

GRANTS TO VOLUNTARY ORGANISATIONS

2011/12 FINANCIAL YEAR

Cabinet Member	Cllr Douglas Mills
Cabinet Portfolio	Improvement, Partnerships and Community Safety
Officer Contact	Nigel Cramb, Sarah Johnstone & Inga Spencer Deputy Chief Executive's Office
Papers with report	Appendix A Voluntary Sector Grant Recommendations 2011-12 Appendix B Issues considered in assessing applications Appendix C Assessment of grant applications 2011-12 Appendix D Equality Impact and Impact assessments (circulated separately) Appendix E Legal statutes

HEADLINE INFORMATION

Summary	To allocate the Council's 2011/12 budget for supporting the Voluntary Sector and to agree the Council's 2011/12 contribution to the London Councils Grants scheme.
Contribution to our plans and strategies	The grants budget is used to support a range of Voluntary Sector activity. The Voluntary Sector supports the Council in achieving its aspirations and objectives in relation to the Council Plan and the Sustainable Community Strategy.
Financial Cost	<p>The report proposes grants for the 2011/12 financial year to local voluntary sector groups of £1,412,788. If agreed, this would result in a budget saving of £295,812, which has been factored into the MTFB Budget Proposals for 2011/12.</p> <p>The report also proposes making provision to enable a contribution to the London Councils Grant scheme of £446,337. If agreed, this would result in a part year budget saving of £428,588 in 2011/12 increasing to a full year budget saving of £571,452 in 2012/13, which has been factored into the MTFB Budget Proposals.</p> <p>These allocations can be met from within the existing Voluntary Sector Grants Budget.</p>
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All.

RECOMMENDATIONS:

That the Cabinet:

- 1. Agrees the allocation of grants to Voluntary Sector groups totalling £1,412,788 for the 2011/12 financial year as set out in the schedule attached to this report in Appendix A.**
- 2. That the funding previously committed to Hillingdon Arts Association £27,730 is transferred to the Arts Development Service.**
- 3. Subject to the endorsement by the London Councils Leaders Committee the Cabinet is recommended to approve the Council's 2011/12 contribution of £446,337 to the London Boroughs Grants scheme.**

INFORMATION

Reasons for recommendation

The Council has acknowledged the role of the voluntary sector particularly as a service provider and as such has committed significant levels of funding to a range of voluntary sector organisations based in the borough. The sector provides a range of services that complement or are in addition to those provided by the Council. These services are valued by the recipients and are dependent to varying degrees on the Council's grant funding.

In relation to the recommendation in respect of the Council's contribution to the London Councils Grant Scheme, the Council has the option of not approving its contribution. However, the contribution is a significant reduction over the Councils 2010/11 payment. For the overall budget to be approved, at least two thirds of the 32 London boroughs plus the City of London must approve their individual budget contribution. If there is no agreement, under the legislation governing the grants scheme the overall level of expenditure for the Grants Committee reverts back to the previous year's budget.

Alternative options considered / risk management

The Cabinet has the following alternative options:

- 1 Agree the recommendations subject to any changes the Cabinet wishes to make or
- 2 Reject one or more of the recommendations.

Comments of Policy Overview Committee

Voluntary Sector Grants will be looked at by the Corporate Services and Partnerships Policy Overview committee as part of the consultation process on the wider Council budget.

Supporting Information

The Council has been a long term financial supporter and investor in the Borough's voluntary sector. Funding has either been via the corporate grants process, which supports the core costs of organisations, or via a commissioned approach whereby Council service departments purchase services from the sector. Since the Primary Care Trust ceased to fund core costs

the Council is the only consistent funder in respect of core costs. Despite considerable pressures on the Council in terms of other competing priorities, the level of core financial support has remained consistent and has in fact increased in real terms over the past two financial years.

The voluntary sector grant budget is unique in offering core funding to organisations that are seen to be key partners and offer essential services that contribute to the Council's priorities and the well-being of residents. They represent an investment into local organisations and in turn into the borough.

