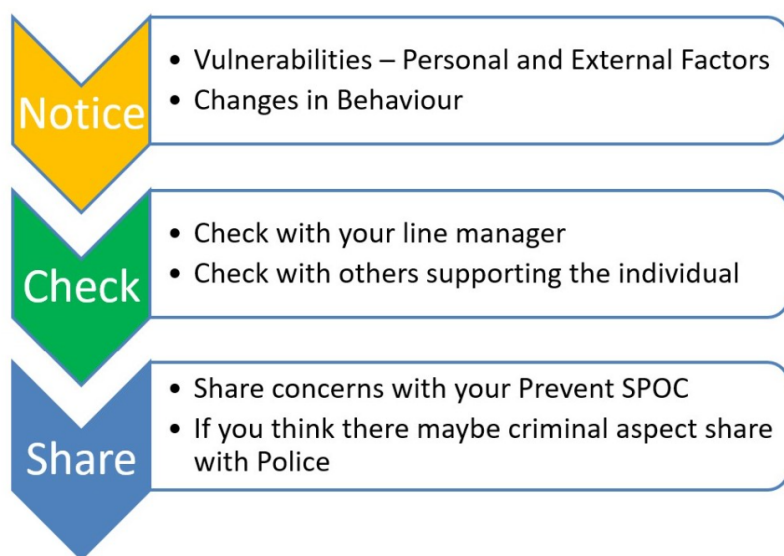
The grantee/organisation undertakes to procure that all its employees, agents and contractors comply with the Council’s policies concerning the Prevent Duty as they may be updated and notified to the Supplier from time to time.

- 7.5 Services should ensure that funded organisations are delivering on the Council’s Prevent duties by

- Ensuring the organisation is aware of the Councils Prevent duty
- Checking annually that it is being followed.

7.6 If a staff members feels that a funded organisation is showing signs of potential radicalisation, then they should follow the NOTICE – CHECK – SHARE process shown below.

What's Important



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The Prevent SPOC will discuss your concerns and carry out additional checks. It maybe that further information is required to make an informed decision. If the SPOC agrees that the case should be progressed then a referral form will be jointly completed and submitted to the prevent Delivery Unit for consideration.

7.7 Further information on Prevent Awareness can be found [here](#).

8 Fair Work First

8.1 Legislation

8.1.1 Fair Work First is the Scottish Government's policy for driving high quality and fair work, and workforce diversity across the labour market in Scotland by applying fair work criteria to grants, other funding and public contracts being awarded by and across the public sector, where it is relevant to do so. Through this approach the Scottish Government is supporting employers who adopt fair working practices specifically:

- Payment of at least the real Living Wage;
- Provide appropriate channels for effective workers' voice, such as trade union recognition;
- Investment in workforce development;
- No inappropriate use of zero hours contracts;
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace;
- Offer flexible and family friendly working practices for all workers from day one of employment; and
- Oppose the use of fire and rehire practice.

8.1.2 Further information on Fair Work first can be found [here](#).

8.1.3 As grants from Aberdeen City Council are provided from public funds, then any organisation that applies for funding must also adopt the practices of Fair Work First and this must be checked before any grant is awarded.

8.2 Grant to Organisations

8.2.1 For public sector grants awarded on or after 1 July 2023, the default position is that Fair Work First criteria for paying at least the real living Wage and providing appropriate channels for effective workers' voice will be mandatory while the other criteria will continue at this stage to be encouraged.

8.2.2 A grant recipient must demonstrate it is paying at least the real living wage before it can access a grant. This applies to all staff aged 16 and over including apprentices who are directly employed by the grant recipient and also to any UK based workers who are not directly employed but are directly engaged in delivering the grant funded activity.

8.2.3 All organisations with a workforce must be able to demonstrate, before they can access a grant, that all workers employed within the organisation have access to the effective voice channels, including agency workers. Voice exists at both collective and individual levels and organisations will be expected to show how genuine and effective voice is evidenced. Organisations with fewer than 21

workers will not have to provide evidence of collective voice but must show how it is evidenced at an individual level and that this is genuine and effective.

8.2.4 Organisations who are accessing grant funding are asked by the Scottish Government to include a short statement on their own website highlighting their commitment to advancing the Fair Work First criteria, including the real living wage and effective voice criteria. The statement should be agreed jointly by the employer and an appropriate workplace representative. This representative should be from the relevant trade union(s) where one or more is recognised, alternatively where there is no union recognition, it should be another appropriate worker' representative.

8.3 Evidence and compliance with Fair Work conditionality

8.3.1 In addition to the joint statement from the grant recipient and Trade Union/worker representative to be provided under current Fair Work First arrangements at both the grant application stage and before the final payment is paid, the following evidence is to be provided for real Living Wage and effective workers' voice. Employers who are accessing grant funding are also asked to include a short joint statement on their website highlighting their commitment to advancing the Fair Work First criteria, including the real Living Wage and effective voice conditions.

