

GRANTS REVIEW AND THIRD SECTOR COMMISSIONING

Submitted by: Robin Wiles, Community Regeneration Officer and Simon Sowerby, Procurement Officer

Portfolio: Culture and Active Communities

Ward(s) affected: All

Purpose of the Report

To update Members on progress with the Grants Review and the revised Third Sector Commissioning framework.

Recommendations

- (a) That Members note the initial recommendations of the Grants Review.
- (b) That Members provide comments on the initial recommendations of the Grants Review.
- (c) That Members note the revised Third Sector Commissioning Framework.
- (d) That Members approve the revised Third Sector Commissioning Framework.

Reasons

The Council provides funding, from its own budgets, for the voluntary & community sector, both through Commissioning and grants; a review of processes to try and improve efficiency for the Council, whilst providing support to voluntary & community groups is necessary.

1. **Background**

- 1.1 A review of grants was requested by the Council's Active and Cohesive Overview and Scrutiny Committee (the Committee) and by the previous Portfolio Holder for Resources.
- 1.2 The Review will only look at grants that are funded from the Council's own budgets for voluntary and community organisations (VCOs), and the relationship between grants and Third Sector Commissioning.
- 1.3 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.
- 1.4 The Third Sector Commissioning Framework commenced in 2009/10, with the first contracts being awarded as from 1 April 2009. Any new contracts would commence from 1 April 2012.
- 1.5 In the previous municipal year, the Active & Cohesive Overview & Scrutiny Committee reviewed the Third Sector Commissioning Framework and made a number of recommendations to the Cabinet, which had been agreed (minute 624/10 refers). The following resolution was agreed at the meeting held on 1 November 2010:-

- That the Committee undertake a review of the processes for awarding small grants in the context of the Third Sector Commissioning Framework and the financial challenges faced by the Council.

2. **Issues**

- 2.1 The expenditure on grant funding for VCOs for 2010/11 was £225,803.16
- 2.2 The expenditure for Third Sector Commissioning from 2009 to 2012 was £635,860.00, averaging out as £211,953.33 per annum.
- 2.3 With these levels of expenditure, it is essential that the Council ensures that it gets value for money, whilst also providing a sufficient level of financial support to VCOs operating in the Borough.
- 2.4 The Government's recent consultation document "Best value: new draft statutory guidance" (DCLG, April 2011) states clearly that there is an expectation that:-
- "authorities should consider overall value, including environmental and social value, when reviewing service provision." and
 - "Authorities should be sensitive to the benefits and needs of voluntary and community sector organisations (honouring the commitments set out in local Compacts¹) and small businesses. Authorities should seek to avoid passing on disproportionate cuts."
- 2.5 The current system of grants, with 8 different schemes each with its own processes and people involved, can be confusing – a need for better information, co-ordination and accountability is apparent.
- 2.6 The current system of grants does mean that those responsible for managing the different schemes have specialist knowledge, experience and understanding of the specific type of grant concerned, for example:-
- 16 Locally Based Bodies² involved in managing Community Chest.
 - Cultural Grants being managed by the Council's Culture and Arts Managers, and Homelessness Grants by the Council's Housing Strategy service.
- 2.7 There is therefore a need for better co-ordination of, and clearer accountability for, grants whilst retaining specialist knowledge.
- 2.8 Voluntary and community sector partners are aware that the Grants Review is taking place, with the Newcastle Voluntary Sector Forum expressing support for the general objective of the review.

1 The Council is signed up to the Staffordshire Compact.

2 Ashley & Loggerheads Parish Council; Audley Rural Parish Council; Betley, Balterley & Wrinehill Parish Council; Chapel & Hill Chorlton Parish Council; Chesterton Community Forum; Clayton Community Centre; Harriet Higgins Community Centre; Keele Parish Council; Kidsgrove Town Council; Madeley Parish Council; Maer & Aston Parish Council; Marsh Hall Community Centre; Ramsey Road Community Centre; Silverdale Parish Council; Whitmore Parish Council; Wye Road Community Centre.

3. **Options Considered**

- 3.1 Please see the recommendations contained in the Grants Review Preliminary Report.

