

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Voluntary Sector Grant Funding 2016/17 – 2019/20

Meeting/Date: Overview & Scrutiny Panel (Communities & Customers) –
5th January 2016
Cabinet – 21st January 2016

Executive Portfolio: Executive Councillor for Strategic Economic Development
and Legal - Councillor Roger Harrison

Report by: Head of Community – Chris Stopford

Ward(s) affected: All

Executive Summary:

The Council's grant funding agreements for the voluntary sector run until the 31st March 2016, and therefore the Council needs to consider how, or if, it wishes to continue to grant fund the voluntary sector over the four year term of the new medium term financial strategy.

Recommendation(s):

1. That Members of Overview and Scrutiny provide comments and a preferred option for the funding for the voluntary sector grants between 2016/17 and 2019/20, as set out in Section 3.1.
2. That Members of Cabinet, endorse and agree the proposed funding recommendation from Overview and Scrutiny for the voluntary sector grants between 2016/17 and 2019/20, as set out in Section 3.1, such that the budget impact can be included within the Council's Medium Term Financial Strategy.
3. That Members of Overview and Scrutiny provide comments and a preferred option for taking forward the funding process into 2016/17, as set out in Section 3.2.
4. That Members of Cabinet, endorse and agree the recommendation from Overview and Scrutiny for the funding process to be applied to the voluntary sector grants between 2016/17 and 2019/20.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 At the meeting of the Grants Panel in November 2012, the Executive Councillor for Strategic Economic Development and Legal along with the Executive Councillor for Resources determined a three year funding arrangement with the voluntary sector. These funding arrangements remain in place until the 31st March 2016.
- 1.2 This report seeks views of Overview and Scrutiny and Cabinet to inform the future funding arrangements

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

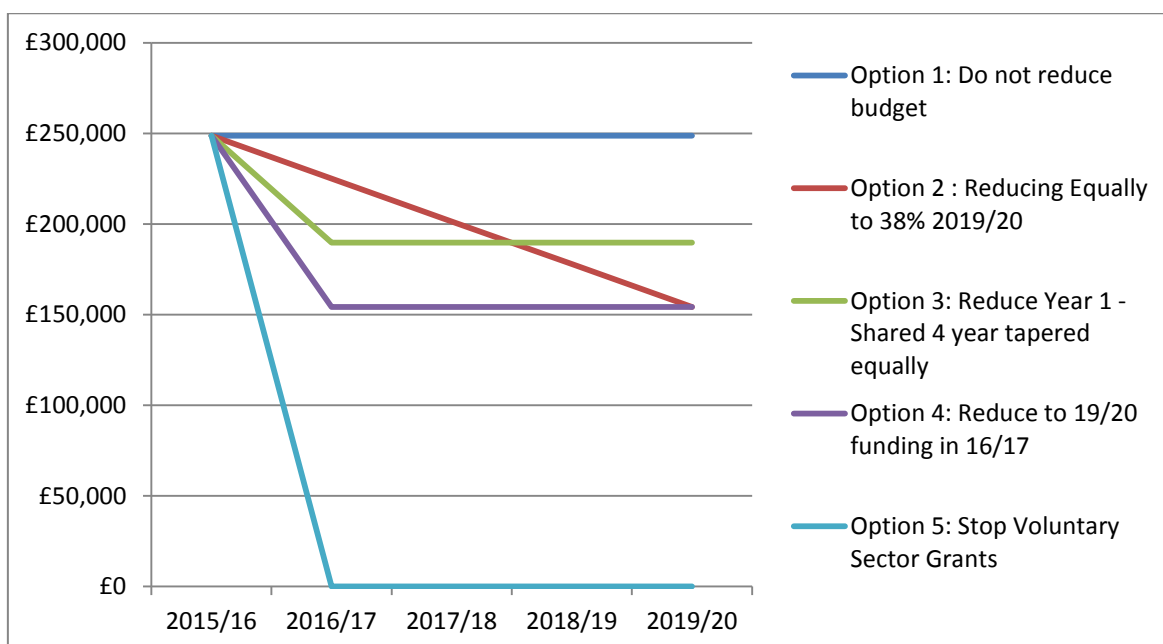
- 2.1 For the last three years the Council has operated a Voluntary Sector Grant fund. In 2015/16, the budget for the grants was £248,700, as detailed below:

