
SUBJECT: PROCESS FOR AWARDING GRANTS TO VOLUNTARY ORGANISATIONS 2013/14 AND BEYOND

DATE: 16 AUGUST 2012

RECIPIENT: OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

THIS IS NOT A DECISION PAPER

SUMMARY:

1. Southampton City Council has a long history of supporting the contribution of the voluntary and community sector in the city with grants, contracts and other help in kind. On 12 March 2012 Cabinet approved, in principle, an outcome-based commissioned grants model from 2013/14 to award longer term grants (2 or 3 years) where appropriate, from the Grants to Voluntary Organisations budget from 2013/14. On 21 August 2012 Cabinet will consider a report on the implementation of this model.

BACKGROUND and BRIEFING DETAILS:

2. In order to create a fairer, open and transparent grants process on 12 March 2012, following consultation with voluntary organisations, Cabinet approved in principle an outcome-based commissioned grants model to award longer term grants (2 or 3 years) from the Grants to Voluntary Organisations budget from 2013/14. On 21 August 2012 Cabinet will consider recommendations on the implementation of a new outcome-based Commissioned Grants Programme. This has been developed using feedback received in the ongoing consultation with the voluntary and community sector.
3. The key changes from the previous grants process are:
 - Up to three years of funding, where appropriate, in response to consultation – to provide greater stability for organisations.
 - One-off one year grants, up to £10,000 – to provide small grants in between commissioning cycles. This gives the council flexibility to respond to the changing needs of the city as well as the voluntary and community sector.
 - 8 week grant application period (between the scheme opening for applications and the closing date for applications) – as per the consultation in August-October 2011 the grant application period has been shortened as part of a more streamlined process.
 - The decision on grant allocations will be brought forward from March to January, in response to consultation giving applicants more notice between the decision and implementation on 1 April each year.
 - Accepting joint bids, in response to consultation – applications from two or more voluntary organisations working together will be welcomed providing one of the applicants acts as the responsible body for the grant. This will allow voluntary organisations working together to share resources.

- Proportional paperwork, in response to consultation – there is a shorter application form for applications under £10,000 per year.
 - Grants to be awarded against outcomes – using outcomes rather than the broad council priorities allows the council to focus on key areas of work. This also makes it clearer what the council and city are getting in return for the grant.
 - Scored appraisal process - applications will be scored by a small panel of specialist council officers who will make the initial recommendation. This makes the appraisal process more robust and also more streamlined.
 - Applicants notified of initial recommendations earlier – it is aimed to notify applicants of their initial grant recommendation around 6 weeks before the Cabinet meeting, to allow them sufficient time to provide information on the impact, especially equalities and community safety impact, of the recommendation before Cabinet makes a final decision.
4. The outcomes against which the grants will be award have been developed from the ‘challenges’ outlined in the Southampton Profile (needs assessment). Outcomes for Infrastructure Support Services have also been included as these services are vital to ensure a thriving voluntary and community sector in the city. All applicants will be expected to make a contribution to at least **one** of the outcomes. The proposed outcomes and full details of the process can be found in the Prospectus attached as Appendix 1.
 5. The council wishes to provide stability to the voluntary and community sector and aims to do this by awarding three year funding agreements to successful applicants, where appropriate. While the aim will be to fund successful applications for three years, each application will be assessed on a case by case basis as to whether three year funding is appropriate. The council may offer two years or one year funding instead.
 6. As the budget is set annually applicants need to be aware that years 2 and 3 of any funding agreement for more than one year will be provisional and may be subject to change in light of council budget decisions. If there is no change to the provisional budget for years 2 or 3 Cabinet’s original grant award decision of January 2013 will stand and does not need to be re-confirmed each year. The grants for years 2 and 3 will be confirmed automatically when the budget is approved by Full Council at the annual budget setting meeting in February of each year. This is a significant change from previous three year funding agreements where Cabinet re-confirmed the grants each year.
 7. The council is aware that by moving to longer term funding the majority of the grants budget would be committed between April 2013 and March 2016, leaving little flexibility to respond to requests for funding during this period. Therefore it is proposed to set aside a small portion of the budget each year for one-off, one year grants of up to £10,000 to be awarded against the same criteria and outcomes as the longer term grants under officer delegated authority. It is intended that these grants would be available for voluntary and community organisations that did not receive longer term funding. The detailed process for awarding grants from this scheme will be presented to Cabinet for approval in January 2013.

8. In the report Cabinet is requested to propose a budget of £4,977,756 over three years (2013/14 to 2015/16) for grants to voluntary organisations subject to approval by Full Council at the annual Budget Setting meeting in February of each year. Of this £1,777,345 would be the proposed budget in 2013/14. In line with savings being made across the council a tapered reduction of the grants budget over the three years is also recommended. The three year funding, one-off grants pot and Housing Revenue Account contribution are recommended to reduce by 7% each year using the 2012/13 budget as a baseline (total £1,907,300). It is recommended that this reduction is applied equally to all grant recipients. It is not recommended to reduce the Community Chest budget further as it had a 50% reduction in 2011/12. The reduction to the overall budget would therefore be approximately 6.8% each year.
9. In the report Cabinet is requested to approve the issuing of formal notice to existing grant recipients that all applications for grant funding for 2013/14 and beyond will be considered without reference to previous grants and their current funding relationship with the council will end on 31 March 2013. This will ensure the council is fully open and transparent with voluntary and community organisations and will allow for timely and meaningful consultation and consideration of impact assessments, including equalities and community safety. The existing grant recipients are listed in the 2012/13 Grants to Voluntary Organisations Cabinet report, 13 February 2012 (Appendix 1).
10. Giving formal notice will set a level playing field for the new outcome-based Commissioned Grants Programme and all applicants will be considered as new applicants whilst allowing existing grant recipients time to prepare for potential changes to their funding. It will also ensure that any notice payments are provided primarily from within the existing budgets. A plan and timetable for issuing formal notice, subsequent consultation and completion and consideration of impact assessments is attached at Appendix 2. The impact of giving notice on individual organisations will be considered by Cabinet when awarding grants in January 2013.
11. The standard grant criteria are reviewed and amended on an annual basis to ensure they are in line with current best practice and council priorities. Three changes are recommended at this time – two new criteria and one amended.