8.3.2 Grant recipients should provide the most appropriate evidence for their organisation from the list below. They may need to provide more than one source of evidence depending on the make-up of their workforce and whether contractors/agency workers are employed to directly support delivery of the funded project/activity.

8.3.3 Evidence of payment of the real Living Wage

Grant value	Evidence			
	Directly employed staff	Apprentices	16-17 year old workers	Contracted and agency staff
Below £100k (cumulative)	<ul style="list-style-type: none"> Living Wage Accreditation; or Self-declaration 	<ul style="list-style-type: none"> Self-declaration 	<ul style="list-style-type: none"> Self-declaration 	<ul style="list-style-type: none"> Self-declaration
Equal to or above £100k (cumulative)	<ul style="list-style-type: none"> Living Wage Accreditation; or Anonymised payroll; or Accountant certificate 	<ul style="list-style-type: none"> Anonymised payroll; or Accountant certificate 	<ul style="list-style-type: none"> Anonymised payroll; or Accountant certificate 	<ul style="list-style-type: none"> Anonymised copy of contract for relevant contractors/ agency workers

8.3.4 Evidence of appropriate channels for effective workers' voice

The collective element of voice does not have to be evidenced by organisations with fewer than 21 workers. In all other cases, evidence must be provided to show that voice exists at both an individual and collective level in the organisation. The table below shows how the different channels of voice can be evidenced. At least one channel at both individual and collective levels must be evidenced.

Voice Channel	Level	Evidence
Line Management relationship (i.e. effective 2-way dialogue through 1:1 relationship)	Individual	Written confirmation from Trade Union (TU)/workers representative(s) that there is opportunity for regular 1:1 open & two way dialogue between line management and direct reports; that this dialogue exists separately to standard performance review processes and that worker-management working relationships are effective. Could also be supported by evidence of regular engagement survey that supports this; and/or in organisation KPIs.
Staff/Engagement Survey	Individual	Written confirmation from both management and TU/workers representatives(s) that an appropriate survey is regularly undertaken and can demonstrate that feedback is provided to the workforce and actions created and implemented to address this.
Suggestion Schemes	Individual	Written confirmation from both management and TU/Worker representatives that a scheme exists and

		examples provided of improvements made as a result.
Intranet/online platforms	Individual	Written confirmation from both management and TU/Worker that an internet platform exists that allows worker contribution to strategies discussion and examples provided where input is acknowledged and acted upon.
Staff Forums/Networks	Collective	Written confirmation from both management and TU/worker representatives that network(s) and/or a forum exists, meets regularly, supports open dialogue and is action focussed. Examples of actions progressed should be provided.
TU recognition/ Collective Bargaining	Collective	Copy of Recognition Agreement to be provided.
Access is provided to TU/ Pro Union Membership attitude is demonstrated	Collective	(1) TU(s) confirm that access is granted to recruit and organise members. and/ or (2) Workers are aware that the employer is happy for them to join a union of their choice (e.g. through induction materials, clause in contract)
Joint Consultative Committee (s) (JCC)	Collective	Written confirmation from both management and TU/worker representatives that JCC(s) exist and examples of issues covered.
European Works Council (EWC)	Collective	Papers from EWC demonstrating membership and active participation.

9. Payments

- 9.1 A schedule of payments will be agreed with the receiving organisation, where appropriate, prior to the commencement of the financial year. The payments should be tailored to meet the cash flow requirements. However, as a general condition, payments in excess of £15,000 per annum should be in no fewer than four instalments per financial year and if payment is in excess of £1 million, payments should be made monthly to minimise the Councils exposure in the event of the organisation encountering financial difficulties.
- 9.2 Payments will **not** be made to the organisation until all required information is submitted and checked and all financial checks have been satisfactorily completed. This will include a check by the Budget Holder that a correctly calculated payment schedule is in place.
- 9.3 Prior to any payment being made to an organisation, checks must be made to ensure no sundry debts, council tax or non-domestic rates are owed by the organisation to Aberdeen City Council. If any such debts are due and past the first stage in the recovery process (i.e. first reminder), then this debt must be deducted from the next payment to the organisation.
- 9.4 In order to confirm that the relevant information has been received and checks completed the Budget Holder should retain, in the organisation's file, a completed copy of the checklist – see **Appendix B**.

10 Funding Agreement

10.1 All organisations covered within the scope of this procedure must have a Funding Agreement.

10.2 The Funding Agreement can take different forms, e.g. Service Level Agreement (SLA) or application form and letter of approval with associated conditions. The length and detail of a Funding Agreement will vary depending upon the nature and size of the funding given. The Funding Agreement should be in place within three months of the date of the decision being taken to provide funding.

10.3 In accordance with the procedures above a Service Level Agreement is required for funding that is in excess of £300,000 and a letter of agreement setting out the conditions of the funding is required for funding below £300,000.

