

BRIEFING PAPER

SUBJECT: Grants consultation process
DATE: 16 March 2017
RECIPIENT: Overview and Scrutiny Management Committee

THIS IS NOT A DECISION PAPER

SUMMARY:

The Council makes a significant investment in Southampton's thriving, rich and diverse voluntary sector, incorporating large and small organisations, community groups and faith organisations. Cabinet want to ensure that our significant investment of over £20M every year contributes directly to the Council's priority outcomes, encourages better collaboration within the voluntary sector and is able to lever additional external funding to the city.

In October 2016 Cabinet agreed a new approach following consideration of a report detailing a review of the Council's investment in the voluntary sector, across grants and contracts. The review was undertaken with the aim of ensuring that services provided by the voluntary, community and faith sector (whether contracted or grant funded) contributed directly to the Council's priority outcomes. This review was to inform a 2 year work programme with a strong focus on prevention and early intervention approaches. Over the 2 year period, Cabinet will consider a number of recommendations in order to deliver redesigned services which could result in reshaping and re-tendering for services.

As a result of the recommendations agreed at the Cabinet meeting in October 2016, the Council commenced consultation with grant aided organisations and the wider voluntary, community and faith sector to seek their feedback.

BACKGROUND and BRIEFING DETAILS:

1. Southampton has a thriving voluntary sector with a rich diversity and cultural mix and includes both local and nationally affiliated charities, housing associations, social enterprises, small community and neighbourhood groups and faith organisations. The Council invests over £20M per year in voluntary, community and faith organisations and needs to ensure this makes a contribution to the Council's priority outcomes, encourages better collaboration within the voluntary sector and is able to lever additional external funding to the city.
2. The Council also has a long history of supporting voluntary organisations, community and faith groups through its grants programme. The Council moved to outcomes based grant allocation in 2013 and the three year programme has provided successful organisations between one and three years of funding. Grant aided organisations were given one year's extension at the end of the last 3 year grants programme to enable the Council to agree its approach for the future. The grants budget for 2016/17 is £1.54M and this includes £50,000 for the Community Chest small grants scheme.

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3. The Community Chest has been supporting community and faith groups as well as small voluntary organisations in the city for more than 30 years. The current budget is £50,000 per year, which is split roughly equally between two rounds, closing in May and November each year. Grants of up to £2,500 are awarded against priorities in the Council Strategy. Grants are awarded for a broad range of projects, including: residents and community projects, sports, health and wellbeing, arts and crafts, children and young people, older people, environment and employment and training. These small grants enable communities to help themselves and provide positive return for modest amounts of funding.
4. A review of investment in the voluntary sector, including grants and contracts established that there is good return on investment. However, though this is currently spread across a large number of agencies, investment levels vary widely and there is also overlap between agencies providing similar services or providing services to the same group of people. Grant funding is also currently used to support core services which have been in place for many years.
5. The Council wishes to prioritise its support to the voluntary, community and faith sector and to engage the sector in working jointly to address local challenges.
6. In October 2016 Cabinet therefore agreed a new, unified approach to its investment in the voluntary sector and agreed to prioritise the following areas, which include both grants and contracts, as they present further opportunities for amalgamation in order to increase the impact of the Council's investment and to continue to shift the focus towards prevention and early intervention approaches:
 - Housing Related Support (HRS), recommendations for the future procurement of HRS for young people and vulnerable adults was agreed by Cabinet in October 2016
 - Information, Advice and Guidance (IAG), is on the Forward Plan for April 2017
 - Community Development (model for facilitating community development was agreed by Cabinet in October 2016)
 - Homeless and Substance Misuse services (work is currently underway).
7. At their meeting Cabinet agreed the new approach with the following recommendations:
 - To approve a consultation exercise on the proposed approach with grant aided organisations and the wider voluntary sector to include future arrangements for the current grants budget.
 - To approve proposals for extending the established participatory budgeting approach in Thornhill to two other areas of the city and to agree continuation of funding for all three areas from the existing budgets.
 - To approve the doubling of the budget for the Community Chest grants scheme to £100,000 and delegated authority for grant allocations to the Cabinet Member for Communities, Culture and Leisure who will chair a new cross party Member Panel to make recommendations.
 - To delegate authority to the Chief Strategy Officer, following consultation with

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the Leader of the Council, to do anything necessary to give effect to the recommendations contained in this report and, following the consultation exercise, to approve a way forward.

