

Public Document Pack

Safer Stronger Communities Select Committee Supplementary Agenda

Monday, 4 July 2016

7.00 pm,

Committee Room 3

Civic Suite

Lewisham Town Hall

London SE6 4RU

For more information contact: Simone van Elk (02083146441)

This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed.

Part 1

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SAFER STRONGER COMMUNITIES SELECT COMMITTEE			
Report Title	Main Grants Programme 2017-18 – recommended approach		
Key Decision	Yes	Item No.	5
Ward	All		
Contributors	Executive Director for Community Services, Executive Director for Resources and Regeneration, Head of Law		
Class	Part 1	Date:	4 July 2016

This report is late due to the consultation on the Main Grants approach to realising savings closing on 30 June 2016. Officers wanted to be able to give as full a picture of the consultation results as possible to the committee. The final recommendation on the approach will be submitted to Mayor & Cabinet on 13 July which is before the next committee date.

1. Purpose

- 1.1 The purpose of this report is to provide the Safer Stronger Communities Select Committee with a copy of the draft Mayor and Cabinet (Contracts) report scheduled for 13 July 2016 and seek feedback. The draft report is below.

2. Recommendations

- 2.1 It is recommended that the Mayor and Cabinet (Contracts):

- Note the consultation process and the outcome of that consultation as set out in section 7
- Agree the recommended approach to realise £1m savings from the Main Grants programme in 2017-18 as set out in in section 5
- Agree the extension of the Main Grants programme by one year, to 31 March 2019

3. Policy Context

- 3.1 Lewisham's Sustainable Community Strategy 2008-2020, 'Shaping our Future', sets out the borough's ambitions to encourage development, enable citizens to live healthy lives and to empower Lewisham's communities to prosper. It has six strategic priorities, including a commitment to creating a borough that is "Empowered and Responsible: where people are actively involved in their local area and contribute to supportive communities".
- 3.2 The empowered and responsible strand of the strategy highlights the importance of the community and voluntary sector in all areas of public life. It recognises that the sector plays a significant part in Lewisham's ongoing success.

- 3.3 This is reflected in Lewisham’s corporate priorities: “Community leadership and empowerment: developing opportunities for the active participation and engagement of people in the life of the community”.
- 3.4 Lewisham has a strong history of working with the voluntary and community sector and empowering residents and communities. Lewisham is fortunate to have a strong and thriving sector which ranges from very small organisations with no paid staff through to local branches of national charities. The sector includes charities, not for profit companies limited by guarantee, faith organisations, civic amenity societies as well as social enterprises. There are estimated to be around 800 community and voluntary sector organisations in the borough.
- 3.5 What all these organisations have in common is their ability to bring significant additional value to the work that they do through voluntary support and raising funds from sources not available to other sectors such as charitable trusts. In addition they often provide services that the Council cannot easily provide; create links between communities and people; and give people a voice.
- 3.6 As well as being directly involved in delivering services to citizens in the borough, third sector organisations also provide the essential infrastructure to allow the sector as a whole to develop and support individual citizens to be able to play an active role within their local communities.
- 3.7 Lewisham was the first London Borough to develop a compact with the third sector in 2001. The compact seeks to support a positive relationship between the sector and key statutory partners. It includes expectations around the management of grant aid as well as broader partnership working principles. The compact was further developed in 2010 with the addition of guidelines for commissioning with the third sector in recognition of the important contribution that the third sector should play in identifying needs as well as potentially delivering service solutions.
- 3.8 Although the third sector’s role within the commissioning of local public services continues to grow (over £30m worth of services were commissioned from the third sector in 2013/14), the council recognises that there continues to be a need for grant aid investment for the following reasons:
- a recognition of the importance of maintaining an independent sector that can act as a critical friend to challenge public sector policy and delivery.
 - a recognition of the key role that the sector plays in building civic participation, providing a voice for seldom heard residents and providing community intelligence.
 - a recognition of the great diversity of the sector and the need to engage with small and emerging groups as well as large established organisations.
 - a recognition of the sector’s potential to take risks and innovate which does not always sit easily within commissioning frameworks.
 - a recognition that third sector organisations have been key delivery partners for a wide range of targeted short term initiatives. Grant aid provides a level of security for organisations ensuring that there is a strong sector ready to work in partnership with us.

4. Main Grants background

4.1 The current main grants programme was agreed by Mayor and Cabinet Contracts on 13 May 2015. Funding was provided over four themes:

- strong and cohesive communities
- communities that care
- access to advice services
- widening access to arts and sports

4.2 In addition to the themes outlined above there is a commitment to fund:

- Organisations that are committed to working with each other and us to ensure the best possible outcomes for Lewisham's residents with our shared resources.
- Active partners who are as passionate about Lewisham as we are and have the drive and capacity to make a difference to people's lives.
- Organisations that understand the level and profile of local need and have the ability to transform the way they work to meet that need.
- Organisations with a track record of adding value to council funding through attracting resources both financial and volunteer time.
- Organisations that share values with the council as well as commitment to the London Living Wage, equalities and environmental sustainability.