10.4 This agreement will include non-financial targets and information, but as a minimum the following must be included:

- The purpose of the funding and the expectation of use.
- The Council policy/strategy the funding is linked to.
- The value of funding approved by the Council, including payment date information.
- The period over which the funding applies.
- Financial reporting requirements.
- Monitoring and reporting requirements.
- A statement on the consequences of failure to provide reporting information to the Council, i.e., the discontinuation of further funding.
- A statement on the ability of the Council to deduct any debts due to the Council prior to making any further awards.
- A statement on access to the accounting records of the organisation requires to be given to Council staff, including internal and external audit staff.
- Details of Council representation of Councillors and Officers.
- The need for the Council to be acknowledged for its support on all publicity material relating to the project/service; and
- Clarification of procedures for cancelling the Funding Agreement.
- PREVENT - organisations need to meet the Council's PREVENT duty so the funding agreement must have the wording given in [section 7](#).

10.5 Monitoring officers should periodically review the SLA or other contracts between the Council and the organisation. Where it is considered that a change to a provision within the original agreement is necessary, this should be agreed between the Service, Governance, and the organisation.

11 Termination

11.1 The agreement to provide financial support may be terminated on **written notice** if any of the following arise:

- The organisation fails to perform any substantial obligation on its part; or
- The conditions of the investment, including the provision of information requested are not met; or
- The monitoring/evaluation of the organisation and/or its performance are deemed unsatisfactory by the Lead Officer

The termination shall become effective within 30 days after the receipt of the notice unless the organisation has remedied the identified default within this period or is able to demonstrate, to the satisfaction of the Council, that any issues can be remedied within an agreed timescale.

Under these circumstances, the Council will require the return of all unused monies and retains the right to recover any debts due to the Council incurred prior to the termination date.

11.2 The agreement to provide financial support may be terminated with **immediate effect** where the organisation:

- Is unable, at any time, to satisfy the Council that sufficient cash exists to ensure its cash flow projections can be financed; or
- Passes a resolution for winding up other than for the purposes of solvent amalgamation or reconstruction where the resulting entity assumes all of the obligations of the defaulting organisation; or
- Is deemed insolvent; or
- Makes or proposes to make any arrangement with its creditors; or
- Appoints a liquidator, receiver or administrator over any of the assets of the organisation

Any termination of the agreement shall not affect any rights or liabilities placed upon either party which have accrued prior to the date of termination.

12 'Group Accounts' Concept

12.1 Where the Council has entered into a financial arrangement with an external organisation that results in the organisation being treated as a subsidiary in terms of the 'Group Accounts' concept under the Code of Practice on Local Authority Accounting then the following will apply:

- Draft financial statements are required to be provided to the Council in a timescale to be agreed with the Finance Operations Manager, to enable the proper and timely production of the Council's unaudited annual accounts each year.
- Audited financial statements and a summary of any audit adjustments are to be provided to the Council in a timescale to be agreed, to enable the proper and timely production of the Council's audited annual accounts each year.
- An annual assurance statement on the system of internal controls, including financial controls, is to be sent to the Finance Operations Manager for review and to inform the production of the Council's Annual Governance Statement.
- Internal Audit should consider in the annual audit planning process the audit of subsidiary organisations and include in its audit plan relevant audits. Internal Audit will report their findings to the Audit, Risk and Scrutiny Committee.

12.2 The Council recognises the importance of its relationships with those organisations that form part of its group. In so doing, the Council has approved a range of requirements to be adhered to by the group entities. These include requirements for the Council to scrutinise group entities, with specific reference to:

- Management assurance.
- Internal and external audit reports.
- Business Planning.
- The system of risk management.
- The roles and responsibilities of the board; and
- The work of the governance hub by meeting regularly to discuss performance and governance matters.

12.3 Governance Hubs have been created to monitor all contracts and performance outcomes for ALEOs. It will take on the formal reporting of ALEO performance; manage contract delivery and monitoring, financial oversight, and performance indicators for ACC. It will operate for all ALEOs in the same manner, with clear governance oversight and direct reporting through to the Corporate Management Team (CMT). In addition, minutes of the Governance Hubs will be reported to the Audit, Risk and Scrutiny Committee.

