



VALUE OVERVIEW & SCRUTINY COMMITTEE

REPORT

22 November 2012

Subject Heading:

Summary of funding awarded to voluntary and community sector organisations during 2010/11 and 2011/12

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Policy context:

The Council commissions services from the voluntary sector to deliver a wide range of services in the community on its behalf.

SUMMARY

This report provides Members with an overview of the grants and contracts in place with voluntary and community sector (VCS) organisations over the last two financial years.

In 2011/12, the total value of grants and contracts awarded by council to the VCS was £7.16m, and in 2010/11 it was £7.75m. Some of this funding comes from the Council's budget, and some from external grants it receives, such as the LAA performance Reward Grant, which funds the Community Chest grassroots grants programme. Despite the reductions in government funding, the Council has largely cushioned the voluntary sector from the impact of these cuts, with funding remaining fairly constant between 2010/11 and 2011/12 - reflecting the important role these services play in the community.

The Council adopts a mixed grants and commissioning approach, depending on the nature of the service and size of the grant, and aims to get maximum value for money out of all of its investments into the sector.

The Council is developing a community engagement strategy, which will set out a new relationship between the council and the community, and a commitment to working closely with the voluntary and community sector in Havering in delivering services for local people and improving the quality of life in Havering.

RECOMMENDATIONS

This report is for noting only.

REPORT DETAIL

1. BACKGROUND

- 1.1 Members requested an overview of the funding allocated to the voluntary and community sector by the Council.
- 1.2 This report sets out the total amount of funding allocated between 2010 and 2012.

2. PREVIOUS SCRUTINY REVIEWS

- 2.1 In 2004 a comprehensive review of the voluntary sector was carried out by the Culture and Regeneration Overview and Scrutiny Committee, and a report produced for Cabinet in March 2005.
- 2.2 In 2010/11, the Partnerships Overview and Scrutiny Committee undertook an investigation around the Council's relationship with the voluntary sector, and at its meeting in March 2011 heard presentations from council officers on the council's strategic approach to grants, its commissioning approach in Adult and Childrens services, and presentations from HAVCO as the main infrastructure body for the sector in Havering and from Crossroads, an organisation in receipt of council funding for the services it provides to carers.
- 2.3 In October 2011, the Value Overview and Scrutiny Committee were presented with an overview of the grants and commissioned contracts that the council had in place during 2011/12. At this time, the review was incomplete and Members were asked to note that work was continuing to map total spend across the Council. This work has now been completed and this report provides Members of a complete picture for 2010/11 and 2011/12.

3. THE GRANTS AND COMMISSIONING PROCESS

- 3.1 Each year, the Council will provide funding to the voluntary and community sector to deliver services on its behalf, and is committed to investing in the local sector to support the statutory services, such as social care, which the Council provides.
- 3.2 This is done through either a grant or through a contractual arrangement. A grant is an arrangement for smaller sums of money, for specific purposes. Funding allocated to organisations for the delivery of services through the commissioning process is usually for larger sums, with specific conditions and performance management arrangement in place. The commissioning process also usually follows a formal competitive tendering process (depending on the value of the contract).
- 3.3 The Council adopts a mixed approach to grants and commissioning, depending on the nature of the service and the amount of funding available.
- 3.4 The table below shows the different ways that the Council invests in the voluntary and community sector, through small grants, and commissioning/contractual approaches.

Approach	Grants	Mixture of grants and commissioning	Commissioned Services
Guide amount	Usually below £10,000	£500 - £150,000*	Usually over £60,000 per annum
Characteristics	<p>Open bidding against specified priorities</p> <p>Voluntary sector specific</p> <p>Often one-off projects</p> <p>Broader definition of outcomes, but clear links to Living Ambition Goals</p>	<p>Open bidding against specified priorities</p> <p>Voluntary sector specific</p> <p>Strategically important activity</p> <p>Sometimes used to strengthen a weak market</p> <p>Used for testing new concepts / models of service delivery</p> <p>Broader outcomes</p>	<p>Contestable market</p> <p>Non-voluntary sector specific</p> <p>Defined outcomes</p> <p>Service specification based on needs analysis</p> <p>Statutory or required services</p> <p>Full cost recovery</p>
Processes	All grants must be advertised, with an open application process for eligible groups to apply,	Funding agreement against specified priorities with a SLA	<p>Pre-Qualification Questionnaire</p> <p>Tender</p>

	against set criteria	Appropriate monitoring to track performance	Contract
	Carry out checks of health of the organisation and eligibility		Regular performance management
	Panel selection		Exit strategy
	Evaluate delivery		

