

REVIEW OF GRANT FUNDING FROM NEWCASTLE-UNDER-LYME BOROUGH COUNCIL, 2011/12

PRELIMINARY REPORT

1. Introduction

- 1.1 A review of grants, in the context of Third Sector Commissioning, was requested by the Council's Active and Cohesive Overview & Scrutiny Committee (the Committee) and by the previous Portfolio Holder for Resources.
- 1.2 The Review will make recommendations in respect of the processes of administering grants to achieve greater efficiency, better use of limited resources, and clear lines of accountability, with a view to any changes being implemented for 2012/13. The Review will not look at the budgets for grants.

2. Grants Covered by Review

- 2.1 The Review will only look at grants that are funded from the Council's own budgets for voluntary and community organisations (VCOs).
- 2.2 The Grants that will be covered in the Review are:-
 - Community Centres.
 - Community Chest.
 - Cultural Grants.
 - Green Grants.
 - Homelessness Grants.
 - Small Grants.
 - Theatres, public entertainment and arts grant.
- 2.3 Sports Council grants to VCOs¹ will also be taken into consideration, but with the Sports Council being an external body – albeit one that is largely funded and administered by the Council – they are under no obligation to abide by recommendation approved by the Council.
- 2.4 The Grants that are not covered by the Review are:-
 - Grants to individuals or properties, e.g. home improvement grants
 - Grants to businesses.
 - Grants that the Council administers from external funding.

3. Context of the Review

¹ Approximately 25% of Sports Council grants for 2010/11 went to VCOs.

- 3.1 A broadly positive partnership operates between the Council and the Voluntary & Community Sector (VCS) in the Borough as a result of (amongst others):-
- The development of the Third Sector Commissioning Framework in partnership with the VCS – recognised nationally (as was Tamworth Borough Council) for good practice.
 - Commitment by the Council to the local Compact.
 - Joint working through Newcastle Partnership.

This, however, has not permeated through to all elements of both the Council nor of the VCS.

- 3.2 The Government's "Big Society" idea promotes heavily the role of the VCS in delivering services and providing an active civic society.
- 3.3 However, government cuts in public spending puts pressure on Local Authority and other public sector budgets for the commissioning of services from, and the provision of grant funding for, the VCS.
- 3.4 The Best Value Statutory Guidance document recently out for consultation (13 April 2011 to 14 June 2011) from the Department of Communities and Local Government made it very clear that Government did not expect Local Authorities to make disproportionate cuts in their budgets for the funding of the VCS.² The Government has also affirmed its commitment to the principles of the Compact.
- 3.5 The Council would hope to be in a position to ensure that reductions in the Council's funding from central government do not have a disproportionate affect the Council's funding of, and support for, VCOs working in the Borough.
- 3.6 The Council received a significant increase in the number of Freedom of Information requests about grants issued during 2010/11.

4. Key Issues With Current Grants Processes

- 4.1 There are different processes by which the various grants are administered and approved (of the 7 grant schemes listed in 2.2, there are 5 different decision-making processes) – this can be confusing to communities, applicants, partners, and to Council officers and members.
- 4.2 With a variety of decision-making processes for the various grant schemes, accountability (for the use of public money) may be less clear than would be desirable.
- 4.3 Monitoring of grants is inconsistent, and (over-)dependant on the willingness of recipients to return monitoring forms. Penalties for non-return of monitoring forms are generally limited to barring future applications.

² See <http://www.communities.gov.uk/publications/localgovernment/bestvalueconsult>

- 4.4 There are different officers who lead on the various grants, with no single point of contact or co-ordination. Some co-ordination does take place in practice, but on an informal basis.
- 4.5 The maximum levels of grants that can be awarded are not necessarily consistent with the level (£5,000) at which commissioning comes into play. Two examples illustrate this:-
- (i) Commissioning currently applies for funding of £7,500 and above – Small Grants and Homelessness Grants have a maximum grant of £5,000, whilst Cultural Grants have a maximum level of £1,500.
 - (ii) Commissioning currently applies for funding of £7,500 and above, yet the Theatres, public entertainment and arts grant of £97,620 does not go through the Commissioning process.
- 4.6 Information and advice on Council grant schemes can be inconsistent and will vary considerably depending on whom an enquirer contacts and/or on where they look on the Council website.
- 4.7 For those grant schemes that have a specialist focus, it is beneficial to have officers with the necessary specialist knowledge and experience to manage those schemes. It is, therefore, intended to retain the current system, but with a reinforced co-ordinating role (see 5.2).

