

# FINANCIAL SUPPORT TO VOLUNTARY ORGANISATIONS 2016/17

<b>Cabinet Member</b>	Councillor Douglas Mills
<b>Cabinet Portfolio</b>	Community, Commerce and Regeneration
<b>Officer Contact</b>	Kevin Byrne : Policy and Partnerships, Administration
<b>Papers with report</b>	Appendix 1: Responses from Voluntary sector partners to consultation. Appendix 2: Equality & Human Rights Impact Assessment for Grant to Hillingdon Autistic Care and Support.

## 1. HEADLINE INFORMATION

<b>Summary</b>	Further recommendations to Cabinet regarding three voluntary sector core grants, following consultation, as requested at Cabinet meeting in December 2015.
<b>Putting our Residents First</b>	This report supports the following Council objectives of: <i>Our People; Our Natural Environment; Our Heritage and Civic Pride; Strong financial management.</i>
<b>Financial Cost</b>	A reduction of up to £70k on the voluntary sector core grants budgets for 2016/17
<b>Relevant Policy Overview Committee</b>	Corporate Services Policy Overview Committee
<b>Ward(s) affected</b>	All

## 2. RECOMMENDATION

**That the Cabinet agrees the proposed grant reductions for 2016/17 for Age UK Hillingdon (AUKH), Hillingdon Autistic Care and Support (HACS) and Groundwork South noting their responses to consultation and, in the case of HACS, an Equality Impact Assessment of the potential impact this may have on residents.**

### **Reasons for recommendation**

At its December 2015 meeting, Cabinet agreed a grants programme for 2016/17 based on applications received and assessments provided. In addition, Cabinet asked officers to consult three organisations to assess the impact of a reduction in their grant from the previous year. The consultation has taken place and responses are set out in Appendix 1.

## **Alternative options considered / risk management**

Cabinet has a range of options available; to agree to reduce the grant for three groups to the levels indicated, to reinstate the grants to previous levels for any of the groups or to agree grants at another level. Officer assessments of the consequences of reductions are set out below.

## **Policy Overview Committee comments**

None at this stage.

## **3. INFORMATION**

### **Supporting Information**

#### **Age UK Hillingdon (AUKH).**

AUKH is a key partner in supporting older residents to live independently in their own homes, to feel safe and secure and to enjoy a good quality of life.

At its December meeting Cabinet asked whether, given the level of support and reserves held by AUKH, it was feasible to reduce the core grant by £25k from that awarded in 2015/16. It was agreed that discussions be held with AUKH to assess impact of a £25k reduction.

In 2015/16, AUKH received a core grant of £295k. AUKH has been working hard at reducing its reliance on statutory grants and is moving towards a more business orientated model which would have a greater focus on income from contracts and social enterprise earnings. It has successfully increased its overall contracts from the HCCG both individually, with the "primary navigators" scheme and as a consortium with H4All. Its total subsidy from Hillingdon Council stands at 16% this year (core grants and rate relief). In addition AUKH is also commissioned to deliver several services through adult social care.

Approximately £100k of the core grant has been earmarked to run the Helping Hand shopping service. This scheme was originally set up and funded by the Leader's Initiative fund. The plans for the service over the past 2-3 years have been to gradually reduce the service by offering any new clients the alternative fully self funded Help at Home service. This operates as a social enterprise and covers a range of support that clients can pay to enable them to remain independent and at home. It is envisaged that the social enterprise could be self sustaining by end of 2017. It was anticipated that the costs of the shopping service would reduce year on year.

As Appendix 1 sets out, whilst the client numbers have fallen the costs of delivery have increased and under the current model this subsidy is still required. Service users are asked to contribute towards costs at £8 per shop. The unit costs for this service are high, reflecting the resource intensive model, with 75 clients receiving this service. One option for Cabinet would be to delay any reduction for 2016/17 with a view to making a more significant reduction in 2017/18.

