

## **Voluntary Sector Grant Aid Strategy 2011-2015**

### **SUMMARY**

- 1.1 At Cabinet in December 2010, Members considered a proposal to reduce grant aid to voluntary sector organisations as part of the Council's overall budget strategy for 2011/12 and beyond. Members provisionally approved the Grant Aid Strategy and its key funding themes and approved the process for commissioning voluntary sector services for 2011-15. Members also authorised a twelve week consultation on the proposed Grant Aid Strategy. The consultation with the Voluntary and Community Sector (VCS), service users, partner agencies and the public began on 15<sup>th</sup> December 2010 and ended on 13<sup>th</sup> March 2011. This report feeds back the outcome of the consultation and makes recommendations for next steps.
- 1.2 Organisations were very concerned about the size and timing of the grant aid budget reduction. It was suggested that reduction of 30% in one year would have too damaging an impact on the sector and phasing the reduction over a longer period was a fairer and more supportive approach. It was also felt that the funding reduction for the voluntary sector was disproportionate when it is experiencing increasing demand due to cuts in other areas and changes to social care eligibility criteria. However, having considered the views of the sector, the approach in the strategy enables a fundamental re-alignment of services with the outcomes in the Derby Plan at an affordable level that can be maintained as business as usual in following years. The actual impact is spread over two years and the full year savings will not be realised until 2012/13.
- 1.3 The Strategy did not mention a small grant programme for supporting small projects, pilot projects and starting new initiatives. To address this, it is proposed to include a small grant round in the updated Strategy.
- 1.4 The application period at four weeks was considered to be too short for some organisations to submit their service proposals, especially those that are new to the Council's grant funding process. Having considered this it is proposed that the period for applications be extended from four to six weeks.
- 1.5 Smaller organisations, those managed by people unfamiliar with completing grant applications, or those where English was not their first language expressed concern that they would struggle to complete grant application forms. It is proposed to arrange a series of workshop events where these organisations can be provided with information and assistance to help with their applications.

- 1.6 Concern was expressed that the process for assessing and allocating grants would not be transparent. The Council has worked with Voluntary Sector representatives to develop a transparent and fair assessment process. This will include providing details of assessment criteria, weightings, use of assessment panels, and an appeals process.
- 1.7 To assist in focussing their grant applications, organisations requested that the Council be specific about the services it is seeking to deliver the outcomes in the strategy. Examples of services will be made available as part of the grant application process
- 1.8 There was general agreement from organisations that they will require ongoing infrastructure support. A key part of the strategy is the commitment to infrastructure support for the sector, and funding will be available for appropriate services.
- 1.9 Local Authorities within the region are following a wide range of approaches to grant aid. Within this diversity the common themes are that funding to the sector is being reduced as Councils seek to maximise value for money and support for core priorities. A corporate approach is used to co-ordinate the review of funding with the Voluntary Sector while each directorate within the Council makes their own decision on which services meet the priorities of their department to meet overall budget targets.
- 1.10 The fact that the Council has to make significant reductions to its spending to balance the budget is well accepted

<b>RECOMMENDATIONS</b>
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- 2.1 To revise the strategy to bring it in line with the final version of the Derby Plan and Council Plan, reflecting the six key outcomes of the Derby Plan.
- 2.2 To proceed with the proposed reduced grant aid budget of £1.971m and implement the savings in 2011/12 with full year savings being achieved in 2012/13.
- 2.3 To increase the time period for grant funding applications to be prepared and submitted from four weeks to six weeks and provide more time for the run in to the application process to support and communicate with the sector. The application process to commence on 16<sup>th</sup> May and complete on 24<sup>th</sup> June. Recommendations on which services are to be commissioned and de-commissioned will be made to Cabinet at the 6<sup>th</sup> September 2011 meeting.
- 2.4 To provide support to VCS organisations throughout the application period to assist with understanding and preparation of funding bids.

