

<b>MAYOR AND CABINET</b>		
<b>Report Title</b>	Response to Matters Referred by the Public Accounts Committee – Voluntary Sector Grant Funding: a Review	
<b>Key Decision</b>	No	Item No.9
<b>Ward</b>	All	
<b>Contributors</b>	Executive Director for Community Services	
<b>Class</b>	Part 1	Date: 8 July 2009

### 1. Summary

This report formulates a response to the recommendations made by the Public Accounts Committee on their review of voluntary sector grants funding date.

### 2. Purpose

To respond to the recommendations referred to Mayor and Cabinet by the Public Accounts Committee's report on a review of voluntary sector grant funding.

### 3. Policy Context

- 3.1 As part of the Local Area Agreement, Lewisham has as one of the adopted National Indicators (NI7), 'environment for a thriving third sector'. A key role in ensuring a vibrant and thriving third sector is by investing in the sector through grant aid.
- 3.2 Section 2 of the Local Government Act 2000 enables the Council to do anything, which it considers, is likely:
- to promote or improve the economic well being of its area or
  - to promote or improve the social well-being of its area or
  - to promote or improve the environmental well-being of its area.
- In exercising its powers under Section 2, the Council must have regard to Lewisham's Sustainable Community Strategy. The Council gives grant aid to a number of organisations in pursuit of the objectives of the Sustainable Community Strategy. Organisations applying for funding from the main grants programme need to demonstrate how they contribute to the priorities identified by the Sustainable Community Strategy as well as any Council strategic plans within their area of operation.
- 3.3 Some voluntary and community sector organisations make a direct contribution to the Council's priorities through specific service provision whilst others contribute more indirectly through providing network support to clusters of specialist organisations or through contributions to strategic planning and development together with playing a key role in strategic partnerships.

- 3.4 The Council recognises that the grant aid programme plays assists in ensuring that the voluntary and community sector has a voice and can represent independent interests as well as in ensuring effective service delivery to residents.

#### 4. Recommendations

The Mayor is recommended to:

- 4.1 Note the response by the Executive Director of Community Services
- 4.2 Agree the actions outlined in paragraph 5

#### 5. Response to matters raised

In the review by Public Accounts Committee on the voluntary sector grant funding there were a number of recommendations for consideration by Mayor and Cabinet under the areas of transparency, accountability and benefit. These recommendations are given in paragraph 5 along with a response from the Executive Director of Community Services.

##### Transparency

- 5.1 *Although significant improvements have been made to the funding application process (via revised forms and criteria) PAC recommend that the process is further improved by:*
- a) *Making all the forms available online*
  - b) *Holding all the information on vcs organisations electronically*
  - c) *Strengthening the linkages between the year one, year two and year three application forms*

##### **Response :**

- 5.1.1 Officers have been working with the Council web team and grant forms are now available on line. Currently the small and faith grants programmes are available on line, and this will also be the case for the next round of the main grants programme in the autumn.
- 5.1.2 A database has been developed with information on organisations that apply for main programme, small and faith grants. This database includes all relevant documentation on an organisation such as constitution, policies, and annual accounts. Officers are exploring how this database can be widened to include organisations that are commissioned from other sources in the Council. This will enable officers to have access to core documentation and will mean organisations will not need to submit this information each time it applies for funding from the Council.
- 5.1.3 As part of reviewing the new three year funding and monitoring systems, officers have been working with funded organisations to explore how year two and three forms join up with the monitoring and annual reporting to Mayor and Cabinet. This will be implemented for the 2010/11 process.

