

DECISION-MAKER:	CABINET
SUBJECT:	2012/13 GRANTS TO VOLUNTARY ORGANISATIONS
DATE OF DECISION:	1 AUGUST 2011
REPORT OF:	CABINET MEMBER FOR HOUSING
STATEMENT OF CONFIDENTIALITY	
Not applicable	

BRIEF SUMMARY

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. Corporate grant aid alone amounts to almost £1.9M per annum. Nevertheless applications from voluntary organisations for city council grants far exceed the available budget and it is difficult to support new grant applications.

Despite significant financial pressures on the Council in order to provide some stability to the voluntary sector in Southampton this report seeks approval for the grants to voluntary organisations budget to remain the same in 2012/13 as 2011/12. It also recommends consulting on suspending the current open competitive grant application process for awarding grants in 2012/13 and renewing 2011/12 grants at current levels, excluding any paid notice, for a further year until 31st March 2013 and continuing to work with voluntary organisations in the city to identify potential efficiency savings and ways of streamlining the grant application process in future years.

RECOMMENDATIONS:

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:

- (i) To approve in principle that the 2012/13 grants to voluntary organisations budget will be £1,907,300
- (ii) To authorise the Interim Director of Environment to carry out consultation on the following proposals:
 - suspending the current grant application process for awarding grants from the corporate grants budget for 2012/13
 - renewing 2011/12 grants at current levels, excluding any paid notice, for a further year until 31st March 2013 subject to satisfactory monitoring
 - reviewing and potentially bringing forward the timing of the grant application process in future years
- (iii) To delegate authority to the Interim Director of Environment following consultation with the Cabinet Member for Housing to determine whether or not to proceed with the proposals set out in recommendation (ii) and, within approved budgets, to take any other decisions necessary or expedient to determine the award of all grants for the 2012/13 financial year.

REASONS FOR REPORT RECOMMENDATIONS

1. The current open competitive grant application process for awarding grants from the corporate grants budget has been in place for many years. Any changes to the process require Cabinet approval and consultation with stakeholders. The recommendations in this report also respond to feedback received from voluntary organisations in the city and will help to provide a greater degree of certainty about potential funding levels in 2012/13, thereby giving these organisations more time to explore other potential funding opportunities and to participate in the two reviews approved by Cabinet in March.
2. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of Overview and Scrutiny Management Committee and the Public. In order to accommodate consultation and application process timescales a decision is required as soon as possible and before the publication of the next forward plan.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The alternative option is to continue the current open competitive grant application process for awarding grants in 2012/13. It is proposed to suspend this process in 2012/13 to provide a year of stability to existing grant recipients, to clarify the situation for new grant applicants and to allow more time to complete the reviews detailed in paragraph 12 below.

DETAIL (Including consultation carried out)

2012/13 Grants Budget

4. Applications from voluntary organisations for City Council grants always far exceed the available budget. However, the need to make unprecedented budget savings in 2011/12 exacerbated this situation with applications totalling £3,535,443 over double the available budget of £1,691,600.
5. A reduction in the 2011/12 savings target as a result of a one-off draw from contingencies and the inclusion of Homelessness Prevention grants increased the budget to £1,907,300. Nonetheless, following impact assessments, some grants were discontinued or significantly reduced and no new grants were awarded.
6. Nationally funding for voluntary and community groups remains uncertain. Information provided by voluntary organisations on The Voluntary Sector Cuts website (supported by most of the national and regional voluntary sector infrastructure organisations) currently reports average "cuts" to statutory funding of around £340,000 per organisation in the South East region (excluding London).
7. Most of the organisations whose city council grants were reduced in 2011/12 emphasised during their impact assessment discussions that they should be able to cope this year but that they would not be able to cope with any further reductions.

8. Despite the continuing significant financial pressures on the council in order to provide some stability it is recommended that the 2012/13 grants to voluntary organisations budget remains at £1,907,300.

2012/13 Grants Process

9. A great deal of time and effort goes into completing and appraising applications and new applicants to both the Running Costs and New Projects Funds were particularly disappointed to learn that one of the allocation principles used to award grants in 2011/12 was to give “priority to existing applicants already in receipt of Running Costs Fund grants, which, regrettably means that no new applications to either fund can be considered”. (Paragraph 10 of the 2011/12 Grants to Voluntary Organisations Report to Cabinet 14th March 2011)
10. A number criticised the council for publicising the potential availability of new grants at a time of reduced local authority budgets. However, the scale of reductions only became apparent when the central government settlement was announced in December 2010 after the application process had closed.
11. Even if recommendation (i) is approved and the 2012/13 budget remains at £1,907,300 the only way that any new grants can be made is by reductions to existing grants. However impact assessments undertaken during the 2011/12 grants round indicated that the impact of reducing grants outweighed the impact of not awarding new grants.
12. On 14th March 2011 Cabinet also delegated authority to
 - conduct a review of whether it would be more appropriate to move towards commissioning and purchasing some of the services that are currently grant aided and
 - conduct a cross service review of advices services in the city.
13. A long standing criticism of the grants process is that decisions are made in March each year for the following financial year (after budget setting in February) leaving organisations very little time to plan and budget for the new financial year. It also means that where grants are discontinued or reduced the cost of any required notice period comes from the new year grants budget. It is therefore proposed that the timing is reviewed and consideration is given to bringing forward the corporate grant application process in future years.
14. In the current stringent national economic circumstances in which all local authorities must make significant financial savings to achieve a balanced budget, it is unlikely that the Council will be able to maintain the corporate grants budget at current levels beyond 2012/13. Subject to consultation and the assessment of impact, consideration will therefore have to be given to reducing some grants over the medium term. The reviews agreed by Cabinet in March are underway and this work with voluntary organisations in the city will therefore need to continue to explore the potential for these organisations to also reduce their operating costs, to generate future efficiency savings through for example shared “back office” services or relocation and to help them to secure alternative funding sources.

