



Mayor and Cabinet

Report Title: Virement of Main Grants Funding 2022-25

Date:	6 July 2022
Key decision:	Yes
Class:	Part 1
Ward(s) affected:	All
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1. Purpose and summary of the report

- 1.1. This report seeks agreement for the Main Grants funding awarded to Voluntary Services Lewisham (VSL) for the period 2022-25 to be re-allocated to Age UK Lewisham and Southwark (AUKLS). The Main Grants funding which was awarded to VSL, as agreed by Mayor and Cabinet on 2nd February 2022. Alongside this it is also recommended that one off Neighbourhood Community Infrastructure (NCIL) funding agreed by Mayor and Cabinet on 3 November 2021 is transferred to Age UK.
- 1.2. The report outlines the circumstances leading to the decision by VSL's trustees to close the charity, and the process that has been undertaken to identify the most suitable organisation to take on VSL's services and continue to deliver the critical services that they provide to vulnerable communities in the borough.
- 1.3. VSL trustees have undertaken considerable due diligence and a thorough process of assessment in selecting an organisation which will carry on delivering current services and to which they will transfer its assets. This transfer includes the infrastructure and financial reserves which were assessed as crucial to support the main grant and NCIL projects when originally awarded and, as such, the recommendation is that these grants are transferred alongside these resources to safeguard services and vulnerable users.
- 1.4. The Main Grants awarded to VSL total £90,000 per year - £50,000 towards core costs (primarily for befriending services) and £40,000 for delivery of community transport

provision. The NCIL funding is a stand-alone grant of £63,878.

2. Recommendations

It is recommended that Mayor and Cabinet agree:

- The recommended Main Grants funding allocation to Voluntary Services Lewisham of £90,000 per year agreed at Mayor and Cabinet on 22nd February 2022 is re-allocated to Age UK Lewisham and Southwark as the organisation identified and selected by VSL trustees to carry on its work.
- It is also recommended that the one-off NCIL grant of £63,878 is transferred to Age UK.

Timeline of engagement and decision-making

Mayor and Cabinet – 2nd February 2022.

Report Title: Main Grants Programme 2022-25

Mayor and Cabinet – 3rd November 2021.

Report Title: Main Neighbourhood Community Infrastructure Levy (NCIL)

Borough-wide recommendations for funding

3. Policy Context

- 3.1 The Council's strong and resilient framework for prioritising action has served the organisation well in the face of austerity and on-going cuts to local government spending. This continues to mean, that even in the face of the most daunting financial challenges facing the Council and its partners, we continue to work alongside our communities to achieve more than we could by simply working alone.
- 3.2 In addition to the ongoing pressures faced by the Council, the Council's finances have been severely affected by the ongoing pandemic. As such, in the midst of the COVID response we had to begin the long, difficult process of identifying cuts of at least £40m for the next three years (to April 2024) with up to £24m to be cut in 2021/22 alone. In this context that it was agreed by Mayor and Cabinet that the budget for the main grants (excluding contribution from the Better Care Fund) be cut by £800,000 (approximately one third) from 1 April 2022. The some extend this cut was mitigated by the availability of NCIL funds which the VCS could also directly apply for.
- 3.3 The voluntary sector too has faced significant challenges throughout the pandemic. Research undertaken by Nottingham Trent University along with National Council for Voluntary Organisations (*Respond, Recover and Reset: The Voluntary Sector and Covid-19*, March 2022) highlights that prior to April 2021, 30-40% of VCS organisation reported a deteriorating financial position, with 14% reporting that they were unlikely to survive the year. During this same period, 50% of organisations reported a surge in demand for services. The report highlights that even with injections of Covid specific

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grants and the return to stability in more recent months, VCS organisations have faced significant challenges in `re-setting' services and regaining resilience.