## REASONS FOR RECOMMENDATIONS

- 3.1 At the time of the drafting of the voluntary sector grant aid strategy, the Derby Plan was still being developed. The three key themes of People, Place and Prospects in the Plan were used to identify outcomes for customers that we wanted to be delivered through the strategy. Since then, the Derby Plan has changed and now contains six key outcomes. Modifying the strategy will ensure that it accurately underpins both the Derby Plan and Council Plan.
- 3.2 Implementing the savings in one year has proved to be extremely unpopular with the whole voluntary and community sector. They have argued strongly for a phased reduction over a number of years to allow services to be reduced in a more controlled manner. However, having considered the views of the sector, the approach in the strategy enables a fundamental re-alignment of services at an affordable level that can be maintained as business as usual in following years. The actual impact is spread over two years as the full year savings will not be realised until 2012/13.
- 3.3 The extension of the period for grant applications will provide organisations with more time to consult with their members, consider options for the future services, and explore the potential for joint working to deliver improved value for money. This will be particular benefit to the following organisations:
  1. Smaller voluntary sector organisations particularly those without paid staff that are run and managed by volunteers
  2. Black and Minority Ethnic (BME) and other community groups who due to language issues may find the grant process more difficult to access
  3. Groups that are new to the grant aid process
- 3.4 Many of the existing smaller and BME organisations together with organisations that are new to grant funding indicated that they would value an appropriate level of support during the period when they are developing their applications. We shall be facilitating workshops, and offering appropriate guidance and advice during the application period.

## **Voluntary Sector Grant Aid Strategy 2011-15**

### **SUPPORTING INFORMATION**

- 4.1 The Council recognises the contribution made by the Voluntary Sector to Derby and the importance of working with the voluntary sector to maintain and improve the quality of life for everyone in the city. It is committed to building on the positive partnership it has with many voluntary sector organisations.
- 4.2 To support joint working with the Voluntary Sector the Council has worked with the sector to develop the Voluntary Sector Compact that was updated in 2009-10 and adopted by the Council in July 2010. The Compact is supported a series of other documents that provide further guidance on working with the Sector: the Commissioning Framework, the Grant Aid Procedure Rules and the Compact Checklist.
- 4.3 The Council is facing an unprecedented challenge following changes in funding to local authorities set out in the national Government's Spending Review. The Council has an estimated savings target of £58m over the next four years and is required to save £27m during 2011/12. This front-loading of the savings to be made has been particularly challenging for all local authorities. To meet the needs of the local community, the Council needs to fundamentally review its priorities for all service areas and this will include the priorities for grant funding for the Voluntary and Community sector.
- 4.4 The Council needs to ensure that its resources are used effectively to the maximum benefit of the people of Derby. The Grant Strategy supports this by:
- Ensuring that outcomes and grant funding align with current Council priorities and the Derby Plan as adopted by the Council in February 2011.
  - Grant funded services deliver value for money for the people of Derby.

#### **Other Local Authorities / Other funders**

- 4.5 As part of the consultation process, neighbouring local authorities in the region were approached. Feedback from these local authorities highlighted that each area has historically developed a different response to the allocation of grant aid, contracts and other support to the voluntary sector. The level of savings made across the country varied widely, linked to the different services that the voluntary sector provides in different areas and their funding sources.

- 4.6 The local authority has also collaborated with other grant funders such as NHS Derby City to ensure a consistent approach to grant-giving.

### **Summary of Consultation Responses**

- 4.7 Information about the strategy, consultation, questionnaire and events was circulated to funded Voluntary Sector organisations by each Directorate. This information was also made available to organisations not funded by the Council, service users and the public through local forums and networks including: Community Action Derby newsletter, Derby City Partnership newsletter, Compact Forum, Diversity Forums, Council website and press articles. A detailed methodology for the consultation and timetable of events held with a range of stakeholders about the Voluntary Sector Grant Aid Strategy 2011-15 can be found at Appendix 2.

### **Consultation Events**

- 4.8 The feedback from the consultation events on the 28<sup>th</sup> February 2011 and a summary of common issues is attached in Appendix 4. The following table lists the main concerns raised at the events and the Council's response.

4.9	<b>Concern</b>	<b>Response</b>
	Organisations felt that the proposed cut in the funding for the whole sector was disproportionate.	The Council is required to make challenging decisions as part of balancing its budgetary commitments with the need to meet other Council priorities and statutory services.
	The proposal to implement a 30% cut in one year would have too damaging an impact on the sector. Cuts should be phased in over a longer period.	The Council considered the option of phasing in cuts over several years. However, it was considered that it was preferable to introduce the changes in one process, impacting upon the sector over 2 financial years. This will support the Council to meet its budget challenges and ensure that services reflected current Council priorities. This will be followed by a period of stability in funding for the sector.
	There was concern that the strategy did not mention a small grants programme, to support small projects, pilot projects and starting new initiatives.	It is proposed to include a small grant programme within the strategy.
	Many organisations thought that the four week application period was too short, even though VCS organisations have had several weeks notice that a grant aid application process is being	It is proposed that the timescale is increased to provide a 6 week application period.