The corporate grants budget is used primarily to fund the core costs of organisations. What constitutes core can vary; as can the percentage of Council contribution towards core costs. Normally any grant committed by the council from this budget contributes to the cost of an organisation employing a lead officer, providing accommodation to work from and / or the administration costs.

Use of Core Funding

In return for a contribution towards core costs the Council expects organisations to secure funding from other sources. Many of the organisations that receive core funding also secure contracts and grants from Council service departments. The availability of core funding means that a larger proportion of any additional funding secured can be committed to delivering services rather than being diverted to support organisational costs.

The amount organisations secure as a result of receiving core funding support varies between organisations and sometimes from year to year depending on circumstances. As a rule, funding secured by groups is normally at least double that committed by the Council in core grants. Some organisations will secure considerably more.

On occasions the Council has also been able to offer additional support to the voluntary sector when it has been required. This funding provides organisations with the ability to ride out challenging financial times; stabilise; and then secure other sources of funding thereby making them viable and sustainable organisations.

2010/11 Financial Year

For the 2010/11 financial year the Cabinet committed £ 1,654,000, to a total of 47 organisations. Also within the budget was £54,600 of contingency, giving a total budget of £1,708,600.

Grants awarded by the Council on an annual basis reflects the diversity and make up of community activity in the borough. The level of grants the Council administers also reflects the range of voluntary sector activity; with grants ranging from £950 to Hillingdon beekeepers to over £300,000 to the Citizens Advice Bureau service.

All organisations are able to demonstrate an association or contribution that they make towards supporting the Council's priorities and to deliver the objectives of the Sustainable Community Strategy. This has crucially enabled the Council to support the diverse range of organisations currently within the current funding portfolio, however given the pressures on the Council budget the ability to demonstrate linkages with the Sustainable Community Strategy will not necessarily mean that a grant will be awarded.

2011/12 Financial Year

The Council along with the whole of the public sector faces considerable challenges in terms of adjusting its level of spending in response to a considerably reduced level of financial support available from Central Government. The reality is that over the next four years Hillingdon has to meet a circa. £60m budget gap. With savings of this magnitude to be made, a reduction in the level of funding the Council can commit to the Borough's voluntary sector is inevitable. Additionally, the Council will not be able to commit to three year service level agreements as it has previously been able to do. Whilst the Council recognises the value of these agreements to voluntary organisations the financial circumstances do not make this a viable option.

Criteria for Assessing Grant Applications

All organisations the Council funded for the 2010/11 financial year were invited to apply for funding for the 2011/12 financial year, including those previously on three year service agreements.

Most of the organisations within the Council's 2010/11 funding portfolio have been supported by the Council for a considerable number of years and apart from a very small number of cases where savings can be made as organisations have ceased to be active in the borough, there are few easy options in terms of recommending reductions or withdrawal of funding.

In preparation for the allocation of grants for the 2011/12 financial year organisations were advised of a range of assessment criteria against which applications would be considered. These are included as, **Appendix B**

Each application has been is determined on its merits on a case by case basis.

Building on the assessment criteria, the following are examples of the 'challenges' that have been applied to each organisation when assessing applications and making recommendations on the level of funding to be offered to each organisation;

- Whether the organisation delivers direct services to the borough's residents? The distinction is made between organisations delivering services to residents and organisations delivering services to other voluntary organisations.
- Are the services that organisations deliver accessible to all sections of the community or are they focused / targeted at specific sections? Are the services provided either duplicated or available from other providers?
- The ability for organisations to deliver efficiency savings? These could be in terms of savings in the direct delivery of services; via back office efficiencies or the possibility of sharing costs with other organisations.
- The size of award. Do organisations still merit the level of funding previously awarded? A grant awarded for the 2010/11 financial year might not be appropriate in light of the budget savings the Council needs to deliver.
- The level of reserves and in particular the un-restricted reserves currently available to organisation to draw upon. All organisations are encouraged to have certain levels of contingency funding. Sometimes these can be out of line with the immediate needs of an organisation.