15. In order to avoid wasting voluntary sector and council resources on an open competitive application process that is likely to result in disappointment for, and criticism from, new applicants; to allow sufficient time to complete the above reviews and to give consideration to bringing forward the application timetable it is proposed that the current open competitive grant application process is suspended for 2012/13. This will mean that no new grants are made and existing grants are renewed at current levels, excluding any paid notice, for a further year until 31st March 2013, subject to satisfactory monitoring, appropriate targets being set for 2012/13 and confirmation of the Council' overall budget position in February 2012.
16. If this recommendation is approved organisations in receipt of grants from the corporate grants budget in 2011/12 will be asked to complete a short assessment form (updating targets and financial information for 2012/13), submit their latest annual accounts and ensure they have met all 2011/12 monitoring requirements. Exceptions will be those organisations which have already been notified that they will not receive funding beyond 31st March 2012.
17. It should be noted that these recommendations do not apply to one-off Community Chest grants from the £50,000 Community Chest budget which will continue to be allocated in two rounds during the year.

Consultation

18. As this proposal constitutes a significant change to an established procedure it is necessary to undertake a consultation process with stakeholders. The new National Compact between the Coalition Government and civil society organisations recommends "Where it is appropriate, and enables meaningful engagement, conduct 12 week written consultation, with clear explanations and rationale for shorter time-frames or a more informal approach". Southampton's Compact between the Public Sector and the Voluntary and Community states that "The recommended response time is a minimum of 12 weeks. Where less than 12 weeks is allowed the document should specify the reason why a shorter time has been set."
19. However, if the Council allows 12 weeks consultation and the final decision is to continue with the current open competitive grant application process there would be insufficient time to assess applications properly, leading to rushed recommendations. Therefore, on balance, it is preferable to have a shorter 8 week consultation timeframe (from 11th August to 5th October 2011) and be able to run an open competitive application process properly.
20. Regardless of the process followed the need to consult will also mean it is necessary to shorten to 8 weeks the usual 12 weeks allowed for completion of application forms.
21. The time constraints detailed above also mean that it is not possible to meet the deadlines for Cabinet to determine, post consultation, whether or not to proceed with the proposals set out in recommendation (ii). It is therefore recommended that authority to determine this and, within approved budgets, to take any other decisions necessary or expedient to determine the award of all grants for the 2012/13 financial year is delegated to the Interim Director of Environment following consultation with the Cabinet Member for Housing.

22. Whichever process is followed final Cabinet approval will be sought for the 2012/13 grants to voluntary organisations. The date will depend upon which process is followed.

RESOURCE IMPLICATIONS

Capital/Revenue

23. The grants to voluntary organisations budget is made up of the following elements and in making the recommendations it is assumed that all three elements will remain at the same level in 2012/13

2011/12 Budget	£
Corporate Grants Budget	1,786,700
Housing Revenue Account (HRA) Budget	19,600
Dedicated Schools Grant (DSG) Budget	55,900
Homelessness Prevention Grants	45,100
Total	1,907,300

Property/Other

24. A number of organisations are accommodated in council premises and pay rent from the grant they receive from the council. A reduction in grant may result in them struggling to meet this commitment.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

25. The legal powers under which grants are made will be included in the report to Cabinet seeking approval for grants.

Other Legal Implications:

26. The council is mindful of the case law established through the judicial reviews of Haringey Council in 2000, Leicester City Council in 2004, Ealing Borough Council in 2008, London Councils in February 2011 and Birmingham City Council in 2011. Accordingly, the council follows four main principles during the annual 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 where appropriate any notice period given before the implementation of any reduction in grant is adequate and reasonable.
27. The Council recognises its equalities duties and in making its decision will pay due regard to the need to eliminate discrimination and promote equality and to the outcome of impact assessments.

POLICY FRAMEWORK IMPLICATIONS

28. 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 City of Southampton Strategy (Community Strategy).

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	ALL
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	None
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at: Communities, 3rd Floor, One Guildhall Square

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	2011/12 Grants to Voluntary Organisations Report to Cabinet on 14 th March 2011	
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