- 3.2 The Grants Review Preliminary Report was presented to the Active and Cohesive Overview and Scrutiny Committee at its meeting held on 22 August 2011. A summary of the decisions of that Committee is included in the Grants Review Preliminary Report.

4. **Proposal**

- 4.1 The recommendations contained in the Grants Review Preliminary Report, and the decisions thereof of the Active and Cohesive Overview & Scrutiny Committee meeting of 22 August 2011 are considered.
- 4.2 Dialogue with voluntary and community sector partners is continued with the aim of gaining their support for changes that are approved.
- 4.3 Discussions with the Sports Council, as an external body (albeit administered and largely funded by the Borough Council) to take place since to establish their views on the observations/findings of the Grants Review, and seek their support for the changes that are approved, and any changes to their constitution that may be required thereof.

5. **Reasons for Preferred Solution**

- 5.1 The voluntary and community sector play an indispensable role in helping the Borough Council and Newcastle Partnership deliver positive changes for residents and communities of Newcastle – it is therefore important that funding the Council provides for the sector is managed with the right combination of efficiency and use of specialist knowledge and experience to target funding appropriately.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 The voluntary and community sector in, and working in Newcastle covers a diverse range of organisations, both in terms of types and size of organisations – everything from the small informal community group working to improve their neighbourhood to voluntary organisations with paid staff that provide professional services – and in terms of the nature of their activities. Grants to these organisations will, therefore, have a positive impact on all priorities of the Sustainable Community Strategy and on the first 3 of the Council's corporate priorities.
- 6.2 Efficiently managed grants schemes that help to fund activities and projects that make a difference will help towards the fourth of the Council's corporate priorities.
- 6.3 Proposals in the Grants Review Preliminary Report will provide a more consistent evaluation and monitoring of grants issued.

7. **Legal and Statutory Implications**

- 7.1 The Council is required to take into account all relevant matters, and not take into account irrelevant matters, and to otherwise behave reasonably. Failure to do so may lead to legal challenge.
- 7.2 The Best Value Statutory Guidance issued by the Department of Communities and Local Government issued in June 2011 advised that Local Authorities do not, in response to public spending cuts, disproportionately cut funding to voluntary and community groups.

8. **Equality Impact Assessment**

- 8.1 Equality Impact Assessment completed.

9. **Financial and Resource Implications**

- 9.1 The Grants Review does not look at the budgets for grants or Third Sector Commissioning. There are, therefore, no direct cost implications
- 9.2 The role of grants co-ordinator identified in the Grants Review's recommendations will be absorbed by an existing post. There are, therefore, no employment costs involved.
- 9.3 A more efficiently managed and co-ordinated grants system will provide better value for money by increasing the likelihood that grants go to the right organisations, and through improved monitoring.
- 9.4 A more efficiently managed and co-ordinated grants system will improve the information and advice that the Council provides to voluntary and community organisation on other sources of funding.
- 9.5 A more efficiently managed and co-ordinated grants system will enhance the capability of voluntary and community organisations to deliver better quality services.
- 9.6 The diverse range of voluntary & community organisations that work in the Borough who can, potentially, access Grant funding from the Council, provide services and activities that help to meet priorities of both the Council and of Newcastle Partnership across the board.

10. **Major Risks**

- 10.1 Risk Assessment completed.

11. **Sustainability and Climate Change Implications**

- 11.1 Grant funding is accessible to voluntary and community organisations that carry out activities that have a positive impact on climate change. Examples of grants that have been given where that applies are available.

12. **Key Decision Information**

- 12.1 The report is not on a Key Decision as defined in the Council's Constitution.
- 12.2 The report is included in the Cabinet's Forward Plan.

13. **Earlier Cabinet/Committee Resolutions**

Cabinet, 624/10.

Cabinet, 195b/11.

Active & Cohesive Overview & Scrutiny Committee, 379/11.

Active & Cohesive Overview & Scrutiny Committee, 653/11.

14. **List of Appendices**

- 14.1 Appendix 'A' - Grants Review Report 1 (including appendices – see 15.1).

15. **Background Papers**

- 15.1 Background papers to accompany the Grants Review Report 1 (see 14.1) are available from the Community Regeneration Officer on ext. 2493 or robin.wiles@newcastlestaffpartnership.org.uk