4.3 Mayor and Cabinet (Contracts) agreed 2016-17 funding to 60 organisations on 17 February 2016. Funding was awarded for 2 years and 9 months, from July 2015 to March 2018.

4.4 A further five organisations were awarded funding for 9 months (until March 2016). Funding was provided to these organisations on a transitional basis, to allow them time to identify alternative funding sources or restructure their business model. The five organisations were:

- Pre School Learning Alliance (PSLA)
- Federation of Refugees From Vietnam in Lewisham (FORVIL)
- CASSEL Centre
- Lewisham Bereavement Counselling
- Young Lewisham Project

5. Savings requirement

5.1 Due to the overall financial position of the Council Mayor and Cabinet have agreed to reduce the funding to the grants programme by £1m from 1 April 2017. This equates to just over 25% of the overall main grants budget of £3,985,600.

5.2 As such officers have been required to develop an approach to realising this savings and have considered a number of options.

5.3 However, as the grants programme was given a radical overhaul in 2014-15 with a full three month consultation informing the approach and the themes for funding it was not considered that enough time has passed to justify another full application round, with the associated uncertainty and costs. Further, the Council feels that the main principles agreed in 2014/15 are still relevant.

- 5.4 The existing funding agreements run until 31 March 2018 and the savings requirement comes one year before that point so the most straightforward approach is to look for a way to reduce the level of spend to the existing groups.
- 5.5 Therefore, as a full re-letting of the current programme is not recommended a consultation has been undertaken on a proposal to take a mixed approach to deliver the saving while maintaining the integrity of the current funding round
- 5.6 The proposal is that a range of activity is undertaken with the existing funded groups and this follow the order of priority outlined below:
1. *Remove funding from under-performing groups/those performing least well*
 2. *Negotiate reductions and seek alternative funding streams*
 3. *Work with groups to consider mergers or asset sharing*
 4. *Pro-rata reductions across all groups*
- 5.7 These steps are explored further below:
- 5.7.1 ***Remove funding from under-performing groups/those performing least well*** - There are a small number of groups who are currently under performing against their agreed outcomes/outputs. This will include an examination of the original funding proposals, data submissions and other progress measures to assess progress against agreed objectives. Any assessment of performance which has an impact on funding will have to be robust and defensible with all mitigating factors considered.
- 5.7.2 ***Negotiate reductions and seek alternative funding streams*** - It is likely to be possible to enter into negotiations with some partners in order to agree a saving ahead of any imposed cut. This may be due to planned capital investment or due to a change in funding arrangements from other sources. The council will take a partnership approach to identifying other funders to explore the possibility of alternative revenue streams for some elements of the programme. Officers will also signal to all grant recipients that innovative proposals to change the nature of the funding arrangements would be welcome. Another consideration would be capital investment into projects to allow them to change their business models and reduce the need for on-going revenue. This could allow projects to continue with reduced level of grant funding and better equip them to move into the contracts and commissioning arena for future revenue needs.
- 5.7.3 ***Work with groups to consider mergers or asset sharing*** - The main principles of grant funding include working in partnership and sharing resources to deliver outcomes. Due to the scale of the savings required from some organisations/services it may be beneficial for the end user if provision is merged or fixed assets are shared. Officers will work with organisations to explore possibilities for joint work to deliver savings in infrastructure and back-office costs.
- 5.7.4 ***Pro-rata reductions across all groups***- This approach would see all groups have an equal percentage reduction for the final year (s) of the programme. This could be considered the 'fairest' way to allocate the saving but the council accepts that it is likely to cause difficulty for groups as many grants pay for single posts that are not easily reduced in this way. A pro-rata cut also makes no value judgement whatsoever regarding the relative merits of different provision and was rejected as part of the consultation for the previous reduction in grant funding in 2014. However, having already removed underperforming services and negotiated

other changes as outlined above the pro-rata remains the final element to realise the overall saving.

5.8 This overall approach is proposed as, despite the individual elements having internal flaws, taken together they maintain the integrity of the current programme and are easily defensible in their application. The final reliance on a pro-rata cut is unwelcome but there seem few other options once the other approaches have been exhausted.

5.9 In recognition of the fact that groups with funding agreements for three years have faced reductions during that period it is recommended that the revised settlement is extended for a further year through to 31 March 2019.

6. Consultation process

6.1 The consultation was undertaken for 6 weeks from 19 May 2016 to 30 June 2016.

6.2 The consultation was shorter than the usual 3 months as set out in the Compact due to the fact that it was limited in scope and did not propose a resetting of the overall priorities which were agreed following a full consultation in 2014.

6.3 Organisations were asked to respond to the consultation via the council's online Consultation Portal, via post or via email.