5. Actions/Improvements That Will Be, Or Can Be, implemented Without Further Approval Needed

- 5.1 There are a number of improvements to procedures and information that can be implemented without needing approval, including:-
- Standard basic grants information to be produced in a range of formats – this has already been produced.
 - Grants information on the Council website to be improved and located on a “Grants and funding” page. Forms for all grants to downloadable with download notifications for all.
 - Facility for applications to be made online to be set up.
 - A general enquiry e-mail address to be set up, e.g. grantsinformation@newcastle-staffpartnership.org.uk
 - A standard template grants application form to be produced, with additional sections for specific grants.
- 5.2 The post of Partnership Officer (Community Development) within the restructured Business Improvement and Partnerships Service (as from September 2011) includes within its main roles a co-ordinating function in respect of grant funding.
- 5.3 The Contracts Register, that includes information about Third Sector commissioned services, has been amended to include Grants. This means

that basic information about grants that have been issued will be available in one place.

6. Outsourcing the Management of Grants

- 6.1 The Council received an approach from the Staffordshire Community Foundation (SCF)³ in February 2011 seeking to offer their services to manage the Council's grant schemes⁴. This approach was unsolicited.
- 6.2 An initial reply informed SCF that their approach would be considered as part of the Grants Review.
- 6.3 In considering the approach from SCF, consideration needs to be given to:-
- Costs of outsourcing.
 - Potential loss of control.
 - Accountability for grants decisions, and the current role of the Grants Assessment Panel, and the potential dilution of this.
- 6.4 At the present time, no Local Authority in Staffordshire (including Stoke-on-Trent) has outsourced the management of their grants.
- 6.5 Any decision in respect of the approach from SCF should also apply in principle to any future approach from other organisations.

7. Specific Grants – Community Centres

- 7.1 A core grant of £400.00 is given to 15 Community Centres across the Borough – this covers the Community Centres that were previously managed directly by the Council.
- 7.2 The scheme has a budget of £4,200.00 for 2011/12.

8. Specific Grants – Community Chest

- 8.1 Community Chest is managed, by the Partnerships Team, in partnership with 16 “Locally Based Bodies” – Parish/Town Councils and Community Centre/Forum Management Committees.
- 8.2 Recommendations from the Locally Based Bodies are subject to a verification process by the Borough Council.
- 8.3 The Grants Assessment Panel oversees the scheme and, in certain situations applications will be referred to the Panel for decision.

³ See <http://www.staffsfoundation.org.uk/>

⁴ Outsourcing would not apply to Sports Council funding.

8.4 There is a broad consensus from all involved that the role of the Locally Based Bodies is fundamental to the successful operation of Community Chest, and to maintaining the local connection.

8.5 It is therefore recommended that the basic set-up of Community Chest is retained.

9. Specific Grants – Cultural Grants

9.1 Cultural Grants, with a maximum limit of £1,500.00, is managed by Leisure and Cultural Services.

9.2 Grant decisions are the responsibility of the Grants Assessment Panel.

9.3 No significant changes are identified.

10. Specific Grants – Green Grants

10.1 Green Grants, with a maximum limit of £250.00, is managed by Operational Services of the Council, with decisions made by Officers.

10.2 The budget for Green Grants was under spent for 2010/11.

10.3 Green Grants currently operate separately from the other grant schemes.

10.4 It is therefore recommended that Green Grants are brought within the remit of the Grants Assessment Panel, with the decision-making process remaining as currently, but with reports presented to the Panel. Panel to be asked to review the upper limit.

11. Specific Grants – Homelessness Grants

11.1 Grants are made available to VCOs that help to meet the actions identified in the Homelessness Strategy's Action Plan. The scheme is managed by the Housing Strategy team.

11.2 There is an overall budget of c£45,000 per annum which covers both services commissioned and grant funding. The budget for grants will vary from year to year dependant on the value of commissioned services.

11.3 Grant decisions are the responsibility of the Grants Assessment Panel.

11.4 No significant changes are identified.

12. Specific Grants – Small Grants

12.1 Small Grants provide a generic fund providing grants of up to £5,000.00, and is managed by the Partnerships Team.

12.2 Grant decisions are the responsibility of the Grants Assessment Panel.

12.3 With a budget of £22,000.00, there is concern that the upper limit of £5,000.00 is both unrealistic and misleading. For 2010/11, the average grant (with the same budget) was just under £2,000.00.

12.4 The Grants Assessment Panel have proposed the lowering of the upper limit to £2,500.00. It is recommended that this proposal is approved.

