

COMT	12 December 2011
Overview & Scrutiny (Social Wellbeing)	3 January 2012
Overview & Scrutiny (Economic Wellbeing)	5 January 2012
Cabinet	19 January 2012

VOLUNTARY SECTOR REVIEW (INDICATIVE FUNDING)
(Report by the Head of Environmental and Community Health Services)

1. INTRODUCTION

- 1.1 The purpose of this report is a request to Members to both offer an indicative gross budget for voluntary sector support for 2013-14 and agree the method(s) for distributing funds to the voluntary sector.

2. BACKGROUND

- 2.1 An extensive review of voluntary sector funding and its impacts has been undertaken during 2011 and a special Member-working group was set up by the Overview and Scrutiny (Social Wellbeing) Panel. The outputs of both the officer and Member-led reviews have been seriously considered in the preparation of this report.

- 2.2 The following general priority areas, for funding voluntary organisations, have emerged:-

- Service providers that are able to provide evidence of financial sustainability; evidence may include signs of actively searching for external and/or match funding opportunities;
- Services that provide advice on debt, benefits and unemployment were particularly valued during the review;
- Activities and services that facilitate a level of independence for those people otherwise dependent on the service and support of carers and others, were also identified as worthy of consideration for financial contribution within the review;
- Services and activities that could increase the chances of young people obtaining and/or maintaining paid employment, were an emerging area that were considered important; and
- 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, were considered important in developing and supporting the sector more widely than just by direct financial contributions to a few organisations.

3. POTENTIAL MODELS FOR DISTRIBUTION OF FUNDS

3.1 During the review it became clear that some Members were keen to see minimal bureaucratic barriers facing those organisations seeking funding; while being mindful of both the limited financial resources that could be made available and the need to ensure the appropriate use of public funds. To this end it became clear that one solution may not fit all circumstances; different levels of assessment or 'control' should probably be applied according to financial, and or reputational, risk arising for the Council.

3.2 Various delivery methods for providing financial support to the voluntary sector were considered:-

- a) Grants – A gift of a grant restricts the opportunity for comparison between organisations' bids (only like for like are able to be compared) and does not permit ongoing monitoring of activity after grant has been awarded. There is no possibility of demonstrating good value and some grant-funded activities may be open to community challenge under a new 'Localism Act'.
- b) Commissioning- a competitive process where any 'bid' must be evaluated almost objectively against criteria and real competition is a possibility. There is a risk this process may disrupt continuity of practice and cause local disruption in cases where established groups/organisations are unsuccessful in their bid for funding.

3.2 Following discussions with Members from the working group a mixed grant system was considered potentially beneficial. The choice of method to be related directly to the potential sums required in any one year:

Grants - a grant could be for 1 to 3-years; but could include an option for the organisation to renew a 1-year bid on two further occasions in successive years. Grants do not allow for performance monitoring but the financial risk to HDC can be limited both by amount and by the duration of the grant. It is intended that a 3-year grant will likely be offered on a tapering basis to actively encourage the search for alternative, sustainable, funding. It is also intended there will be only one bidding window each year.

3.3 As part of a mixed system of awards it is also proposed that consideration be given to establishing a:

Community Chest – This would be fund for voluntary and community organisations and town/parish councils; who require a small injection of revenue. The fund could manage requests, throughout the year, for awards of up to £5k to help very local community projects.

4. FINANCIAL IMPLICATIONS

- 4.1 The relevant MTP line has stated, most recently (September 2011) that reductions in Community Grants are predicted to be:

	2012-13	2013-14	2014-15	2015-16
Community Grants reductions	-51	-294	-294	-294

The prediction has included a qualification: "£51k expected to be achieved 12/13; 2013 onwards subject to Member decision Feb 2012 (Study in hand)". The reduction of £51k in the next financial year can be delivered. The second reduction of £243k in 2013-14 would represent a significant reduction in funding available to the voluntary sector from this source.

- 4.2 Officer research indicates that the current recipients of funding believe that a 50% cut in the funding available from HDC, to any one of the organisations currently benefiting from support, could be catastrophic for them. It was also identified that at this level there are risks arising of some additional costs arising to HDC which would negate some of the overall savings potential.

Most of the current recipients of funding offered coping strategies for a reduction of HDC funding up to 20%.

- 4.3 In 2011-12 the budget for Voluntary sector contributions was £ 379,120
In 2012-13 the budget [including a £51k reduction] would be £ 328,120
If the 2013-14 budget were to be of the order of £ 273,000
This would allow:

Commissioning and Grant fund	£ 246,000
Community Chest fund	£ 27,000

Potential savings **£ 55,120**

When taking into consideration the savings already identified in the 2012/13 budget and the proposed saving for 2013/14 they total £106,120 this equates to <28% saving on the original 2011/12 voluntary sector budget.

5. CONCLUSION

- 5.1 Huntingdonshire District Council has assumed a reduction in funds to be made available to the voluntary sector as part of their own Medium-term Financial Planning. An extensive review of voluntary sector funding and its impacts has been undertaken during 2011; looking at both financial and wider social impacts.

- 5.2 The final Council budget for 2013-14 is not due to be set by Council until February 2013. However, the relevant service level agreements come to a natural end in March 2013. Each agreement includes a requirement that negotiations associated with termination/follow-on agreements should start no later than 1 October 2012, and be concluded by 31 December 2012. An indication of the maximum voluntary sector budget Members may wish to see provided from 2013-14 would facilitate both negotiations and forward planning.

- 5.3 Research suggests a 50% cut in the funding available from HDC, to any one of the organisations currently benefiting from support, could be catastrophic for them. At this level additional financial risks arise to HDC which could negate some of the overall savings potential. Most of the current recipients of funding offered coping strategies for a reduction of HDC funding up to 20%. If Members wished to have regard to these findings a level of reduction less than 50% would be desirable for the potential recipients.

6. RECOMMENDATIONS

Members are requested to:

- 6.1 Suggest an indicative voluntary sector budget for 2013/14 of £273,000
- 6.2 Agree to adoption of a mix of methods of allocating funds, the method to involve a level of bureaucracy proportionate to the level of funding required.
- 6.3 Agree to the establishment of a modest 'Community Chest' to create an 'accessible' source of funds to help very local community projects.

BACKGROUND INFORMATION

Huntingdonshire District Council, Community Development's Voluntary-sector Performance report 2010/11.

Huntingdonshire District Council's Voluntary-sector (officer) review: interview summaries.

The financial accounts and business plans 2010/11 or 2011/12 (as submitted by organisations participating in the 2011 review).

Huntingdonshire District Council's Equality Impact Assessment 2 (Sep 2011): "Cuts in voluntary sector funding phased in after 2012/13"

- 19 September 2011: Voluntary Sector Review report to COMT
- 4 October 2011: Voluntary Sector Review report to Overview & Scrutiny (Social Wellbeing) Panel
- 20 October 2011: Voluntary Sector Review report to Cabinet
- 1 November 2011: Report of Voluntary Sector Working Group to Overview & Scrutiny (Social Wellbeing) Panel
- 6 December 2011: Report of Voluntary Sector Working Group to Overview & Scrutiny Social Wellbeing Panel

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