6.4 A consultation meeting was held on 8 June 2016 to provide further information, answer questions and encourage networking and collaborative thinking between organisations. Feedback from the event has not been used as part of the consultation as organisations have been asked to complete the formal consultation to ensure accuracy of responses. The event was attended by 60 individuals (a mix of senior officers and trustees) from 43 organisations.

6.5 As at 2pm on 29 June 2016, 30 responses had been received via the online consultation portal, and 3 written responses in the form of letters (please note that these 3 written responses have not been included in the quantitative results in section 7 below as they did not explicitly answer the questions set out in the consultation document, but their comments have been incorporated into the general summary).

6.6 A copy of the consultation document can be found at Appendix A.

7. Consultation feedback

7.1 This section summarises the responses to the consultation and officer's responses. Full consultation responses are available on request.

7.2 Respondents

7.2.1 Respondents to the online consultation portal responded in the following capacity:

Professionally, on behalf of a voluntary or community organisation	70%
Personally, as an individual employed by a voluntary or community organisation	20%
Personally, as an individual using services provided by a voluntary or	3.33%

community organisation	
Other	6.67%

7.3 Importance of grant aid

7.3.1 Respondents overwhelmingly agreed that Grant Aid is important, as follows:

Strongly agree	96.67%
Agree	3.33%
Neither agree nor disagree	0%
Disagree	0%
Strongly disagree	0%

7.3.2 When asked if there was anything missing from the Council's reasons for retaining its commitment to Grant Aid for the voluntary and community sector, recipients cited a number of additional reasons including grant funding providing an entry point for local civic activity; co-production of services; ability to work across geographical boundaries; recognition of ambassadorial nature of the sector; and endorsement to support securing additional funding.

7.3.3 The overall endorsement of retaining a grant aid programme is noted and the important role grant aid plays in strengthening and resourcing the local third sector and its ability to address community need.

7.4 Support for proposed actions to realise £1m savings

7.4.1 Respondents were asked if they supported the four proposed actions to realise £1m savings from the Main Grants budget. Feedback was as follows:

	Yes	No	No answer
Remove funding from under performing groups / those performing least well	93.33%	6.67%	
Negotiate reductions and seek alternative funding streams	76.67%	16.67%	6.67%
Work with groups to consider mergers or asset sharing	86.67%	13.33%	
Pro rata reductions across all groups	30%	66.67%	3.33%

7.4.2 Respondents supported the first three actions; however they did not support the fourth action of pro rata reduction across all groups.

7.4.3 A number of comments suggested that the council should be more assertive in its view of performance of individual organisations. The scale of quantitative support for the removal of funding due to underperformance rather than applying a pro-rata cut was reflected in the comments that were received with range of respondents suggesting that a firm line be taken on performance issues in order to reduce the need for across the board cuts.

7.4.4 Several respondents supported the idea that the Council should seek to negotiate and support mergers and sharing of assets to reduce the need for pro-rata cuts. Particular organisations were identified for possible mergers and council officers will follow up with

these. However a number of responses highlighted the length of time it could take to realise such mergers.

7.4.5 It was suggested that the council's approach should be transparent and consistent; and one recipient suggested that in order for the council to be fair in comparing performance and impact of the reduction that groups are asked the same questions and given same options when they meet monitoring officers. Officers accept this suggestion and have developed a list of questions / criteria to use when meeting with organisations over the summer / autumn period (see appendix B). Given the support for a challenging approach to performance issues outlined above the initial lines of enquiry set out high expectations in terms of delivery and a genuine expectation that assets sharing and mergers have been explored.

7.4.6 A further suggestion was that an independent representative from another borough be part of the overall decision making process to ensure transparency and fairness. Given the length of time that the process will take and the iterate nature of developing recommendations this is not considered to be practical but officers will explore the possibility of commissioning a 'peer review' of the final recommendations before they are submitted for approval.

7.4.7 Officers welcome the support for the first three actions, and will seek to employ these as thoroughly as possible to reduce the impact of pro-rata cuts. However, officers do not feel that it would be possible to realise £1m savings from the first three actions alone; and therefore recommend the retention of the fourth action as part of the approach.

7.4.8 Given this it is important to recognise that one respondent highlighted that a pro-rata cut would likely mean pro-rata reduction in services. Officers accept this and will seek to work with groups to mitigate the impact of all reductions.

7.5 Order of priority of proposed actions

7.5.1 Recipients were asked whether they supported the proposed ranking of actions. Feedback was in favour of the order of priority; as follows:

Yes	70%
No	26.67%
No answer	3.33%

7.5.2 Of those that did not support the priority order, most agreed with action 1 and 4 but would swap actions 2 and 3.

7.5.3 On the basis of the above support, officers recommend retaining the proposed order of actions to realise the savings.

7.6 Suggested further actions to help achieve savings

7.6.1 Respondents were asked to suggest any further actions that could be undertaken to help achieve the saving. A number of respondents suggested further prioritisation (i.e. prioritising certain services over others, thereby continuing to fund some fully and cutting others); however these came from individual organisations taking the position that they should not receive a cut. Given there is no firm rationale to this suggestion; and that the grants programme was given a radical overhaul in 2014-15; officers do not accept this suggestion.