considered.	
Smaller organisations, those managed by people unfamiliar with completing grant applications, or those where English was not their first language expressed concern that they would struggle to complete grant application forms.	It is proposed to arrange a series of workshop events where these organisations can be provided with information and assistance to help with their applications
The process for assessing and allocating grants would not be transparent.	To address this, the Council has been working with Voluntary Sector Representatives on the Standard Document Working Group which aims to improve the grant application documentation more accessible and stream line the grant process. As part of the grant aid process it is intended to provide groups with the assessment criteria and details of the assessment process, set up independent panels that will report to Cabinet on their recommendations, offer groups an explanation of the feedback from the assessment and establish an appeals process.
Many organisations at the consultation events represented social care providers. These organisations stressed that they anticipated an increased demand for preventative services if the social care eligibility threshold was raised.	The Adults, Health and Housing Directorate is planning to address this by targeting grant aid on preventative services and advocacy as part of the implementation of the Personalisation Programme.
Organisations will require ongoing infrastructure support.	This is already included within the proposed strategy.
Many organisations identified their own services as contributing to the outcomes in the strategy. In addition there were suggestions that volunteer befriending services and volunteer transport services to support people to access community services should be developed	It is proposed to consider the inclusion of befriending services and voluntary transport in the strategy.

## Questionnaire

4.10 55 questionnaire responses and 3 additional direct responses were received (see

Appendix 6 Additional Consultation Responses). A response rate figure for the questionnaires is not easy to calculate as it was accessed via the web site and data on the number of hits was unable to be recorded. However, attendance at the events indicated that the more than half of all funded organisations did respond to the consultation.

4.11 The main part of the consultation questionnaire was designed to capture qualitative information and hence a full statistical analysis of the responses cannot be produced. However, key themes from the responses are included below. A full set of the responses are included in Appendix 7 Consultation Questionnaire Responses.

4.12 55.8% of respondents agreed with the proposed process of a single round of bidding for all new grant aid. For those organisations that did not agree with the proposed process, there were a number of concerns.

- The four week timescale for submitting applications was seen as being too short particularly for small community organisations that had few staff and lacked the competence to produce a good application.
- Clear criteria are required to ensure organisations can focus their applications that there should be an appropriate appeals process.

These concerns were also raised as part of the consultation and will be addressed by extending the timescale for applications, providing clear criteria and providing an appeals process.

4.13 75% of respondents stated that they could support the Big Society Agenda with volunteer time, expertise and knowledge of local issues in the community. Approximately 40% of respondents indicated that they could offer training and infrastructure to support the 'Big Society'.

4.14 The majority of the Questionnaire focussed on the 12 Outcomes from the strategy and support for "2<sup>nd</sup> Tier" infrastructure that provides support for voluntary sector organisations that provide services to local people. The 55 responses included responses from 35 organisations that identified that they had the potential to deliver one or more of the outcomes. Other themes in these responses were:

- That voluntary sector organisations should be encouraged to work together, through networks and joint working to improve services for their service users.
- Volunteering, particularly by young volunteers should be supported.
- That voluntary sector and statutory organisations should improve the way that they work together to provide holistic services for local people and families.

4.15 These responses will be considered by the appropriate Directorates in developing future grant criteria and in improving the delivery of services to local people. These issues will also be addressed in the development of a Voluntary Sector Support Strategy as recommended in the March 2010 Grant Aid Process Cabinet Report. This will co-ordinate the way the Council works with the voluntary sector

to provide services and promote volunteering.

### **Compact Forum.**

- 4.16 The principal concerns of the Compact Forum were the lack of Voluntary Sector involvement at an earlier stage in the development of the strategy and a perception that funding priorities were not linked to the current version of the Derby Plan.
- 4.17 The development of the Derby Plan was an inclusive process that involved many Derby residents and reflects the issues that local people say are important to them. Although the final version of the Derby Plan no longer contains the three themes of People, Place and Prospects – the key priorities have not fundamentally changed from when the Voluntary Sector Grant Aid Strategy was first drafted.
- 4.18 It is recognised that additional measures could have been taken to involve the Sector, however, the 12 week consultation period and the consultation events did provide an opportunity for feedback. Guidance documents and a ‘frequently asked questions’ document was produced to explain the link between the strategy and the Derby Plan and clarify many of the questions arising from the strategy. Appendix 3 Compact Forum Responses provides a list of the Compact Forum’s concerns and the Council’s response.