13 Representation and Participation in External Bodies

- 13.1 In considering the question of representation it is important that the Council is clear about why it wants representation and is transparent in its decision making about which Councillors or officers will be involved and why.
- 13.2 The Council will review its policies with other organisations upon the request of the external organisation.
- 13.3 Where the Council participates as a decision-maker, adviser or observer of an external body the Council must provide advice and guidance to the Councillor and/or Officer involved. This should cover:
- their responsibilities to the Council and to the external body.
 - the potential for conflicts of interest and highlight the need to have regard to the national [Councillors' Code of Conduct](#) on the matter
 - including declarations of interest;
 - the need to recognise their duties towards the external body differ from their duties to the Council; and
 - the limitations on what they may disclose to the Council where there is a conflict of interest.
- 13.4 Councillors' responsibilities to the Council: Councillors usually represent a political party but can also be independent. If they are a member of a political party, their priorities while in office are influenced by the priorities of the party. All councillors act as:
- Representatives of a particular ward area, decision makers for the whole council area, policy makers for future activities of the council, auditors of the work of the council, regulators of planning, licensing and other matters required by government and as community leaders.*
- 13.5 Officers' responsibilities to the Council: Officers engage in direct operational management of the Council's services. It is also the responsibility of the Chief Executive and senior officers to help ensure that the policies of the Council are implemented.
- 13.6 Responsibilities to the external body: Councillors will be bound by the rules of conduct of these organisations and their responsibility for any actions taken by them as a member of such an organisation will be to the organisation in question. Councillors must also continue to observe the rules of the [Councillors' Code of Conduct](#) in carrying out the duties of that body.

If a Councillor becomes a director of a company as a nominee of the Council, they will assume personal responsibilities under the Companies Acts. It is possible that a conflict of interest may arise between the company and the Council. In such cases it is the Councillors responsibility to take advice on your responsibilities to the Council and to the company. This will include questions about declarations of interest.

Where a charity trustee is faced with a conflict of interest between the interests of the charity and those of the Council the interests of the charity must come first. The charity trustee must act in the interests of the charity to which they have been appointed, rather than in the interests of the Council. If in relation to a particular issue the conflict is irreconcilable, the then charity trustee in question must make this known to the other charity trustees, and not take part in any further discussion or decision-making on the issue¹.

- 13.7 Conflicts of Interest: Interests which require to be declared (if known to the Councillor) may be financial or non-financial. They may or may not cover interests which are registrable in terms of the Code of Conduct. Most of the interests to be declared will be personal interests but, on occasion, you will have to consider whether the interests of other people require you to make a declaration. In specific relation to Following the Public Pound the following applies:

A Councillor may serve on other bodies as a result of express nomination or appointment by the Council or otherwise by virtue of being a councillor. Membership of statutory Joint Boards or Joint Committees which are composed exclusively of councillors does not raise any issue of declaration of interest in regard to Council business.

In relation to service on the boards and management committees of limited liability companies, public bodies, societies, charities, trusts and other organisations, the Councillor must decide, in the particular circumstances surrounding any matter, whether to declare a non-financial interest. Only if they believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. It is vital to always remember the public interest points towards transparency and, in particular, a possible divergence of interest between the Council and another body.

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The [Councillors' Code of Conduct](#) includes specific exclusions in relation to the declaration of interests. These apply to enable the councillor to take part in the consideration and discussion of, and to vote upon, any matter relating to the body in question. The councillor is required to declare his or her interest at all meetings where matters relating to the body in question are to be discussed. This is always provided the exclusion does not apply in respect of any matter of a quasi-judicial or regulatory nature where the body in question is applying to the local authority for a licence, a consent or an approval, is making an objection or representation or has a material interest concerning such a licence, consent or approval or is the subject of a statutory order of a regulatory nature, made, or proposed to be made, by the local authority.

- 13.8 Limitations on what can and cannot be disclosed: This cannot be easily defined, and Councillors and officers are advised to seek advice from, for example, the Council's Monitoring Officer should there be uncertainty about issues of conflict of interest.
- 13.9 It is not possible for the Council to insure Councillors or Officers of the Council in relation to their capacity as trustees, directors or officials, therefore it is for each external organisation to consider their own risks and determine the level of insurance / indemnity cover that's required. There will be circumstances where no indemnity insurance is required, and this is acknowledged by the Council.
- 13.10 The Council will periodically check the indemnity arrangements that exist within external bodies where Councillors or Officers participate.
- 13.11 The Chief officer – Finance will retain a register of representation of external bodies in a format they deem suitable for the purpose. Decisions in relation to representation will be taken by the relevant Council Committee or Sub-Committee or at the first meeting of the Council.

14 Financial and Operational Risk Assessment

14.1 Financial Assessment Framework

- 14.1.1 For funding awards of greater than £7 million an assessment should be made and documented by the relevant Council financial or accounting officer in relation to the financial stability of the organisation and for those which have operated for more than 3 years, 3 years financial statements should be supplied to the Council in the first instance. Where the funding is between £300,000 and £7million this should be looked at on the basis of the preceding year's approved or audited financial statements.
- 14.1.2 Newly (or recently) formed organisations should be asked to submit detailed financial plans together with cash flow forecasts, and/or business plans, where available.
- 14.1.3 Services are required to source the relevant documentation. The lead officer should prepare the assessment prior to the award of funding, in conjunction with their accounting team contact.
- 14.1.4 Where specific issues exist, or additional information may be helpful to the assessment of the organisation a credit check may be appropriate and should be discussed with your line manager prior to this being obtained. These can be obtained from the Accounting Team contact.