## **Accountability**

- 5.2 *There is still work to be done on fully assessing the quality of the services being provided by funded organisations and making sure that funding is achieving its objectives and making a difference. PAC recommend that:*
- a) unit costs are considered as part of the application process, wherever possible, to ensure that value for money is being achieved;*
  - b) monitoring visits are more comprehensively and consistently recorded and the quality of meetings made more consistent across the board;*
  - c) the Safer Stronger Communities Select Committee is provided with more information on the results of monitoring reviews and the outcomes achieved;*
  - d) the level, purpose and objectives of the support offered third sector organisations is reviewed and a more explicit test of whether the level of support offered nullifies the benefits of providing services through the vcs, is introduced, (We recommend that Mayor and Cabinet requests a report on the types and level of support offered to organisations, the duration of that support, the effect on the organisation and the improvement in services resulting from that support, backed by evidence).*

### **Response:**

- 5.2.1 As part of the assessment process, the criteria for funding an organisation includes the need for the organisation to demonstrate the promotion of good value and quality of service. Applicants also need to evidence that funding applied for could not have been accessed elsewhere. As part of the assessment process, value for money is considered. This is done by looking at the level of funding an organisation accesses externally, as well as how the organisation costs the service. Where possible a unit cost is used, although often when an organisation is benchmarked against other providers it can be difficult to compare like with like. As previously illustrated to PAC, projects might be working with disabled people with complex need, and so the unit cost would be high in comparison with a project for non-disabled children. Similarly benchmarking is a more appropriate method for analysing value for money of some second tier organisations such as Voluntary Action Lewisham as it is more difficult to calculate a unit cost for an organisation that is a strategic partner and also contributing to the support and development of other small organisations. There is some national research on how to demonstrate the impact of second tier services, and once this has been concluded it will enable officers to evaluate further value for money of second tier organisations. Officers will ensure that where value for money can be assessed using unit costs, this will be undertaken.
- 5.2.2 The new monitoring system includes a monitoring form that is completed after each monitoring meeting, which identifies performance and any areas for development. These forms are used for all funded organisations, and logged on the database. They are also used in identifying any training needs across the programme. Standard forms have been developed for reporting on service delivery. These forms are used for all grant funded groups by the officers responsible for monitoring, who come from across the Council. Consistency is maintained through monthly lead officers where the systems are reviewed and training provided. However it is proposed to undertake a quality check to ensure even greater consistency.

- 5.2.3 On 13 November the Safer Stronger Communities Select Committee received the full monitoring reports of the five organisations in receipt of the largest grants. It was agreed that this should happen annually. The Select Committee also receive the annual assessment reports prior to Mayor and Cabinet (Contracts) in February, and these reports include progress against targets and any issues arising from the monitoring.
- 5.2.4 The traffic light monitoring system has been designed to identify when an organisation is in a critical position, and what action needs to be taken and support given. At that juncture an action plan is put in place with clear timescales allowing for the organisation to address concerns. If this is not been complied with, then a report will be submitted to Mayor and Cabinet (Contracts) recommending whether further support be given or funding withdrawn.

### **Benefits**

- 5.3 *The vcs would benefit from earlier notification of grant awards and tapering levels and more flexibility in terms of staff pension contributions. PAC recommend that:*
- a) *The Council advises organisations of the decision to award funding and the level of tapering for year 2 onwards, if applicable, at an earlier stage;*
  - b) *The Mayor investigates the costs and benefits of including pension contributions in salary costs and reports on this to the Safer Stronger Communities Select Committee;*

### **Response:**

- 5.3.1 The current process is that organisations receive the officer recommendation in January and are given the opportunity to appeal. The decision for funding is made mid February. With regard to tapering, with the exception of early years, organizations were informed of any proposed tapering which happens in years 2 and 3, giving them a notice period of a year. This was not the case for early years as a review was undertaken to decide what the level of tapering should be. The process can be brought forward but has to be part of the Council's overall budget setting process. Officers will consult on whether an earlier date would be beneficial to the VCS and achievable within the budget setting process.
- 5.3.2 Currently no organisations that are directly funded through grant aid include funding towards pensions. Officers are currently working on what this might cost if they were to be implemented, and a report will be available in October. The issue of employers having to provide pension schemes and the implications on voluntary organisations will form part of this report.
- 5.4 *The community would benefit from a better spread and balance of services provided by the vcs, informed by their feedback. PAC recommend that:*
- a) *The Council seeks to identify gaps in the services currently provided in Lewisham and uses the list of all the vcs organisations in the borough held by Voluntary Action Lewisham to plug any identified gaps in service provision.*
  - b) *The criteria for funding is used more proactively by the Council to signal the services it wants provided by the third sector*
  - c) *A formal mechanism to ensure that the Council captures feedback from users of the services provided by funded organisations is developed;*