The consultation asked what impact the potential reduction would have on residents. The response identifies that, through adjustments, the impact would mean that AUKH would cease planned expansion of the Financial healthchecks project but maintain it at existing levels (saving

£15k). An additional £10k saving would be made against the helping hand service by raising the contribution from clients by £1 per shop, resulting in approximately £3k with the shortfall coming out of reserves.

Cabinet should also be aware that the Financial healthchecks projects was first piloted through a grant from the Leader's initiative. The service has supported 251 clients in 2014/15, identifying savings and offering practical support in accessing benefits. The scheme has saved residents approximately £335k in identified benefits

In addition AUKH points out that their reserve levels are a result of donations and legacies and not built up through underspend of grant or surplus.

In terms of impact on residents, therefore, Age UKH would minimise the impact by curtailing expansion of Financial healthcheck service but not withdrawing the service. By increasing charges and supporting the helping hands service from reserves, the direct impact on residents should be manageable and small.

In summary, therefore, the suggested reduction of £25k remains feasible without direct impact. It would place some pressure on Age UKH's development which plans to expand effective schemes to support more residents.

### **Hillingdon Autistic Care and Support (HACS)**

HACS supports families coming to terms with diagnosis of autism offering support groups, coping strategies and advice and information. They also provide a range of clubs and activities for those with autism, training for professionals and have recently branched into employment provision.

HACS has benefitted from two years of uplift in its core grant from £25k to £70k initially proposed as a one-off request, in order to put the organisation on a more sustainable financial footing with the recruitment of a business development manager. Prior to the 2014/15 increase, HACS received a grant of £25k but in view of their expanded activities, Cabinet agreed to a request that a £40k core grant from 2016/17 was a more realistic and sustainable figure.

HACS bid for 2016/17 for a £70k grant stated that they wished to recruit a part time information officer. This has now been clarified during the consultation as not the case as the priority is to fund the role of Business Development Manager.

The 2014/15 accounts show a surplus generated of £139k and bank balances at September 2015 stood at £230k which, although most of it is restricted, represents substantial running costs.

HACS were consulted, therefore, on the full impact of re-instigating a core grant for 2016/17 at a level of £40k, in line with the decisions taken by Cabinet in 2014 and 2013 which were aimed at providing the additional increased support on a temporary basis.

HACS full response is at Appendix 1 and an Equality Impact Assessment is at Appendix 2.

Since their application, the Children in Need bid has not been successful which has caused pressure to the running of Saturday youth clubs.

The role of Business Development Manager has, for the past year, been a shared one with the Senior Family Support worker. HACS now wishes to recruit a new Lead Family Support Worker, using funds previously secured for the purpose and thereby enabling the Business Development Manager, to dedicate time to this role. Over the period of uplift 2014-16, there have been vacancies and some roles have been shared.

HACS have stated in Appendix 1, that the impact of failing to agree the full grant requested of £70k would be the loss of the Business Development Manager from 1 April 2016. The impact on the sustainability of existing services and development of new services is described as catastrophic to HACS services.

Without a Business Development Manager role in place HACS have said that there are a number of potential new projects that they would not be able to pursue. These are argued as potentially saving the Authority money in the long run through, for example, providing support for autistic people in the Borough rather than paying for out of Borough provision.

The following initiatives are specifically referred to:

- The planned expansion of the Rural Activity Garden Centre (RAGC) Stepping Stones to employment project and takeover and management of a second cafe site, with Hillingdon Adult Community Learning.
- Planned development of Merriman's cottages and independent living programme.

In terms of impact on residents, these initiatives are, in effect, growth opportunities for HACS and should not impact on the current level of services they are providing. The cafe at RAGC is under a funded arrangement and, although HACS have stated they would like to see this placed on a proper footing, it is not suggested this would be impacted upon. It would also be open to the Authority to consider alternative partners for any new developments.