14.2 Operational Assessment Framework

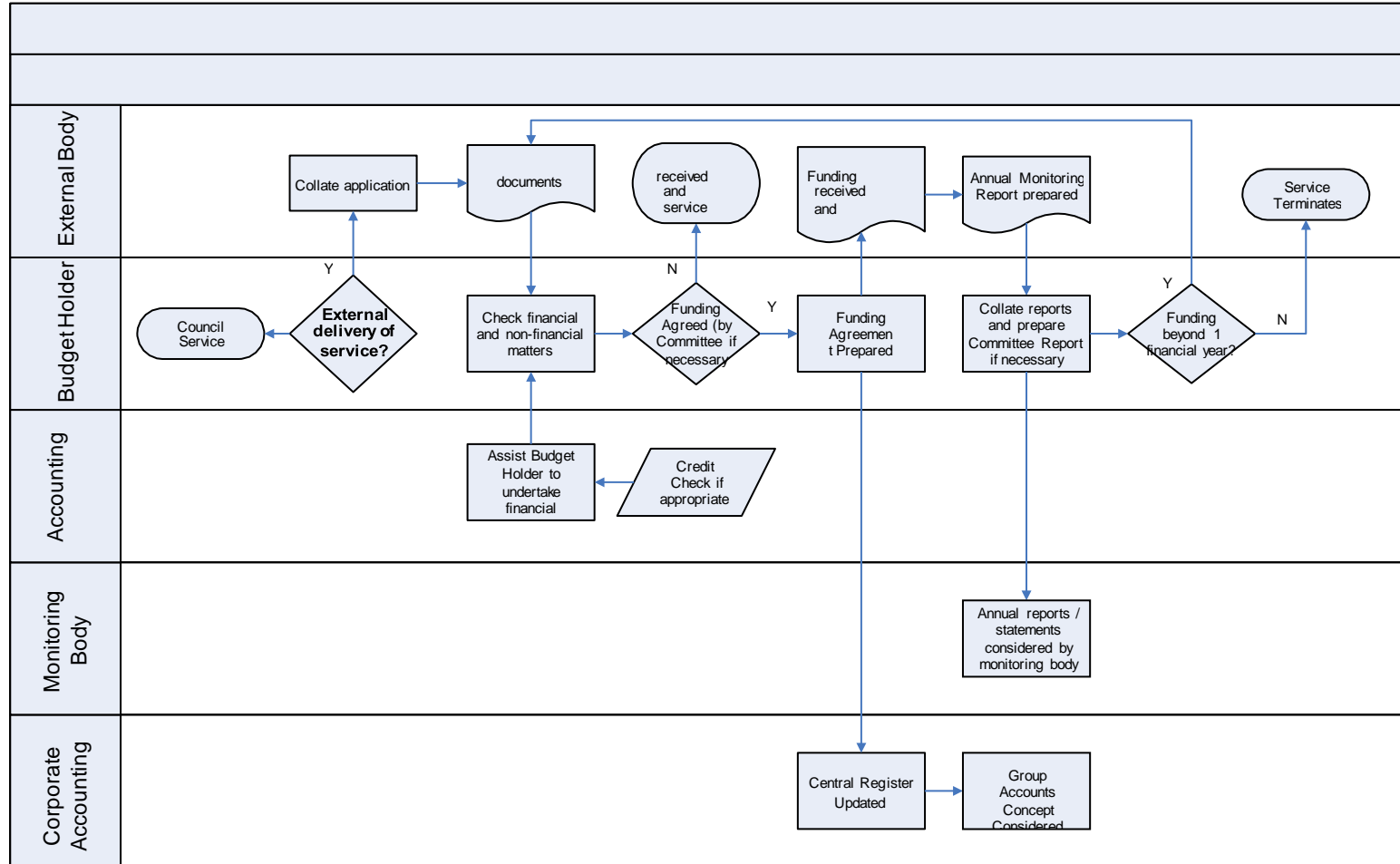
- 14.2.1 Matters which should be considered as part of the assessment of the organisational capability for awards of funding in excess of £15,000.
- Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation
 - Is the organisation a registered charity, and if so, have they complied with guidance from OSCR?
 - Is the organisation a registered company, and if so, have they complied with their requirements under the Companies Act?
 - Does the organisation have a clear statement of purpose and organisational objectives?
 - Is the organisation able to provide evidence or other support to demonstrate the achievement of its objectives and purpose?
 - Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge.

14.2.2 The Budget Holder and/or other people undertaking the operational capability assessment should document their findings (Pro forma – [Appendix C](#)), together with their recommendation as to whether the organisation is fit and proper to be considered for funding. Where conditions need to be attached to any Funding Agreement, these should be documented within the assessment pro forma.

14.2.3 Should the lead officer determine that they do not possess the relevant skills/knowledge to undertake this assessment, they should seek advice from their Finance contact in the first instance.

15 Flowchart

15.1 In order to present a picture of how the award of funding works the following flowchart has been produced to aid an understanding of the work, decision making and outputs involved.



