

**VOLUNTARY SECTOR WORKING GROUP
(Report by the Head of Legal and Democratic Services)**

1. INTRODUCTION

- 1.1 At the last meeting, Members will recall that they received a report by the Voluntary Sector Working Group, outlining their findings to date. At that time, it was agreed that the Panel should investigate the potential impact that any budgetary cuts would have on demand for District Council services. In addition, the Working Group was tasked with prioritising the functions that the voluntary organisations perform under the existing Service Level Agreements.
- 1.2 The Working Group has met on two subsequent occasions. The first meeting was held on 9th November 2011 when the Executive Councillors for Healthy and Active Communities and for Customer Services were present. The Heads of Environmental and Community Health Services and Customer Services were also in attendance at the meeting, together with the Healthy Communities Manager. A further meeting was then held on the 23rd November 2011 to continue the Working Group's investigations.

2. WORKING GROUP INVESTIGATIONS

(a) Potential Impact on Demand for Council Services

- 2.1 The Government intends to transfer District Council administered Housing benefits to a Universal Credit scheme managed by the Department for Work and Pensions in 2014. This means that Housing Benefits cases that are currently handled by voluntary organisations will not fall on the Council. However, there will still be implications for the Council in terms of customers' debt problems, for example, through homelessness and individuals being unable to pay Council Tax. The Council does not provide debt advisory services but in recognition of the knock-on effects it has, additional funding of £34,000 has previously been provided to the Huntingdonshire Citizens Advice Bureau (CAB) under the "Weather the Storm" initiative. This funding was awarded over a two year period to assist with meeting increasing levels of demand for debt advice which had been prompted by the economic downturn.
- 2.2 The Executive Councillor for Customer Services has drawn attention to the role of the CAB, particularly in dealing with a significant number of very complex cases and has endorsed the above views on the likely repercussions for the Council from potential budgetary reductions arising from benefits overpayments, court action and homelessness cases.
- 2.3 The Head of Customer Services has undertaken some work to quantify the potential cost to the Council of changes in demand for services as a result of reducing funding to voluntary organisations. As the voluntary organisations have indicated that through achieving efficiencies and making other changes to the way they operate to reduce their costs, they would be able to maintain their existing levels of activity if a reduction of 20% in their funding is imposed on them. It is not however considered that such a reduction would have an impact on demand on the Council.

Moreover, as some of the organisations have indicated that a 50% reduction in their funding would mean they could not continue to operate, the actual effect could equate to complete removal of funding.

- 2.4 It is stressed that the figures provided only relate to those functions that fall within the Council's responsibility and not other matters such as debt, immigration and unemployment. As the report to the Panel in October made clear if Huntingdonshire Citizens Advice Bureau ceases to operate there is a strong possibility that a significant number of the organisation's service-users (approximately 9000 pa) might present themselves to the Council for assistance. **It is estimated such an increase in customers could require additional financial resource in the region of £60k.** This would equate to an additional 2.5 (full time equivalent) members of staff. If the CAB ceases to operate the net annual saving to HDC per year would be £102,250.
- 2.5 If the Council reduces funding to the Hunts Forum for Voluntary Organisations, a very limited service for member organisations and statutory agencies might be provided. It would have to transfer responsibility for the management of the Maple Centre back to the District Council. **The resulting costs to the Council have been estimated to be c£25k pa.** Therefore, a reduction by 50% towards the service-level agreement could actually increase costs to HDC by £3,900 pa. If the organisation folds, the saving would be £17,200 pa.
- 2.6 It is not considered that there would be any other additional resource demands on the Council.

(b) Priority Areas for Voluntary Activity

- 2.7 The Working Group has acknowledged the need for the Council to ensure that any future decisions it takes will have to demonstrate good value for money, together with clear and demonstrable links to the priorities identified within the Council Plan. With these factors in mind, and on the basis of the findings of their investigations, which were reported to the last meeting of the Panel, **the Working Group recommend that the Council should adopt the following general priority areas when deciding to engage voluntary organisations:-**
 - (a) **service providers that are able to provide evidence of financial sustainability for e.g. by actively searching for external and/or match funding opportunities;**
 - (b) **advice services for debt, benefits and unemployment;**
 - (c) **activities and services that facilitate a level of independence for those people otherwise dependent on the service and support of carers and others;**
 - (d) **services and activities that would increase the chances of young people obtaining and/or maintaining paid unemployment, and**
 - (e) **services that support the growth of the voluntary and community sector in Huntingdonshire and provide support mechanisms by which that growth could be achieved, including sourcing funding for other voluntary bodies.**

(c) Grant Aid or Commissioning?

- 2.8 The Executive Councillor for Healthy and Active Communities has reported on informal discussions that have taken place on the possibility of reverting back to a grant process. There are significant differences between the grant aid and commissioning processes in terms of the way agreements are reached and how much ability the Council would have to influence the recipients of funding. A grant system would restrict the ability to compare between organisational bids for funding and would not permit the ongoing monitoring of activity after grant funding has been awarded. Members doubt whether the Council would be able to demonstrate that the grants have achieved good value for money. The situation is complicated by the fact that some grant funded activities could potentially be open to community challenge under the new Localism Act. Commissioning would involve a competitive bidding process, with any bid being evaluated objectively against a set of specified criteria. Members have acknowledged the possibility that continuity of practice being disrupted if some of the voluntary sector organisations that the Council currently commissions are unsuccessful with their bids.
- 2.9 The Working Group has endorsed a suggestion that a combination of the two should be employed plus a community chest introduced through which small grants will be provided. This will be the subject of a report by the Head of Environmental and Community Health Services, which will be submitted to the Panel in January.

(d) Timetable

- 2.10 When the Head of Environmental and Community Health Services submits the report referred to in the previous paragraph to the Cabinet, she will also seek an indicative budget to enable her to commence negotiations with the voluntary organisations in the timescale specified in their SLAs. As has been indicated, the Overview and Scrutiny Panel (Social Well-Being) will have an opportunity to comment on the report before the Cabinet takes a decision.

3. CONCLUSION

- 3.1 As requested by the Panel at its meeting in November 2011, the Working Group has undertaken investigations into the impact of potential budget reductions on demand for Council services and prioritised the functions that the voluntary organisations perform under the existing Service Level Agreements.
- 3.2 The Panel is requested to endorse the findings and views of the Working Group for circulation to all Members for consideration during their deliberations on the budget later in the year.

BACKGROUND PAPERS

Minutes and Reports of the meetings of the Overview and Scrutiny Panel (Social Well-Being) held on 1st February, 1st March and 1st November 2011.

Voluntary Sector Working File held by Democratic Services Section.

Report by the Head of Environmental and Community Health Services – Voluntary Sector Review – to Overview and Scrutiny Panel (Social Well-Being) and Cabinet at their meetings on 4th and 20th October 2011 respectively.

Contact Officer:

Miss H Ali, Democratic Services Officer

☎ 01480 388006

✉ Habbiba.Ali@huntingdonshire.gov.uk