- d) *Formally capturing feedback from service users is a requirement placed on all vcs beneficiaries of Council funding.*

**Response:**

- 5.4.1 The Council's funding relationship with the third sector extends beyond investing in the sector through grant aid to include the commissioning of services. In recognising the role of the third sector as partners and service providers, guidelines on commissioning with the third sector have been drawn up and will be submitted to Mayor and Cabinet in September 2009 for approval. These guidelines will form part of the local Compact. As part of the Council's commissioning and procurement processes, officers identify need and then commission services to meet these needs. In managing the market across the Council's different service areas, officers consider that the third sector is an integral part of a mixed market. In recognition of this, the two largest commissioning areas, Children and Young People and Adult Social Care, have specialist posts within Voluntary Action Lewisham to support this work. As part of the commissioning, officers will ensure that voluntary sector organisations are made aware of these commissioning opportunities. GrantNet Plus, a computer package on the Lewisham website will be used to publicise commissioning programmes to enable voluntary organisations to be informed of current funding opportunities.
- 5.4.2 The Grant Aid programme has historically often provided the backbone or core to an organisation's funding. This continues to be a priority as other public funders, including national Government often require a core commitment from the local authority as an agreed part of a funding package. Provision towards core costs often allow an organisation to respond to a wider arena of public interests and service provision. The Council's grant aid programme is akin to investment funding in the VCS, enabling it to perform its role more effectively or to enable services to be delivered that cannot readily be delivered through the statutory sector providers. Any application must cover one of the priorities in the Sustainable Community Strategy (See Appendix A). These criteria are reviewed, however as most of the grants are currently on year 2 of the funding programme, any changes will need to be implemented from 2011/12.
- 5.4.3 As part of the grants and monitoring processes, information on how users are consulted and involved in service development is requested. As part of the review of the process, officers will ensure that this element is further developed, as identified in 5.4(d) above. Currently the Council captures feedback from service users as part of the monitoring process through visits and discussions with the organisation. A formal system of getting users feedback directly will need to be developed, including consideration of related resource implications.

**9. Financial Implications**

- 9.1 There are no cost implications to the report at this stage. The financial implications of options around funding of pension costs will be included in the further report described in para 5.3.2.

**10. Legal Implications**

These are contained within the body of the report.

**11. Crime and Disorder Implications**

A number of voluntary organisations are funded to work with young people in particular. These organisations are now integral to the borough's Crime Reduction Strategy.

**12. Equality Implications**

The Council's support for the community sector is a major expression of Lewisham's commitment to making social inclusion a reality in meeting the needs of the borough's diverse communities including specific initiatives such as support for older people, disabled people and the promotion of race equality.

**13. Environmental Implications**

A number of environmental organisations providing a service in Lewisham are funded through the grants programme.

**BACKGROUND PAPERS**

Report to Mayor and Cabinet 13 May 2009

If you would like more information on this report please contact Sandra Jones of Community Services Directorate's Community Sector Unit on 0208 314 6579.

### CATEGORY CRITERIA

These currently adhere to the LSP's priorities outlined in the Community Strategy which may be subject to changes in emphasis and prioritisation following the adoption of the Sustainable Communities Strategy.