7.7 Extension of funding settlement

7.7.1 Respondents were asked to what extent they agreed that the current funding settlement is extended for a further year (to end of March 2019) once the reductions to the grants budget have been made. Feedback was as follows:

Strongly agree	73.33%
Agree	16.67%
Neither agree nor disagree	6.67%
Disagree	3.33%
Strongly disagree	0%

7.7.2 The response is overwhelmingly in favour of extending the current funding settlement; therefore officers will retain this recommendation.

7.8 Equalities impacts

7.8.1 Respondents were asked about the impact of the proposed approach to making the savings on Lewisham residents by protected characteristic. Feedback was as follows:

	Positive impact	Negative impact	No impact	Don't know	No response
Age	10%	63.33%	10%	13.33%	3.33%
Disability	6.67%	63.33%	10%	20%	
Ethnicity	3.33%	53.33%	20%	23.33%	
Gender	3.33%	48.33%	20%	33.33%	
Gender reassignment	3.33%	26.67%	16.67%	50%	3.33%
Pregnancy / maternity	3.33%	30%	16.67%	46.67%	3.33%
Religion / belief	3.33%	23.33%	23.33%	46.67%	3.33%
Sexual orientation	3.33%	30%	16.67%	50%	

7.8.2 Over 50% of respondents felt there would be a negative impact on three characteristics: age, disability and ethnicity. A large number didn't know what the impact would be on gender reassignment, pregnancy / maternity, religion / belief, or sexual orientation. Quite a few respondents noted that it was difficult at this stage to estimate the impact in advance of any decisions, and that the impact will vary depending on how each organisation is affected and subsequently adapts. Other comments suggest that the option of mergers and sharing of assets (i.e. reducing overheads) would reduce the direct impact to service users and residents.

7.8.3 Officers note this feedback and will feed it into an equalities impact assessment on the final recommendations for allocations of funding once the savings have been made to be decided by Mayor and Cabinet (Contracts) in December 2016. Officers recognise that there will be some impact, however they will work with organisations to ensure the impact is proportionate and where possible minimise that impact.

7.9 Conclusion

7.9.1 There is a general acceptance for the approach consulted on and therefore officers are recommending that the proposed approach is used. Officers will take on board the feedback that discussions with and assessments of individual organisations should be undertaken in a

fair and transparent manner (see Appendix B for a proposed set of questions that will be used) and that further emphasis should be put on de-funding under performing groups and encouraging mergers and asset sharing to reduce as far as possible the impact of a pro-rata cut across the board.

8. Implementation

- 8.1 Subject to the recommended approach to realising the £1m savings being approved by Mayor and Cabinet (Contracts) it is intended to have further discussion with affected organisations over the summer and autumn; to encourage collaborative working, sharing resources and identifying alternative funding streams.
- 8.2 Organisations will also be undertaking their annual monitoring shortly, using the Rocket Science tool, and as part of this process will be encouraged to plan ahead for the impact of a cut to their grant, and consider alternative options for revenue generation.
- 8.3 A further report will be presented to Mayor and Cabinet (Contracts) on 7 December 2016 recommending funding allocations for 2017-18; having implemented the agreed approach to realising the £1m savings. This will allow for a full three months' notice of change in funding levels, as required by the Lewisham Compact. Organisations will have the opportunity to appeal their recommended allocation in advance of the Mayor taking his decision.

9. Financial Implications

- 9.1 This report describes the recommended approach to realise £1m savings from the Main Grants budget 2017-18. Mayor and Cabinet (Contracts) will be asked to approve 2017-18 grants to the voluntary and community sector in December 2016.
- 9.2 The current 2016-17 grants budget within the Community Services Directorate is as follows:

2016-17 Budget (Gross).

Main Grants-Programme £4,171.8k

(this includes Somerville Youth and Play Provision £95.7k)

Small and Faith Grant Programmes £100k

London Councils-LBGS £291k

Total Expenditure £4,562.8

Financed by:-

LBL-core revenue funding £4,212.8k

CCG - Funding for Communities that Care £100k

(Funding of £275k over three years 15/16 £75k and £100k pa for 16/17 and 17/18)

Better Care Fund – Funding for Communities that Care £250k

(Funding currently assumed to be ongoing)

Total Funding £4,562.8

- 9.3 The implementation of the £1m savings proposal would mean the following funding is available for the 17/18 and 18/19 financial years.

