

Challenges to the Voluntary Community Sector in Hillingdon

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REASON FOR ITEM

This report provides Members with background information to a potential second major review on the Voluntary Community Sector.

OPTIONS AVAILABLE TO THE COMMITTEE

1. To discuss and consider the details contained in the report and to request clarification if needed.
2. To consider whether the Committee would wish to undertake a review into this area and if so ask that officers prepare a draft scoping report for the next meeting.

Introduction

1. The Council has been a long term committed supporter of the local voluntary sector. Its corporate grants programme – approx £1.5m on average per annum – is a direct investment in the form of core funding in the sector. This in turn provides services for residents. The Council also procures services via its directorates from the sector to deliver. A strong and thriving VCS is therefore desirable.
2. The sector undertakes a number of functions crucial to the delivery of the Council's aim and objectives including:
 - Contributing toward prevention which saves Council intervention
 - Providing added value, largely through volunteers, but also in a range of other ways
 - Providing partners in the community, developing services / pursue initiatives that we are unable to do on our own
 - Representing the diversity of the community, ensuring a voice for harder to reach groups and inclusion in policy and debate
 - Delivery of services on the Council's behalf
 - Providing services that we as a local authority cannot justify in terms of priorities (but value nevertheless)
 - Ability to secure funds that are not available to the Council
3. The Council has a vested interest in maintaining a healthy robust and challenging sector in terms of responding to needs, seizing new opportunities, mobilising volunteers, supporting initiatives etc. It does this by offering and committing funding to the sector. A significant % of

that funding is via the corporate grants budget. The council despite the continuing pressures on its own budget has maintained a core level of funding to a wide number of organisations covering a range of voluntary sector activity.

4. However, this is in a context of diminishing funding opportunities, within and external to the local authority, greater competition within the sector for those resources and introduction of competitive procurement to purchase services. In Hillingdon this has resulted in more new providers and private sector organisations challenging the established local sector.
5. A possible review could examine the challenges faced by the voluntary sector, both generally and specifically in Hillingdon and what the role of the Council's corporate grants is in sustaining the local sector. A POC review could explore what the Council gets out of its investment and assesses if and why the support should continue.

Challenges for the Local Sector

- Reduced availability of funding
- Geography – outer London borough, access, transport
- Shift from grants to contracts
- Competitive commissioning and concurrent monopolisation of services by a few large groups external to the borough
- Large organisations who can take a long term lost leader view to gain initial access as a new service provider
- Shift of risk to the provider, payment by results
- Shift of control to procurer who identifies exactly what service specification should be
- Resources to undertake tendering processes
- Corporate grants as a closed shop for new and emerging groups and needs in the borough
- Lack of alternative core funding available
- To take on the efficiencies agenda
- Pressure to act as a business, generate income, take on contracts while workforce often volunteers, and maintaining third sector principles and ethos of caring.
- Often involved in preventative strategies where hard to evidence VFM

Challenges for Council

- Historical process which can produce complacency in organisations in receipt of funding
- Interdependence of corporate grant funding and directorate contracts
- Effect of corporate grant funding on competitive processes
- To prioritise prevention to save money in the future
- Is Hillingdon geographically able to support a diverse market required for truly competitive initiatives

SUGGESTED COMMITTEE ACTIVITY

1. Members question officers on aspects of the report and to seek clarification if necessary.
2. Members make a decision on whether they would want to undertake a review into this area.
3. Members give consideration to any other areas or additional information they would like to be considered in any potential review.
4. If approval is given to a review taking place on this topic, officers be asked to produce a draft scoping report at the next meeting of this Committee.