15.2 This can be described in the following way: -

- Application for funding received / Identified need for external body to deliver a service on behalf of the Council.
- Determine Level of Funding Required → Indicates information / documentation / agreement type required.
- Budget Holder, in conjunction with their Finance Team contact, undertakes financial and non-financial scrutiny.
- Checklists completed – see Appendix B
- Decision taken under Service scheme of delegation, or if calls for its committee approval.
- Funding Agreement put in place by Budget Holder
- Budget Holder informs the Finance Team of agreement to update the Central Register
- Finance Team consider the wider aspects of the Council's Group Accounts
- Monitoring reporting undertaken by the external body.
- Budget Holder provides annual information to Chief Officer, Service Management Team, or Committee as appropriate.
- Budget Holder manages and maintains the organisational relationship with the external body.
- Funding extending beyond a single financial year is subject to annual / ongoing financial and non-financial checks.

16 Central Register

- 16.1 The Council will maintain a Central Register of all funding approved that meets the criteria set, which is covered by this Local Code of Practice.
- 16.2 The Register will be managed and maintained by the Finance Team, located at Marischal College, and updates will be provided directly from the Budget Holder as funding is awarded.
- 16.3 The Register is a key data source and as such the information and timing of such being supplied is crucial to the robustness of the information that is contained therein. The process described in this document and accompanying flowchart and checklists show when the Register should be updated.
- 16.4 To record an entry in the Register the Funding Agreement should be sent to the Finance Team immediately after the award has been made. The format of the register is shown in [Appendix D](#).
- 16.5 If Budget Holders wish to enquire about funding being provided to an organisation from across the Council then the Register will allow this to be carried out. The register can be found [here](#).

17 Glossary & Reference Documents

Glossary:

External Body

Includes all arm's length external organisations, trusts, registered charities, voluntary organisations and grant aided bodies.

Funding

Includes monies, grants, capital grants, guarantees, loans, common good fund contributions, shares, assets, and assistance in kind.

Where assets, such as property, are provided, the value of the building will not be included in the value of funding and a committee decision based on a business case for the use of assets in this way will be the overriding factor. This will normally exist where the council wishes the external body to undertake the delivery of existing council services on its behalf.

Peppercorn (below market rate) rental / lease agreements for property should be considered, based on the difference between the payment made and the market value.

Assistance in Kind

Includes all staff time and associated costs involved in enabling the external body to carry out its core activities which are essential to its continued existence e.g., administrative support, professional services, advice, accommodation, use of equipment, training, preparation of material for reporting to Council, etc.

It does NOT include staff time and associated costs involved i) in supporting and developing groups as part of the Councils duty to support community action; ii) in providing advice on setting up the funding and applications to the Council; and iii) incurred in the formal monitoring and review of funding arrangements by the Council.

Straightforward Contract	An agreement for the provision of goods and services between the Council and another organisation as a result of a normal commercial process, such as an open tender
Substantial to the Council	Funding arrangements that are substantial are. where the external body is receiving in excess of £7million per annum. This will include revenue or capital, recurring or non-recurring funding.
Representation	Means acting as a full member of the board or management committee of an external body, having a decision-making capacity with full speaking, and voting rights.
Participation	Includes acting as a representative, adviser, or observer at meetings of external bodies.
Accounting Team Contact	The person within Finance designated to support. the Service in these matters by the Finance Partner or Senior Accountant
Budget Holder	The Service representative designated to process the applications from external bodies for funding, and who is responsible for the contact with and relationship between the Council and the external body.
Monitoring report	This will consist of a financial and non-financial. operational report from the external body that includes confirmation of what has been achieved with the funding that's been provided and costs associated with undertaking this work.

APPENDIX A

Example MFA notification and confirmation

Example of a 37(2) notification

Aberdeen City Council offers (*Enterprise*) a Minimum Financial Assistance (MFA) subsidy under the Subsidy Control Act (2022), subject to your agreement to, and compliance with the terms and conditions set out below (relating to MFA and any other terms of the subsidy set out by Aberdeen City Council).

The amount of the MFA offered is £X. Before making the payment, we require written confirmation that the receipt of the payment will not exceed the (*Enterprises*) MFA threshold of £315,000 cumulated over this and the previous two financial years, as specified in section 36(1) of the Subsidy Control Act 2022. This means you must confirm that you have not received more than (*£315,000 minus the value of the subsidy*) in MFA subsidies or comparable types of subsidies (see section 42(8) of the Subsidy Control Act) between 1 April (*year beginning the calculation period*) and this date.

We take this opportunity to remind (*Enterprise*) that you are required to keep a written record of the amount of MFA you have received and the date(s) when it was received. The written record must be kept for at least three years beginning with the date on which the MFA was given. This will enable you to respond to future requests from public authorities on how much MFA you have received and whether you have reached the cumulative threshold

Confirmation must be sent by someone who is authorised to do so on behalf of your organisation.