Rural Cambridgeshire Citizens Advice Bureau (£9,700 is retained to cover rental costs for the accommodation in St Neots, a portacabin rented by HDC on their behalf)	£115,000
Disability Information Services Huntingdonshire	£19,000
Hunts Forum for Voluntary Organisations	£38,000
Care Network	£10,000
Huntingdon Volunteer Centres	£37,000
Huntingdon Shopmobility (£12,000 is retained to cover rental costs for the accommodation in Huntingdon, a portacabin rented by HDC on their behalf)	£29,700
Total	<u>£248,700</u>

3. OPTIONS CONSIDERED/ANALYSIS

3.1 Financial Value of Funding

- 3.1.1 The funding for the Voluntary Sector Grant budget allocation should not be considered to be outside of the main Council revenue funding for the Council and therefore should progressively follow the medium term financial strategy.
- 3.1.2 The Councils current financial objective to reduce all budgets by around 38% by March 2020 would result in an overall reduction of the voluntary sector budget. Such a reduction would be in accordance with *Cabinet Office, The Compact – The Coalition Government and civil society organisations working effectively in partnership for the benefit of communities and citizens in England, December 2010* ('The COMPACT') guidelines which clearly state that 'voluntary sector organisations in receipt of public finances should not be treated disproportionately to those services directly provided by statutory authorities'.
- 3.1.3 With the current 3 year funding programmes coming to an end on 31st March 2016 and the need to make substantial savings it is prudent for the Council to review its procedures, criteria and priorities for future support. The graph below makes suggestions as to how the overall budget, and the profile of the budget could be considered across a four year funding agreement. Such an agreement provides stability of funding for the voluntary sector, whilst allowing the Council to accurately consider the impact of the funding on its overall budget position.



- Option 1: making no change to the current level of funding allocated by the Council to the voluntary sector
- Option 2: reducing the budget over the term of the current medium term financial strategy (MTFS), such that in year 4 the reduction of 38% is achieved.
- Option 3: reducing the budget in year 1, but then providing an equal annual payment equivalent to the same total amount of spend as option 2
- Option 4: reducing the budget to the value of the MTFS in year 4 with immediate effect.
- Option 5: Stopping funding the Voluntary Sector with immediate effect

3.1.4 This information can be converted to financial values to show the impact of the above options.

	Option 1: Do not reduce by 38%	Option 2 : Reducing Equally to 38% 19/20	Option 3: Reduce Year 1 - Shared 4 year tapered equally	Option 4: Reduce to 19/20 funding in 16/17	Option 5: Stop Voluntary Sector Grants
2015/16	£248,700	£248,700	£248,700	£248,700	£248,700
2016/17	£248,700	£225,074	£189,633	£154,194	£0
2017/18	£248,700	£201,447	£189,633	£154,194	£0
2018/19	£248,700	£177,821	£189,633	£154,194	£0
2019/20	£248,700	£154,194	£189,633	£154,194	£0
4 year budget @ 2015/16	£994,800	£994,800	£994,800	£994,800	£994,800
New 4 Year budget	£994,800	£758,535	£758,532	£616,776	£0
Saving	£0	£236,265	£236,268	£378,024	£994,800
MTFS Saving	0%	24%	24%	38%	100%
2015/16 cf 2019/20	0%	38%	24%	38%	

3.1.5 Risk Analysis

3.1.5.1 Option 1

The Council could treat the voluntary sector grants budget of £248,700 as a protected budget, and not reduce the budget from the 2015/16 budget commitment.

In doing so, it would place increased pressure on other Council budgets in order to meet the current medium term financial strategy, and its 'plan on a page'. However, this option would be considered to be in compliance with the principles of the COMPACT.

3.1.5.2 Option 2

This option would be considered to be in compliance with the principles of the COMPACT, in that the budget reduction is mirroring that of the Council's overall medium term financial strategy, and 'plan on a page'.

The budget in 2019/20 is reduced to a level where any future funding discussions from 2019/20 will start at the same financial value, without exposing the sector to a 'cliff edge' reduction in funding between 2019/20 and 2020/21. The option also allows the sector time to react to the reduction in funding as the year 1 funding (2016/17) is not reduced to the same extent as options 3, 4 and 5.

Whilst reducing the 2019/20 budget by 38% based on the 2015/16 baseline budget, this option only delivers a four year budget saving of 24%

3.1.5.3 Option 3

This option would be considered to be in compliance with the principles of the COMPACT, in that the budget reduction is mirroring that of the Council's overall medium term financial strategy, and 'plan on a page'.

The budget position between 2019/20 and 2020/21 could, however, be considered to present a funding 'cliff edge' to the sector with funding reducing by £35,439 before any future medium term financial strategy is applied. The option has a more significant impact on the sector in year 1 (2016/17) of the funding arrangement, and will need more significant activity within the sector to react to the reduction in funding.