13. Specific Grants – Sports Council

13.1 The Sports Council is an autonomous body, both funded and administered by the Borough Council – any recommendation from the Grants Review would not be binding on the Sports Council.

13.2 Sports Council awards grants to individuals and schools as well as to VCOs; for 2010/11, about 25% of Sports Council grants went to VCOs; a proportion which may vary from year to year.

13.3 Sports Council can fund the purchase of sporting equipment, but not the running costs of sporting organisations. Sporting equipment can also be funded by Borough Council grant schemes, and there is a risk that this will confuse potential applicants.

13.4 Improvements in the information provided about grants (see 5.1), and the new responsibilities for the Partnerships Officer (Community Development (see 5.2) should help to better signpost applicants to the right fund for their project.

13.5 It is recommended that the Sports Council be asked to review their constitution in the light of the Grants Review's observations and findings, and that a formal relationship between the Sports Council and the Grants Assessment Panel, including representation and reporting between the 2 bodies, be established.

14. Specific Grants - Theatres, Public Entertainment and the Arts

14.1 The Theatres, Public Entertainment & the Arts grant is, in practice, a grant to the New Vic Theatre (and maybe should be referred to as such). Please see Appendix 5.

14.2. The level of the grant at £97,620.00 for 2010/11 is considerably higher than the level of any other grant the Council provides, and is at a level that would normally go through a commissioning process.

14.3 There is an argument that the New Vic should be treated as an exception because of its significance for the national profile of Newcastle-under-Lyme.

14.4 There is also an argument that the New Vic funding is vital since it acts as a magnet for other funding. There are, however, other VCOs that could – with some legitimacy – present the same argument for receiving special treatment when it comes to funding.

- 14.5 There are 4 options as to how this funding is dealt with that need consideration:-
- (i) No change - it may be appropriate that it is Full Council determine the level of financial support provided to the New Vic given the nature and sensitivities of the issues listed above.
 - (ii) The funding goes through the Third Sector Commissioning Framework. Given the fairly unique nature of the New Vic, it is questionable as to whether there is any other Third Sector theatre organisation that could compete, at least for the bulk of the commission.
 - (iii) The level of financial support provided to the New Vic continues to be determined by Full Council, but with the funding subject to a Service Level Agreement to be monitored by the Third Sector Commissioning Board.
 - (iv) Financial support to the New Vic is taken out of the grants/commissioning equation and is considered as core funding within the main Council budget.

15. Third Sector Commissioning

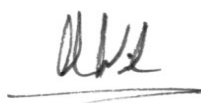
- 15.1 Funding to VCOs through grants and through commissioning are intrinsically linked; changes to either will have an impact on the other.
- 15.2 The Third Sector Commissioning Framework was approved in December 2008, with the first commissions starting on 1 April 2009⁵. The remaining commissions will end on 31 March 2012.
- 15.3 The Third Sector Commissioning Framework has also been used by the Borough Council for commissioning services using external funding.
- 15.4 Third Sector Commissioning Framework has been cited nationally as good practice (along with Tamworth Borough Council).
- 15.5 The distinction between funding through commissioning and through grants, and the respective benefits thereof, may not be fully understood by all concerned. There are officers of the Authority who can provide information and training if required.
- 15.6 At the time of writing this report, no decision has been made as to the budget from Third Sector Commissioning from 2012/13 onwards.
- 15.7 It has to be noted that any significant reduction in the budget available for Third Sector Commissioning risks placing greater demand and pressure on the grants budget if that is not increased commensurately, and risks

⁵ 11 agencies commissioned 2009/10; 9 in 2010/11; 7 in 2011/12.

breaching both the Government's expectation outlined in the Best Value Guidance (see 3.4), and the Council's commitment to the sector (see 3.5).