I confirm for and on behalf of, (*Enterprise*) that receipt of MFA of £x from Aberdeen City Council will not exceed (*Enterprise*) MFA threshold specified in section 36(1) of the Subsidy Control Act (2022)*.

(*The MFA threshold applies at company group level.)

Example of a Section 37(5) MFA confirmation

To: (*Enterprise*)

From: Aberdeen City Council

This letter/email confirms that on (*insert date payment is made*), Aberdeen City Council is giving to (*Enterprise*) a subsidy with a gross value of £X as minimal financial assistance, in accordance with section 37(4) of the Subsidy Control Act (2022).

Dated

Signed

On behalf of Aberdeen City Council

We take this opportunity to remind (*Enterprise*) that you are required to keep a written record of the amount of MFA you have received and the date(s) when it was received. The written record must be kept for at least three years beginning with the date on which the MFA was given. This will enable you to respond to future requests from public authorities on how much MFA you have received and whether you have reached the cumulative threshold

Financial Year: [enter year]
External Body: [enter name of organisation]
Value of Funding: £
FtPP Tier
Service: [enter the Service]
Budget Holder: [enter name and job title of the designated budget holder]
Completed By: [enter name and job title of person completing this checklist]

✓ = this criterion applies to funding being awarded

Description of Issues and Checklist Questions (these represent minimum requirements)	Requirements for funding of			
	TIER 1	TIER 2	TIER 3	TIER 4
Prior to the Funding being Awarded				
On receipt of an application for funding consider whether the applicant meets the criteria for the grant or funding they are applying for.				
Undertake Subsidy Control Assessment by completing the assessment form and forward to subsidycontrol@aberdeencity.gov.uk for confirmation	✓	✓	✓	✓
Has the funding criteria been applied prior to the award?	✓	✓	✓	✓
Obtain bank statement verified as being copy of original by ACC official	✓	✓	✓	✓
Check bank details on statement match those in creditors system	✓	✓	✓	✓
Check evidence for Fair Work First has been submitted	✓	✓	✓	✓
Information expected from each external body in support of their application				
→ Detailed one-year financial plan and summary 3 year	✓	n/a	n/a	n/a
→ Any registered company seeking funding for the first time must provide annual accounts for the 3 preceding financial years (unless new body or less than 3 years old), audited, or approved in line with the Companies Act requirements. It is recognised that some organisations will, due to their size, be exempt from the audit requirements of the Companies Act, in these circumstances accounts approved by the Board/Trustees/Directors of the organisation and which include a statement setting out their responsibilities, including keeping proper books and records will suffice.	3 years	1 year	n/a	n/a

→If financial statements are available then a copy of the most recent financial statements should be obtained, if not, the organisation must provide an annual income and expenditure account and statement of cash balance which has been approved by a person independent of the day-to-day operational running of the organisation.	n/a	n/a	1 year	1 year
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Description of Issues and Checklist Questions (these represent minimum requirements)	Requirements for funding of			
	TIER 1	TIER 2	TIER 3	TIER 4
Prior to the Funding being Awarded				
Information expected from each external body in support of their application				
→ In the case of the organisation being recognised as a charity, the organisation will have to follow the guidance from the Office of the Scottish Charity Regulator (OSCR) to check if an audit or an independent examination is required.	✓	✓	✓	✓
→A statement of organisational strategic objectives	✓	✓	n/a	n/a
→Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled	n/a	n/a	n/a	n/a
→Check that the projections in the financial plan are realistic and achievable	✓	n/a	n/a	n/a
→ Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months)	✓	✓	✓	✓
→Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern	✓	✓	n/a	n/a
Approval process				
→Has approval for funding been given by a committee, if so, which one?	✓	✓	✓	✓
→ Has approval for funding been given through delegated authority, if so, who by?	✓	✓	✓	✓
→What was the date of approval?	✓	✓	✓	✓
Payments				
→Has the schedule of payments been agreed with the organisation, and where appropriate, prior to the beginning of the financial year?	✓	✓	✓	✓
→Are there no fewer than 4 payments?	✓	✓	n/a	n/a
→For annual funding over £1 million are payments being made monthly?	✓	✓	n/a	n/a
→Has the schedule of payments been checked for accuracy?	✓	✓	✓	✓
→Have all the financial checks been completed to the satisfaction of Council staff, and all the information submitted as required by the organisation?	✓	✓	✓	✓
→Does the organisation owe monies to the Council? Check sundry debt, Council tax and NDRI by contacting rbrecovery@aberdeencity.gov.uk. If so, these should be	✓	✓	✓	✓

brought to the attention of the relevant budget-holder prior to payment and for those that have reached first reminder stage should be deducted from the grant payment.				
→Are all documents and other evidence retained in the central Sharepoint file?	✓	✓	✓	✓

