

**MINUTES OF THE CABINET VOLUNTARY SECTOR COMMITTEE
MONDAY, 6 DECEMBER 2010**

Councillors *Dogus (Chair), *Goldberg and *Vanier.

*Present

Also Present: Councillor Reith.

MINUTE NO.	SUBJECT/DECISION	ACTION BY
VSGC04.	<p>MINUTES (Agenda Item 4)</p> <p>RESOLVED</p> <p>That the minutes of the meetings held on 23 November 2009 and 20 September 2010 be approved and signed.</p>	HLDMS
VSGC05.	<p>EXEMPT MINUTES (Agenda Item 8)</p> <p>The minutes were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>Arising from our consideration of Minute VSGC.08(9), we noted that the funding previously made to the organisation named therein remained unallocated and we agreed that it should now be offered up as a saving.</p> <p>RESOLVED</p> <p>That the exempt minutes of the meetings held on 23 November 2009 and 20 September 2010 be approved and signed.</p>	DACCS HLDMS
VSGC06.	<p>PROGRESS REPORT ON 'RED' FLAGGED ORGANISATIONS REVIEWED UNDER THE COMMUNITY CENTRES CORE GRANT FUNDING ROUND FOR 2010/13 (Report of the Director of Adult, Culture and Community Services - Agenda Item 9)</p> <p>The Appendix to the interleaved report was the subject of a motion to exclude the press and public from the meeting as it contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>We noted that following the November 2009 Committee decision the 3 Community Centres which, although providing worthwhile and valued services, had demonstrated weakness in their performance and/or financial stability, had been closely monitored by the Council's Voluntary Sector Team. We also noted that in line with our decision of 23 November 2009 (vide Minute VSGC.08 - 2009/10) the Council's Audit and Risk Management Team had been tasked with reviewing and making recommendations to the organisations operating the Centres for further improvements to their financial management.</p>	

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We were informed that for all three organisations financial viability remained a significant concern and their ability to repay debt was considered poor based on their most recent accounts. Given the current economic climate and the possibility of further financial uncertainty for organisations of this nature, we were concerned about the impact of these organisations becoming insolvent and whether the services which they supplied could be provided in a different way by redirecting the grant funding or needed to be provided at all.

We were also informed that under Paragraph 6.2 (a) of the Terms and Conditions of Revenue Grant Aid an organisation's signed and certified audited accounts were required within 6 months of the end of the organisation's financial year. However, and despite reminders, the organisations named in paragraphs 5.1 and 5.2 of the interleaved report had failed to submit timely certified Audited Accounts for assessment. In addition the organisation named in paragraph 5.1 owed the Council a considerable sum of money in respect of energy costs. While an agreement had been reached allowing the organisation to repay the debt on a monthly basis over a period of approximately 2 years, should this organisation cease to operate the likelihood of recovery was considered slim. We were advised that the organisation's solvency score was considered to still be well below an acceptable ratio which constituted a risk to the Council in continuing to fund the organisation.

With regard to the organisation named in paragraph 5.2 of the interleaved report, we noted that their financial year end was 31 March but that their accounts for the financial year 2009/10 had not been received until 10 November and then only in draft form. An appraisal of their audited accounts for the period ending 31 March 2009 had resulted in a poor solvency score which suggested that the organisation might struggle to meet demands on short term resources.

We noted that the revised business plan of the organisation named in paragraph 5.3 of the interleaved report was considered to be ambitious and its success would depend on securing additional external funding to sustain itself and support its proposed projects. However, the withdrawal of funding to the organisation by the PCT due to their budgetary constraints left the Council as the only provider of funds to this organisation which was a cause for concern. In accordance with our decision vide Minute VSGC.08 (6) - 2009/10, an audit review of the organisation's financial systems had been carried out in order to make recommendations on how probity and financial management could be improved. An appraisal of the organisation's audited accounts for the period ending 31 March 2010 had also been conducted and we noted that the solvency score was still well below the acceptable ratio. This suggested that the organisation might struggle to meet short term calls on resources with a risk to the Council in continuing to fund this organisation. There had also been a reduction in activities for generating funds in 2009/2010 and any further reductions in incoming resources would worsen the solvency position in future years. The cost of generating voluntary income was also not in correlation with income

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	<p>generated.</p> <p>RESOLVED</p> <ol style="list-style-type: none"> 1. That, having regard to the failure of the organisation named in paragraph 5.1 of the interleaved report to submit signed and certified audited accounts within 6 months of the end of the organisation's financial year in accordance with paragraph 6.2 (a) of the Terms and Conditions of Revenue Grant Aid and in the light of serious concerns that to continue to provide three year grant funding which would put the Council at risk, approval be granted in principle to the termination of the core funding of the organisation as at 31 March 2011 subject to a further investigation of their financial position and the Director of Adult, Culture and Community Services in consultation with the Chair be authorised to make the final decision on the termination of funding. 2. That, having regard to the failure of the organisation named in paragraph 5.2 of the interleaved report to submit signed and certified audited accounts within 6 months of the end of the organisation's financial year in accordance with paragraph 6.2 (a) of the Terms and Conditions of Revenue Grant Aid and in the light of serious concerns that to continue to provide three year grant funding which would put the Council at risk, core funding of the organisation be terminated forthwith. It was agreed that this decision would be implemented by the Director of Adult, Culture and Community Services. 3. That in the light of serious concerns that to continue to provide three year grant funding which would put the Council at risk, core funding of the organisation named in recommendation 5.3 be terminated as at 31 March 2011. It was agreed that this decision would be implemented by the Director of Adult, Culture and Community Services. 	<p>DACCS</p> <p>DACCS</p> <p>DACCS</p>
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The meeting ended at 20.30 hours.

DILEK DOGUS
Chair