CONSULTATION PROCESS

8. Following the Cabinet decision in October 2016 the Council commenced a public consultation with grant aided organisations and the wider voluntary sector who could be affected by the proposals. The consultation ran from 2 December 2016 to 24 February 2017. The council undertook this consultation with regards to the Southampton Compact and the Best Value Statutory Guidance.
9. The specific proposals included in the consultation were:
 - To identify the funding approach as part of each commissioning process, based on the type of service and the best way to achieve the priority outcomes, using contracts for specified services with clear outcomes and using grants for time limited initiatives such as pilots or pump priming.
 - To add two new grant criteria to the current criteria which would result in priority being given to collaborative bids and to bids which bring in match funding.
 - To increase the current Community Chest funding by £50,000 to give a total investment for small community groups of £100,000 per annum.
 - To continue to fund the Thornhill Participatory Budget scheme when the current funding ends, by the same amount, and to expand the area to include Harefield estate and a defined area in Sholing around Sullivan Road and the Merryoak estate.
 - To increase investment for participatory budgeting and extend to new areas of the city - a defined area within the Bevois and Bargate wards which include Northam and Golden Grove estates and the original SRB 6 regeneration area covering specific parts of Millbrook, Redbridge, Maybush and Coxford.
10. A consultation document outlining the proposed changes was produced and disseminated widely, including to all current grant recipients. The Council invited responses through a variety of methods including an online survey, public meetings, one-to-one meetings (for current grant recipients directly impacted by the proposals), by phone, letter and email. Responses were invited from individuals and organisations.
11. In addition, Equality and Safety Impact Assessments (ESIAs) are being developed for all current grants directly impacted by the proposals and the affected organisations have had the opportunity to comment on their ESIA. These ESIAs will be collated into a Cumulative Impact Assessment (CIA).
12. Throughout the consultation, every effort has been made to ensure that as many people as possible are aware of the proposals and have had the opportunity to provide feedback. Particular effort has been made to communicate the proposals to current grant recipients who would be directly impacted by the proposals. This has

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been achieved by targeting communications directly to affected grant recipients and having a period of priority booking for the public meetings.

13. The final report into the consultation to inform the Officer Key Decision will be published on the 15 March 2017. As this report for OSMC has been prepared before the analysis has been completed, details of the feedback analysis are not available.
14. In total there were 84 respondents (53 organisations, 3 networks and 28 individuals) to the consultation on the voluntary sector funding proposals either through the online survey, public meetings, one-to-one meetings or a general email or comment. Some organisations responded through more than one consultation route. While all feedback will be included, individual organisations have only been counted once in the total number of respondents.
 - The online survey had 47 respondents (19 organisations and 28 individuals)
 - The public meetings had 35 attendees (all representing organisations)
 - For the one-to-one meetings 25 of the 34 current grant recipient's organisations (74%) took up the offer.
15. Overall there was a good level of engagement with the consultation. In the last significant grants consultation in 2012 only 10 of the existing grant recipients engaged in the consultation, therefore the level of engagement in this consultation was a significant improvement. In total 544 comments were received and analysed.
16. A breakdown of the 53 organisations that responded to the consultation has shown that 58.5% are local organisations (i.e. primarily working and based in Southampton), 30% are regional organisations and the remaining 9.5% are national organisations.
17. There was good engagement throughout the consultation period and the Council received a high number of comments which have been collated and analysed to support decisions.

RESOURCE/POLICY/FINANCIAL/LEGAL IMPLICATIONS:

18. The amount the Council invests in voluntary sector organisations through its current Corporate Grants programme is £1.54M per annum including £50,000 for the Community Chest small grants scheme. The recommendations could result in a change in the way in which the Council funds organisations (i.e. grants or contracts).
19. In keeping with the need to obtain maximum value within reducing resources, there will be a refocus to ensure that bids that are successful can demonstrate that they meet the Council's priority outcomes and can achieve improved returns for similar levels of investment.
20. There are no property implications.
21. Section 2 Localism Act 2011 and various Local Government Acts. Any procurement will be governed by EU procurement rules depending on value.
22. The Council must be mindful of the Southampton Compact and the Best Value Statutory Guidance in all its work with the voluntary sector. The Southampton

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Compact provides a code of good practice to build on existing good practice and continue to improve relationships between statutory, community and voluntary organisations. It covers five key areas with undertakings for both the public sector and voluntary sector in each area:

- A strong, diverse and independent civil society
- Effective and transparent design and development of policies, programmes and public service
- Responsive and high-quality programmes and services
- Clear arrangements for managing changes to programmes and services
- An equal and fair society.

23. The Best Value Statutory Guidance was issued by central government in 2011, revised in 2015. The Guidance provides a code of good practice for local authorities considering funding reductions that may affect the voluntary sector. It complements the Southampton Compact minimum consultation and notice periods.
24. The Council recognises its equalities duties and in making decisions will pay due regard to the need to eliminate discrimination and promote equality and to undertake Equality and Safety Impact Assessments (ESIAs). ESIAs are being developed in relation to grant-aided services, which includes input from the organisations themselves. A Cumulative Impact Assessment (CIA) will be undertaken to inform the final recommendations.
25. The recommendations in the decision report will support the delivery of the following strategies and priorities included in the Policy Framework (Constitution Article 4.01):
 - Southampton City Council Strategy 2016-2020

OPTIONS and TIMESCALES:

26. The decision is scheduled for 23 March 2017 following which an implementation plan will be developed. The Council has undertaken to give all current grant recipients a minimum of 3 months' notice.

Appendices/Supporting Information:

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