
SUBJECT: 2011/12 GRANTS TO VOLUNTARY ORGANISATIONS
DATE: 17 FEBRUARY 2011
RECIPIENT: OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

THIS IS NOT A DECISION PAPER

SUMMARY:

Cabinet is scheduled to consider the report of the Cabinet Member for Local Services and Community Safety on 14th March 2011 seeking approval for the allocation of the 2011/12 grants to voluntary organisations. Officers are working on the detail of that report and in the meantime this Briefing Paper provides information for Overview and Scrutiny Management Committee on the proposals that will be contained in the Cabinet report.

BACKGROUND and BRIEFING DETAILS:

1. The City Council has a long history of recognising and supporting, with grants, contracts and other help in kind, the contribution of the voluntary and community sector to the city. In 2010/11, following a review of grants to voluntary organisations, grants of over £2.2 million (including an additional one-off amount of £100,000) were awarded to over 100 groups.
2. Pressures on the economy and public sector finance mean that within the budget proposals that Council will consider on 16th February is a proposal to reduce the corporate grants to voluntary organisations budget by £450,000. The Children's Services and Learning Portfolio is also proposing to reduce the ring fenced Dedicated Schools Grant (DSG) element of the grants budget by £50,000.
3. These reductions will be offset by a one-off contribution from the General Fund contingency which will be finally determined once decisions are made at Cabinet in March on the allocation of grants. Based on grants proposed in Annexe 1, this would require £69,136 from the General Fund contingency.

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4. 2011/12 Applications

In August 2010, before the impact of the Comprehensive Spending Review on council budgets was known, both currently funded and new organisations were invited to submit applications for grants for 2011/12 to the following schemes:

Running Costs Fund - a contribution to core running costs (usually linked to specific posts or items of expenditure),

Two Year Funding – as above but for applications meeting specific employment and training criteria,

New Projects Fund - time limited project grants.

By the 5th November closing date the schemes had succeeded in attracting 77 applications requesting over twice the budget that it is now available.

2011/12 Grant Applications	Number	£
Running Costs Fund	56	2,611,839
Two Year Funding	2	126,784
New Projects Fund	19	746,820
Total (excluding any allocation for the Community Chest small grants scheme)	77	3,485,443

5. Allocation Principles

To meet the budget the report to Cabinet on 14th March will seek approval for a schedule of proposed grants (see Annexe 1 attached which excludes the new applications included in the table above) based on the following principles

- Priority to existing applicants already in receipt of a Running Costs Fund grant, which, regrettably means that no new applications can be considered
- No requests for increased funding can be considered
- No award for inflation
- Follow appraiser proposals where possible
- Consideration of a reduced level of grant for organisations receiving larger grants rather than those in receipt of smaller grants
- Priority, by way of Two Year Funding, to organisations “whose core business is to provide local employment opportunities and/or training and support which leads directly to local employment opportunities”

6. Consultation

Throughout the application process organisations have been kept informed by letter and information on the grants website of a likely reduction in the grants to voluntary organisations budget that could result in individual grants being reduced or discontinued. They were also given the opportunity to provide further information on the potential impact of reduced funding for their organisation.

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7. **Impact Assessments**

Where proposals result in a grant reduction or no grant they will be subject to an overall impact assessment and an Integrated Impact Assessment which Cabinet will be required to consider before making its decision.

8. **Notice Periods**

Consideration will also be given on a case by case basis to reasonable notice periods which means that budget savings will be partial in 2011/12 and only fully achieved in 2012/13. This will result in a request to draw on Council general fund contingencies. The potential cost of this is currently being assessed.

9. **Community Chest**

In 2010/11 a number of small grant schemes were consolidated into Community Chest, the budget available was increased to £100,000 and the maximum individual grant available was increased from £500 to £5,000. As a result the scheme attracted 119 applications; nearly double the number received in previous years. 77 one-off grants were awarded at an average of approximately £1,500.

10. The report will include proposals to:

- reduce the budget allocated to the Community Chest small grants scheme from £100,000 to £50,000
- reinforce the criteria that Community Chest are one-off grants to assist groups to work towards long term sustainability and not for recurring, on-going running costs
- as in previous years delegate authority to the Manager of the Communities Team following consultation with the Cabinet Member for Local Services and Community Safety to allocate Community Chest grants in two rounds during the year.