Description of Issues and Checklist Questions (these represent minimum requirements)	Requirements for funding of			
	TIER 1	TIER 2	TIER 3	TIER 4
Funding Agreement				
→A Service Level Agreement (SLA) is required	✓	✓	n/a	n/a
→What date was the Service Level Agreement signed?	✓	✓	n/a	n/a
→Is a letter of Agreement in place?	n/a	n/a	✓	✓
→What date was the letter issued?	n/a	n/a	✓	✓
→Are the minimum requirements as set out in Section 7.4 all covered?	✓	✓	✓	✓
→Is a copy of the SLA held in the Central FiPP folder?	✓	✓	✓	✓
Group Accounts concept				
→Has the issue of Group Accounts been considered by Finance?	✓	n/a	n/a	n/a
Central Register				
→Has the central register submission form and Funding Agreement been sent to Accounting@aberdeencity.gov.uk for inclusion on the Central Register	✓	✓	✓	✓

Checklist

Financial Year: [enter year]
External body: [enter name of organisation]
Value of Funding £
Tier
Service: [enter the Service]
Budget Holder: [enter name and job title of the designated budget holder]

✓ = this criteria applies to funding being awarded

Description of Issues and Checklist Questions (these represent minimum requirements)	Requirements for funding of			
	TIER 1	TIER 2	TIER 3	TIER 4
After the Funding has been awarded - Regular checks for external bodies				
Every 2 years				
→Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled	✓	n/a	n/a	n/a
Annually				
→ Undertake a subsidycontrol assessment and submit to subsidycontrol@aberdeencity.gov.uk	✓	✓	✓	✓
→Check that the projections in the financial plan are realistic and achievable	✓	n/a	n/a	n/a
→Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months)	✓	✓	n/a	n/a
→Check that there is no outstanding debt to the Council by contacting rbrecovery@aberdeencity.gov.uk	✓	✓	✓	✓
→Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern	✓	✓	n/a	n/a

Checklist

Description of Issues and Checklist Questions (these represent minimum requirements)	Requirements for funding of			
	TIER 1	TIER 2	TIER 3	TIER 4
After the Funding has been awarded - Regular checks for external bodies				
Ongoing				
→Check the six-monthly Management Accounts to ensure that there is sufficient cash to meet the organisations outgoings for the forthcoming year.	✓	n/a	n/a	n/a
Council Monitoring				
→What is the relevant Monitoring Body, which Committee or Service?	✓	✓	✓	✓
→Annual report received from the external body?	✓	✓	✓	✓
→Annual report prepared for Committee?	✓	n/a	n/a	n/a
→Date of Committee?	✓	n/a	n/a	n/a
→Annual report prepared for Service Management Team?	n/a	✓	n/a	n/a
→Annual report supplied to Chief Officer?	n/a	n/a	✓	✓
→Objectives and Outcomes achieved as per Funding Agreement?	✓	✓	✓	✓
→Outcome observations:	✓	✓	✓	✓
Any further action required:				

Operational Capability Assessment Template

Financial Year: [enter year]

External body: [enter name of organisation]

Service: [enter the Service]

Responsible Officer: [enter person completing this risk assessment]

Accounting Contact: [enter person who did the financial risk work]

Assessment:

We have considered the following in respect of the above organisation and have summarised our observations and conclusions below:

Matters considered (examples – the questions should be tailored according to the nature and amount of funding being considered)

- Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation?
- Is the organisation a registered charity, and if so, have they complied with guidance from OSCR?
- Is the organisation a registered company, and if so, have they complied with their requirements under the Companies Act?
- Does the organisation have a clear statement of purpose and organisational objectives?
- Is the organisation able to provide evidence or other support to demonstrate the achievement of its objectives and purpose?
- Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge record any observations in relation to the above

Operational Capability Assessment Template

Record any observations in relation to the above.

Recommendation

The organisation has been assessed and our overall recommendation is as follows:

Date completed: **[enter date]**

Central Register – Format

Aberdeen City Council Return of information for setting up a Central Register of Organisations meeting the criteria of Following the Public Pound covering the current financial year

Service making the return:

Person Collating Data & Contact Details:

Data required for setting up register																												
Organisation Name	Company Registration Number	Organisation Contact	Organisation Designation	Address 1	Address 2	Town /City	Postcode	Name (SLO)	Designation (SLO)	Cluster	Section (SLO)	Tel No (SLO)	Contact Name (SA)	Contact Tel No (SA)	Fund	Nature of Funding	Approval Date	Value of Funding	Last Update	Decision Making Body	Financial Code	Payment Regime	Tier Description	Additional Info (Project)	Additional Info (Comments)	Latest Note	Creditor Number	

Guidance notes on completion of the return

- Lead Officer Please provide name & designation
- Contact Details Please provide location & tel. number
- Nature of Funding e.g. Grant, guarantee, loan etc.
- Decision making body e.g. Committee, CMT
- Payment regime e.g. monthly, quarterly, annually etc.

SLO – Service Liaison Officer

SA – Services Accounting