*Awards over £60,000 will be considered on a case-by-case basis in relation to EU procurement legislation

4. TOTAL INVESTMENT IN THE VOLUNTARY AND COMMUNITY SECTOR

- 4.1 The review on grants has now been concluded. In 2011/12, Havering Council awarded a total of £7.16m of funding to the voluntary and community sector, investing as grants and commissioned services.
- 4.2 In the previous year, 2010/11, the Council awarded a total of £7.75m of funding to the voluntary and community sector, as grants and commissioned services.
- 4.3 Some of this funding came from the Council's mainstream budget, and some from external grants it receives, such as the one-off LAA performance Reward Grant, which funds the Community Chest grassroots grants programme.
- 4.4 The largest proportion of investment into the voluntary and community sector is in the form of commissioned services, mainly in Childrens' and Adults' social care services. Across the Council, there are also some smaller grant pots for funding specific community activity that are commissioned on a yearly or twice-yearly cycle, including the Havering Strategic Partnership Community Chest small grants fund, which awards grants to small community groups to fund a range of important community facilities, services and activities.
- 4.5 These grant pots are advertised widely to all eligible voluntary and community sector organisations, both through universal methods such as the Council's website and Living magazine. The council also advertises grant opportunities through the HAVCO newsletter which goes out to all its member organisations.

5. CORPORATE FUNDING CRITERIA FOR GRANTS

- 5.1 When making decisions on allocating funding to the voluntary and community sector through grants, there are a number of core principles the Council will follow. It will always:
- Be transparent
 - Look to gain maximum value for our investment

- Ensure that funding allocations align with the Living Ambition priorities as set out in the Corporate Plan 2011-14.
- Comply with the principles of the Havering COMPACT agreement and Codes of Practice (see Appendix A for more detail)
- Where possible, and in line with EU procurement regulations, the Council will always try to support the local Havering voluntary sector when making grants and commissioning investment decisions

5.2 In times of significantly limited resources, the Council is keen to support services run by consortia of voluntary organisations working together to share back office costs and enabling similar services to be delivered collectively. For example, Care Point, the Council's new information and advice service, commissioned as a single service but run by a consortia of voluntary organisations, provides early help and advice to the public on matters relating to health and wellbeing.

5.3 With the exception of commissioned services in health and social care, in general, the Council will not fund organisations who:

- Are not based in the borough of Havering
- Are based in Havering **but do not** serve local residents
- No evidence of community need
- Are not properly constituted
- Do not have policies and procedures in place covering Health and Safety, child protection, adults safeguarding or equal opportunities, where relevant to their organisation and the people they work with.
- Do not demonstrate clear financial procedures and are not willing to share information on their accounts with the Council

6. IMPACT OF THE RECESSION

6.1 The Council has, to a large extent, cushioned the impact of its funding cuts on Havering's voluntary sector, despite a 20% reduction in its funding between 2010 and 2014. However, it is even more paramount that the Council receives the best possible value for money for the Havering taxpayer out of the grants and contracts it makes, and this has been a priority in adults and social care commissioning in particular.

6.2 One of the recommendations in the 2005 Review of the Voluntary Sector was to offer more longer-term funding agreements over a period of say 3 years, to give voluntary organisations the certainty that their funding is in place and in turn improves the stability of the services they are able to offer.

6.3 Since then, however, the economic climate has changed dramatically, with the Council likely to experience further savings requirements in future years, as part of the national policy to reduce the deficit. Therefore, it will not always be possible to commit to making long term investments when the Council's own funding is itself subject to uncertainty. The council is also currently unable to provide inflationary increases on grants that it provides over concurrent years.