In addition HACS have stated that the Business Development Manager role should now be viewed as a permanent requirement and not temporary or funded through revenue raised. It should be noted that one of the key reasons the Council supports groups through core grants is to enable them to lever in further funds externally and to have the capacity to partner with the Council at a strategic level. This is usually included as part of the role of the Chief Executive.

HACS have also stated a further consequence of the grant being set at £40k not £70k, is that it will withdraw from the running of three youth clubs. These are a Wednesday club supporting 25 young people, a Thursday club supporting 30 young people and Charville youth club on Saturday supporting 12-15 young people.

The Wednesday and Thursday clubs are run in partnership with the Council. The Council provides the venue and some staff. HACS provides skilled staff to support the particular needs of young people all of whom have disabilities. The equalities profile of this group has been ascertained through Hillingdon's Wellbeing services and included in the Equalities Impact Assessment at Appendix 2.

The third club at Charville on Saturdays is run by HACS and the Authority provides only the venue. The equalities profile is not fully known but the young people will all have disabilities.

With each of these clubs there will be a number of young people who would be disadvantaged by their closure - a total of up to 70. Potential mitigating action is identified in the attached Equalities and Human Rights Impact Assessment as including the Wellbeing service considering alternative partners or up skilling Council staff to continue provision in some way. This would be likely to increase costs.

HACS have directly linked the continuation of these three clubs to the additional £30k core grant sought for the role of Business Development Manager. HACS's budget, provided with their consultation response, demonstrates that even with this post funded, there would remain a deficit in the budget of approximately £24k, which must leave the clubs still under threat.

It would also be open to HACS to reprioritise its core activities to release capacity to enable it to look for external funding. In many groups that receive core grant this is a function of the CEO and trustees.

It should also be noted that during the consultation the budget for 2016/17 has increased by £33.5k from that given in the application reflecting the intention to recruit an additional Family Support Officer. Overall, together with financial implications below and given that the Business Development Manager role has been funded for two years already, this does not provide assurance that HACS has strong financial management in place to plan for all its activities, cover its overheads and adjust to peaks and troughs in external funding.

In summary, in agreeing a grant £40k for HACS the Council would forego the opportunity to develop new programmes with HACS and reduce their capacity for securing income to run the three youth clubs that support up to 70 young people.

On balance, and given the nature of the temporary up lift initially agreed, and financial implications of revised budget provided, it is considered reasonable that a grant of £40k could be applied for 2016/17. Should, however, Cabinet feel that the opportunities for greater collaboration warrant this additional investment then it could be offered again on a temporary basis with the expectation that income generated contributes towards all overheads to cover this longer term. A further reasonable condition would be that the post be dedicated and not run as a joint role with the family support function.

### **Groundwork South.**

Groundwork South delivers a range of projects under the umbrella of sustainable and community development across the whole of the South of England. These include management of Colne Valley Park, the Com cafe, Heathrow Villages project (ended this year) various school environmental and mentoring projects, Healing Gardens and Elsdale Floating Classroom.

Cabinet was advised at its December meeting that the grant allocation of £33k may not now prove necessary and whether a reduced grant of £18k would impact directly on services for residents. In addition, it was noted that the Healing Gardens project is, in part, reliant on the corporate core grant.

Groundwork has confirmed (see Appendix 1) that the core grant has enabled it to deliver significant projects in Hillingdon such as the Com cafe and the Healing Gardens project as well as leveraging in support for projects externally. Whilst this corporate capacity will reduce Groundwork has also confirmed that this will be implemented without direct impact on residents.

Groundwork also confirms that it would continue to allocate up to £7k to the Healing gardens project so that it would not be directly affected.

On this basis Cabinet is recommended to agree the reduced grant of £18k for 2016/17.