- 3.4 Lewisham Council has committed that our recovery from coronavirus will be underpinned by the following anchoring principles which will be at the heart of all decision-making, planning and action over the coming months:
- Tackling widening social, economic and health inequalities;
 - Protecting and empowering our most vulnerable residents;
 - Ensuring the Council's continued resilience, stability and sustainability;
 - Enabling residents to make the most of Lewisham the place; and
 - Collaborating and working together with our communities and partnership across the borough.
- 3.5 We value and support the VCS through the Main Grants and NCIL Programmes because:
- The VCS has strong relationships with residents and this is exemplified by the support work that has been undertaken during the Covid-19 crisis. VCS organisations supported local communities to develop mutual aid-based responses to meeting basic residents' needs such as food deliveries, medicine collections and befriending services.
 - The sector has reach into diverse communities, and plays a key role 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.
 - The sector's potential to take risks, innovate and be agile in response to need; qualities that have been critical in supporting residents through the pandemic.
- 3.6 The Council has committed through the Main Grants and NCIL Programmes to work closely in partnership with the VCS to increase their resilience and to provide additional support as needed. However, it is inevitable that not all VCS organisations will survive the challenges of the last few years (as highlighted by the research above). While as funders, we will do our utmost to support organisations to continue, we recognise that in some cases our role is to work in partnership with organisations to mitigate the impact of closure on our vulnerable residents.

4. Background

- 4.1 Voluntary Services Lewisham is a long-established and trusted charity in Lewisham which has delivered services to older, disabled and vulnerable residents for over 50 years
- 4.2 VSL played a critical and central role in the Community Response Hub, scaling up its befriending activity to support up to 800 lonely and isolated residents and using its transport service to support delivery of food parcels to shielding and vulnerable residents, in partnership with Lewisham Food Bank.
- 4.3. VSL's Christmas project is a long-established project that provides Christmas hampers to families facing financial hardship, and has been the Mayor's chosen charity for two years.
- 4.4 In April 2022, VSL trustees communicated to the Council their decision to close the charity. VSL highlighted that, in common with many charities, they had faced a range of major challenges over recent years including:
- Increasing demands on our services driven by rising levels of poverty (caused by

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the economic impact of the pandemic) and greater pressures on mental health because of social isolation.

- The loss of many of their established and experienced older volunteers as they decided to reduce social contact either on medical advice or from personal anxiety about contracting COVID.
- A smaller staff team resulting in limited resources to recruit volunteers, fundraise and develop VSL while continuing to deliver services.
- A reduction in local funding grants which had traditionally funded much of VSL's work.
- An increasingly competitive funding landscape which made securing large external grants very challenging.

- 4.6 VSL trustees concluded that these challenges made it impossible to secure the funding needed to see VSL through the year ahead. Therefore, the trustees formally agreed that they should close by summer to give the organisation time to work with staff, volunteers and service users to manage an orderly winding down of services and operations and to allow them to honour existing arrangements as best as possible.
- 4.7 Further to communicating their rationale for closure with the Council as VSL's core funders, officers worked quickly with VSL to identify a suitable consultant with expertise in voluntary sector change management. The consultant worked with VSL to explore and assess a range of options including the viability of continuing, merger, and closure. After a rapid assessment, it was agreed with VSL trustees that merger would be considered as the preferred option, with transfer of services and closure as the second option.
- 4.8 The timescale for identifying a potential partner and undertaking the process of merger/transfer of services was agreed, with an end date of early July.
- 4.9 VSL continued to employ the identified consultant to support the process.

5. Outcome of Process to select a Merger Partner

- 5.1 Informal discussions were held with key interested VCS organisations during April and May.
- 5.2 A due diligence pack was produced by VSL and proposals invited from partners who had expressed interest in merging with or taking on VSL's services.
- 5.3 Criteria were set for assessment of proposals; these included best fit with VSL's mission, capacity to take on all of VSL's services as one package, expertise in the key areas of service delivery, ability to TUPE over key staff, and capacity and ability to review and deliver services efficiently.
- 5.4 No proposals were received to merge with VSL, however two formal proposals were put forward for transfer of services.
- 5.5 An assessment panel of trustees met to consider and make a decision on proposals in late May. A council officer from the Community Development Team attended the panel in an advisory capacity.
- 5.6 After considering the proposals against the criteria identified, VSL agreed that Age UK Lewisham and Southwark were the most appropriate partner for taking on VSL's services.

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6. Next Steps

- 6.1 A transfer of the VSL's reserves (estimated in the region of £200,000) and any other assets including TUPE'd staff will take place as soon as possible.
- 6.2 The reserves will enable Age UK to continue to deliver services and sustain VSL's services for a number of months and will act as match funding to other funding streams secured including the council's grant funding.
- 6.3 A joint statement will be issued to let service users, volunteers, residents and partners know that the two organisations are working closely to ensure continuation of VSL's services.
- 6.4 VSL will formally close down the organisation by mid-July 2022.