- Does the organisation directly or indirectly save the Council from committing expenditure?

Compact Compliance

The Cabinet at its meeting of 16th November agreed to bring Hillingdon's Compact into line with the terms of National Compact and confirmed that a period of three months notice would be given where the Council proposed to reduce or cease funding. The report also confirmed the Council's intention to undertake equality impact assessments to gauge the effect and potential impact of any reduction in funding.

The completion of equality impact assessments is a way of demonstrating how we are complying with our public duties to ensure that decisions are made in such a way as to minimise unfairness, and to ensure that the decisions taken do not have a disproportionately negative effect on people from different ethnic groups, disabled people, and men or women. Where as a result of reductions in funding any potentially negative impacts are identified, actions to mitigate against these are included in the assessment.

Arts Development

It is proposed that the grant previously awarded to Hillingdon Arts Association be transferred to the Borough's Arts Development Service within the Planning Environment and Community Services Directorate. The Arts Development Service will now be responsible for administering grants to voluntary arts groups in the Borough. A similar successful approach was pioneered with grants to sports clubs and societies with the transfer of funding from Hillingdon Sport Council to the Council's Sports development team. In addition to offering grants to voluntary arts groups the Arts Development Service will trial offering individual bursaries.

Accompanying this report as **Appendix C** is a Summary of Applications 2011/12, which gives a brief summary of each application. Where a reduction or withdrawal of funding is proposed either an Equality Impact Assessment or an Impact Assessment has been completed for each organisation. These are compiled in **Appendix D**.

London Boroughs Grants Scheme

For the 2010/11 financial year the Council committed £874,925 to the London Boroughs Grant Scheme. The overall budget across London for the scheme was £30,116,000.

The scheme supports voluntary sector activity and specifically funds voluntary organisations across all 32 London authorities and the City of London.

There is potential for the Council's contribution to the London Boroughs Grant Scheme to be significantly reduced for the 2011/12 financial year.

The London Councils Leader' Committee agreed a review of the Grants scheme in June this year, with a view to reducing the boroughs contributions. Arising from this review, at it' meeting on the 25th November, the Grants Committee considered a series of options on the future funding priorities for the scheme.

The Committee agreed to an option which supported a managed transition of the scheme (rather than its immediate decommissioning). The Grants Committee also agree to retain an element, which enabled support to a core group of organisations that were judged to provide 'Pan London services'.

The distinction between a managed transition and a straight decommissioning is an important one in that instead of the scheme coming to an end on 31st March 2011 organisations currently funded under the grants scheme will be funded until 30th June 2011.

This transitional period will provide all of the 32 boroughs and the City of London the opportunity to consider their options. Boroughs will have the opportunity to re-commission any of the organisations or services they wish to see continue. It would mean that individual boroughs not having to pay for services that they did not need, consider a priority or felt of marginal benefit to their residents.

As London Councils will bear the responsibility of bringing the existing scheme to an end, Hillingdon would be treating any bids from (currently commissioned) organisations as new applicants.

The Grants Committee will recommend the above summarised option to London Council's Leader's Committee on 14th December.

We anticipate that London Councils Leaders Committee will agree to accept the recommendations. It will mean a reduced contribution to the London Boroughs Grants scheme of £428,589 over the Council's 2010/11 contribution.

The level of saving to Hillingdon for 2011/12 will be determined by whether the Council wishes to re-commission any of the services currently funded by the London Boroughs Grants scheme.

The reduced contribution for 2011/12 is based on 9 months rather than a full year saving. Additionally there is scope to review those groups deemed as requiring pan London funding for future years. Therefore there is potential for contributions to the Grants scheme to be reduced further in future years.