2017-18 - £3,562.8k (inclusive of £100k CCG and £250k Better Care Fund)

2018-19 - £3,462.8k (inclusive of £250k Better Care Fund)

10. Legal Implications

- 10.1 Under S1 of the Localism Act 2011 the Council has a general power of competence to do anything which an individual may do unless it is expressly prohibited.
- 10.2 The giving of grants to voluntary organisations is a discretionary power which must be exercised reasonably taking into account all relevant considerations and ignoring irrelevant considerations.
- 10.3 In relation to any consultation exercise sufficient reasons must be given for any proposal, adequate time must be given for consideration and response and the outcome of the consultation must be conscientiously taken into account by the decision maker.
- 10.4 The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 10.5 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 10.6 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 10.7 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-actcodes-of-practice-and-technical-guidance/>
- 10.8 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- The essential guide to the public sector equality duty

- Meeting the equality duty in policy and decision-making
- Engagement and the equality duty
- Equality objectives and the equality duty
- Equality information and the equality duty

10.9 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at <http://www.equalityhumanrights.com/advice-and-guidance/public-sectorequality-duty/guidance-on-the-equality-duty/>

11. Crime and Disorder Implications

11.1 There are no direct crime and disorder implications arising from this report.

12. Equalities Implications

12.1 An equalities impact assessment will be undertaken as part of the process of recommending allocations for 2017-18 funding, to be considered by Mayor and Cabinet in December 2016.

12.2 The consultation results show that organisations believe there will be a negative impact against some of the protected characteristics from the proposed approach to savings. Making savings of £1m across the Main Grants programme will inevitably affect service delivery, however officers will work with organisations to ensure the impact is proportionate and where possible minimise that impact.

13. Environmental Implications

13.1 There are no direct environmental implications arising from this report.

14. Conclusion

14.1 The Council is seeking to realise £1m savings from 1 April 2017 from the Main Grants budget. Currently 60 organisations are funded from the programme. Consultation took place between 19 May and 30 June 2016 around the proposed approach to realising the savings. Feedback to the consultation was a general acceptance of the approach proposed; and therefore officers are recommending the proposed approach as set out in section 5.

If there are any queries on this report please contact James Lee, Head of Service for Culture and Community Development on 020 8314 6548.

About this consultation

Topic of this consultation

This consultation is about the proposed approach to realising savings in the Lewisham Council's Main Grants programme from 2017/18.

Audience

The consultation is aimed at voluntary and community organisations that provide services in London Borough of Lewisham. As the proposals are to reduce the funding within the scope of the current Main Grants programme, we are primarily seeking views from organisations that we currently fund. We would also welcome the views of other public or private sector partners who work with the voluntary and community sector in Lewisham.

Duration

The consultation will be open for 6 weeks from 19th May 2016. The deadline for responses is 30th June 2016.

The consultation is shorter than the usual 3 months as set out in the Compact due to the fact that it is limited in scope and does not propose a resetting of the overall priorities which were agreed following a full consultation in 2014.

How to Respond

There are several ways to respond to this consultation:

- Online, through this survey
- By e-mail to: Community.Enterprise@lewisham.gov.uk
- By post to: Community Enterprise Team, 2nd Floor, Laurence House, 1 Catford Road, London SE6 4RU
- Paper copies of this survey are also available upon request from the email or postal addresses detailed above.

There will be a consultation meeting on Wednesday 8th June 2016 to gather views and provide further information. This will be held at the St Laurence Centre, 37 Bromley Road, Catford, London SE6 2TS, between 6-8pm. Places at this consultation meeting must be booked in advance by emailing Community.Enterprise@lewisham.gov.uk. Due to the size of the venue, places are limited to one trustee and one senior staff member per organisation (preferably the Chair and Chief Executive Officer).

After the Consultation

Once the consultation has closed all responses will be considered and a summary of responses collated and included in a report to Mayor and Cabinet Contracts on 13 July 2016. This report will seek approval for the approach to making savings, with a further report recommending future funding levels taken to Mayor and Cabinet Contracts on 7 December 2016. This will allow for a full three months notice of any change in funding levels.

Background

The current Main Grants programme provides funding over four themes that were agreed by Mayor and Cabinet (Contracts) on 12 November 2014:

- **Strong and Cohesive Communities** – this theme seeks to develop and maintain strong communities and build a more inclusive and cohesive borough. It is divided into two strands, one to support Borough-wide provision and the other to fund a network of neighbourhood community development projects. With the reduction in statutory resources, residents and communities are being asked to do more for themselves. This theme seeks to ensure that there is an infrastructure across the borough that can encourage and capitalise on active citizenship, supporting grass roots activity. The theme will also fund services that provide equalities support to ensure equal access to services.
- **Communities that Care** – the overall intention of this theme is to fund a range of organisations that together provide support to vulnerable adults to assist them in accessing services, prevent their needs from escalating, reduce the burden on statutory services and provide links between statutory services, VCS and communities in relation to working together to support vulnerable adults. The activities funded through this theme form an important part of the borough's preventative strategy.
- **Access to Advice Services** – the advice sector provides an essential service to some of the borough's most vulnerable residents. Advice organisations provide independent, high quality advice to individuals to ensure that they receive the benefits they are entitled to, are supported to manage debts, address financial exclusion and deal with housing issues. Statutory services work closely with the advice sector as addressing these issues are of mutual benefit.
- **Widening Access to Arts and Sports** – this theme seeks to ensure that the rich and diverse contribution that the borough's Arts and Sports organisations make to the quality of life of residents is maintained. The Arts and Sports sectors are adept at attracting resources from external funding, earned income and volunteers. However, the sectors still require a level of core funding to enable them to continue to attract these resources that would otherwise be lost to the borough. The focus of our support will be on increasing participation particularly by those who are less able to participate due to disability, economic disadvantage and age.