16. Recommendations

- 16.1 The actions to be implemented, as listed in 5.1, are noted.
- 16.2 The approach from the Staffordshire Community Foundation to manage the Council's grants is considered in the light of the issues highlighted in 6.3. It should be noted that any outsourcing of the management of grants would render the main purpose of the Grants Review superfluous.
- 16.3 The role of the impending Partnership Officer (Community Development) post in co-ordinating Council grants is noted.
- 16.4 The budget for Community Centre grants is reviewed.
- 16.5 The management of Community Chest, and the involvement of Locally Based Bodies, to continue, with the Grants Assessment Panel authorised to agree any changes.
- 16.6 The Council's administration of Community Chest, Cultural Grants, Green Grants, Homelessness Grants and Small Grants to remain as at present, but with the Partnership Officer (Community Development) post taking on a co-ordinating role.
- 16.7 Green Grants to be reported to the Grants Assessment Panel.
- 16.8 The upper limit for a Small Grant to be reduced to £2,500.00.
- 16.9 A formal relationship between the Sports Council and the Grants Assessment Panel, including representation and reporting between the 2 bodies, is established (contingent on agreement by the Sports Council).
- 16.10 The Grants Assessment Panel to be given limited authority to move money between grant budgets that fall within it's remit, during the final quarter of the financial year when the following apply:-
- The amount being moved is no more than the maximum level of grant that applies to the grant scheme from which it is being moved.
 - There are sufficient funds left in the budget for the grant scheme from which money is moved after all applications to that scheme have been considered, and there are insufficient funds left in the budget for the grant scheme to which money is moved to fund valid applications to that scheme at the level that the Grants Assessment Panel would wish to award.
- 16.11 The mechanism for funding of the New Vic theatre is reviewed by the Council in line with the options listed in 14.5.

A handwritten signature in black ink, appearing to read 'RW', is positioned above a horizontal line.

Robin Wiles,
Community Regeneration Officer,
Newcastle Partnership.

22 July 2011/26 July 2011/2 August 2011/10 August 2011/11 August 2011/
23 August 2011.

**DECISIONS FROM ACTIVE AND COHESIVE OVERVIEW AND SCRUTINY
COMMITTEE MEETING - MONDAY 22 AUGUST 2011**

RECOMMENDATION.	DECISION.
16.1 The actions to be implemented, as listed in 5.1, are noted.	Agreed.
16.2 The approach from the Staffordshire Community Foundation to manage the Council's grants is considered in the light of the issues highlighted in 6.3. It should be noted that any outsourcing of the management of grants would render the main purpose of the Grants Review superfluous.	Unanimous vote to reject approach from SCF.
16.3 The role of the impending Partnership Officer (Community Development) post in co-ordinating Council grants is noted.	Agreed.
16.4 The budget for Community Centre grants is reviewed.	Agreed.
16.5 The management of Community Chest, and the involvement of Locally Based Bodies, to continue, with the Grants Assessment Panel authorised to agree any changes.	Agreed.
16.6 The Council's administration of Community Chest, Cultural Grants, Green Grants, Homelessness Grants and Small Grants to remain as at present, but with the Partnership Officer (Community Development) post taking on a co-ordinating role.	Agreed.
16.7 Green Grants to be reported to the Grants Assessment Panel.	Agreed.
16.8 The upper limit for a Small Grant to be reduced to £2,500.00.	Agreed.
16.9 A formal relationship between the Sports Council and the Grants Assessment Panel, including representation and reporting between the 2 bodies, is established (contingent on agreement by the Sports Council).	Agreed, subject to Sports Council's approval.
<p>16.10 The Grants Assessment Panel to be given limited authority to move money between grant budgets that fall within it's remit, during the final quarter of the financial year when the following apply:-</p> <ul style="list-style-type: none"> • The amount being moved is no more than the maximum level of grant that applies to the grant scheme from which it is being moved. <p>There are sufficient funds left in the budget for the grant scheme from which money is moved after all applications to that scheme have been considered, and there are insufficient funds left in the budget for the grant scheme to which money is moved to fund valid applications to that scheme at the level that the Grants Assessment Panel</p>	Agreed.

RECOMMENDATION.	DECISION.
would wish to award.	
<p>16.11 The mechanism for funding of the New Vic theatre is reviewed by the Council in line with the options listed in 14.5.</p> <p>(i) No change - it may be appropriate that it is Full Council determine the level of financial support provided to the New Vic given the nature and sensitivities of the issues listed above.</p> <p>(ii) The funding goes through the Third Sector Commissioning Framework. Given the fairly unique nature of the New Vic, it is questionable as to whether there is any other Third Sector theatre organisation that could compete, at least for the bulk of the commission.</p> <p>(iii) The level of financial support provided to the New Vic continues to be determined by Full Council, but with the funding subject to a Service Level Agreement to be monitored by the Third Sector Commissioning Board.</p> <p>(iv) Financial support to the New Vic is taken out of the grants/commissioning equation and is considered as core funding within the main Council budget.</p>	<p>General agreement that:-</p> <p>- Full Council continue to determine level of funding.</p> <p>- Funding to be subject to Service Level Agreement, with quarterly monitoring reports and payment on result.</p>

LIST OF APPENDICES (available upon request)

- 1) Summary document.
- 2) Notes of internal meeting, 20.5.11.
- 3) Funding document for LAPs.
- 4) SCF letter & reply.
- 5) New Vic information.