### **Other Voluntary Sector Meetings**

- 4.19 As part of the consultation the strategy was discussed at Community Action Derby’s Voluntary Sector Forum, the Voluntary Sector Providers Forum, and the Diversity Forums. The responses from these meetings were used to develop additional information for the sector in the form of a ‘frequently asked questions’ document that was circulated. The concerns raised are reflected in the concerns raised by the Consultation events, the Questionnaire and the Compact Forum. Attendees were asked to respond through the online questionnaire or directly to the Council.

<b>OTHER OPTIONS CONSIDERED</b>
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- 5.1 The option of leaving the current grant funded services in place was considered and rejected as it would not offer the best strategic fit with the new Derby Plan and not offer the best outcomes for Derby citizens.
- 5.2 The option of cutting all grant aid was considered and rejected as it was recognised that the Council needs to continue to invest in the preventative and direct services that the voluntary sector provides.
- 5.3 The option of maintaining the current grant funding levels was considered and rejected as it meant that essential statutory services would have to be reduced even more severely.



**This report has been approved by the following officers:**

Legal Officer	Stuart Leslie
Financial Officer	Martyn Marples
Human Resources Officer	Liz Moore
Service Director(s)	Rita Sylvester, Claire Davenport
Other(s)	Ann Webster

  

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Background papers	Cabinet Paper 14 December 2010
List of Appendices	Appendix 1 Implications Appendix 2 Consultation Methodology Appendix 3 Compact Forum Responses Appendix 4 Consultation Event Responses Appendix 5 Equalities Impact Assessment Appendix 6 Additional Consultation Responses Appendix 7 Consultation Questionnaire Summary and Detailed Responses

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 The Council funds the voluntary sector through a range of grants. Some grants come via central government or external agencies and some grants are made directly by the Council from its own general funds. The financial figures in this report relate to funds that are controllable by the Council and not one off or specifically time limited funds.
- 1.2 The total support for the voluntary sector in 2010/11 was £6.96m that includes contracts, national grants aid sources managed by the Council and Council controlled grant aid. The total Council controlled grant aid included within this strategy was £2.816m in 2010/11. It is proposed to reduce Council controlled grant aid by £845,000 to £1.971m during 2011/12 and 2012/13 to support the Council to balance its budget, and in line with national funding changes. The extension of timeframes by approximately six weeks will have an approximate £80k phasing effect on the budgeted savings in 2011/12. This budget pressure on the 2011/12 budget shall be met from alternative procurement savings identified in the Directorate.

**Legal**

- 2.1 According to legal cases, the consultation must:
  - Be at a time when the proposals are still at a formative stage
  - Give sufficient reasons to enable intelligent consideration and response
  - Provide adequate time for consideration and response
  - Have its outcome “conscientiously taken into account” when the proposals are finalised

**Personnel**

- 3.1 The Strategy provides for a 12 week notice period of those organisations whose services will be decommissioned. This will allow the organisations to manage any personnel implications.

**Equalities impact**

- 4.1 A full equalities impact assessment is attached at Appendix 5. The main recommendations of this assessment is the provision of additional support to diversity groups to participate in the grant aid process, requiring all grant aided services to take proportionate steps to review and improve their equalities performance and the gathering data to ensure that grant aided services support

all the diversity streams in an equitable and appropriate way.

### **Health & Safety**

- 5.1 The Grant Application process will include a consideration of whether groups are taking appropriate measures to ensure that Grant Aided services are safe for service users. A requirement to take appropriate action, depending upon the type of service, service user group and scale of the funding will be included in grant agreements and reviewed on an annual basis.

### **Carbon Commitment**

- 6.1 No implications arising directly from this report.

### **Value for Money**

- 7.1 The grant application process will include a consideration of whether organisations are providing services that offer value for money for the Derby City residents. This will be reviewed on an annual basis or more often if there is evidence that services could work more effectively.
- 7.2 The grant process will also consider charges made for services and will seek to ensure that charges are comparable across the City for similar services provided by other organisations and by the Council.
- 7.3 The grant aid process will encourage collaborative and consortia proposals as a potentially effective way of delivering best value.

### **Corporate objectives and priorities for change**

- 8.1 The report supports all the areas of work of the Derby Plan.