The final funding allocations were agreed by Mayor and Cabinet (Contracts) in May 2015. The funding began on 1 July 2015 and was agreed for 2.75 years, subject to satisfactory performance.

Commitment to Grant Aid programme

Although the third sectors role within the commissioning of local public services has grown, the council recognises that there continues to be a need for grant aid investment for the following reasons:

- A recognition of the importance of maintaining an independent sector that can act as a critical friend to challenge public sector policy and delivery.
- A recognition of the key role that the sector plays in building civic participation, providing a voice for seldom heard residents and providing community intelligence.
- A recognition of the great diversity of the sector and the need to engage with small and emerging groups as well as large established organisations.
- A recognition of the sector's potential to take risks and innovate which does not sit easily within commissioning frameworks.
- A recognition that third sector organisations have been key delivery partners within Lewisham, including for a wide range of targeted short term initiatives. Grant aid provides a level of security for organisations ensuring that there is a strong sector able to address local need, attract additional resources and be ready to work in partnership with us.

Lewisham Council financial position

Since May 2010 the council has had significant cuts to its budget and these are set to continue.

Between 2010/11 and 2015/16 the council delivered savings of £120m with a further £35m to be delivered in 2016/17 and 2017/18. In addition to this the council needs to identify and deliver savings of a further £45m by 2019/20.

The impact of these savings by 2019/20 will therefore be a reduction in the annual spend by the Council on local services of £200m, compared to 2010/11.

The proposal

Due to the overall financial position of the Council there is a requirement to reduce the funding to the grants programme by £1m from 1 April 2017 and, as such, it is important to consult on the approach to realising this saving. This equates to just over 25% of the overall main grants budget of £3,985,600.

The proposal is that the Council takes a mixed approach to deliver the saving **while maintaining the integrity of the current funding round**, and recommends that the funding settlement agreed is extended for a further year (until 31 March 2019) to mitigate the short term impact on groups affected.

Because the grants programme was given a radical overhaul in 2014/15 with a full three month consultation informing the approach and the themes for funding it is not considered that enough time has passed to justify another full application round, with the associated uncertainty and costs. Further, the council feels that the main principles agreed in 2014/15 are still relevant. In addition to the themes outlined above there is a commitment to fund:

- Organisations that are committed to working with each other and us to ensure the best possible outcomes for Lewisham's residents with our shared resources.
- Active partners who are as passionate about Lewisham as we are and have the drive and capacity to make a difference to people's lives.
- Organisations that understand the level and profile of local need and have the ability to transform the way they work to meet that need.
- Organisations with a track record of adding value to council funding through attracting resources both financial and volunteer time.
- Organisations that share values with the council as well as commitment to the London Living Wage, equalities and environmental sustainability.

As a full re-letting of the current programme is not recommended it is proposed to undertake a combined approach to delivering the saving. The existing funding agreements run until the end of 2017/18 and the savings requirement comes one year before that point so the most straightforward approach is to look for a way to reduce the level of spend to the existing groups. There are a number of ways in which this could be done. It is recommended that this be undertaken in the following order of priority:

- *Remove funding from under-performing groups/those performing least well*
- *Negotiate reductions and seek alternative funding streams*
- *Work with groups to consider mergers or asset sharing*
- *Pro-rata reductions across all groups*

These steps are explored further below:

- **Remove funding from under-performing groups/those performing least well** - There are a small number of groups who are currently under performing against their agreed outcomes/outputs. This will include an examination of the original funding proposals, data submissions and other progress measures to assess progress against agreed objectives. Any assessment of performance which has an impact on funding will have to be robust and defensible with all mitigating factors considered.
- **Negotiate reductions and seek alternative funding streams** - It is likely to be possible to enter into negotiations with some partners in order to agree a saving ahead of any imposed cut. This may be due to planned capital investment or due to a change in funding arrangements from other sources. The council will take a partnership approach to identifying other funders to explore the possibility of alternative revenue streams for some elements of the programme. Officers will also signal to all grant recipients that innovative proposals to change the nature of the funding arrangements would be welcome. Another consideration would be capital investment into projects to allow them to change their business models and reduce the need for on-going revenue. This could allow projects to continue with reduced level of grant funding and better equip them to move into the contracts and commissioning arena for future revenue needs.
- **Work with groups to consider mergers or asset sharing** - As outlined in this section of the consultation, the main principles of grant funding include working in partnership and sharing resources to deliver outcomes. Due to the scale of the savings required from some organisations/services it may be beneficial for the end user if provision is merged or fixed assets are shared. Officers will work with organisations to explore possibilities for joint work to deliver savings in infrastructure and back-office costs.
- **Pro-rata reductions across all groups**- This approach would see all groups have an equal percentage reduction for the final year (s) of the programme. This could be considered the 'fairest' way to allocate the saving but the council accepts that it is likely to cause difficulty for groups as many grants pay for single posts that are not easily reduced in this way. A pro-rata cut also makes no value judgement whatsoever regarding the relative merits of different provision and was rejected as part of the consultation for the previous reduction in grant funding in 2014. However, having already removed underperforming services and negotiated other changes as outlined above the pro-rata remains the final element to realise the overall saving.