Whilst reducing the 2019/20 budget by 38% based on the 2015/16 baseline budget, this option only delivers a four year budget saving of 24%

3.1.5.4 Option 4

This option may be seen as placing increased pressure on the voluntary sector budget, that that being placed on the overall Council budgets, however, the Council continues to demonstrate that it supports the voluntary sector by continuing funding arrangements.

The budget in 2019/20 is reduced to a level where any future funding discussions will start at the same financial value, without exposing the sector to a 'cliff edge' reduction in funding between 2019/20 and 2020/21. This option would have a significant impact on the sector in year 1 (2016/17)

This option both reduces the 2019/20 budget by 38% based on the 2015/16 baseline budget, and delivers a full 38% saving on the four year voluntary sector funding budget

3.1.5.5 Option 5

This option sees the end of voluntary sector funding by the Council with immediate effect. Clearly, this option maximises the revenue savings to the Council however would be considered not in compliance with the COMPACT.

This option also presents additional risks to the Council, consideration must be given to the impact on both the voluntary sector and the Council. The removal of funding may result in organisations stopping their relevant service provision within Huntingdonshire, or not take up options to occupy the Pathfinder House Customer Services Centre. The Star Chamber for Customer Services identifies an income of £11,000 from the creation of a multi-agency HUB by voluntary sector occupation of Pathfinder House. Additionally, the introduction of Universal Credit will place additional burdens on the Council which, the retention of voluntary sector support in Huntingdonshire, could be accommodated by the sector.

3.2 Options for allocation of funding

3.2.1 The Council also needs to determine how to allocate funding to the voluntary sector. The existing organisations, with the exception of Shopmobility, are all considered to have met the obligations of the current funding agreements. Shopmobility failed to meet the matched income target set for year 3 of the award and had the year 3 payments reduced accordingly.

3.2.2 The Council could:

Option A Continue to fund all the organisations that it currently funds, either at the same budget, or at a budget reduced in line with the decision on the voluntary sector MTFs above.

In making this decision, regard must be had to the financial viability of the organisations and the impact of reductions from other funding streams:

Disability Information Services Huntingdonshire - their income for the year 2014/15 was £51,462 of which HDC contributed 35%; any reduction in funding by HDC must be considered to have a significant impact on the funding for this organisation

Volunteer Centre Huntingdon – their income for the year 2014/15 was £63,781 of which HDC contributed 38% with a further 19% being from the County Council; any reduction in funding by HDC must be considered to have a significant impact on the funding for this organisation

Care Network received a small percentage of funding from the District Council, but receives 36% of their funding from the County

Council, and therefore their viability may be at risk from the County Council budget setting proposals

Option B To reduce the number of organisations being funded directly by HDC, and seek to engage with umbrella organisations that through their funding support others. It is suggested that, having regards to the Council's Corporate Plan, two strategic themes could be considered:

- The provision of independent advice and information; and
- Building the capacity of the voluntary sector to include the promotion of community and voluntary organisations, volunteering, and volunteering opportunities

The NAVCA¹ report *Change for good – Report of the Independent Commission on the future of local infrastructure, January 2015* made, amongst others, a recommendation that local government should 'act strategically to fund core infrastructure functions at the local level, to act as a multiplier, drawing in other resources and creating social capital'. The report continues to discuss the need for infrastructure bodies to act collaboratively for the benefit of their communities, and to be vigilant in avoiding duplication of others.

This funding option would stimulate this approach to the local voluntary sector, but working together through an umbrella organisation funding arrangement, all organisations will have to work closer in collaboration to the overall benefit of our local communities.

Option C To consider the option of developing a joint commissioning approach voluntary sector capacity building and volunteering infrastructure services at a District level with Cambridgeshire County Council.

The County Council are currently consulting on the future funding of Voluntary and Community Sector Infrastructure Organisations. A copy of their latest information is included as Appendix 1 to this report. However, in summary the County Council currently spend £129,980 across the County and are looking to reduce this to £120,000. It is estimated that Huntingdonshire currently receives £18,857 of this funding

The key outcomes of the County Council funding being:

- To provide support, information, advice, training, mentoring, to the wider VCS on a range of issues, and
- To be a voice for the VCS

The options for the allocation of the proposed £120,000 include the development of 5 District wide agreements, on for each District, with the application of a fair funding formula. However, the funding

¹ NAVCA, the **National Association for Voluntary and Community Action**, is the national membership body for local support and development organisations in England. It was previously called the National Association of Councils for Voluntary Service (NACVS). NAVCA is a strategic partner of the Department of Health and the Cabinet Office's Office for Civil Society

of ACRE for the provision of county wide rural development is distinctive and this will continue separately from the District wide agreements. This means that the total County Council funding for Voluntary and Community Sector Infrastructure could be c£95,000, and if split equally around £19,000 for Huntingdonshire. All this is subject to County Council budget approval processes.