Sustainable Community Strategy	Funding stream – organisations that can demonstrate that:
<i>crime: reduce crime and the fear of crime and make Lewisham a safer place</i>	Support of victims of crime or are active in crime prevention
<i>health: sustain and improve the health and well-being of local people</i>	<ul style="list-style-type: none"> <li>▪ help to reduce health inequalities</li> <li>▪ provide opportunities that assist people to maintain health and well-being</li> <li>▪ Supporting older people to remain independent and active within the local community</li> <li>▪ Improving the quality of life for vulnerable people and their carers</li> </ul>
<i>education: raise educational attainment, skill levels and employability</i>	<ul style="list-style-type: none"> <li>▪ provide services to children and young people that contribute to the key aims of the Children and Young Peoples Plan</li> <li>▪ contribute towards targets contained within the Children's Centre, Childcare and Play Service (CCCP) business plan which also reflect targets set out in the Children and Young People's Plan. These targets are aimed at reducing child poverty and improving the health education and well being of young children and their families and supporting parents in parenting their children.</li> </ul>
<p><i>enterprise and business growth: foster enterprise and sustainable business growth, including the creative industries</i></p> <p><i>cultural vitality: develop cultural vitality – building on Lewisham's distinctive cultures and diversity.</i></p>	<ul style="list-style-type: none"> <li>▪ Sense of Place – To develop Lewisham's identity as a vital, creative place to live, work &amp; learn through innovative and sustainable design and the provision of high quality creative destinations.</li> <li>▪ Creative Economy – To develop and strengthen the sustainable economy for Lewisham through the support and encouragement of the cultural and creative sectors.</li> <li>▪ Developing Creativity – to support and promote opportunities for children and adults to develop their creativity and acquire new skills.</li> <li>▪ Building Stronger Communities – to encourage active participation in the arts and facilitate programmes designed to promote community cohesion and well being</li> <li>▪ In assessing applications for funding the spread of arts provision across the Borough and sub regionally will be taken into consideration both in terms of geographical spread, art form and equality of access for different sectors of the community</li> </ul>
<i>regeneration: secure sustainable</i>	<ul style="list-style-type: none"> <li>▪ Help to provide a greener, more sustainable</li> </ul>

<i>regeneration of Lewisham as a place – its housing, transport and environment.</i>	<p>environment</p> <ul style="list-style-type: none"> <li>▪ Promote growth and sustainability of third sector enterprise</li> </ul>
<i>welfare dependency: reduce welfare dependency, promote independence and increase the life chances of vulnerable members of the community</i>	<ul style="list-style-type: none"> <li>▪ provide advice to individual residents to help them access their rights and services</li> <li>▪ have a strategy for providing services to socially excluded groups</li> <li>▪ work in partnership with the Council and other agencies to provide an integrated, accessible service to residents</li> </ul>
<p><i>engage local communities: help local communities to develop their own capacity for mutual support and independent action and ensure the centrality of community involvement in public service decision-making processes</i></p> <p><i>ensure equity in service delivery: design diversity into local institutions and design out discrimination</i></p>	<ul style="list-style-type: none"> <li>▪ contribute to community cohesion and build social capital</li> <li>▪ support volunteering</li> <li>▪ Empowering local people to have greater influence over local decision-making and services, including increasing the number of residents involved in local voluntary activity and improving community cohesion,</li> <li>▪ Improve the quality of life for people in the most disadvantaged communities and neighbourhoods</li> </ul>
<i>improve effectiveness, efficiency and sustainability of local public services: optimise investment in infrastructure and improve the stewardship of assets</i>	<ul style="list-style-type: none"> <li>▪ provide infrastructure support to the vcs</li> <li>▪ Provide community development and capacity building support to other voluntary and community organisations</li> <li>▪ Promote partnerships between groups and sectors</li> <li>▪ Ensure their services are appropriate to and used by groups service excluded communities</li> <li>▪ Work to increase the sustainability and independence of individual organisations or the sector as a whole</li> </ul>