New criteria:

- Applications will normally only be considered towards projects and activities that demonstrate innovative approaches to meeting the needs of the residents of Southampton.

This change is being recommended as innovation should underpin all the grant outcomes.

- Applications will not normally be considered for core funding from groups and organisations whose activities fall within the responsibility of schools to fund. However, contributions to jointly funded projects may be considered.

This change is being recommended as national changes to the way schools are funded means the Dedicated Schools Grant part of the grants budget has been re-allocated directly to schools to fund this work (see paragraph 32).

Amended criterion:

- Applications will not normally be considered from groups and organisations that have unsuccessfully tendered for the same project/work as a contracted service (either to the council or anyone else).

This change is being recommended following feedback during consultation that the original criterion about failed tenders needed to be made clearer. The full criteria with the amendments highlighted are available in Appendix 1.

12. It had previously been agreed, in December 2010, after a detailed consultation process, to reduce Shopmobility's grant over three years to £46,000 in 2011/12, £35,000 in 2012/13 and £27,000 in 2013/14. As the proposal for the outcome-based Commissioned Grants Programme three year funding will overlap with this it is proposed to discontinue the tapered reduction and bring Shopmobility in line with the new grants process. This means that the recommendation to formally give notice to existing grant recipients that all applications for grant funding for 2013/14 and beyond will be considered without reference to previous grants and their current funding relationship will end on 31 March 2013 (see paragraph 24) will also apply to Shopmobility. Although this may be unsettling for Shopmobility, as with all voluntary and community organisations in this position, it will give them the opportunity to be considered for three year funding.
13. National changes to the way schools are funded from April 2013 means that the Dedicated Schools Grant (DSG) contribution to the grants to voluntary organisations budget, £55,900 in 2012/13, will no longer be available. The money will instead be allocated as part of individual school budgets. Therefore, the recommendation is for Cabinet to note that the Dedicated Schools Grant contribution in the grants to voluntary organisations budget will no longer be available from April 2013.
14. The council has been running a Community Chest small grant scheme for more than 25 years. The grants primarily support small, unfunded, volunteer led community groups across the city for example, community fun days, health and wellbeing projects, environmental projects, sports clubs, residents associations etc and promote volunteering and getting involved with the local community. The current budget for Community Chest is £50,000. The NHS Southampton Trust also manages a small grants scheme in the city, the Health and Wellbeing grants. The current budget for this grant scheme is £75,000. Following discussions with senior managers in the NHS, it is proposed to pool the council's Community Chest budget and the NHS Health and Wellbeing grants budget into a city-wide, small grant scheme, administered in a different way than either scheme currently is.
15. During both consultation with voluntary organisations and the Big Society Scrutiny Inquiry, the feedback was that Community Chest could be managed differently, perhaps by a voluntary organisation. The arrangements for pooling budgets suggested in the Cabinet report offer an opportunity to consider a different way of administering this scheme. This combined with the need to respond to new policy initiatives such as the 'localism' agenda is leading to more efficient ways of working, making the time right to give the voluntary sector the opportunity to take this on. Previous discussions with potential providers suggest that the costs are likely to be around 10% of the budget. Choosing an external service provider would be done via a procurement process.

16. The legal powers to award grants would not transfer to the service provider, therefore it is proposed that if the scheme was to be administered by a voluntary organisations the split in responsibilities would be:

Voluntary Organisation – administering the scheme and setting up and running an Assessment Panel to make grant recommendations.

Council – setting broad funding priorities and making final grant decisions following recommendations from the Assessment Panel.

17. It has also been suggested that the scheme could be run on a Participatory Budgeting basis. However, it can be a resource intensive process and would need to be supported by adequate community development resources. A consultation process on the proposals needs to be undertaken before a final decision can be made and determining the best model for involving the community more in a city-wide small grant scheme would be part of the consultation.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

18. The proposed budget would comprise:

Year	2013/14 £	2014/15 £	2015/16 £	Total £
Three year funding	1,608,568	1,495,968	1,391,250	4,495,786
One-off grants	100,000	93,000	86,490	279,490
Community Chest	50,000	50,000	50,000	150,000
Housing Revenue Acct	18,777	17,463	16,240	52,480
Total	1,777,345	1,656,431	1,543,980	4,977,756
Reduction from previous year	6.81%	6.8%	6.78%	

19. The council budget is set annually in February each year. Therefore the proposed budgets for 2014/15 and 2015/16 are provisional and are subject to budget setting in February of each year.
20. No immediate property implications are raised by this report. If, through the development of a grant supported initiative, a property issue is generated it will be subject to detailed consultation in the usual way.
21. The Council recognises its legal obligations with regard to equality and community safety in making its decision. The Equality and Safety Impact Assessment (EIA) conducted on the move to outcome-based commissioned grants has been updated and is attached to the Cabinet report.

OPTIONS and TIMESCALES:

22. The closing date for applications to the outcome-based Commissioned Grants Programme will be at the end of October. Cabinet will be requested to make decisions on awarding grants in January 2013.

Appendices/Supporting Information:

1. Prospectus (includes process, outcomes, standard grant criteria)
2. Formal notice timetable and plan

Further Information Available From:

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