Conclusion

The overall, approach outline above is proposed as, despite the problems identified with the individual elements, they maintain the integrity of the current programme and are easily defensible in their application. The final reliance on a pro-rata cut is unwelcome but there seem few other options once the other approaches have been exhausted.

In recognition of the fact that groups with funding agreements for three years have faced reductions during that period it is recommended that the revised settlement is extended for a further year through to 31 March 2019.

Timetable

The outcome of this consultation will be presented to Mayor and Cabinet Contracts on 13 July 2016. Officers will seek approval for the overall approach to the saving and to begin to work with groups to achieve savings as outlined above.

Information will be provided about the appeals process. All draft recommendations and appeals will be presented to Mayor and Cabinet Contracts for decision on 7 December 2016. The new grants will be implemented from 1st April 2017 for a further two years.

Consultation questions

In what capacity are you responding to this consultation?

(please select one answer)

Professionally, on behalf of a voluntary or community organisation

Personally, as an individual employed by a voluntary or community organisation

Personally, as an individual using services provided by a voluntary or community organisation

Other...please specify below

Please describe in what other capacity you are responding to this consultation?

If you are responding to this consultation in a professional capacity on behalf of a voluntary or community organisation, then please provide the name of this organisation below:

To what extent do you either agree or disagree that Grant Aid is important?

(please select one answer)

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

The council wishes to retain its commitment to Grant Aid for the voluntary and community sector for the following reasons:

- A recognition of the importance of maintaining an independent sector that can act as a critical friend to challenge public sector policy and delivery.
- A recognition of the key role that the sector plays in building civic participation, providing a voice for seldom heard residents and providing community intelligence.
- A recognition of the great diversity of the sector and the need to engage with small and emerging groups as well as large established organisations.
- A recognition of the sector’s potential to take risks and innovate which does not sit easily within commissioning frameworks.
- A recognition that third sector organisations have been key delivery partners within Lewisham, including for a wide range of targeted short term initiatives. Grant aid provides a level of security for organisations ensuring that there is a strong sector able to address local need, attract additional resources and be ready to work in partnership with us.

Is there anything missing from the reasons bulleted above? If yes, please detail below:

Lewisham is proposing that £1,000,000 is saved from the current grants budget by undertaking a number of actions. These are listed below. Do you support each of these actions?

(please select one answer for each question)

	Yes	No
Remove funding from under-performing groups/those performing least well.	<input type="radio"/>	<input type="radio"/>
Negotiate reductions and seek alternative funding streams.	<input type="radio"/>	<input type="radio"/>
Work with groups to consider mergers or asset sharing.	<input type="radio"/>	<input type="radio"/>
Pro-rate reductions across all groups.	<input type="radio"/>	<input type="radio"/>

If you have any comments regarding these proposed actions, then please provide these below:

The proposed actions have been ranked in order of priority, from the highest priority to the lowest priority as follows:

- 1. Remove funding from under-performing groups / those performing least well.
- 2. Negotiate reductions and seek alternative funding streams.
- 3. Work with groups to consider mergers or asset sharing.
- 4. Pro-rata reductions across all groups.

Do you support this order of priority?

(please select one answer)

Yes

No

If you have any other comments regarding this order of priority, then please provide these below:

Can you suggest any further actions that could be undertaken to help achieve the saving of £1,000,000 from the current grants budget?

To what extent do you either agree or disagree that the current funding settlement is extended for a further year (to the end of March 2019) once the reductions to the grants budget have been made?

(please select one answer)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Equalities impacts

We are undertaking an equalities assessment of the proposed approach to making the £1,000,000 saving.

What impact do you think this proposed approach could have on Lewisham residents by.....

(please select one answer for each question)

	Positive impact	Negative impact	No impact	Don't know
Age?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethnicity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender reassignment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pregnancy/maternity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Religion/belief?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sexual orientation?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please add any comments that you may have in support of your answers to the above question:

Where you have identified any possible negative impacts, are there any actions you feel could be undertaken to mitigate these?



About you

This section is only relevant for individuals responding to this consultation in a personal capacity . If you are responding to this consultation in a professional capacity on behalf of a voluntary or community organisation, then please ignore.

The following monitoring questions help us to be fair and inclusive in the work that we do. All questions on the form are **voluntary** and you do not have to answer them.