Whilst the current timetables for commissioning these activities are not fully aligned with this of Huntingdonshire District Council, this option could be future progressed.

This option further supports the recommendations of the NAVCA Change for Good discussed with Option B above.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 4.1 The comments of the Overview & Scrutiny Panel (Communities and Customers) following its meeting on the 5th January 2016 are attached as Appendix 3.

5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

- 5.1 The grant funding programme will be managed in accordance with 'Successful Commissioning Guide from the National Audit Office. This guide provides guidance on the commissioning, maintenance and decommissioning of grant arrangements with third sector organisations.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 6.1 Following the views of Overview & Scrutiny, the report will be updated and presented to Cabinet for further consideration. Information obtained will then be using in setting the voluntary sector budgets within the medium term financial strategy and will form part of the budget setting process at Council in February 2016.
- 6.2 Once a clear direction has been obtained, information regarding the funding for 2016/17 to 2019/20 will be provided to the voluntary sector. A 'tender process' will need to be followed to ensure that all organisations will have the opportunity to apply for the funding. The Council will ensure that it considers the best practice advice contained within the National Audit Office publication on 'successful commissioning' in determining and allocating funding.

7. LINK TO THE CORPORATE PLAN

- 7.1 The grant funding to the third sector clearly links with the Council's Corporate Plan through the 'working with our communities' theme.

8. CONSULTATION

- 8.1 The six organisations currently funded through the Voluntary Sector Grants have provided feedback to the October meeting of Overview & Scrutiny (Social Well-being) on their activities over the last three years of the funding agreement.
- 8.2 Those organisations that currently receive voluntary sector grant funding, as detailed in 2.1 above, have been advised that they current funding

arrangement end on 31st March 2015. The organisations have also been made aware of the content of this report.

9. LEGAL IMPLICATIONS

- 9.1 There is no legal impact at this time. However, should the Council act outside of the funding arrangements as outlined in the COMPACT then legal implications will need to be considered

10. RESOURCE IMPLICATIONS

- 10.1 The Council's medium term financial strategy sets its budget objectives of reducing its expenditure by 38% over its four year term. This report presents to Members the options for reducing funding to the voluntary sector in line with the aspiration of the medium term financial strategy.

11. OTHER IMPLICATIONS

(Equalities, environment, ICT, etc.)

- 11.1 Following recommendations from Overview and Scrutiny, and Cabinet the Council will need to complete an equality impact assessment and community impact assessment for any recommended reduction in funding, or changes to the funding principles.

12. REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 The Council must consider the need to secure value for money in providing funding to the third sector, alongside the needs to the Council to ensure that any funding is affordable. This paper has provided options for determining the financial value of the funding over the term of the medium term financial strategy, and options for the allocation of the funding.

Recommendations:

1. That Members of Overview and Scrutiny provide comments and a preferred option for the funding for the voluntary sector grants between 2016/17 and 2019/20, as set out in Section 3.1,
2. That Members of Cabinet, endorse and agree the proposed funding recommendation from Overview and Scrutiny for the voluntary sector grants between 2016/17 and 2019/20, as set out in Section 3.1, such that the budget impact can be included within the Council's Medium Term Financial Strategy
3. That Members of Overview and Scrutiny provide comments and a preferred option for taking forward the funding process into 2016/17, as set out in Section 3.2
4. That Members of Cabinet, endorse and agree the recommendation from Overview and Scrutiny for the funding process to be applied to the voluntary sector grants between 2016/17 and 2019/20

13. LIST OF APPENDICES INCLUDED

- 13.1 Appendix 1 - Cambridgeshire County Council's – Future Funding of Voluntary and Community Sector (VCS) Infrastructure Organisations.

- 13.2 Appendix 2 – ‘Stronger Together’ Cambridgeshire County Council’s Strategy for Building Resilient Communities.
- 13.3 Appendix 3 – Comments of the Overview & Scrutiny Panel (Communities and Customers) from its meeting on the 5th January 2016.

BACKGROUND PAPERS

The Cabinet Office, COMPACT

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61169/The_20Compact.pdf)

NAVCA, Change for Good

(<http://www.navca.org.uk/downloads/generate/3878>)

CONTACT OFFICER

Chris Stopford, Head of Community
December 2015