11. **Help in Kind**

In addition to grants and contracts the council supports the voluntary and community sector with “help in kind” such as reduced/peppercorn rent and rate relief. Work is underway to establish the value of this support across the council and the Cabinet Report will include a recommendation to note the progress made in identifying levels of help in kind and seek delegated authority to continue the work.

12. **Grants Criteria**

In discussion with potential grant applicants it has become apparent that some additional criteria need to be added to the council’s standard Grants Criteria in order to minimise the work involved in both writing and appraising unrealistic grant applications. Approval will therefore be sought to include criteria to the effect that applications will not normally be considered

- from recently formed organisations for large grants
- to fund projects that have unsuccessfully tendered for a contracted service (SCC or other)
- to subsidise contracts (SCC or other)
- towards political activities
- for large capital projects

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13. **Commissioning**

On 23rd November 2009 Cabinet approved the continued use of grants as well as contracts to fund voluntary organisations and the use of the Grant Flowchart as a guide for officers to determine the most appropriate route.

14. One of the criteria for determining the most appropriate route is how far the council wishes to specify the service or area of work being funded. Given the pressure on budgets, the extent to which other areas of the council are now contracting with grant aided organisations, the need to avoid duplication and achieve best value it is now timely to consider whether it is more appropriate to move towards commissioning and purchasing some of the services and areas of work that are currently grant aided. The Cabinet Report will therefore seek delegated authority to give this further consideration.

15. **Extra Funding for Voluntary Organisations**

The Council is looking at introducing a voluntary grants scheme for Council tenants next year. This will be managed through the corporate grants process. Work will be progressed in consultation with the Cabinet Member for Housing and the Cabinet Member for Local Services and Community Safety.

16. **Review of Advice Services**

Advice services are currently provided by the council as well as a number of statutory and voluntary sector organisations across the city. Some services provide specialist advice whilst others offer more general advice as part of their wider work with a particular client group(s). A significant proportion of this work is currently funded either directly by the city council or through a mixture of grant and contract arrangements. Pressure on budgets, high demand and the proportion of grant funding requests towards running costs mean that it is important to review this current mix of funding arrangements and to work with current providers to ensure that these services continue to provide value for money to local residents. The Cabinet report will therefore propose a cross service review to explore these issues to be led by the council's Head of Efficiency and Business Transformation.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

17. Grant recommendations relate to the relevant policy framework plans and the services provided by the grant-aided organisations will assist the council in meeting the overall aims of its policy framework including the objectives set out in the Community Strategy and Medium Term Plan.
18. The proposed grants in Annexe 1 would require a draw on contingencies of £69,136. In addition, as detailed in paragraph 8 above, there will be a cost of giving organisations reasonable notice periods where grants are reduced or removed. Consideration is being given to amending the budget report at full council to take on board these issues.

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19. The Council is mindful of case law established through the judicial review of Haringey Council in 2000, Leicester City Council in 2004 and Ealing Borough in 2008. Accordingly, the Council follows four main principles during the annual revenue grants process, namely timely and meaningful consultation with voluntary organisations, with a clear explanation of proposals and an open, transparent, corporate, co-ordinated approach. Decision makers must be satisfied that consultation with affected organisations has been adequately carried out and that any notice period given before the implementation of any reduction in grant is adequate and reasonable.
20. As detailed in paragraph 8 above individual impact assessments and Integrated Impact Assessments will be undertaken where it is proposed to reduce or cease a grant and reasonable notice periods will be given to comply with the councils Conditions of Grant Aid and the Southampton Compact.

OPTIONS and TIMESCALES:

21. Applications have been received for over twice the available budget. The option of continuing to fund currently funded organisations and activities at the same level and fund any new applications has been rejected as it would exceed the available budget.
22. As many grants contribute to salaries and running costs they are usually awarded in March each year for the following year.

Appendices/Supporting Information:

Annexe 1 - 2011/12 Grants to Voluntary Organisations Proposals

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