The information that you do provide helps us to understand who is sharing their views and influencing our decision-making. It also helps us to ensure that nobody is discriminated against unlawfully.

Any information that you do choose to provide on this form will be treated confidentially in accordance with the Data Protection Act 1998.

Age

Please select your age group
(please select one answer)

- Under 18 years
- 18-24
- 25-29
- 30-34
- 35-39
- 40-44
- 45-49
- 50-54
- 55-59
- 60-64
- 65+
- I'd rather not say*

Ethnicity

What is your ethnic group?

(please select one answer)

White

English/Welsh/Scottish/Northern Irish/British

Irish

Gypsy or Irish Traveller

Any other White background

Mixed/Multiple Ethnic Groups

White and Asian

White and Black African

White and Black Caribbean

Any other mixed/ multiple ethnic background

Asian/Asian British

Chinese

Bangladeshi

Pakistani

Indian

Any other Asian background

Black/ African/ Caribbean/ Black British

African

Caribbean

Any other Black/ African/ Caribbean background

Any other ethnic group

Arab

Other ethnic group

I'd rather not say

Any other White background (please specify)

Any other mixed/ multiple ethnic background (please specify)

Any other Asian background (please specify)

Any other Black/ African/ Caribbean background (please specify)

Any other ethnic group (please specify)

Gender

Are you:

(please select one answer)

Male

Female

I'd rather not say

Transgender

Is your gender identity different from the gender you were assigned at birth?

(please select one answer)

Yes

No

I'd rather not say

Disability

Under the Equality Act 2010 a person is considered to have a disability if he/she has a physical or mental impairment which has a sustained and long-term adverse effect on his/her ability to carry out normal day to day activities. This also includes people with HIV, cancer and multiple sclerosis (MS).

Do you consider yourself to be a disabled person?

(please select one answer)

Yes No I'd rather not say

Please state the type of impairment that applies to you

People may experience more than one type of impairment, in which case you may indicate more than one. If none of the categories apply, please mark 'Other' and specify the type of impairment.

Please state the type of impairment that applies to you.

(please select all that apply)

Physical impairment, such as difficulty using your arms or mobility issues which means using a wheelchair or crutches

Sensory impairment, such as being blind/ having a serious visual impairment or being deaf/ having a serious hearing impairment

Mental health condition, such as depression or schizophrenia

Learning disability/difficulty, such as Down's Syndrome or dyslexia or cognitive impairment, such as autistic spectrum disorder

Long-standing illness or health condition such as cancer, HIV, diabetes, chronic heart disease or epilepsy

Other

Any other disability (please specify)

Religion and belief

(please select one answer)

- None
- Christian (all denominations)
- Buddhist
- Hindu
- Jewish
- Muslim
- Sikh
- Any other religion/ belief
- I'd rather not say

Any other religion (please specify)

Sexual Orientation

How would you define your sexual orientation?

(please select one answer)

- Straight/ heterosexual
- Gay/ lesbian
- Bisexual
- Other
- I'd rather not say

Any other sexual orientation (please specify)

Pregnancy & Maternity

Are you pregnant or on maternity leave?

(please select one answer)

Yes

No

Prefer not to say

Would you like to receive the Lewisham Life e-newsletter for local events and things to do, news, discounts and other consultations?

(please select all that apply)

Yes please

No thanks

If yes please provide your email address

Thank you

Thank you for taking the time to respond to this consultation.

As a reminder, once the consultation closes all responses will be considered and a summary of responses collated and included in a report to Mayor and Cabinet Contracts on 13 July 2016.

This report will seek approval for the approach to making savings with a further report recommending future funding levels taken to Mayor and Cabinet Contracts on 7 December 2016. This will allow for a full three months notice of any change in funding levels.

Appendix B

Questions against agreed criteria to be explored with all groups to deliver savings

Remove funding from under-performing groups/those performing least well

Have you achieved at least 90% of the agreed reporting outputs and outcomes in all quarters since the start of the programme?

Have you achieved all of the wider outcomes outlined in the initial grant application?

If no to either of the above:

- what are the mitigating factors?
- what plans are in place for improving performance?
- what progress has been made against actions agreed with your Development Officer?

What local support/evidence of need can you identify for the work you are undertaking?

Negotiate reductions and seek alternative funding streams

Are there any proposals that you can put forward that will deliver significant saving against current expenditure? This can include capital investment to change your delivery/business model.

What alternative funding streams are you already pursuing?

Are there any other funding streams that you can identify that the council can support you to access?

Work with groups to consider mergers or asset sharing

Are there any organisations doing similar work to you in the borough who you may consider sharing resources or merging with? Who have you considered/approached?

Are there other groups in the local area that you could share resources with even if they are delivering a different type of service? Again, who have you considered/approached?

What support might you need to move these suggestions forward?

Pro-rata reductions across all groups

What would a 25% cut in your grants look like in service delivery terms? What are the wider impacts?

Have you modelled this cut and developed an action plan for its implementation?

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