7. Recommendation of Virement of VSL's Main Grant and associated NCIL funding

- 7.1 In order to sustain the on-going delivery of services previously agreed by Mayor and Cabinet it is important that the previously agreed Main Grant funding is transferred to Age UK alongside VSL's staff, reserves and other assets as the organisation identified and selected by VSL trustees to carry on its work following its closure. These assets also support the delivery of the one-off NCIL funded project so the same rationale applies to this funding.
- 7.2 As such it is recommended that
 - The recommended Main Grants funding allocation to Voluntary Services Lewisham of £90,000 per year agreed at Mayor and Cabinet on 22nd February 2022 is re-allocated to Age UK Lewisham and Southwark as the organisation identified and selected by VSL trustees to carry on its work.
 - It is also recommended that the Borough-wide one-off NCIL grant of £63,878 is transferred to Age UK.

8. Financial implications

- 8.1 The 21-22 budget for the Main Grants Programme was £2,636,308 plus an additional £313,000 of agreed Better Care Funding (BCF) to specifically supports the grant paid to Age UK Lewisham and Southwark in respect of SAIL (Safe and Independent Living).
- 8.2 As part of the councils Medium Term Financial Strategy a revenue saving of £800,000 (ref B-06 Cuts to Main Grant Programme) was agreed for the 22-23 financial year onwards. The new Main Grants Programme will run for three years from April 2022-March 2025 and the annual cost will be to be contained within the revised general fund budget of £1,836,308 plus the £623,000 of funding agreed from the Better Care Fund (BCF) for 22/23 and future years. The total available funding for the whole Grant Programme is therefore £2,459,308.
- 10.3 The recommendation in this report will reallocate the Main Grants funding awarded to VSL of £90,000 per year in the Main Grants and Arts and Culture Grants Programme Report agreed by Mayor and Cabinet on the 2nd February 22 to Age UK Lewisham and

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Southwark (AUKLS). The reallocation of this funding will place no additional burden on the Council core general fund grant budget.

- 10.4 In addition the recommendation in this report will reallocate the Neighbourhood Community Infrastructure Levy (NCIL) funding of £63,878 which was allocated in the report agreed by Mayor and Cabinet on 3rd November to Age UK Lewisham and Southwark (AUKLS). This cost will be fully funded from within the NCIL Borough wide Fund and will place no additional burden on the Council core general fund budget.

9. Legal implications

- 9.1 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.
- 9.2 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.
- 9.3 Decisions on making a grant or giving assistance to a voluntary organisation requires the approval of Mayor and Cabinet where the level of a grant is over £10,000 (Mayoral Scheme of Delegation section Q). Those decisions will be key decisions (Constitution Article 16(c)(xiii)). As such it is for Mayor and Cabinet to approve the recommendation set out in this report.
- 9.4 The Equality Act 2010 (the Act) contains a public sector equality duty (the quality 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.
- 9.5 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.
- 9.6 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.
- 9.7 The Equality and Human Rights Commission has 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:

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<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

9.8 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

9.9 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-sector-equality-duty/guidance-on-the-equality-duty/>

10. Equalities implications

10.1 A full Equalities Analysis Assessment for Main Grants and the Arts and Culture Grants programmes was undertaken and presented as attachments to the Allocations Report in February 2022.

10.2 It is our assessment that reallocating the grant within this timeframe creates the least negative impact on the vulnerable communities that VSL serves – mainly older people, people with disabilities, and those with long-term health conditions.

11. Climate change and environmental implications

11.1 There are no climate change and environmental implications

12. Crime and disorder implications

12.1 There are no crime and disorder implications

13. Health and wellbeing implications

13.1 All of the activities that VSL provide increase and enhance the health and well-being of vulnerable residents – we believe that a lengthy process of re-letting this funding would have a significant negative impact on the health and well-being of existing service users of befriending and transport.

Glossary

Term	Definition
Main Grants programme	A funding programme operated by Lewisham Council, providing support to a range of voluntary and community organisations working with vulnerable residents and contributing to the borough's key priorities

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Term	Definition
Voluntary and Community Sector	Independent not-for-profit organisations, often registered with the Charity Commission, working towards social objectives
CIL - (Community Infrastructure Levy)	CIL is a levy that local authorities can choose to charge on new development in their area. Local authorities must spend the levy on infrastructure needed to support the development of their area, which can include a wide range of infrastructure such as schools, hospitals, roads, open space, and leisure facilities.
NCIL – (Neighbourhood Community Infrastructure Levy)	NCIL is portion of the CIL funding that is allocated for spending through local communities.

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