## Financial Implications

The proposals included in this report are to reduce the grants from that awarded in 2015/16 for three organisations as follows:

- Age UK Hillingdon (AUKH): Reduction of £25k
- Hillingdon Autistic Care and Support (HACS): Reduction of £30k
- Groundwork South: Reduction of £15k

The proposals listed above offer a reduction of up to £70k on the voluntary sector core grants budgets for 2016/17. The report agreed by Cabinet in December 2015, where these reductions to grants were initially proposed, also included new grant bids totalling £23k.

## HACS

HACS has provided further information regarding the projected income and expenditure as part of their response to the proposed reduction in grant.

HACS have stated that should the grant be reduced, the Business Development Manager role will be deleted along with the cessation of providing youth clubs. The costs of these items, as listed on the latest Income and Expenditure statement presented by HACS are as follows:

	£
Deletion of Business Development Manager Role	40,810
Cessation of provision of Youth clubs:	
Harlington	8,772
Ruislip	5,548
Charville	8,740
Total reduction in Expenditure	63,870

It is listed in the notes on the Income and Expenditure account that £35k of the grant income from Hillingdon Council would be spent on the Business Development Manager role, however, no grant funding is listed against the cost of the youth clubs detailed in the table above.

These reductions in expenditure along with the proposed reduction in grant, once applied to the current projected position, lead to a surplus position of £9,341, as shown in the table below:

	£
Projected deficit (as at HACS Income and Expenditure statement)	24,529
Proposed reduction in Expenditure	-63,870
Proposed reduction in grant funding	30,000
Revised projected (surplus)/deficit	-£9,341

In addition, the expenditure budget includes a payment of £5,000 for contingency, which could potentially be covered through existing reserves rather than being classed as an in year payment. Should this be removed, the surplus position would increase to £14,341.

Also, based on the latest accounts (year ended 31<sup>st</sup> March 2015), the depreciation charge was £1,924. This has been factored in as £5,000 on the latest expenditure statement, which may be overstated based on spend in previous years. However, if the organisation have purchased additional equipment this year, then this higher figure may be required.

#### **4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

##### **What will be the effect of the recommendation?**

A reduction will impact on each group in a different way and each is set out in the responses received to the consultation at Appendix 1.

HACS have stated that if the planned reduction were to be made this would lead to HACS withdrawing from three youth groups and this impact, together with potential mitigating actions, are set out within the Equality Impact Assessment at Appendix 2 to enable Cabinet to take a decision in full awareness of the impact on residents.

##### **Consultation Carried Out or Required**

Each of the three groups identified: AUKH, HACS and Groundwork South were written to immediately after Cabinet in December and asked to set out the impact on residents of the proposed reductions in funding. Informal follow up discussions were offered and took place with AUKH and HACS. Appendix 1 contains responses to the consultation.

#### **5. CORPORATE IMPLICATIONS**

##### **Corporate Finance**

Corporate Finance has reviewed this report and the financial implications above, noting the recommended reduction in grant awards to Age UK Hillingdon, Hillingdon Autistic Care and Support and Groundwork South in 2016/17. Budget proposals for 2016/17 being presented to Cabinet for approval reflect the recommended level of grant award to Voluntary Sector Organisations, in line with the position reported to Cabinet in December 2015.

## **Legal**

An Equalities Impact Assessment (EIA) has been undertaken to assist the Council in meeting its Public Sector Equality Duty under section 149 of the Equality Act 2010. The EIA was commissioned because HACS state that if they no longer receive an enhanced grant from the Council, they will withdraw from the running of three youth clubs which serve 70 disabled young people. However, the reason for the Council approving an enhanced grant for the years 2014-15 and 2015-16 was to place the organisation on a more sustainable financial footing: the additional funding was not provided to fund youth clubs.

As stated in the EIA, if HACS decide to withdraw from the running of the 3 youth clubs, the Council will in accordance with its Public Sector Equality Duty review the support required to continue to provide this service in house.

## **Relevant Service Groups**

Officers in Residents Services and Children and Young People Services have been consulted.

## **6. BACKGROUND PAPERS**

Cabinet Report, 17 December 2015