6.4 Regardless of the duration of the funding agreement however, there will still be the provision for the council to ensure that it is receiving good value for money from these investments, with the option to terminate funding arrangements if these conditions are not being met.

7. COMMUNITY ENGAGEMENT STRATEGY

7.1 The Council is developing a community engagement strategy, which will set out a new relationship between the council and the community, and a commitment to working closely with the voluntary and community sector in Havering in delivering services for local people and improving the quality of life in Havering.

7.2 It is anticipated that this strategy will go out for consultation in December and will be ratified by Cabinet in March.

IMPLICATIONS AND RISKS

Financial implications and risks:

As this is a report for noting only, there are no direct financial implications.

The figures quoted within this report are as provided by the respective service areas, and are funded via various budget streams.

Legal implications and risks:

As this is a report for noting only, there are no direct legal implications.

Human Resources implications and risks:

There are no HR implications arising as a result of this report.

Equalities implications and risks:

The majority of voluntary sector grants and commissioning arrangements made are from social care and learning, for services targeted at some of Havering's most vulnerable residents. These services provide vital support to the community.

All grant programmes run by the Council, such as the Community Chest pot, require applicants to demonstrate how projects or services promote equality and reduce inequality. The existence of small grant pots will continue to be advertised as widely/accessibly as possible.

All contracts in place through the commissioning process are required to comply with the council's equality policies and are expected to comply with the Public Sector Equality Duty.

BACKGROUND PAPERS

Cabinet Report "Havering Voluntary Sector Review" 3rd March 2005.

APPENDIX A: THE COMPACT

The COMPACT is an agreement with all spheres of Government and the voluntary sector on how to work better together. It contains a number of 'Codes of best practice' around funding processes, consultation, enforceable rights, and an overall improvement in working relationships.

In September 2011, the Department for Communities and Local Government published 'Best Value Statutory Guidance', which set out the Government's commitment to the national COMPACT and urged local authorities to maintain and uphold their COMPACT agreements locally.

Havering adopted its first COMPACT in July 2003, and over the years that followed, the Council has worked with the Compact Steering Group, led by the Voluntary sector, to develop our local codes of practice. This was re-freshed in 2010, following a review of the Compact.

The 2010 Compact Commitments

Commitments by all partners

Together we will;

- Work together to meet the needs of the people of Havering and implement the Havering Sustainable Community Strategy 2008-2013 (the "*Living Ambition*")
- Respect the principles and other aspects of the Compact
- Participate in reviews of the Compact
- Participate as equals in building the capacity of the Compact, recognising the contribution of all partners
- Have a commitment to openness and the sharing of information.
- Work in partnership to ensure that all consultation is inclusive and reflects the breadth of experience within the borough
- Consider and decide, jointly with other partners, how existing partnerships can implement the Compact
- Use the terms of reference of the Compact to help assess new policies and plans for their impact on the partners
- Ensure that policies and practices in relation to the partners and their users promote equality and social inclusion

Commitments by Public Bodies

We will;

- Recognise the right of the Voluntary and Community Sector bodies to manage their own affairs within the law and pursue their aims independently, including a right to campaign on issues
- Allocate resources to the Voluntary and Community Sector in Havering fairly, in line with clearly stated objectives and priorities and to principles of equality, efficiency, effectiveness, best value, fairness, sustainability and accountability
- Ensure that the Compact is adopted by all the public bodies at all levels and to designate a named point of contact Compact for Havering Document
- Promote a strong and effective infrastructure for the Voluntary and Community Sector in Havering

- Involve the Voluntary and Community Sector where appropriate in the process of developing and monitoring public policies, strategies and priorities and to ensure that consultation processes with the sector are timely, transparent and inclusive
- Create an environment for a thriving third sector/Voluntary and Community Sector
- Allow genuine and early involvement in decision making and treat the Voluntary and Community Sector as an equal partner

Commitments by Voluntary and Community Sector

We will;

- Recognise the breadth of obligations of public bodies and their right to manage their own affairs
- Represent the views of users and other stakeholders to public bodies
- Ensure that the Compact is discussed and endorsed by the appropriate management bodies of each organisation or group
- Ensure that the principles of the Compact underpin working relationships with the partners