Financial Implications

The report proposes grants for the 2011/12 financial year to local voluntary sector groups of **£1,412,788**. If agreed, this would result in a budget saving of £295,812, which has been factored into the MTFB Budget Proposals for 2011/12.

The report also proposes making provision to enable a contribution to the London Councils Grant scheme of **£446,337**. If agreed, this would result in a part year budget saving of £428,588 in 2011/12 increasing to a full year budget saving of £571,452 in 2012/13, which has been factored into the MTFB Budget Proposals.

These allocations can be met from within the existing Voluntary Sector Grants Budget.

The Summary of Applications 2011/12 contains brief financial comments on each organisation. These have been provided by Central Services Finance team.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

Consultation / What will be the effect of the recommendation?

Organisations either being offered no grant or a lower grant have already been consulted as to the level of funding likely to be offered as for the 2011/12 financial year. Each organisation was invited to respond in writing to the proposals. All organisations were offered the opportunity to meet face to face with officers to discuss the potential impact on service delivery.

These responses, on the potential effects of the reductions in funding are summarised and included in either the Equalities Impact Assessment or an Impact Assessment that has been completed for each organisation.

Consultation Carried Out or Required

CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance has reviewed this report and is satisfied that the 2011/12 base budget for the Voluntary Sector Grants allocations is £1,708,600 and that the reduced proposed grant allocations of £1,412,788 will result in a saving of £295,812. The London Councils Grant scheme has a proposed budget of £874,925 and is proposing to make a contribution to the London Councils Grant scheme of £446,337 for 2011/12, resulting in a part year budget saving of £428,588, increasing to a full year budget saving of £571,452 in 2012/13. Both these savings have been included in the MTFF Budget proposals. The London Council's grant scheme has been included as a contingent income item at this stage until the decision is agreed formally.

Legal

In **Appendix E** to the report, a number of specific statutory provisions have been identified, which give the necessary authority to the Council provide such funding.

The first recommendation in the report relates to the allocation of grants to Voluntary Sector groups in respect of the 2011/12 financial year.

The allocation of grants falls within the Council's discretion and it is a relevant consideration for the Council to take into account the reduced level of financial support available from central government when making its decisions in this respect.

However, whilst the award of grants is discretionary the Council can demonstrate that it is acting reasonably and is not making decisions in an arbitrary manner. Although each grant application is being determined on its merits on a case by case basis, nevertheless the Council is still having regard to those assessment criteria which have been identified in the body of the report and it has also arranged to carry out impact assessments in relation to affected organisations.

The Council is a public body to which the provisions of the Race Relations, Disability Discrimination and Sex Discrimination Acts apply [these have all been consolidated within the new Equality Act 2010]. In making decisions in relation to the allocation of grants to Voluntary Sector groups, the Council has considered any disproportionately negative impacts on different ethnic groups, disabled individuals and men or women by carrying out equality impact assessments which are appended to the report. Where as a result of reductions in funding any potentially negative impacts are identified, actions to mitigate against these are included in the assessment.

The second recommendation concerns the Council's proposed 2011/12 contribution [subject to the endorsement of the London Council Leaders Committee] to the London Boroughs Grant Scheme. Section 48 of the Local Government Act 1985 governs the operation of this Scheme.

Section 48[3] provides that the constituent councils shall be required to contribute to any expenditure of the designated council which has been incurred with the approval of at least two-thirds of the constituent councils [which are the 32 London Boroughs plus the Corporation of London]. The amounts of the contributions shall be determined so that the expenditure in respect of which they are payable is borne by the constituent councils in proportion to the populations of their respective areas.

Finally, the Grants to Voluntary Organisations Order 1992 specifies that where this two-thirds majority cannot be secured, the total expenditure which had been approved in respect of the preceding financial year shall apply"

Corporate Landlord

There are no direct implications.

Relevant Service Groups

Service departments have also been consulted on the proposals and comments are included in the equalities impact assessment where relevant.

BACKGROUND PAPERS

Applications from Voluntary organisations